

The Impact of South African Business on Employment Relations in Mozambique: A Case
Study of Banco Austral, a Subsidiary of ABSA.

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ABSTRACT

This thesis examines the impact of South African business on employment relations in Mozambique. The study specifically focuses on a case study of Banco Austral, a subsidiary of the Amalgamated Banks of South Africa (ABSA), to provide a richer and deeper analysis of employment practices. The study examines the extent to which the expansion of South African businesses in Mozambique has influenced the development of employment relations there. It examines whether the employment relations that exist at Banco Austral are a direct result of the influence of its parent firm, ABSA. It assesses whether the prevailing managerial practices at Banco Austral are distinctly local and a product of Mozambican history or whether the employer and employee relations that exist in that bank are an outcome of some form of hybridised host country and parent firm practices.

The study is contextualised within the period of transition that both countries underwent. In the South African context, the end of apartheid promised political stability, democracy and racial harmony. It facilitated South Africa's reinsertion into the international economy and enabled its investors to embark on large-scale penetration of potential markets. It also opened up opportunities for investors to take advantage of the new global order in the rest of Africa and particularly in Mozambique. Similarly, in Mozambique, the transition to capitalism and to liberal democracy in 1994 marked a clear shift of policy from an authoritarian one-party state characterised by a planned socialist economy. In embracing a liberal market economy, Mozambique facilitated a transference of ownership of major state assets to the private sector and opened itself to the private sector's market-driven business practices and managerial cultures.

The study found that the impact of these historical developments on the evolution of employment relations at Banco Austral has been contradictory. ABSA's ownership of Banco Austral opened as many opportunities as it closed them. On the one hand, it marked an opportunity for the growth and development of the ABSA brand across Mozambique. It presented opportunities for the integration of the Mozambican workforce into the larger ABSA Group and thereby enabling the transference of innovative managerial practices, world class human resources management techniques and advanced banking technology from ABSA and into Banco Austral. ABSA's acquisition of Banco Austral also opened prospects for the development of skills for the workforce, enhanced the chances of job mobility as well as opened opportunities for Banco Austral workers to take advantage of the newly created jobs.

On the other hand, however, the managerial practices and the human resource management techniques transferred from ABSA was reported by Banco Austral workers to be far from innovative. Instead, they resembled traits of past practices characteristic of Mozambique's colonial workplace regime and South Africa's apartheid workplace regime. This tilted the balance of power in favour of managers who arbitrarily exercised their authority in ways similar to that of the Portuguese managers in colonial Mozambique and that of the production councils during the post-independence socialist period. Access to senior positions and training opportunities continued to be allocated along national and racial lines. Many Mozambican workers were said to be ABSA-unfit and could not be trained in critical areas to improve their relevance in the larger ABSA Group.

Despite these findings however, this study shows that Banco Austral workers were not helpless actors in the employment relationship. Rather, they remained agents of change in their own right, endowed with varying degrees of power, which they used to minimise the impact of arbitrary management practices and influence the direction of the employment relationship to advance their interests. The argument of this thesis is advanced by locating the study within Pierre Bourdieu's theoretical triad of capital, field and habitus. Bourdieu's theoretical triad is used as important analytical tools for understanding how ABSA-specific practices evolved and continued to shape the conduct and thoughts of its managers and workers alike. This study also makes special contribution to Marxism by revisiting Marx's conception of the labour process to expose a number of analytical dilemmas when Marx is applied to bank labour.

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The aim of the programme was to provide support to the South African Department of Education in transforming the higher education sector through a four-fold approach which included; 1) expanding access to higher education for previously excluded students; 2) improving retention rates of historically excluded students; 3) developing the capacity of historically disadvantaged institutions; and 4) expanding and enhancing cooperation between institutions in the SADC region. The trip to Mozambique was aimed at building the research capacity of sociology and economics post-graduate students and research staff from Wits and Eduardo Mondlane University (UEM). As a direct beneficiary of this programme, I was able to identify and conceptualise this study through several conversations with colleagues during the trip.

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LIST OF ACRONYMS

ABSA	Amalgamated Banks of South Africa
ACI	Association Cambiste Internationale
AMF	Armed Forces Movement
ANC	African National Congress
Assocom	Associated Chambers of Commerce
ATM	Automated Teller Machines
BBM	Barclays Bank Mozambique
BCM	Banco Commercial de Moçambique
BdM	Banco de Moçambique
BMW	Bayerische Motoren Werke
BNU	Banco Nacional Ultramarino
BPD	Banco Popular de Desenvolvimento
CPI	Centre for Investment Promotion in Mozambique
CORE	Centralized Online Real-time Exchange
COSATU	Congress of South African Trade Unions
EAP	Economic Action Programme
EMZ	Escudo Monetary Zone
FCC	FlexCube Corporate
FDI	Foreign Direct Investment
GDs	Grupos Dinamizadores
GZM	Green Zone Microenterprise
HSRC	Human Science Research Council
IBS	Infinity Banking Solution

IMF	International Monetary Fund
IT	Information Technology
KPMG	Klynveld Peat Marwick Goerdeler
LC	Letter of Credit
M&G	Mail and Guardian
MEC	Minerals-Energy Complex
MD	Managing Director
MNC	Multinational Corporation
MTN	Mobile Telephone Network
NALEDI	National Labour and Economic Development Institute
NBK	National Bank of Kenya
OECD	Organisation for Economic Co-operation and Development
OTM	Organização dos Trabalhadores de Moçambique
PI	Portfolio Investments
PRE	Programma da Reabilitação Económica
RENAMO	Resistência Nacional Moçambicana
SACOD	South African Concise Oxford Dictionary
SACP	South African Communist Party
SAIIA	South African Institute of International Affairs
SAFTO	South African Foreign Trade Organisation
SANTED	South Africa Norway Tertiary Education Development
SARB	South African Reserve Bank
SARPN	South African Regional Poverty Network
SBB	Southern Bank Berhad

SINTCOBASE	Sindicato dos Trabalhadores do Comerciais, Banco e Indústria de Segurança
UNCTAD	United Nations Conference on Trade and Development
UNI	United Network International
US	United States
USAID	United States Agency for International Development
USD	Unites States Dollar
WESGRO	Western Cape Investment and Trade Promotion Agency

THE MAP OF MOZAMBIQUE



MOZAMBIQUE: BASIC FACTS

Mozambican Flag



Mozambique covers an area of over 800,000 sq. km. It is situated to the south east of the African continent, it shares borders with six other countries, Tanzania, Malawi and Zambia to the north, Zimbabwe to the west, South Africa and Swaziland to the south. The 2,500-km long coastline boasts numerous superb beaches fringed by lagoons, coral reefs and strings of small islands.

The Geography of Mozambique appraises a vast, low, grassland plateau which rises from the coast towards the mountains in the north and west covers nearly half the country's land area. The Zambezi is the largest of the country's 25 rivers. The population is concentrated along the coast and the fertile river valleys and totals 29,278,626 as 2017 United Nations data.

The spoken language in Mozambique is Portuguese. It is the main language used to conduct business, it is used as a medium of education and for all official state business. Although there are more than 40 indigenous languages in Mozambique, almost all Mozambicans are able to speak Portuguese. Most Mozambicans in Maputo speak some English and many educated people speak fluent English.

CHAPTER 1:

WRESTLING WITH STUBBORN LEGACIES: AN INTRODUCTION TO THE STUDY

1.1. Introduction

In analysing the development of employment relations in a South African-owned bank operating in Mozambique, as this study does, forces one to dig deeper into local contexts as well as across national borders to identify patterns of similarity and difference that may have intersected and thereby given rise to the nature of employment relations under study. In the public imagination, South Africa and Mozambique have been and continue to be perceived as fundamentally distinct countries in terms of culture, politics, society and the economy. On the one hand, Mozambique was colonised by the Portuguese from the 15th century and increasingly became an extension of the overseas Portuguese colonial empire girded by an extractive economy and unfree forms of labour. During that time, Mozambique became an important source of slave labour for Europe and the Americas. On the other hand, South Africa went through different phases of colonial rule by the Dutch and the English and emerged into the 20th century as a sub-regional and continental economic and political powerhouse.

However, despite these divergent historical trajectories, these two countries share remarkable commonalities. Mozambique, particularly its capital, formerly known as Lourenço Marques and now Maputo, was a destination of choice for the rich and decadent classes of South Africans in search of pleasures that were forbidden in their country. The ruling elite of colonial South Africa, comprising the largest white settler community on the continent, shared with the ruling elite of colonial Mozambique an affinity as custodians of so called European modernisation in Africa. Colonial Mozambique and South Africa shared a long history of economic coexistence that was built on relations of mutual dependence. On the one hand, South Africa heavily depended on Mozambican cheap black labour for the mines and the Mozambican excellent ports for exports. Supplying distribution routes and cheap labour to South Africa constituted the fundamentals of economic relations between Mozambique and South Africa. On the other hand, Mozambique depended on South Africa's capital investment and technical expertise, amongst other things.

At some point, this cooperation was interrupted by socialist *Frente de Libertação de Moçambique* (FRELIMO)'s revolutionary takeover of Mozambique. It did so within a context dominated by cold war rivalry between the Soviet Union and the United States of America and later by the socio-political and economic global isolation of apartheid South Africa. Despite this interruption, however, maintaining bilateral relations with Mozambique remained one of South Africa's long-standing objectives. According to Davies and O'Meara (1985), the idea was that Mozambique, like other states in the region, was to serve South Africa's needs of capital accumulation as transport routes, as markets for South African commodities, as suppliers of cheap raw material and most importantly, as reservoirs of armies of cheap labour needed for building South Africa's economy (Davies and O'Meara, 1985).

Unlike other states in the region, however, Mozambique and Angola were special cases. Davies and O'Meara (1985) argued that they were the only countries in the region that were completely committed to the socialist transformation of their societies and upon gaining independence, became ruled by Marxist-Leninist parties. Consequently, Mozambique and Angola posed a direct threat to South Africa's apartheid capitalism and ideological notions of white supremacy. As a result of its geographic proximity to South Africa, Mozambique remained the only country in the region that held the key to the success of South Africa's plan to be a capitalist hegemon in the region. If South Africa was to be the internationally recognised regional power and a gateway into Africa, then Mozambique was a gateway to the success of South Africa's regional plan.

This is why it was important for South Africa to use Mozambique as a show ground for the might of apartheid capitalism and to show to the rest of the countries in the region, to whom the socialist alternative was gaining strength, that the socialist transformation of society was not an alternative. This, according to Davies and O'Meara (1985), was done by using several policy instruments and tactics woven in economic incentives and political disincentives, otherwise known as destabilisation tactics. The apartheid government was bent on demonstrating the supremacy of South African capitalism and to pressure Mozambique into 'realising' that cooperation with South Africa was a much more viable option to the socialist alternative.

1.2. The Stubborn Legacy of Labour Coercion in Mozambique and that of South African Managerial Despotism

Having played a critical role in the construction of the apartheid state and an Afrikaner *volkskapitalisme* or capitalism of the Afrikaner people, the private sector in South Africa was lobbied by the apartheid government to pressure Mozambique, whether by persuasion or coercion, and have it abandon its socialist project and recognise South Africa as a hegemonic power house and a regional economic hub (O'Meara, 1983). Key sectors of South Africa's economy were encouraged to forge strong links with Mozambique and ensure that their economic linkages worked to reproduced relationships of political domination and economic subordination to South African capital.

It is against this backdrop that this study investigates the impact of the expansion of South African foreign direct investments in Mozambique. The enquiry is informed by a recognition that the end of apartheid and the transition to democracy in South Africa was a bitterly contested and negotiated compromise that did not involve a collapse of the institutional mechanisms and the economic and ideological configurations of the apartheid regime. Consequently, certain aspects of the legacy of past practices have been able to survive the thwarted transformation of society and became infused with several present-day challenges and opportunities, thereby continuing to influence present-day choices and partly shaping the nature of socio-political and economic relations today.

A similar argument has been made where Mozambique is concerned. Pitcher (2002) argued that the end of colonisation and the abandoning of socialism in Mozambique neither involved a complete rupture with social and economic relations configured by the Portuguese colonial administration nor those of the FRELIMO government. Instead, Pitcher (2002) argued, certain ideological and institutional experiences of the previous period survived and continued to influence and shape the experiences of the succeeding period. This situation, Pitcher (2002) contended, led to a somewhat preservative type of the transformation of Mozambican society.

Within such a context therefore, the situation of a thwarted transformation of society, in which certain ideologies, systems and practices of the past remain preserved by the untransformed institutional mechanisms and systems of control remains a matter of sociological concern that is discussed further in this thesis. The most sociologically fascinating aspect which has given rise to the undertaking of this study is the issue of labour and labour relations. It is a sociologically significant point of enquiry given the history of relations between South Africa and Mozambique. As shown in Chapter 3, this history is marked by a long tradition of labour coercion. It is a history in which the proletarianisation of Africans was informed by systems specifically designed and created to define and treat Africans as fundamentally lesser beings, particularly in the workplace.

In the post-apartheid (South Africa) and post-civil war (Mozambique) periods, Mozambique stands out. Not only as the recipient of the bulk of South Africa's Foreign Direct Investment (FDI) but also as a leading destination for South African tourists as well as for those who continue to pursue exotic cultural explorations offered by Luso-Africans. In 2005, Mozambique was listed by the South African Reserve Bank (2005) as one of the top 10 destinations for South Africa's outward FDI. Investment ventures of South African businesses varied from greenfield investments to mergers and acquisitions. Several studies have been undertaken to examine the impact of such investments not only in Mozambique but also in the continent as a whole (see Grobbelaar, 2008; Daniels et al, 2007; Games, 2003).

However, most glaring in these studies, and as shown in Chapter 2, is a neglect of how the expansion of South African business impacts on employment relations of subsidiaries of South African companies, specifically those operating in Mozambique. With the exception of Miller (2004), who provides an analysis of labour relations at Shoprite, literature remains glaringly thin. It leaves unaddressed the question of how South African managers, working in South African-owned but Mozambican-based companies, deal with issues of worker control as well as how workers respond to it. It is this lacuna that the topic of this study seeks to address: it examines the impact, if at all, that the expansion of South African companies operating in Mozambique had on the development of employment relations in their subsidiaries in Mozambique.

To be able to provide a richer and deeper analysis of employment practices, it was important to undertake a primarily ethnographic approach, focus on a single case study and examine workers in their everyday real experiences. As discussed in Chapter 7, it was also important to focus the study on a particular sector, the financial sector, because out of all the studies conducted on labour relations in Mozambique, the financial sector remained largely neglected.

Consequently, the specific research question posed in this study is, to what extent, if at all, has the South African ownership of Banco Austral and the deployment of South African managers to a Mozambican-based ABSA subsidiary informed the employment relations and managerial practices of Banco Austral? The study specifically evaluates whether, by virtue of working in a South African bank under South African managers, Mozambican workers had to adopt South African employment practices or whether South African managers deployed to Banco Austral had to adapt their South African-grown managerial practices to fit the Mozambican labour relations context.

In addressing these questions, consideration that is also taken into account is the fact that the development of employment relations at Banco Austral could not necessarily have been a sole outcome of the parent firm (ABSA) transferring South African practices into its newly acquired subsidiary, Banco Austral. Nor could it have completely been a consequence of South African ABSA managers adapting their South African grown practices into the existing Mozambican labour relations. Instead, this study recognises that the development of employment relations at Banco Austral could also have been an outcome of an interplay of both South African and Mozambican grown practices. This then means employment relations at Banco Austral would exhibit a hybridisation of both South African and Mozambican labour relations.

For this reason and as discussed in Chapter 5, meandering through this maze of enquiry necessitates an application of instruments of enquiry that are not only sociological in nature but also deeply historical. This study has significantly drawn from history and utilised historical instruments of knowledge to map the genesis of employment relations in both South Africa and Mozambique. It is also to make the argument that history is not only an important starting point for any study but is also an important instrument of knowledge. It illuminates the fact that any attempt at understanding present social phenomena must begin with the past, as it is the past from which all else flows. It is particular fragments of the past that have somehow inevitably culminated into important segments of the present which continue to evolve and inform the future.

In the case of Mozambique, work relations have historically worked to ensure that a majority of the workers would be legally frozen into a subordinate race, class and cultural position not only in the workplace but within broader society. The colonial legacy of repression and labour coercion. It did so which survived right through an independent and socialist Mozambique, not only reproduced a workforce imbued with an ethos of anti-apposition and whose attitude towards overt resistance remained timorous but it also gave rise to a form of managerial control based on a combination of despotism and paternalism (see Burawoy, 1985). This system of managerial control relied on an ideological imposition that expressed humanity in labour coercion within a socio-political and economic context that did not differentiate between African labour and slavery. Managerial control was largely enforced through use of incentives to secure the voluntary cooperation of the workforce and where this failed, it was attained by resorting to an arbitrary imposition of force.

Similarly, in the case of South Africa, employment relations have historically taken place on a terrain of racial divisions. The legacy of race-based repression and exploitation of labour produced what von Holdt (2003) called 'apartheid workplace regime', a racially-based occupational system with deep historical roots in the colonial labour regime. Within such a system, the allocation of skill and authority was based on race within an extremely authoritarian managerial system. This means the style and form of managerial control depended on the use of racial despotism, a form of managerial control which, according to Burawoy (1985), gave management a coercive instrument of untrammelled domination over the workforce. Ironically, the prevalence of such extreme levels of adversarialism in South African workplaces, according to Webster (1999), generated a culture of resistance amongst workers. Unlike Mozambique, workers in South Africa increasingly challenged the system and consequently rendered many South African workplaces ungovernable.

It is these legacies and the manner in which they have survived the different stages of social transformation that is at the centre of this study. They are legacies which emanate from a series of historical practices that could not be completely disbanded and have instead proven to be too stubborn to eradicate in both countries. The manner in which South African managers interact with the inherited Mozambican workforce is informed by a combination of these legacies as well as by the challenges and opportunities presented by the contemporary socioeconomic and political order.

It is important to note that the allocation of opportunities and the emission of challenges in present day societies largely depends on an interplay of the different power relations of agents at play. For this reason and as informed by the work of French Sociologist, Pierre Bourdieu, this study approaches the employment relationship a multidimensional social field consisting of different social actors, all of whom endowed with different forms of power or capital. This power acts as an advantage, a resource and or a source of influence that can be applied in various strategic ways to tilt the balance of force in favour of those whose collective power is greatest or of those whose collective power is strategically applied the best.

Both the Mozambican workers and their South African managers, who represent the employer, possess different forms of power. This power can be converted and reconverted into one form or the other, depending on the nature of the contention or the level of cooperation at play. Chapter 5 discusses the different forms of power in detail. It shows how the economic might of ABSA as an organisation whose collective power is greater than the power of all other agents put together in the bank can, at best, be considerably compromised and, at worst, be brought to its knees in its Mozambican subsidiary by the strategical manoeuvring of agents whose collective power may be considerably less in volume but weighs more in form. This means it is important to recognise the form of power as much as its weight. Bourdieu's theoretical triad identifies three specific forms of this power, the economic, the cultural and the social. The composition of each of these forms of power varies at different historical periods because its distribution amongst agents gets allocated unequally in every stage of the development of society.

As a result therefore, and as discussed in Chapter 5, the employment relationship in this study is comprehended as a field of struggle in which negotiations of the multifaceted spheres of life take place. These negotiations are conducted by agents who are distributed within the field and endowed with different forms and volume of power in accordance with the position that they

occupy in that field. As a field, the employment relationship is also a social space, structured in accordance with the distribution of opportunities and constraints in society as well as by the legacy of past practices. For this reason, the societal and historical contexts in which the allocation and distribution of power takes place are central in understanding the employment relationship as well as how such power shapes and informs the development of different forms of employment relations.

The Caborra Bassa Dam project is an example of the situation in which historical legacies have not only survived epochs but have transcended geographic, national and cultural boundaries as they shaped and informed present social relations. Despite the fact that the Caborra Bassa Dam project brought in investments and technical expertise from Austria, Portugal, Germany, France, Italy and South Africa, the issue of labour management was left entirely to South African managers because they were said to be the most skilled, experienced and effective in matters of managing and controlling African labour (Middlemas, 1975).

A similar narrative prevailed at Banco Austral, South Africans were notorious for their harsh labour practices. Hundreds of Mozambican men who have spent many years working in South African mines told horror stories about South African labour practices. These stories resonated with the dealings of the Caborra Bassa Dam project in which the supply lines and the management of the labour force happened to be dominated by South Africans. Having been responsible for the exporting of over 125 000 Mozambican men that were sent to work in South African mines every year, South African expatriates in the Caborra Bassa Dam project were charged with recruiting African labour consisting of about 1200 African men a year. South African managers, Middlemas (1975) argued, were notorious for harsh labour practices that were said to be worse than those employed by the Portuguese. Middlemas (1975) added that from time to time, the Portuguese intervened to enforce their labour laws which were less harsh than the practices of South Africans due to the paternalistic nature of Portuguese labour relations.

Indeed, according to Middlemas (1975), many African workers complained bitterly about the brutally racist managerial practices of South African managers and even Europeans complained about the inhuman ways in which South Africans treated workers in addition to being offensively arrogant, short tempered and bearing nationalist attitudes where their relations with their foreign colleagues were concerned. Many charged South Africans for being unable to transcend racial and national differences in their dispositions. For example, despite the fact that

the African labour that was recruited to work in the Caborra Bassa Dam project came from Malawi, Zambia, Zimbabwe and Mozambique, a majority remained Mozambicans and the Afrikaner managers ensured that of the Mozambicans that were recruited, they had to be of a Shangaan ethnic background because they felt, as Middlemas argued, ‘Shangaans are a good Bantu - they are clean, hardworking, proud and well-motivated’ (Middlemas, 1975:101).

As discussed in Chapters 10 and 11 of this thesis, a similar ‘ethnicisation’ of workers took place in Banco Austral and as Wallerstein (1983) found, it was a central means of not only socialising workers into accepting their allocated occupational positions but also accepting an institutionalisation of racism. It was used to justify the hierarchisation of the workforce and a simultaneous fashioning and limitation of expectations on the part of the workers. South African managers preferred Mozambican workers and specifically Shangaan workers because they not only believed they were the best-behaved workers but they also wanted the Shangaan workers to conceive of themselves as the most behaved of all workers and thereby minimise their propensity to undermine managerial authority.

This study shows, however, that the Caborra Bassa experiences of South African managers and that of Banco Austral remain similar and that closer scrutiny reveals that Shangaan workers are far from docile and hardly conform to the profile of them as a so called ‘good Bantu’. This study further reveals that Mozambicans harboured a deep sense of resentment for the methods of South African managers at Banco Austral in similar ways as they did at Caborra Bassa. It shows that despite the structural challenges that workers faced in both instances, there remained a degree of agency amongst workers or a degree of power that was at their disposal. This power was exercised by workers, within the confines of the unequal distribution of power in the firm, to either minimise or overturn the impact of the employment practices of South African.

Chapter 12 specifically reveals the tactical ways in which workers expressed this resentment. Through employing covert forms of resistance, workers used their experience of working under extremely authoritarian managerial system and their knowledge of the ways of South African managers to negotiate gains, resist oppression and basically manoeuvre the hierarchical power structures of the bank. They did this to advance their interests and ultimately influence the employment relationship.

1.3. Chapter Outline

This thesis consists of 13 chapters, all of which are woven together to demonstrate the manner in which the development of labour relations in Banco Austral has partly been an outcome of the stubborn legacies that survived the transformation of colonial and socialist Mozambique and apartheid South Africa. These legacies are manifested in fragmented managerial practices and labour responses so that there is a recurrence of employment practices of the past, old systems of labour control, processes of racial differentiation and class domination from which colonial Mozambican and apartheid South African societies were constructed. These must be understood as more than just skin deep processes of social evolution that can be eradicated by calling people into a workshop and telling them that things have changed and that it is time to 'get over the past'. Sociology teaches us that processes of social change are much more complex and result from deeply contested and negotiated terrains of the social world.

Chapter 2 provides an overview of literature to reflect on studies that have explained the role of FDI. While proponents of microeconomic theories argue that, through FDI, Multinational Corporations (MNCs) are able to create new job opportunities, transfer managerial practices, human resources management techniques and thereby most likely contribute to the transformation of broader employment relations in host countries, this chapter shows that it is important to understand the very makeup of MNCs. The actions of foreign companies are broad and are informed by a variety of interwoven institutional, historical and social factors that must be considered and featured in analysing their behaviour. While at one level, foreign firms who set up production abroad do directly transfer their organisational practices and principles to their subsidiaries; at another level, the opposite is true. Local players are known to respond to these firms in ways that frustrate the process of transference. They use their local advantage to devise and employ strategies to protect their interests and where possible, maximise gain or resist the autocratic managerial practices imposed by foreign managers.

This chapter also marks an important shift at overcoming the conceptual limitations of neoclassical economic models. These are models that have previously explained the role of multinationals abroad through a mere collection of facts and presented these facts as universal principles aimed at broad generalisations about human societies. This chapter introduces an important analytical component that puts at its centre, humanity and its history. It proposes use of a theoretical framework that is grounded within an understanding of the history of humanity, its power in shaping social relations at the point of production as well as the manner in which

such power is unequally distributed in different sectors of multinationals with operations abroad.

Chapter 3 builds from the argument above and makes a case for a much more contextualised analysis of FDI flows. It discusses the pattern and extent of South African foreign investment flows in the continent and in the Southern African region as a new type of FDI. This FDI which is characteristically South-South oriented as opposed to the traditional North-South oriented FDI flows. By providing an overview of the general pattern of South African FDI flows into the African continent, this chapter shows how the actions of South African business abroad ignore the impact that their practices have on the employment relations of their subsidiaries in host countries. Particular focus is paid to the pattern of South African FDI flows to Mozambique and reflects on the historical character of South African investments there. It does so within the context of a long-standing history of the socioeconomic and political relations of these two countries.

The argument advanced in this chapter is that South Africa's decisions to invest abroad and specifically in Mozambique cannot be explained by economic interest alone. The fact that neoclassical economic thinking explains South African investments in Mozambique purely from the position of having boosted economic growth, transferred technology, increased the diversity and quality of products as well as broadened consumer choice, clouds perception. This chapter shows that there are specific and enterprise-bound factors and historically embedded forces that have acted as very powerful sources of influence in dictating the strategic decisions of South Africa's capitalist development and expansion.

Chapter 4 discusses the history of labour relations in both South Africa and Mozambique. It shows how socio-economic and historical developments in Mozambique and its relations with South Africa have shaped the development of labour relations in South African owned companies in Mozambique. This chapter also sets the tone for analysing employment relations and proposes a shift from the institutionalist orientation of current industrial relations orthodoxy which limits analyses of the employment relations to an institutionalisation of conflict and systems of rules governing the employment relationship. Instead, it advances the argument that the concept of labour relations, which encompasses every facet of the employment relationship including the field of industrial relations, is better suited for the study at hand. It enables a construction of theoretical approaches that take the interests of those workers into account, particularly those whose terms of employment are not derived by the

collective bargaining machinery and whose history of labour relations is based on a long tradition of labour coercion as is the case with African countries and specifically Mozambique.

If Chapter 4 proposes a theoretical shift from the institutionalist orientation of current industrial relations orthodoxy and calls for a construction of alternative theoretical approaches that take the interests of those workers into account, **Chapter 5** presents an alternative theoretical framework. It is a framework within which studies of employment relations in multinational corporations can be grounded. This framework weaves together ten theoretical propositions inspired by a critical engagement with the work of French sociologist, Pierre Bourdieu. The chapter begins by introducing Bourdieu, reviewing his work and outlining the adopted theoretical framework most useful for transcending the dilemma of theoretical binaries in social sciences.

Thereafter, the discussion presents each of the theoretical positions beginning with the need to contextualise all social enquiry within *historical consciousness* as an important way of thinking about social reality. The second theoretical proposition, right through to the sixth, locates the study within Bourdieu's conceptual triad of *capital, field* and *habitus*, emphasising the unequal power relations within which labour relations are situated and highlighting the significance of recognising that each actor in the employment relationship is endowed with a degree of power that is used in accordance with the balance of power of each field. This means workers should not be presented as powerless agents but must be comprehended as agents with certain degrees of power that can be used to influence the nature of employment relations in each firm.

This is why, from the seventh right through to the ten theoretical positions, this chapter shows the importance of understanding each firm as a specific site of struggle that determines the nature of social relations. As a specific site of struggle, each firm must be studied individually as an autonomous single unit so as to capture in analysis the social conditions of the production process of each dynamic field. This chapter also shows that the dynamism of each firm is multi-dimensional and harbours multifarious power struggles which manifest themselves in economic, cultural, social, political and most importantly for this study, symbolic terms. Symbolic struggles play a special role in multinational banks because by their nature, they are characterised by relations of domination and subordination which impinge on the social, cultural and institutional dynamics of each specific firm thereby informing the nature of employment relations that ensue.

Chapter 6 offers a special contribution to studies of labour that are grounded within Marxist thinking. It addresses a blind spot identified in Marxist literature by reflecting on Marx's concept of the labour process and rethinking it with reference to the banking sector in the contemporary world. It proposes four important principles to understanding the labour process, all of which place Banco Austral at the centre of analysis. These principles argue for the need to pay specific attention to the examination of workers in their real productive circumstances and ensure that a precise and most concrete examination of the forces of change at the point of production are undertaken through a detailed analysis of a single firm over an extended period of time. They also argue for the need to ensure that such investigations are undertaken through the theoretical underpinnings of Marxism and where necessary going beyond Marx and embarking on a deliberate reconstruction and reconceptualization of Marxism. This is important for showing how the process of production shapes the emergence of bank labour, bank workforce and the specific experiences and interpretation of the production process.

By placing the banking labour process at the centre of analysis, this chapter marks an important point of departure from the much-theorised labour process of manufacturing firms. It shows the banking sector as a particularly interesting field for the examination of the dynamics of the capitalist production process. Since the banking sector requires a rereading and reinterpretation of Marx when the theory of the labour process is applied due to its particularly distinct labour process, this chapter shows that there emerges a set of interlinked dilemmas as a result of the process of production that takes place in bank work. A detailed discussion of these dilemmas leads to an appreciation of Marxism that is most crucial in understanding labour and labour relations.

Chapter 7 provides an account of the research methodology employed in undertaking this study. It begins by addressing epistemological concerns that exist within the field of social science research which inevitably impact on the types of research methods employed when conducting research. It outlines the specific research techniques used in conducting this study and reveals several methodological dilemmas experienced during field work which are presented in this chapter as 'ethnographic twists'.

Chapter 8 presents an important chronological account of the history of Banco Austral as well as an overview of the evolution of the banking sector in Mozambique. It situates the establishment of Banco Austral within Mozambique's socio-political, cultural and economic history to reflect the extent to which these historical systems and their underlying institutions shaped the nature of employment relations found in Banco Austral in the period 2006 to 2007. Operating from the premise that any attempt at understanding the actions of people has to begin with situating them in their contexts as social beings, this chapter contextualises an analysis of Banco Austral within the economic and political histories that have shaped the socio-political and economic trajectories of workers in Mozambique.

Chapter 9 is a more microscopic extension of Chapter 8 as it not only presents the selected case study for this thesis, but also provides an overview of the state of the bank, in terms of size, practices and business orientation, as found at the time of conducting this study. It further reflects on the nature of change that resulted from being owned by a South African bank and considers the perspectives of employees and their managers, both the Mozambicans and the South Africans pertaining to their views on the impact of change, what it meant to them and how change worked to shape the nature of social relations within the different work stations of the bank as well as within the bank as whole. Given that Banco Austral has seen different phases of change within a context of continuing organisational transformation, this chapter reflects on the specific ABSA-informed changes and shows how Banco Austral, as a social space within which the structured relations of people are positioned, is also an agent of socialisation.

Chapter 10 provides an analysis of the organisation of work at Banco Austral and examines the manner in which the adoption of a new business model of market segmentation impacted on social relations between workers and their managers and shaped the nature of employment relations in that bank. It examines the manner in which the provision of bank products and services had to be organised after the ABSA take-over at Banco Austral and shows how the application of a business model of market segmentation served to divide and compartmentalise the workforce. This in turn, worked to generate a number of contradictions at Banco Austral, all of which have worked to shape and inform the nature of employment relations there.

There are three specific areas that are identified through which these contradictions have manifested. The first contradiction revolves around the manner in which the reorganisation of production led to a polarisation of the workforce and a creation of a social distance that sustains divisions between workers. The second revolves around the racial categorisation and differentiation of the workforce and how this was used to inform the positioning of workers within the firm and to justify the subordination of Mozambican workers to expatriates purely on racial grounds. The third and last contradiction relates to the struggles that this thesis identified as symbolic and which were key to the positioning politics of the bank and which, in itself, resulted in a paradoxical denial of core virtues that are intrinsic to bank work such as human dignity, trust and dependability.

Chapter 11 presents the back office and front office divisions of Banco Austral. It discusses the manner in which each of these divisions are configured and shows that the wall that separates the front and back offices serves as means of racially segregating the workplace. The configuration of the back office resembles a Taylorist organisation of production and is fundamentally distinct from the front office which resembles a Post-Fordist organisation of production. The difference in the organisation of work mirrors the traditional hierarchies that underpin the capitalist labour process and, as this chapter shows, gets exacerbated by the racial segregation of workspaces which works to further polarise workers and entrench social distance between them.

The chapter further shows that the existing social distance between workers remains deep-seated and becomes more durable because of the manner in which the flow of work is coordinated. At the same time however, this chapter shows that this coordinated flow of work increasingly becomes bifurcated by the differentiated conditions of work which, in turn, have led to the construction of a culture of elitism in the workplace. This cultural elitism is manifested in four specific elements of cultural superiority identified in this study which function as properties of cultural capital for some workers. These are race, occupational positions, life-style choices and arbitrary managerial practices.

Chapter 12 pays specific focus to the concrete experiences of the workers in the back office of Banco Austral and provides an analysis of how these workers responded to the ABSA-takeover. It also elucidates the manner in which workers' experiences of change and their responses to it have shaped the nature of social relations and thereby informed the employment relationship at Banco Austral. The analysis is divided into three sections. The first section examines the manner in which the changes introduced to Banco Austral by ABSA managers affected back office workers. It puts the views of the workers at the centre of analysis and shows how these changes have impacted on the conditions of work as well as informed the perceptions of workers about their experiences of work.

The second and third sections explore the nature and extent of worker responses. In the second section, the focus is on the responses of organised labour and the role that the *Sindicato Nacional do Empregados Bancários - SNEB* (National Trade Union of Bank Employees) played in representing the interests of the workers as well as influencing the nature of the employment relationship at Banco Austral. In the third section, focus shifts to the unorganised and unstructured responses of labour and examines the nature of these responses as well as the extent to which they have enabled workers to assert themselves, negotiate gains, resist oppression and basically manoeuvre the hierarchical power structures of the bank to advance their interests and ultimately influence the employment relationship.

CHAPTER 2:

FOREIGN DIRECT INVESTMENT AND THE EMPLOYMENT PRACTICES OF MULTINATIONAL CORPORATIONS: A REVIEW OF THE LITERATURE

2.1. Introduction

As a starting point, to understand how business operations of MNCs impact on the employment relationship of their subsidiaries in host countries, one must begin with a comprehension of the very character of MNCs as international organisations that engage in international production. This is important for understanding why firms choose to service foreign markets in the first place and what informs their strategies and decision making processes as multinational enterprises. Given that the reorganisation of production abroad has become more complex than the traditional ‘black box’¹ model of neoclassical theories of the firm, there exist a large body of literature aimed at explaining the nature and behaviour of MNCs.

Important theoretical contributions, however, remain dominated by microeconomic theories of the firm which pay more attention to determinants of the multinationalisation of production. Since FDI is the main vehicle through which firms are able to acquire substantial controlling interests in a foreign firm or set up subsidiaries of their companies abroad, literature points to determinants of FDI and generally focuses on explaining why enterprises become multinationals and what informs the decision of companies to set up production abroad.

The first part of this chapter provides a brief overview of this literature to reflect on studies that have explained FDI as means through which parent firms are able to directly transfer their organisational principles and expertise to their subsidiaries abroad (Kogut and Zander, 1993). Proponents of microeconomic theories argue that, through FDI, MNCs create new job opportunities, transfer managerial practices, human resources management techniques and thereby most likely contribute to the transformation of broader employment relations in host countries (Ajayi, 2007). While this is so, it is important to also note that operations of MNCs, and their very makeup as engines of international trade, are informed by a variety of interwoven institutional, historical and social factors that must be considered and featured in analysing the

¹ The ‘black box’ model is used in neoclassical theory to explain how changes in inputs lead to changes in outputs. Within this view, the firm is conceptualised as a calculus or a conduit of the actions of those who own inputs and who use the firm to produce outputs of one form or the other for external consumption. The black box model does not see the firm as a specific organisation of production that could be analysed as such, it does not have room for the internal dynamics of the firm including managerial techniques and employee relations (Demsetz, 1988).

behaviour of MNCs. These factors remain largely absent in microeconomic theories of the firm. In addressing this lacuna, this chapter introduces institutionalism as a particularly significant body of literature that has achieved significant gains in not only bringing other social science voices to analyses of multinationals but also providing insights on how the operations of MNCs impact on host countries.

Institutionalism as a school of thought has responded to the call for explanations of the conduct of multinational firms that go beyond the traditional neoclassical economic-oriented approaches. Instead of seeing the activities and practices of multinational firms as actions of calculating, rational and self-interested agents bent on pursuing utility and profit maximisation, institutionalism begins with a macro-level view that sees multinational firms as part of broader social structures, systems and institutions. Consequently, their activities and practices must be analysed as such, including reflecting on how they impact on the employment relations of subsidiaries abroad. This discussion is taken up in the second part of this chapter as an attempt to overcome the conceptual limitations of neoclassical economic models that only explain the determinations of FDI. It is also aimed at introducing the relevance of human-created institutions as key determinants of the allocation of power and resources as well as in imposing rules of behaviour in economic action.

2.2. Microeconomic Determinants of Foreign Direct Investment

The emphasis on FDI as a determinant of the multinationalisation of production has tended to direct studies of MNCs to focus more on the factors that inform the decision of MNCs to invest abroad. There is wide a range of literature on FDI, however for purposes of this study, discussion is limited to a few microeconomic theoretical approaches that have specifically sought to address the nature and conduct of MNCs. These are the industrial organisations approach, specifically the market power approach; the product-cycle theory; the market internalisation theory; and lastly, the eclectic model.

2.2.1. Industrial Organisations Approach

Borrowing from organisational studies, the industrial organisations approach is said to be the earliest articulation of a rounded theory of international production that sought to explain the multinationalisation of enterprises. It also informed Stephen Hymer's (1960) theory of market imperfections, even though at the time Hymer's theory did not really make much of scholarly impact. It was only with Kindleberger's (1969) study which proposed that firms set up business abroad to reinvest their internally generated capital and to expand markets that Hymer's work became relevant and more influential.

Working together with Kindleberger, Hymer's work came to constitute one of the most referenced body of knowledge within studies of international production. Its theoretical foundation is informed by the concepts of market power and collusion drawn from economic theories of industrial organisations to answer three fundamental questions; why firms decide to go abroad; what survival mechanisms do they employ in foreign markets in the face of local competition and cost-bearing challenges that are generated by being on foreign grounds; and what motivates firms to set up operations by retaining both control and ownership (Cantwell, 1991).

Hymer (1960) argued that in the face of market imperfections, a firm is able to secure market power from its ability to dominate its respective markets by being more efficient, secure or competitive so as to earn higher profits. He found that MNCs enter foreign markets fully aware of the local advantage accorded to local firms by the domestic environment. They are aware that local firms tend to have sound knowledge of the opportunities and challenges presented by their domestic environment hence it is important for MNCs to possess firm-intrinsic advantage over local firms to effectively operate abroad and work in increasing the extent of its market power. This, according to Hymer (1960), formed the basis for the internationalisation of production abroad.

Since the publication of Hymer's work in 1960, several other scholars have contributed to the development of this approach with the intention of either extending or broadening it to cover an even wider spectrum of issues (see Cantwell, 1991; Markusen, 1995; Kolstad and Tondel, 2002; Dicken, 2005; Rugman, 2006; Caves, 2007). For example, Vernon's (1971) attempt to integrate the location determinant in his product-cycle model was one of the first attempts to

develop Hymer's theory. He did so by looking at the dynamic processes of FDI in terms of why, where and when it occurs².

Regardless of theoretical developments within the market power approach, Cantwell (1991) maintained that over time, the market power approach ran into theoretical limits because all that it managed to do was explain why firms internationalise their production through FDI. It failed to explain anything beyond the need to engage in FDI and proved to be of no use where analysis is extended to explaining the operations and behaviour of existing MNCs. The very first attempt at providing an alternative theory to addressing the issue of the conduct and impact of MNCs emerged out of Ronald Coase's work of 1937, which was developed by Buckley and Casson in 1976 leading to the emergence of the internalisation theory (Cantwell, 1991; Rugman, 2006).

2.2.2. The Internalisation Theory

Rugman (2006) explained that Buckley and Casson (1976) followed Coase's argument of 1937 in developing the internalisation approach. Coase (1937) posited that within a context of imperfect markets, the operation of markets comes with transactional costs that tend to be much higher in an international environment compared to a domestic one. So, to avoid these costs, Coase (1937) observed that the management team of the firm was able to use its administrative '*fiat*' to control the production and marketing of an intermediate product through its vertically integrated structure (Coase, 1937; Rugman, 2006). In other words, since the international environment presents greater market imperfections, a firm operating abroad is highly incentivised to perform the function of the market by internalising market transaction costs through a vertical integration that enables control of either its sources of supply or the destination of its outputs (Dicken, 2003).

The internalisation approach, according to Røhock and Simmonds (1989), built on this idea and emphasises the need for the firm to extend its direct operations abroad so as to control the cost of production for its intermediate products. Buckley and Casson (1976) argued that this is particularly the case because types of knowledge and expertise embodied in patents and human capital are difficult to organise and costly to use. FDI, therefore, allows the firm to create internal markets whenever transactions can be carried out more efficiently within the firm.

² See Jones and Wren, 2006 and also Caves' theory on horizontal and vertical integration, (1971).

There were many other contemporary scholars who followed in Buckley's and Casson's footsteps, either extending or adapting the theory to reflect changes in the issues and institutions under study (Rohock and Simmonds, 1989). A specific example of these scholars is Williamson's (1975) work on markets and hierarchies in which he advanced the argument that a better understanding of MNCs and the determinants to internationalise their production can be achieved if analysis pays closer scrutiny to the nature of the transactions being internalised. This means there is a need to shift focus from the firm as a unit of analysis and explicitly focus on the actual transactions as the core determinant of competitive and efficient markets.

Williamson found that the most efficient way to obtain full value in internationalising production and setting up operations abroad is through transferring assets internally within the firm to another affiliated business unit abroad (Williamson, 1975). It is this argument that was to be the basis for much of sociological critique, particularly as reflected in institutional approaches to multinational firms and their conduct abroad, which is discussed later in this chapter. Sadly, however, Cantwell (1991) maintained that scholarly contribution within these approaches hardly explained anything else beyond transaction-costs, the nature and conduct of MNCs including the impact that they made in the places in which they chose to invest received no attention within this approach.

Instead, Cantwell (1991) contended that much of the focus tended to be on disagreements as opposed to developing new theoretical paradigms that could better explain the more complex changes that were taking place in international trade. Flowing from conflicting ideas on which approach better explained or addressed aspects of the firm's operations, there emerged ideas of synthesising the different approaches by identifying specific aspects of each approach that could be used together and interchangeably to explain a variety of issues depending on the issue under study. Dunning (1991) is known for such a model, having produced one of the most influential eclectic models for analysing multinational firms.

2.2.3. The Eclectic Model

The emergence of the eclectic model was inspired by the need to develop a framework for synthesising theoretical models with the aim of providing an overall analytical framework for analysing MNCs. The idea behind this framework was that an eclectic model would draw from different theories to develop a specific model that could direct the attention of the analyst to the most important and relevant theoretical aspects of each model for the analysis of specific problems in empirical investigations.

Dunning's (1991) 'eclectic paradigm' remained one of the most referenced work within this approach. It took the Ownership model and combined it with both the Location and the Internalisation models to form what Dunning called the OLI framework. This framework is said to be the most comprehensive model for explaining why firms engage in FDI (Kolstad, and Tondel, 2002). According to Dunning (1993), MNCs engage in FDI as well as organise the production of goods or services in more than one country for a variety of reasons.

The first, which builds on the Hymer school of thought, is the idea that a firm must have some firm-specific income-generating assets that differentiate MNCs from domestic firms, such as superior management strategies, a unique organisation of production, or a trademark. Dunning called this firm-specific asset an ownership advantage thus constituting the O of the OLI framework (Dunning 1993). The second, building from Horst's 1972 work on the location determinants, is the notion that MNCs engage in market-seeking or market-driven investments for purposes of taking advantage of large domestic or regional markets, Dunning (1993) called this, the locational (L) advantage.

Lastly, in line with the Coasian school of thought, Dunning (1993) maintained that it is every MNC's ability to co-ordinate existing assets with other assets across national boundaries - in a way that benefits them relative to their competitors or potential competitors – which enables it to retain control over a network of assets. Dunning (1993) called this cross national co-ordination of assets an internalisation (I) advantage as it enables firms to internalise the market transaction costs thus adding value to their output (Dunning, 1991).

Dunning's eclectic model has been criticised for being theoretically unhelpful. Cantwell (1991) argued that the OLI model is not a theory of the firm, that it is only a synthesising framework that blends a set of theories that address different questions of the same thing in different contexts. In itself, it has proven incapable of providing a theoretical basis within which questions pertaining to international production may be addressed, particularly because the context does not play a central role. This criticism can also be extended to the other theoretical approaches already discussed. For example, Cantwell (1991) argued that while Hymer's theory of market power and the Coasian internalisation theory provide significant insights into the determinants of FDI, they fall short as explanatory theoretical tools. They all seem to have catch-all explanations and where there have been developments, they remained limited to an expansion of an existing theory by only broadening its coverage while leaving the original theoretical influences unchallenged (Cantwell, 1991).

This limitation becomes more glaring where analysis is applied at sector level. For example, since every firm's behaviour and performance is informed by the structure, nature and evolution of the industry within which it operates (Quintanilla, 1998), there is always a need for analyses of the firm to be contextualised at industry level. Attempts at this have merely produced a remodelling of the existing and forever expanding theories to explain just about every aspect of international trade. Scholars such as Herrero and Simon (2003) and Nolle and Seth (1996) have used a combination of factors derived from different theoretical models to explain the internationalisation of banks. They have argued that banks multinationalise their services due to competitive advantage factors (following Hymer's market power approach) and to increased internal efficiency that minimise transaction costs (in the Coasian Internalisation approach).

In this way, Herrero and Simon (2003) used the location approach, which emphasises geographic factors, and combined it with the internalisation approach, which emphasises efficiency and competitive advantage, to produce what they argued was a theory to explain why banks become multinationals. They maintained that multinational banks are able to operate profitably in foreign markets by realising gains that are unavailable to local competitors. By continuously investing in innovative products, implementing better intermediation technologies and superior management quality as well as being a reservoir of private information for other firms, banks secure competitive advantage, improve efficiencies and geographical risk diversification.

Another glaring limitation of neoclassical theories is seen where attention is paid to the specific context of developing countries. Silver (2003) pointed to a general neglect of the context of developing countries caused by a tendency of FDI flows to prioritise intra-North flows and prioritising flows between high wage countries. Where focus gets paid to developing countries, it is often on North-South FDI flows and hardly any South-South flows. This neglect leads to a state of theoretical impoverishment which forces researchers to turn to Northern-oriented approaches to explain developments in the South. In a number of attempts at theorising FDI flows from developing countries (Singh and Jun, 1995; Ernst, 2005; Sauvart, 2008) and Africa in particular (Ajayi, 2007; Gilroy et al, 2005; Grobbelaar and Besada, 2008) researchers merely adopt Dunning's OLI model and apply it to suit each specific context.

For example, in accounting for the multinationalisation of South African firms, Grobbelaar (2008) adopted Dunning's eclectic OLI model to explain South Africa's corporate expansion into Mozambique. She identified four main determinants and argued that the first is due to being market-driven or market-seeking. This is where firms seek to penetrate specific markets as informed by the size of that market, the country's GDP and per capita income as well as by its real and potential growth. The second determinant is said to be driven by resource-seeking investors who seek specific natural resources, unskilled labour and physical infrastructure in a particular location. The third determinant of FDI flows is by efficiency-seeking investors who move to a particular geographic location mainly to take advantage of the cost-effectiveness of input costs and resources and at times, the productivity of the workforce.

The last factor, according to Grobbelaar (2008), pointed to a strategic-asset and capability-seeking type of investment where investors enter a particular market either to protect or further competitive advantage within a global context (Grobbelaar, 2008). These, according to Grobbelaar (2008) are the four reasons that have motivated South African investors to set production abroad and increase their corporate expansion in the region. A similar argument is advanced by Gilroy et al (2005) whose account for the determinants of African FDI is also informed by Dunning's eclectic OLI model. Gilroy et al (2005), however, do extend their argument to include a range of other macroeconomic determinants such as the openness and export orientation of the economy, exchange rates, the inflation rate, budget deficit, domestic investment as well as political risks. This approach is driven by the realisation that one-size-fits-all models that characterises economic thinking do not always account for specificities and peculiarities that exist in each society.

For example, accounts of FDI determinants in developing countries cannot be void of the histories that are so integral to both the social and economic realities of these countries. Using the OLI model to explain South Africa's investments in Mozambique as Grobbelaar (2008) does, runs the risk of missing the significant historical developments of regional economic relations in Southern Africa that are intrinsic to any analyses of South African companies in the region. This is particularly so because the very nature of capitalist developments in Southern Africa, Southall (2009) argued, has been characterised by uneven development, increasing inequalities and founded upon the commonalities of colonial capitalist exploitation which in turn brought political expropriation and ensured, amongst other things, an abundant supply of cheap labour. This is an issue that must be featured in any analyses of labour and labour relations in the region.

Davies (1985) emphasised the significant role that historical contexts play in analyses. He reminded us that South Africa's early capitalist expansion into Southern Africa was a direct consequence of regional strategies predicated upon the existence of so-called buffer states that surrounded it. These were the Portuguese colony of Angola and South Africa's own colony of Namibia to the west, the settler-ruled British colony of Rhodesia in the north and the Portuguese colony of Mozambique in the east. The main objective behind these regional strategies was to ensure that regional territories continued to serve South African capitalist developments. They were acting as reserves of labour for South African capital, and became markets for South African goods, amongst other things (Davies, 1985).

With independence and democratic transition, South Africa continued to use the region as its market base through exporting its goods and services, including management expertise. Through FDIs, together with Western-aided investments in mega projects, South Africa continued to impose its economic strength thereby increasing the economic dependence of regional states on South African capital. Moreover, South African exports and FDI were used to export into the region the crisis of apartheid that the post-apartheid government failed to resolve, a discussion that is taken up in Chapter 3 of this thesis.

2.3. Multinational Corporations and Macroeconomic Determinants of Foreign Direct Investment

As microeconomic theories took centre stage in explaining the conduct of MNCs and the determinants of FDI, macroeconomic approaches remained largely neglected and were increasingly seen as out-dated and rudimentary (Cantwell, 1991). The modern versions developed to speak to FDI and MNCs emerged around the same time as Hymer's (1960) microeconomic approach and yet did not make much of a scholarly impact. Interesting enough, Cantwell (1991) maintained that it was a microeconomic theory of the product cycle by Vernon (1971) and was itself developed from the work of Heckscher (1919) and Ohlin (1933) that served as the basis for the development of modern macroeconomic approaches.

Hansen (1998) maintains that the Heckscher-Ohlin theorem itself heavily relied on David Ricardo's comparative advantage theory. He argues that Vernon developed and introduced it as a theory of the international division of labour. It was directed at highlighting the significance of innovations amongst firms including labour-saving techniques, skilled labour and import-substitution investments. In the early stages of the product life cycle, the production process would remain in high waged countries largely due to uncertainties. However, as the product matures, the technology involved in the production process - that was initially the comparative advantage of the country - would then become hard to protect and domestic firms would begin to look for low-cost production locations. This forced firms to grow from inward orientation to an outward orientation involving investing abroad (Hansen, 1998).

With the emergence of alternative micro level theories, macro perspectives within general economic literature of foreign investment were ignored and received very little attention. Existing literature is largely based on three main theoretical models that subsequently developed as criticisms of the product cycle model. The first is the currency-premium approach developed by Aliber in 1970, the second is Kojima's dynamic comparative advantage model developed in 1973 and revised in 1975 and the third is Dunning's development-stage approach developed in 1981 as a general macroeconomic approach to foreign trade and investment (Kojima and Ozawa, 1993).

2.3.1. The Currency-Premium Approach

Aliber's (1970) theory emerged not only as a critique of Vernon's product cycle approach but also as a return to traditional internationalisation theory. In his work, he emphasised the significance of the link between exchange rates and FDI, arguing that exchange rates are amongst some of the factors that determine the location of FDI (Cantwell, 1991). According to Krugell (2005), Aliber's currency-premium approach holds that "firms from harder currency areas are able to borrow at lower costs and to capitalise the earnings on their FDI in soft currency areas at higher rates than the local firms ... the higher the share of capital value added and the size of the premium on the local currency, the greater the comparative advantage that foreign investors enjoy over local firms" (Krugell, 2005: 57).

Following this line of argument, therefore, it would mean that South African companies would be attracted to invest in Mozambique because as firms from hard currency South Africa, they can borrow at lower costs and thus capitalise earnings on their DFI in a soft currency Mozambique at much higher rates than Mozambican firms.

Krugell (2005) further argued that exchange rate as a determinant of FDI is neatly linked to inflation rates, which act as indicators of a country's internal macroeconomic stability. Where a country experiences high rates of inflation, internal economic tensions are bound to arise. The government would respond by a reluctance or even inability to balance the budget and will restrict money supply, which has a very negative impact on FDI flows and drives prospective investors away (Krugell, 2005). If this is the case, it means an alternative explanatory model to the inflation rate model discussed here has to be employed in the case of South African FDI flows to Mozambique. This is because, despite the high rates of inflation and the rising internal economic tensions in Mozambique, South African FDI continues to flow to Mozambique marking the country as South Africa's favourite FDI destination.

2.3.2. The Dynamic Comparative Advantage Model

Aiming at explaining the distinctive character of the trade-oriented Japanese FDI, Kojima's (1973) basic theorem is built from an idea that FDI emanate from a firm's position of comparative disadvantaged in the home country and one which can translate into comparative advantage when taken abroad. In other words, firms found that some factor endowments were prone to generate comparative advantage at home, using home country's specific location advantage which can then be capitalised upon or better exploited abroad.

This meant that MNCs would increase efficiency and enhance performance if their products are developed at home and produced abroad in a context where the home country has advanced systems of product development compared to the host country. This advantage includes transfer of capital, managerial skills and technology from an industry which has a comparative disadvantage in the investing country compared to the recipient country, thus contributing to the productivity and comparative advantage of host country. Kojima (1975) argued that firms who optimises on this comparative advantage are classified as trade-oriented MNCs.

In the same vein, Kojima (1975) identified other types of comparative advantage seeking MNCs and these are resource-oriented, labour-oriented and market-oriented MNCs. According to Kojima (1975), resource-oriented MNCs are those that invest in a host country for purposes of increasing and securing the imports of commodities that are not readily available in the home country or the production of which are very costly at home. Of the MNCs that are labour-oriented, Kojima (1975) argued that the main driver for investments abroad is going to geographic locations where labour is much cheaper and readily available. Lastly, market-oriented MNCs are driven by two factors, the first is market-seeking oligopolistic and the other is trade-driven and import substituting.

However, Kojima's theorem was criticised for not being able to explain the welfare implications of the type of investments that are driven by the need to rationalise international production so as to benefit from the common governance of cross-border activities. Dunning (1981) for example, charged the Kojima-theorem for ignoring the internalisation of intermediate product markets and market failures. Both Dunning (1981) and Kojima's (1973) contributions do not add anything theoretically novel to the already existing microeconomic literature, their approaches merely expanded Vernon's and Ricardian theoretical paradigms of comparative advantage.

Dunning in particular, and quite characteristic of him, produced a somewhat general approach known as the investment development path as means of accommodating the different variables identified in other approaches as significant explanations of international trade and foreign investment. The central idea behind it is that there is an association between a country's level of development and its international investment position so that as the country develops, the conditions facing domestic and foreign companies change and affect the flows of inward and outward FDI as well as the economic structure of that country. This means governments are able to influence their country's conditions to attract FDI while simultaneously facilitating conditions for domestic firms to secure ownership advantage.

Sadly, Cantwell (1991) contended that the dynamic comparative advantage model did not deliver anything new nor did it make any theoretical strides. Instead, it was superseded by microeconomic approaches which argued that governments played a relatively limited role in dynamic economic restructuring, that in fact, they are more concerned with appropriating gains generated by MNCs which happen to have a much greater influence and assumed more importance in shaping the world economy.

Here we see an example of what critiques like Emmanuel (1972) charged economic models with. Emmanuel (1972) argued that economic theoretical models like these were merely about changing academic truths into paradoxes and then changing paradoxes into classical rules. These classical rules remained very varied, tended to be contradictory and were often very difficult to engage with, let alone refute other existing models (Emmanuel, 1972).

In addition, Emmanuel's contemporaries like Amin (1974) explained the shortfall within economic theories as economists' way of evading problems instead of addressing them. He found that this has become a general problem with much of economic theorising because many of the existing theoretical approaches do not permit one to go beyond analysing the apparent mechanisms of the functioning of the capitalist mode of production. As analytical frameworks, Amin (1974) further posited, economic theories failed to provide analytical tools for the examination of the relations between formations of different kinds, which were integrated in the same world system.

Even as conceptual tools, Amin (1974) argued, 'pure' economic theories were situated at a level of abstraction that made it useless for analysing the working of any society even when such mechanisms are economic in character. For example, the issue of relations that ensued among people as they went about the production and distribution of wealth was evaded by marginalism from the very onset. These were theories that were far removed from the actual social realities largely because the discipline itself declared its independence from social sciences, making it absurd for it to purport to theorise any social phenomenon (Amin, 1974).

An American economist and one of the first to branch into topics traditionally considered sociological, Gary Becker (1976), charged economic approaches with advancing universalist theories that claim to be applicable to all human beings in all societies. They did not account for the differences in the rich and poor societies and slide social differences so that issues of class, race, ethnicity, gender and power relations remain outside the theoretical purview of economic approach (Becker, 1976).

It is for this reason that alternative theoretical models that speak to the conduct and practices of multinational firms are sought elsewhere. For purposes of this thesis, institutionalism as a school of thought has proved much more useful and responded to the call for providing explanations of the conduct of multinational firms that are grounded within a much more social science-oriented thinking. They have highlighted the significance of social institutions as key determinants of the conduct and practices of multinational firms and purport that their activities

and practices must be understood as part of broader social structures, systems and institutions, including how these impact on the employment relations of subsidiaries abroad.

2.4. Institutionalism and the Diffusion of Employment Practices of Multinational Firms

There exist four main strands of institutionalism and they are the economic, historical, sociological and political institutionalisms. However, for purposes of this study, focus is restricted to a discussion of the sociological strand to reflect how sociology has dealt with the question of the behaviour of multinational enterprises. It is also to review the extent to which sociological explanations of the conduct of enterprises in general can be extended to explain the conduct of multinational enterprises, specifically in relation to their employment practices.

While explanations of the existence and determinants of the conduct of multinational firms have been dominated by economists as discussed above, it was in the turn of the late twentieth century that a strand of thinking emerged emphasising the significant role of institutions in analysing economic action. Emanating from Veblen's (1899) pioneering work on institutional economics, which was later developed by Commons (1934) and Gouldner (1955), a large body of knowledge emerged and emphasised the role of institutions in explaining economic action.

According to Tolbert (2008), Veblen is the key figure behind the emergence of institutionalism. An American economist and sociologist, Veblen is said to have integrated economic and sociological thinking in his analysis of economic action. Using a Darwinian evolutionary perspective in constructing an institutionalist approach, Tolbert (2008) argued that Veblen sought to provide an understanding of the evolutionary process and the role of institutions in shaping economic behaviour. He viewed economic action as informed by a complex of interaction of various institutions that are made up of individuals, firms, norms and systems of governance, all of which provided important constraints to economic activity. From this view, institutions were seen as made up of complex patterns of formal rules that shape and structure the action of rational agents as they pursue the maximisation of utility (Tolbert, 2008).

Institutionalism as a school of thought was aimed at providing an alternative thinking to mainstream neoclassical economic-centred studies of markets. It emphasized the importance of human-created institutions which are key in allocating power and resources as well as in imposing rules of behaviour in economic action.

2.4.1. Sociological Institutionalism and the Behaviour of Multinational Firms

Sociological institutionalism, like much of other institutionalist theories, Tolbert (2008) argued, has largely been dominated by American sociology. It emerged in part as a response to views within organisational theory and within the world society perspective which, in turn, was developed in response to the world systems theories in political sociology. The other part emerged as a response to long-standing debates within the more materialistic and interest-drive accounts of economic action prevalent in economic theories. It also emerged from the ideational, normative explanations of sociological theorising as reflected in the cultural and social network approaches to economic action (Tolbert, 2008).

These sociological theories were bent on providing much more coherent accounts of both stable and persisting patterns of social behaviour and the breakdown of accepted conduct which yielded to pressure for change. For purposes of this study, focus is limited to a brief discussion of three strands of thinking, the organisational theory, the cultural approach and the social network perspective.

2.4.1.1. Organisational Institutionalism

The emergence of a comprehensive theory of organisations and management, Morgan argued (1997), can be traced as far back as the early twentieth century with the work of sociologist, Max Weber. It is one of the most important accounts of organisational behaviour and a central point of reference for major theoretical developments on organisational studies.

Weber's study of organisations, according to Morgan (1997), examined the parallels between the mechanisation of industry and the proliferation of bureaucratic forms of organisations. Responding to Hegel and Marx's theoretical debate on the nature of domination in capitalist societies, Morgan (1997) argued that Weber sought to explain how the ordering of organisations impacted on societies at different times of economic development. By paying specific focus on bureaucratically ordered organisations, Weber showed that organisations not only created and sustained structures of domination but they also manufactured systems of legitimising such domination so that it became normal and part of socially acceptable power relations.

As an institutional form, Morgan (1997) maintained that Weber showed bureaucratic organizations to be the most precise, clear and reliable way of achieving efficiency. Bureaucratic organisations were goal-oriented, informed by principles of rational conduct and patterns of formal authority which enforced the observing of systems and the obeying of rules and regulations. In defining a bureaucracy, Morgan (1997) stated that Weber identified an ideal type of bureaucracy, characterised by a hierarchical command of authority, impersonal systems and a clearly defined division of labour. These, Morgan (1997) contended, explained the function of organisations, the rules and regulations by which such organisations were made as well as the objective of efficiently achieving set objectives as the key drivers of organisational conduct (Morgan, 1997).

Ironically, Weber (1922) found that the efficiency and increased level of rationalisation inherent in hierarchical and bureaucratically formed organisations worked to erode the human spirit and the capacity to act spontaneously. In coining the concept of “the iron cage”, Weber (1922) sought to express the manner in which bureaucracy trapped individuals in organizational structures organised purely on the basis of achieving efficiency through rational calculation and control. According to Weber (1922), all this was at the detriment of human creativity that is so key in organisational innovation.

Following Weber, Morgan (1997) maintained that there emerged a large body of knowledge dedicated to understanding organisations and explaining what informed their choices, decisions and conduct. This body of knowledge was not only limited to sociological analysis but also informed thinking in other disciplines. It was also adopted in the management and engineering discourses and unleashing different interpretations of Weber that served different scholarly objectives. For example, in Frederick Taylor’s scientific management and Elton Mayo’s Hawthorne’s studies, Weber’s theory was mainly interpreted in ways that worked to provide management advice to organisations and treated the idea of bureaucracy as an end in itself.

Neglecting the theoretical and political aspects inherent in Weber’s concept of bureaucracy, studies oriented towards business management presented bureaucratic organisations as non-political management solutions to increasing efficiency and productivity. This line of thinking to explaining organisations was adopted in sociology as much as it was in psychology and engineering. Influenced by this thinking, business school analysts, Lawrence and Lorsch (1967), produced one of the most influential organisations theory; the contingency approach.

This approach was also adopted in management studies and in industrial relations studies to specifically explain the conduct of multinational firms (Tolbert, 2008).

2.4.1.2. Contingency Theory and the 'Best-Fit' Approach

With the growing misinterpretation of Weber's theory of bureaucracy and the flourishing ideas of Taylor's scientific management, studies of organisations increasingly failed to account for multinational organisations, specifically how multinationals decide on the type of management styles, employment relations and organisational structures. In such a context, the contingency theory emerged as a catch-all approach that was used to explain almost all facets of organisations.

In tracing the emergence of the contingency theory, Morgan (1997) pointed to the Parsonian structural-functionalist approach to studying organisations. Initially informed by the work of anthropologists, Malowinski (1932) and Radcliffe-Brown (1940), Morgan contended that Parsons provided a sociological approach to studying organisations based on a view of organisations as social systems.

As social systems, Hassard (1993) argued, Parsons found organisations to be generally driven by their need to obtain set goals and their internal structures were therefore organised in accordance with goal-oriented systems. However, Hassard (1993) maintained, Parsons posited that while organisations are made of systems. This meant that organisations were made of specific systems and needed to be understood as part of larger systems as well as constituting part of their physical environment. This position was said to be the most important because the systems by which organisations are made and the systems of which they are a part, all constitute institutional structures, the incompatibility of which may threaten the survival of organisations (Hassard, 1993).

This is a thinking that was further developed by Selznick and Merton (1949) who integrated Weber's notion of the 'iron cage' to their analysis. Selznick and Merton argued that the bureaucratic structuring of organisations and their underlying rules and regulations aimed at controlling and directing conduct towards more predictable outcomes poses institutional challenges that render organisations dysfunctional and actors noncompliant. From this, Lawrence and Lorsch (1967), coined the contingency theory, arguing that there existed too many dependant variables that influence and shape the structure and behaviour of the organisations to rely on one explanation. Lawrence and Lorsch (1967) held that changes within

the external environments of organisations imposed constraints on the development of internal features which, in turn, forces organisations to adopt management practices that are in line with the organisation' situational influences.

Further developed by the Aston group, or a group of British researchers from the University of Aston, the contingency approach, according to Hassard (1993), integrated a wide range of contextual factors in analysing the structure and management practices of firms. Externally, these ranged from national systems of governance, the nature of trade unionisation, political stability of nations and a range of cultural influences that impinge on social relations of a given society. Internally, they included such variables as the size of the organisation, levels of technological developments and product diversification. All these variables, posed as contingencies with regards to the direction and strategy of the organisation (Hassard, 1993).

Despite the popularity of the contingency approach, it remained limited as a theoretical framework. Adeleye (2011) argued that it failed to explain issues of leadership within organisations, especially how management control worked to shape and inform the direction of the organisations. Ghoshal and Westney (1993), charged the contingency theory as unhelpful to analyses of complex organisations like multinational firms and their practices abroad. Hence, as a theory of the conduct of organisations, it could not explain how multinational firms impact on the employment relations of their subsidiaries abroad (Ghoshal and Westney, 1993).

What the contingency approach did manage to achieve, irrespective of its shortcomings, Adeleye (2011) contended, was instilling a realisation amongst economic theorists that the presence of subsidiaries of organisations like multinational firms in host countries, was not just about market competition driven by a purely rational economic behaviour, but that it was also about the political, social and cultural systems of host countries. This was a contribution that also saw a rise in collaborative work between social scientists and neoclassical economists who increasingly came to accept that using only economic oriented approaches to theorising multinationals and their employment practices was inadequate (Adeleye, 2011).

Much of the criticism charged at the contingency approach, Nee (2003) argued, also coincided with the advent of new thinking within institutionalism which called for different analytical tools for analysing modern institutions and economic action within the context of modern economics. Similarly, sociological institutionalism also called for modern sociological approaches that could integrate analyses of social relations and studies of institutions within analyses of the more modern mechanisms of economic behaviour.

Old institutionalist theories were increasingly viewed as incapable of giving shape to social analysis of modern economics because they remained locked within standard economic theories as foundational analysis to understanding institutions. It was a time for new thinking and from such endeavoured emerged new institutionalism (Nee, 2003).

2.4.2 New Institutionalism

The emergence of new institutionalist thinking was not limited to sociological institutionalism but extended to the other strands of institutionalist thinking including the political and historical strands, all of which impacted in the development of the international business management approaches to studying organisations.

In sociology, new institutionalist thinking is referenced to the work of Meyer and Rowen (1977), Scott (2001), DiMaggio and Powell (1991), Williamson (1994) and North (1981), with specific reference to the economic sociological strand of institutionalism as seen in the work of Smelser and Swedberg (2005), Nee (2003), Swedberg (1997), Portes and Sensenbrenner (1993), Granovetter and Swedberg (1992), Powell (1990) and Granovetter (1985). These scholars, according to Tolbert (2008), continued to emphasise the significance of conceptualising economic action as part of social action which has to be understood and analysed as such. Their break with old institutionalist paradigms were in relations to the specific operations of organisations.

For example, and following the contingency theoretical framework, Meyer and Rowan (1977) found that in modern societies, operations of organisations are informed by a whole host of factors which direct conduct and structure operations. These include outcomes of complex relational networks within which economic action is embedded and whose interconnectedness facilitates the spread of ideas on how organisations ought to function (Meyer and Rowan, 1977). This idea was built into analyses of economic action as shaped and directed by an interaction of socially embedded institutions, norms and social networks (Tolbert, 2008; see also Uzzi, 1997; and Granovetter and Swedberg, 1992).

Meyer and Rowan (1977) further noted that there were ideational and normative factors which impinged upon the structuring of organisations and affected processes of their operations. This line of thinking was also used by Powell and DiMaggio (1991) in advancing a cultural perspective to studying organisations and arguing that there were other aspects of embeddedness, such as cultural embeddedness, which need to be featured in analyses of

economic action and in explaining the behaviour of organisations. Both the social network and the cultural theoretical approaches are discussed in the next sections respectively (Powell and DiMaggio, 1991).

2.4.2.1. Social Networks and Embeddedness

The theory of social networks, Swedberg (1997) argued, emerged with the rise of new industrial regions whose success was accounted for, amongst other things, by both formal and informal social relations that existed between networks of smaller firms that colluded as business groups to take advantage of the market and of economic processes. This perspective to economic action constituted one of the central approaches within the new institutionalism and specifically, within economic sociology.

It built from Granovetter's concept of embeddedness which, according to Swedberg (1997), emphasised the contextualisation of economic analysis within analyses of actual human interactions. In this way, multinational firms could, for example, be understood as business networks informed largely by long-term and stable close interaction of a group of people with common interest, purpose and or identity. The establishment of these networks between firms manufactures relations of obligations and expectations and subsequently govern relations of exchange and in certain situations, actually constrain the impropriety and opportunistic conduct (Swedberg, 1997)

Following other approaches that have critiqued neoclassical economic theories, the social network approach, according to Smelser and Swedberg (2005) rejects the use of transaction-cost analysis to explaining the conduct of firms. Proponents like Uzzi (1997) posited that there are other factors, other than rationality, that inform economic action and the behaviour of corporations. These vary from tradition, habit, rules, culture, systems, influences of institutional structures as well as the interdependence that exists amongst societal networks.

Analysis within this approach centres on the proposition that close personalised relationships built on trust in business and economic processes work to not only reduce transaction costs but also increase market predictability and business efficiency thereby constituting one of the important influences to the conduct of firms (Uzzi, 1997). Through forming networks, Uzzi (1997) argued that firms are able to increase their entrepreneurial advantage and use the tacit knowledge exchange made possible through networks to better coordinate business processes and avoid business hazards.

In accordance with this approach, firms form cooperative relationships that can regulate expectation and influence the behaviour of exchange partners for favourable economic transactions. Uzzi (1997) argued that these relations are embedded within structures of social networks and built on elements of trust³, fine-grained information transfers⁴ and joint problem-solving arrangements⁵.

As the case may be, the social network approach falls short in explaining why firms, and specifically multinational firms, make decisions with regards to the organisation of production as well as how they deal with the social relations that ensue at the point of production. It primarily focuses on the conduct of firms as a group and their relations in terms of economic action at the neglect of each firm as a specific field with its own specific structure of production and specific mechanisms that determine its functioning including the social conditions of production.

Secondly, Borgatti et al (2009) argued that the network approach was criticised for neglecting the question of subjectivity and human intention in motivating behaviour. This is an old structure-agency debate in sociology where the structuralists find individual conduct and motive to be subjected to and restricted by the recurrent and patterned structural arrangements of a given society. On the contrary, critiques have rejected this view on the grounds that it neglects individual agency or the capacity of human beings to act independently and to make free choices.

³ In terms of trust-based network relations, Uzzi (1997) maintains that as an explicit and primary feature of socially embedded network relations, trust is a governance structure that replaces the notion of self-interest as a driver of economic action. It becomes one of the key influences of motive and action, it enforces relations of reciprocity and promotes access to privileged information and resources for purposes of enhancing competitiveness.

⁴ In terms of fine-grained information transfers, Uzzi (1997) argues that business networks benefit by gaining access to tacit knowledge that includes information on business strategy and on how to increase and or maintain favourable profit margins. Much of this tacit knowledge is not readily available and has been acquired through learning by doing. It is an accumulation of fine-detailed information that cannot be communicated through ordinary market channels but through closely networked business relations.

⁵ With regards to joint-problem solving arrangements, Uzzi (1997) maintains that the embedded ties that exist between networked firms are used to coordinate market transactions, they enable exchange partners to coordinate functions and work out problems on the spot as they arise. These arrangements typically consist of routines of negotiation and mutual adjustment that flexibly resolve problems and help firms to improve their responses to market pressures by reducing production errors in time and improve the learning and innovation.

Based on this line of reasoning, Borgatti et al (2009) found that human conduct in the notion of embedded social networks is conceptualized as passive and wholly determined by the positions or the environments that people find themselves in.

Instead of acknowledging that economic action is human action and that humans are active agents who manage their own destinies as well as shape the network around them, the network approach emphasises the field and its structures in explaining human action, without giving due course to factors such as intentions and dispositions (Borgatti et al, 2009).

Thirdly and in relation to the second point, the social network approach was also charged with neglecting the fact that human beings as reflective and projective creatures who are wholly capable of cognition, which may directly affect how they react to their network positions and how they change their network positions in pursuit of their goals. Again, the fact that perceptions and thoughts of individual actors are informed by various socialisation agencies such as tradition, culture, norms and values was neglected in the social network approach.

It was on the basis of such limitations that the cultural perspective, discussed in the next section, gained dominance as an alternative approach. It integrated symbols and meaning structures as possible explanatory tools in analysis of economic action and in criticising the social network approach for its tendency to reduce everything to social relations and networks or what DiMaggio (1994:27) called 'social structural absolutism'.

2.4.2.2. Cultural Approach

If proponents of the contingency approach conceptualised the multinational firm as a 'fit structure' so that its practices are strategically aligned to best-fit its objectives and meet its interests, dissenters questioned the extent to which such conceptualisations dealt with the issue of diversity. This is the diversity that is created by the multinational character of the firm, which ends up with several subsidiaries in different national contexts and whose operational multi-dependence is bound to produce outcomes that are not necessarily aligned to the firm.

Mainly informed by the ideas of scholars from the University of Stanford in the 1970s, known as the Stanford group, Finnemore (1996) argued that the cultural approach emerged as an extension of the organisational approach. It recognised that the reproduction of social relations involves recognising and internalising patterns of social interactions, norms and the meaning of codes underlying both formal and informal exchange relationships, all of which when combined constitute a culture. Brewster et al (2008) argued that contributions to the cultural

approach are associated with the writings of Hofstede (1991), Fukuyama (1995) and Sako (1998), all of whom "...accorded particular prominence to the possibility that organisations represent cultural communities of rational utility maximising individuals" (Brewster, 2008: 9).

Broadly, the cultural approach, according to Edwards et al (2004), questioned the contingency approach's notion of functional virtues and efficient coordination of organisational structures, arguing that organisations are also subject to the pressures of their external environment. These include those social processes that are often taken for granted and over time become the unconscious 'natural' or 'proper' in a particular cultural setting (Edwards et al, 2004: 3). These processes of socialisation include such things as the attitudes of employees, which ultimately shape the nature of employment relations as well as those of the managers that drive the strategic direction of the firm.

The cultural approach was also adopted and developed by researchers in international business management and in human resource management to explain the conduct of organisations. For example, Quintanilla (1998) identified factors such as tradition, values, attitudes and historical experiences as variables of distinction that impinge on the multinational firm's operations, especially its human resource practices. For Quintanilla (1998), traditional-national cultural values tend to affect managerial processes and organisational behaviour thereby leading to specific types of employment practices and corporate performance.

Again, a study by du Plessis and Beaver (2008:178), from an international business management approach, emphasises the significance of integrating in analysis of multinational firms "...the culture of the people, laws of the country, expectations of pay and conditions of work from local and expatriate staff...". They argued that this is important because people have different expectations, cultures, priorities and wants. Accordingly, the manner in which a company behaves in a particular context, will also be informed by the pressure to respond to different expectations which in turn, are linked to the aspirations and interests of managers and workers alike.

Furthermore, du Plessis and Beaver (2008) argued that since multinational firms are always concerned with building a strong organisational culture in countries in which they invest, they would also have an interest in accommodating the different cultures of its members in a drive to build a much more unified identity and organisational culture. There are three schools of thought which make up the cultural approach. These are the homogenisation perspective, also

known as cultural convergence; the heterogenisation perspective, also known as the cultural differentiation perspective and the cultural hybridisation or multiculturalism perspectives.

2.4.2.3. Homogenisation

This approach blends perspective from a sociological approach, international business management and from the human resource management approaches. It is informed by a view that culture homogenises differences that may exist in the organisational cultures of the parent firm and that of the host country. As a homogenising factor, culture is seen as capable of smoothening the transfer of best practices and enables a multinational firm to easily set up business abroad, export operating procedures as well as employment practices.

This school of thought, according to Bartlett and Ghoshal (1998), advanced the argument that there exist a greater possibility for local cultures in a foreign subsidiary to be shaped by the cultures of a parent firm, which tends to be more powerful than the local, and thereby create a single unified culture that makes up the culture of the organisation. Bartlett and Ghoshal (1998) contended that homogenisation theorists do not necessarily perceive of different cultural attitudes, values and practices as potential sources of conflict and therefore the element of difference cannot, in their view, constitute a barrier to cross national transference of employment practices (Quintanilla, 1998).

The homogenisation perspective does acknowledge that cultural differences exist but believes that they are not necessarily unchangeable. Besides, Pieterse (1996) argued, the forces that generate conflict and rivalry within an organisation can be harnessed into a state of interconnectedness and interdependence which may lead the organisation to cultural standardization and uniformization as seen with the phenomenon of “McDonaldization”. In standardising and uniformising cultural practices, Pieterse (1996) argued that organisational operating procedures and business principles get to be similar across the different parts of the firm.

Largely influenced by Max Weber’s notion of the iron cage of bureaucracy, DiMaggio and Powell (1983) produced a theory of organisations that reflects the extent to which structures of organisations have become more homogenised and consequently more efficient. DiMaggio and Powell (1983) argued that even though the causes of bureaucratisation and rationalisation have changed, bureaucracy remains the common form of organisations thereby making organisational practices more similar (DiMaggio and Powell, 1983). As opposed to

emphasising elements of difference amongst organisational structures, form and approach, DiMaggio and Powell (1983) looked at the powerful forces that emerge soon after an organisation is formed, the interplay of which, they argued, lead to an inexorable push for organisations to become more similar.

For DiMaggio and Powell (1983), the concept that best captures this process of homogenisation is *isomorphism*, which they define as "...a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions..." (DiMaggio and Powell, 1983:149). They identified three forces through which isomorphism occurs: the first is *coercive isomorphism*, which emanates from political influences and pressures of regulation and legitimacy. The second is *mimetic isomorphism* which, they argued, arises as part of responses to ambiguous performance criteria and uncertain technologies. The third and last force is *normative isomorphism*, which stems from values, ideas and practices advocated by educational institutions, management consultancies and professional associations.

Pressures of *coercive isomorphism*, DiMaggio and Powell (1983) argued, result from both formal and informal pressures which are exerted by organisations on their subsidiaries. For example, a parent firm may exert *coercive isomorphism* on its subsidiary to enforce uniformity in organisational practices. The need to comply with regulations, shifts in business ideology or custom as well as global pressures from global governance institutions are some of the factors that may trigger *coercive isomorphism*. Some of these may be exerted by pressures from the head office of the multinational firm through global benchmarking of practices and the deployment of expatriates to export firm-specific practices or systems (DiMaggio and Powell, 1983).

Processes of *mimetic isomorphism*, DiMaggio and Powell (1983) contended, emerge in greater instances of uncertainty with regards to how things work so that the uncertain organisation may model its practices in line with the practices of the more certain organisation. At times, DiMaggio and Powell (1983) maintained, the organisation being mimicked may be perceived as more legitimate or successful in practices that are similar to the mimicking organisation. In the case of multinational organisations, subsidiaries abroad that may perceive the multinational as more successful and a much more legitimate player in the field may readily accept the diffused employment practices than if such perceptions were absent. Consequently, DiMaggio

and Powell (1983) maintained that organizational identity plays a crucial role here as some firms want to be identified with their country of origin and industry segment to exert influence. Pressures for *normative isomorphism*, according to DiMaggio and Powell (1983), often stem from collective struggles of members of an occupation to define the conditions and methods of their work so as to be able to control entry into the profession as well as establish cognitive frameworks for the legitimisation of occupational autonomy. *Normative isomorphism* is often advocated by educational institutions, management consultancies and professional associations. Often managers look to influential learning and educational institutions to inform their organizations of best practices (DiMaggio and Powell, 1983). In the case of a multinational firm, *normative isomorphism* may influence the entry of a specific type of person with certain qualifications to carry out certain functions of the parent firm in a subsidiary because they are deemed the most professionally legitimate thereby facilitating the diffusion of similar employment practices from a parent firm within the subsidiary (DiMaggio and Powell, 1983).

2.4.2.4. *Heterogenization*

Within this perspective, culture is seen as a differentiating element, Bartlett and Ghoshal (1998) contended that it is when culture is given an irreducible character or presented and represented as static that it becomes a barrier in the transference of employment practices. When presented as a barrier, Edwards et al (2004) maintained that culture - in the form of attitudes, norms and values prevalent in one country - can be used to constrain the ability of a parent firm from a different country to transfer employment practices to a host country. These cultural factors may equally constrain the propensity of the parent firm to accept influences of the hosting nation's different cultural practices that ultimately impinge on the operations of the business (Edwards et al, 2004). Consequently, culture can become a form of power, a power of distinction that can be used in domination and in the legitimisation of such domination (Quintanilla, 1998; Bartlett and Ghoshal, 1998).

In setting up operations abroad, a multinational firm, according to this perspective, is most likely to be faced with the pressures of different cultural groups which develop into heterogenous entities due to differences and differences which, over a period of time, these groups become diversified and very different and it becomes very difficult for a firm to implement homonymous employment relations.

In their study of human resource practices within the Nigerian banking sector, Gomes et al (2012) showed that the differences emanating from the organisational structure, management styles, personnel policies and systems, labour processes and employee cultures, all worked to pose immense challenges for managers of the new company, particularly when it came to the question of diffusing employment practices from the parent firm to the host country. They argue that this is particularly the case in mergers and acquisitions because the persistence of old practices of the firm being merged tend to stand as an obstacle to the diffusion of practices of the merging firm (Gomes et al, 2012).

In this study, Gomes et al (2012) revealed that some of the cultural clashes that ensued within the banks they studied led to major resistance by employees of the recipient unit who were identified as having suffered from acculturative stress. These employees felt like the core values and practices of their organisation were being violated: hence, they developed hostility towards ‘the other side’ in what Gomes et al (2012) called symbolic violence. For example, the cultural differences engraved in the minds of the managers are a means by which particular values and attitudes are reinforced and thereby guiding the actions and choices of managers (Quintanilla, 1998).

2.4.2.5. Cultural Hybridisation

Pieterse (1996) contended that the hybridisation perspective is informed by the view that the advent of international workforce mobility, cross-cultural communications, migration, international trade, tourism, and global investments have all facilitated a greater awareness of cultural differences and acknowledged the inevitable possibility of multiculturalism. This perspective is built from an understanding that the process of globalization defines the space in which the world’s cultures merge together while generating innovative and valuable heterogeneous significance as well as culturally compelled global insights.

Similarly, Quintanilla (1998) contended that not only does the coexistence of distinct subcultures allow for culturally hybridised employment practices but the act of hybridisation itself creates room for the creation of other forms of organisational cultures by which employment relations of multinationals could be informed. The main thesis of cultural hybridization according to Cvetkovich and Kellner (1997), is the continuous process of mixing or blending cultures so that new distinctive and hybridised cultures emerge and resemble neither the exiting global cultures nor the nationally distinct local cultures at their core. Consequently, Cvetkovich and Kellner (1997) argued interactions between cultures favour

cultural hybridity rather than a monolithic cultural homogenization and lead organisations to develop creative amalgamations of global and local cultural traits in forming their organisational cultures.

Despite some useful insights on the role cultural influences play in determining a firm's choice of employment practices, this approach was criticised as a simplistic analysis of observable national differences (Ferner et al, 2006). It was charged with treating the concept of culture as given (Brewster et al, 2008) and for being simply abstract culturalism that is free-floating and uncritical (Edwards and Kuruvilla, 2005; Edwards et al, 2004). Edwards et al (2004) argued that because the cultural approach captures all aspects of national difference in employment relation it ends up explaining very little, particularly when presented as homogenous within countries (Edwards et al, 2004).

The decision to adopt particular employment relations in multinational subsidiaries, Ferner et al (2005) argued, cannot be explained by the acknowledgment of cultural differences alone but it also requires a fulfilment of two objectives. The first is the need to unpack the real complexities that exist between different national business systems, as made up of a convergence of different national models of running a business or of distinctly diverse national business models. The second objective, Ferner et al (2005) argued, is the need to provide an understanding of the various and complex institutional arrangements that govern financial and labour markets (Ferner et al, 2005). These, according to Edwards et al (2004: 4), include "...rules, norm and attitudes that shape economic activity, structure the choices of organisational actors and create incentives for organisations to comply with institutional norms..."

2.4.3. Comparative Institutionalism

Comparative institutionalism, according to Hotho and Pedersen (2012) is associated with studies in political institutionalism but also borrows from the sociology of work and from comparative political science research. It deals with country-level analysis of institution and explains the difference in socio-economic organisations between countries (Hotho and Pedersen, 2012). In addition, Ferner et al (2005) argued, much of the research amongst comparative institutionalists is aimed at responding to the question of different national policies and how, over time, these develop either into similar and at times identical policies or simply retain their national distinctiveness.

By looking at the growth of economic and institutional inter-linkages between national states, comparative institutionalists ask whether such linkages lead to increasingly similar policies across countries, what is referred to as policy convergence or whether domestic responses to global economic pressures lead to structural and institutional constraints that prevent the adoption of similar policies across countries, what is referred to as divergence (Ferner et al, 2005).

With regards to studies of multinational firms, Ferner et al (2005) contended that comparative institutionalism centres on providing explanations of cross-national transfer of practices of multinational firms. It focuses on three critical factors; the structure and strategy of multinational firms; their policies and practices; as well as the nature of the national business systems that are transferable from one nation state to the other.

Comparative institutionalism is largely made up of three main theoretical approaches; the national business systems theory (Whitley, 1992); varieties of capitalism approach (Hall and Soskice, 2001); and the societal effects school (Mairuce and Sllier, 1986). Theorists within these approaches are mainly concerned with explaining how organisations interact with the national contexts within which they are embedded. They are concerned with analyses of the emergence of national patterns of economic activity and how these are sustained over time (Adeleye, 2011).

2.4.3.1. Societal Effects and Path-Dependence

Of the three strands of comparative institutionalist approaches, Adeyele (2011) argued that the ‘societal effects’ school, also known as the path-dependence approach, holds that the uniqueness of each society derives from the interconnectedness of institutional systems such as education and training, the industrial relations traditions and systems of social stratification (Adeleye, 2011). These institutional systems, Hotho and Pederson (2012) argued, are seen as barriers to the creation of convergent organisational practices (Hotho and Pederson, 2012) so that when focus is on the transference of employment practices in multinational firms, national-level structural and regulatory arrangements of each firm would pose as barriers to transfers.

As a consequence, Adeleye (2011) contended, managerial decisions on what constitutes the ‘best’ employment practices subsequently become shaped and influenced by the specific societal context of either the country in which the parent firm originates or the country in which the subsidiary is hosted (Adeleye, 2011; see also Edwards and Kuruvilla, 2005; Quintanilla et

al, 2008). Whenever a firm is faced with the decision to transfer national-specific employment and managerial practices to other national contexts therefore, the transference gets constrained by this path-dependent aspect. Ultimately, practices that get transferred, persistently retain national-specific differences that are not easily amenable to imitate or replicate in the national context of the host or receiving country (Adeleye, 2011).

The notion of path-dependence prevalent in the societal effects school has been criticized by Ferner and others (Edwards and Kuruvilla, 2005; Ferner et al, 2006; Edwards et al, 2007) for overemphasizing stability and continuity in national institutional arrangements. Ferner et al (2006) argued that the path-dependence approach neglects the significant mechanisms of institutional transformation in its analysis. They contended that the global competitive pressures into which societies are subjected present various mechanisms of institutional transformation that necessitate the interaction of complex institutional arrangements, or what is called institutional complementarities, thereby building conditions for either the sustenance or eruption of certain institutional configurations (Edwards and Kuruvilla, 2005; Ferner et al, 2006; Edwards et al, 2007; Quintanilla et al, 2008). This critique yielded to the emergence of one of the most influential arguments within the comparative institutionalist tradition, the national business systems school (Williams and Gepper, 2004; also see Ferner et al, 2005 and 2006).

2.4.3.2. National Business Systems

National business systems approach is said to be the most elaborate and systematic theoretical framework to studying organisations and their conduct (Hotho and Pederson, 2012). Its perspective centres on the prevalence of distinct institutional features such as the role of the state, the nature of the financial systems, the development of skills and its underlying systems of control as well as the trust and authority relationships that exist within a given society and which inform business system of organisations (Wood and Frynas, 2006).

How organisations conduct their businesses, according to this approach, depends on the complex interplay of different historical and national-institutional systems, which tend to persist through periods of transformation that societies undergo. This happens because there is an interlocking of structures and institutional arrangements of each country's economic and social lives that combine to produce nationally distinct practices (Edwards et al, 2004; Edwards and Kuruvilla, 2005; Ferner et al, 2006; Meardi and Toth, 2006; Quintanilla et al, 2008).

In essence, comparative institutionalists look at the inter-dependent nature of institutions in a range of spheres of business systems or what Hall and Soskice (2001) referred to as institutional complementarities. Scholars within this school of thought, Adeyele (2011) argued, emphasise the distinct national-institutional complexes of both the parent and host country within which organisations are embedded as the main determinant of the behaviour of multinational firms. In other words, they argued that the nature of employment relations and business practices that would ensue from a multinational enterprise operating in a particular host environment will be informed by the manner in which the subsidiary is inserted within the specific national and institutional arrangements of both the mother country and the hosting nation (Adeyele, 2011).

Similarly, Morgan (2012), contended that the complex institutional arrangements prevalent in each country and which structure and inform the national business systems of organisations include specific systems of capital provision exercised in a given country. They also include the extent of political systems intervention in economic relations as well as nature of the systems of labour relations that exist in the home country. Morgan (2012) explained the systems of labour relations as constitutive of the nature of skills and training regime that exists, the forms of trade union organisations that are present as well as the extent of worker-participation in trade unions. It follows therefore that when assessing how practices of multinational firms inform the nature of employment relations of subsidiaries abroad, the national business systems approach points to these distinct historical development paths.

It is within this school of thought that Webster et al (2006), Webster and Wood (2005) and Wood et al (2011) analysed the human resource practices of companies in Mozambique. Though writing at different times and not specifically studying multinationals, these authors invariably reached the same conclusion. They argued that the institutional configuration in Mozambique remains resilient to change so that human resource practices in the surveyed companies also reflected continuities characteristic of past practices, specifically those of a colonial and socialist Mozambique. These continuities, according to Wood et al (2011:33), reflect "...underlying institutional realities making for a model broadly in line with *segmented business system*".

According to Wood and Frynas (2006:239), the concept of segmented business systems refers to "...the rigid divisions that exist between different areas of economic activity, and the effects of these barriers on overall systematic performance". In their study of Mozambican human resource practices, Wood et al (2011) identified various defining human resources practices,

which, they argued, conform to the idea of a segmented business system. This means the Mozambican business systems is characterised by consistent institutional failures that remained locked in a cycle of generally poor and uneven performance.

While the focus on the Mozambican context marks an important development in the literature, the idea that institutional configurations of a society are completely resilient to change is misleading. The institutional make-up of societies cannot and should not be seen as static, existing outside of human agency and other forces of influence because while they are historical processes, they are also part and parcel of socio-political processes made of actors and dictated by specific power relations.

To think of practices, including human resource practices, as resilient to change and not being influenced by any other forces of influence by which contemporary society is made, is problematic. It implies that certain mechanisms of influence survive from one historical period to another and gives an impression that there are deliberate attempts to freeze and preserve specific moments of a society's history.

It also means that there is a deliberate neglect of the fact that histories are made of human experiences and that societies are made of individual actors in their capacity as social beings. It is these social beings that make their histories and whose history-making processes are part and parcel of human agency. Even structuralists like Bourdieu have stressed the importance of considering both structural pressures and forces of human agency in influencing and constraining behaviour of individuals as social beings and of organisations as made up of social beings.

The idea of a segmented business system is an important contribution to the literature as far as it attempts to transcend the purely economic analyses and integrate the cognitive and normative aspects in analysing human resource practices. It is also useful in understanding the nature and extent to which business strategies and systems inform and shape the organisation of work within different enterprises. However, it is problematic to present the idea of segmented business systems as rigid divisions that do not get affected by the nature of social relations taking place within specific sectors and within individual firms. Firms are themselves social institutions that are subject to change and cannot be presented as made up of systems that are resilient to change.

Transformation, by definition, is a contested phenomenon that emerges as a result of power struggles by socio-political forces aimed at either maintaining the status quo because it serves their interests and or changing the order of things because certain dominant interests are no longer being served. Furthermore, the idea of a segmented business system misses the point of analysing these power struggles and instead fetishizes institutions, giving them a life of their own outside social agents and or human agency.

Nonetheless, there have been more insightful developments within comparative institutionalism which have built on the concept of business system and gone beyond the idea of static and rigid institutional and structural constraints. The ideas that make up the institutional dualism approach and the micro-politics perspective within International Business (IB) research are examples of such contributions. These are discussed in the next section.

2.4.4. International Business Research and Institutional Dualism

In dealing with the question of multinational corporations and the internationalisation of production, studies within the International Business (IB) perspective have drawn on institutional approaches to explain how different institutional structures in different societies affect or impact on the conduct of firms. Hotho and Pedersen (2012) argued that there are three particular varieties of institutionalism that have recently dominated in IB research; these are the new institutional economics; new organizational institutionalism; and comparative historical institutionalism. All these approaches built from the different strands of institutionalism already discussed above and thinking is mainly informed by studies in economic and organisational sociology, economics and political science.

Of interest here, are ideas within the new organisational and the comparative perspectives of institutionalism. The latter is relevant in so far as it suggests a consideration of institutional dualism to studying the conduct of multinationals and the former in so far as it presents the concept of micro-politics to studying multinationals and their transference of employment practices in their subsidiaries abroad.

2.4.4.1. Institutional Dualism approach

The idea of institutional dualism within the new organisational institutionalism perspective, Hotho and Pedersen, (2012) and Morgan (2012) argued, has mainly been developed and refined in the work of Kostova, Zaheer and Roth (Kostova, 1997; Kostova and Zaheer, 1999; Kostova and Roth, 2002). This approach, Morgan (2012) argued, recognises the co-existence of two institutional logics imposed by the need to conform to rules and regulations of the home context as well as those of the host context.

With the internationalisation of production and the setting up of subsidiaries abroad, multinational firms are presented with a dual institutional challenge. By setting up production in a different nation, with different institutional arrangements and constraints, strategies of multinational firms not only get informed and structured by the institutional context of their home country but get informed by those of the host country as well (Morgan, 2012). The ability for firms to adapt and respond to such institutional dualism is further constrained by the differences that exists between the hosting and the home country.

According to Hotho and Pedersen (2012), the greater the differences between the institutional environments of the home and host countries, the more difficult it will be for the parent firm to transfer practices, establish and maintain legitimacy. While senior managers from the head office strive to impart the parent firm's practices and processes in subsidiaries abroad, the local actors also struggle. They struggle to deal with the new institutional pressures presented by the parent firm. They struggle with the pressures presented by the historical legacies of their societies which have been key in shaping the taken-for-granted practices that have informed the way of doing things and have characterised the practices of many local firms.

Morgan (2012) argued that both these pressures are legitimate and reside from embedded expectations about appropriate forms of behaviour and the correct employment practices that are acceptable and that have been accepted in both contexts. In studying multinationals, Morgan (2012) further argued, the starting point should be about understanding the sorts of pressures being exerted by headquarters and the resources available to the local actors to respond to these pressures within the confines of their own context. Morgan contended that there exist a variety of these pressures depending on different societal situations, industry sectors and on the nature of competition faced by firms. However, common to most multinationals in such situations are the pressures to (i) increase productivity and efficiency with the use of the capital employed; (ii) enforce the standardisation of processes and practices

in line with the practices of the parent firm; (iii) improve the learning and capacity for innovation and (iv) the opportunities and challenges presented by an interplay of local and foreign pressures (Morgan, 2012).

2.4.4.2. Micro-politics approach

A much more helpful strand of comparative institutional approach is the micro-politics approach also known as the historical strand of comparative institutionalism. This approach, according to William and Geppert (2004), proceeds from the premise that the economic sphere is embedded in historic, legal, political and cultural systems of a societies. Any attempt at restructuring institutional arrangements to fit the prescripts of the firm would result in clashes between the actors from the multiples sites of the micro-politics that face each firm. This is why it is necessary for the analysis of the firm "...to first identify the key sites of micro-political conflicts in the multinational and second, show how these add together to create a distinctive configuration of actors within the multinational with specific consequences for the broader political economy..." (Morgan and Kristensen, 2006: 1468).

To do this, Morgan and Kristensen (2006) maintained, would require a clear framework for not only understanding how institutions shape these micro-political struggles, but also to be able to understand and articulate the probable consequences for multinational firms. This, they argued, is most significant because the structured nature of difference arising from the assortment of distinct institutional settings of both the parent firm and the subsidiary are the basis for conflict and micro-political struggles (Morgan and Kristensen, 2006). Struggles could either be over the nature of management and the structure of work in subsidiaries or over how the headquarters deal with issues of distinct and diverse institutional arrangements of the society hosting the subsidiary (Morgan and Kristensen, 2006).

For example, in their study of the human resource practices of a multination firm operating in Tanzania, Kamoche and Newenham-Kahindi (2012) emphasised the role of power in shaping human resource practices. They argued that power has often been used not only to enhance the prerogative of managers to discipline and control workers, but also to give some of the control to the workers as part of enhancing worker commitment and therefore retention (Kamoche and Newenham –Kahindi, 2012). They argued that the processes of workers control that banks use are aimed at securing both workers compliance and knowledge appropriation .

Kamoche and Newenham-Kahindi (2012) added that the appropriation of knowledge, particularly tacit knowledge, is not an easy task and as a result, banks must rely on co-opting employees to align their interests with those of the enterprise. This is often done through so-called 'corrective training', which includes training workers in a variety of areas, rewarding them in accordance with their contribution to the success of the business, subjecting them - even if it means soft coercion - to certain standard habits and behavioural patterns to which the firm's image is aligned (Kamoche and Newenham-Kahindi, 2012). These habits include working employees along a certain timetable, setting a regime of regular activities associated with working for that firm as part of developing the firm's culture.

The rate at which workers are successfully co-opted into the culture of the firm, Kamoche and Newenham-Kahindi (2012) argued, largely depends on the power relations at play so that workers who have or feel they have a greater sense of power tend to be more cooperative, while those who do not often resist the 'normalisation' processes imposed by the employer (Kamoche and Newenham-Kahindi, 2012).

The lesson drawn from this approach is that an analysis of the multinational firm should not be restricted to a particular logic because there is a plurality of logics to the operations of multinationals. It is therefore important to identify the institutional logics that structure the strategies of firms and understand how they pose challenges for the diffusion of practices and especially employment practices. Newenham-Kahindi's (2007) study of two multinational banks in Tanzania did just that: the study showed that what becomes critical is how to tap into the available logics and construct theoretical frameworks that are able to view each multinational firm as a highly complex configuration of on-going micro-political power conflicts.

These power conflicts make interesting units of analysis because they directly influence the conduct of concerned actors within a firm thereby shaping the arrangement of relationships of that firm, including its work processes. They therefore need to be analysed in their collective and individual power, how they inform the structure of the firm, the strategies of managers, the division of work and the construction of identity for all concerned (Newenham-Kahindi, 2011).

The significance of a power-based explanation is echoed in Edwards et al (2004), who have shown in their study of American multinationals operating in the United Kingdom that every multinational firm has its intra-firm political configuration and processes. These intra-firm politics influence the nature of relations, the structure and strategies of the firm as well as its

production processes. The manner in which different actors respond to these, Edwards et al (2004) contended, is very much contingent on the types of resources available to different actors, their ability to mobilise those resources and the manner in which these resources are utilised to further their interests. This means actors within the firm engage in strategic behaviour and utilise whatever resources available to influence the strategic direction of the firm to either advance or protect both individual and collective interests. The key issue then, Edwards et al (2004) contended, is to understand these sources of power, their nature as well as how they are acquired, mobilised and utilised.

2.5. Conclusion

No doubt, the theoretical contributions discussed in this chapter constitute significant developments for social sciences as they begin to demonstrate that a mere collection of facts, presented as universal principles aimed at broad generalisation about human societies, is inadequate. They show that there are various structural and institutional factors which inform and mould economic behaviour and thought as well as take into account the different dispositions that direct individual conduct and by extension social order.

Multinationals as rule makers and as rule takers are no exception to this, understanding their practices, as different strands of institutionalism above have shown, requires analyses that ground them within the regulatory and institutional arrangements of both the country of origin and the host country. In addition, it requires a contextualisation of analysis within the different cultural systems that informs attitudes, norms value and systems. This chapter has shown that to understand how and why certain decisions are made within a multinational firm requires a grounding of analysis within a theoretical framework that allows a reconstruction of the evolution of the structure of relations within the firm. It requires utilising conceptual devices that can knit together all the significantly relevant theoretical contributions reviewed as part of constructing a much more coherent analysis even if it feeds from a multitude of disciplines.

By acknowledging the existence of dual institutional constraints and how they impact on the practices of multinationals, the task at hand, as Morgan contended (2012), is to identify the institutional pressures exerted on the subsidiary abroad by the head office of the parent firm and examine how local actors respond to these within the context of the institutional constrained and the resources available to them. In examining the employment practices that ensue within a multinational firm' subsidiary abroad, as Edwards et al (2004) contended,

requires an examination of the intra-firm politics and how they influence the nature of relations, the structure and strategies of the firm as well as its production processes.

It is also important to acknowledge that the manner in which different actors respond to the pressured mentioned, is contingent on the types of resources available to different actors, their ability to mobilise those resources and the manner in which these resources are utilise to further their interests. A theoretical framework that enables a grounding of such an analysis is discussed in the next chapter. Informed by Bourdieu's (2005) conceptual triad of *capital, field and habitus*, the significant role of power in shaping social relations at the point of production is clearly illuminated. Bourdieu's concept of *capital* elucidates the impact of the unequal distribution of power within a particular *field*, it shows how that the different forms of power are utilised to inform relations as well as how these forms of power act as different sources of resource for actors. The different institutional challenges and the manner in which these structure the strategies and conduct of firms is better elucidated in Bourdieu's concept of *field*, which, together with the concept of *habitus*, assists analysis to better capture and explain the actions of workers and their managers within a subsidiary.

CHAPTER 3:

SOUTH AFRICAN INVESTMENTS IN AFRICA: THE CASE OF MOZAMBIQUE

3.1. Introduction

The previous chapter has discussed the critical role of FDI as an engine for the internationalisation of production and as a vehicle for the multinationalisation of corporations. Through a review of a wide range of theoretical contributions aimed at explaining why firms set to conduct their businesses abroad, the previous chapter has shown the need for much more contextualised analyses of FDI flows which also pay attention to a range of socio-political and historical factors to explain not only the conduct of MNCs but also the extent to which their investments impact on host countries.

This chapter builds from the above argument and makes a case for a much more contextualised analysis of FDI flows. It discusses the pattern and extent of South African foreign investment flows in the continent and in the Southern Africa region as a new type of FDI which is characteristically South-South oriented as opposed to the traditional North-South oriented FDI flows. The discussion presented is divided into two key sections. The first section provides an overview of the general pattern of South African FDI flows into the African continent, reviewing how investments have impacted on relations in host countries. The second section pays specific focus to the pattern of South African FDI flows to Mozambique and reflects on the historical character of South African investments in Mozambique. It does this within the context of the economic relations that have existed between the two countries as well as the role that these relations have played in Mozambique's economic transformation.

There exists a large body of literature on the impact of South African business, especially in the region and particularly in Mozambique. However, none of it pays attention to the extent to which South African corporate expansion has affected and influenced labour and employment relations, specifically in the context of Mozambique. A notable exception and probably the only study that takes labour relations as a unit of analysis is the work of Miller (2004), which is discussed in chapter 5. This represents a gap in the literature, particularly since, as Jenkins (1987) argued, FDI is known to have direct consequences for labour. Its impact is reflected in terms of employment opportunities, wages, working conditions, workers' bargaining power and strategies open to them in dealing with foreign employers.

3.2. South Africa in Africa

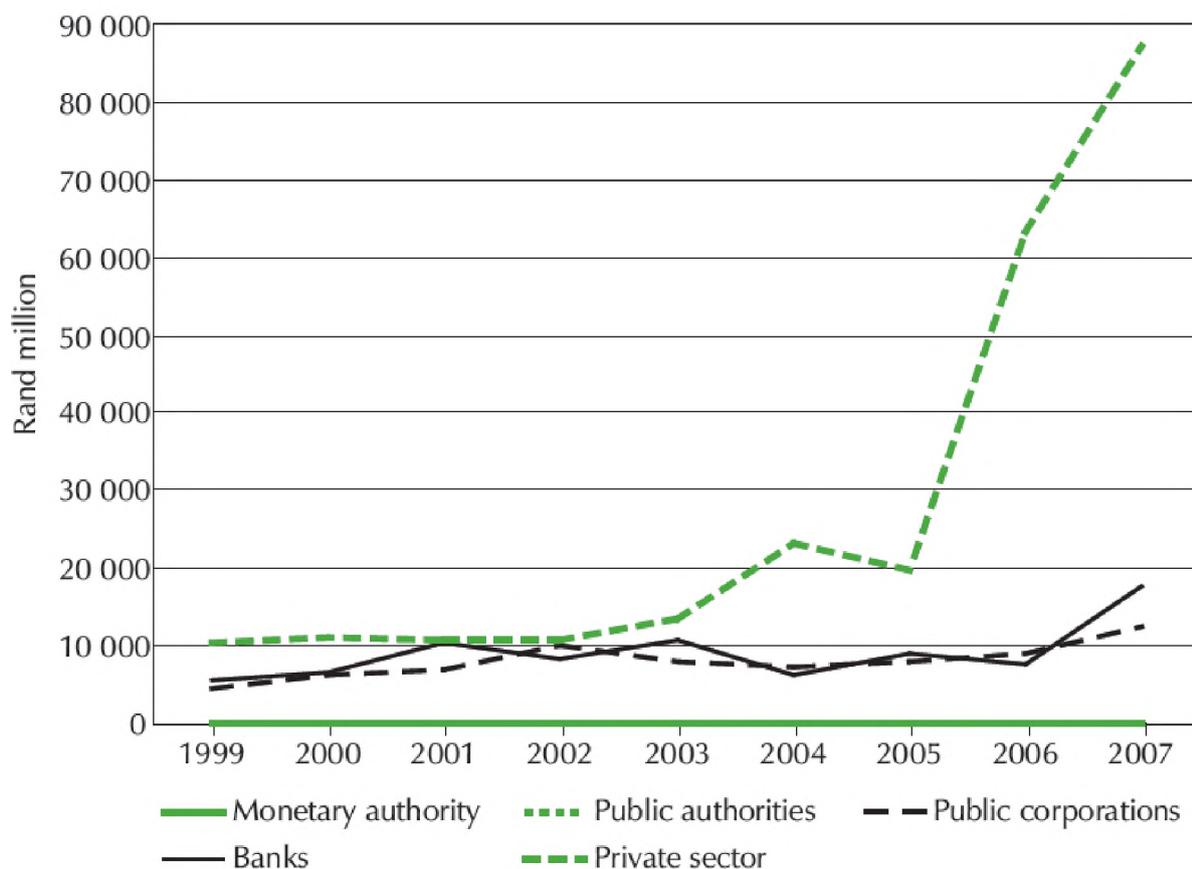
3.2.1. The Pattern of South African FDI Outflows

The growth and expansion of South African companies into the African continent marked an important shift in the traditional flow of FDI. Much of FDI flows into the African continent came from developed or Northern countries. South African corporate expansion into the continent introduces a South-South flow of FDI where South Africa emerges as a major player in international trade and becomes the largest source of new FDI in the continent and particularly in the region.

Grobbelaar (2008) maintained that South Africa's total trade with the continent has grown roughly by 65 per cent since 1994 and investments have been directed mainly at sectors such as mining, telecommunications, retail, finance, tourism, manufacturing, construction and agriculture. Similarly, Daniel et al (2007) argued that South African retail shops like Game, Shoprite, Pep Stores, Truworths, Woolworths, as well as cinemas and hotels have been set up across the continent and mainly located in shopping malls that have also been built by South African investors in partnerships with the host governments (Daniel et al, 2007).

South Africa's investments abroad are not only made up of FDI but also consist of Portfolio Investments (PI) and other types of investments such as loans, trade credits, deposits and other liabilities and assets. They are driven by five key classifications as identified by the South African Reserve Bank (SARB) and they are monetary authority; public authorities; banks; private sector; and public corporations (UNCTAD, 2005). According to the UNCTAD report (2009), the most dominant form of investments is FDI. In turn, FDI investments are largely dominated by the private sector which, as reflected in Figure 1 below, accounts for 90 per cent of total South African FDI flows into the continent.

Figure 1: South African FDI Outward Flow to Africa



Source: UNCTAD 2009.

The private sector is also the fastest growing sector in foreign trade in general and is supported by the banking sector which, as Figure 1 shows, has retained a relatively constant flow of investment, only starting to pick up in the period between 2006 and 2007. Table 1 below shows a pattern of the growth of South African investments in the banking sector in the continent (UNCTAD, 2009). South African investments within the banking sector seemed to favour three key destinations: East, West and Southern Africa. While Southern African flows reflected significant growth in 2007, East and West Africa, despite having been dominant destinations in the past, showed a significant decline in the same period.

Table 1: Distribution of South Africa's Banking Sector Investments in Africa

Banking sector outflows (Rand millions)			
Region	2000	2004	2007
Central Africa	59 (0.88)	14 (0.23)	863 (4.88)
East Africa	4 794 (71.40)	2 306 (37.74)	1 848 (10.45)
West Africa	1 011 (15.06)	2 970 (48.60)	1 848 (44.99)
Southern Africa	29 (0.43)	343 (5.61)	1 649 (9.33)
North Africa	0 (0.00)	1 (0.02)	132 (0.75)
Rest of Africa	821 (12.23)	477 (7.81)	5 233 (29.60)
Total	6 714	6 111	17 680
Source: UNCTAD 2009			

The total South African FDI flows to the continent, according to Grobbelaar (2008), is made up of a mixture of green field investments as well as mergers and acquisitions, which, irrespective of the type of investment, have significantly contributed to the growth and development of Africa and the region. According to Page and te Velde (2004), 90 per cent of South African FDI goes to Southern Africa and this is because, as reported by the South Africa Foundation (2004), South Africa enjoys the comparative advantage generated by the geographic proximity of its location.

In line with the internalisation approach discussed in Chapter 2, this comparative advantage is reflected in the form of integrated business infrastructure, preferential trade agreements with many countries in the region, the traditional dependence of these countries on South Africa and familiarity with many of South African products. Mozambique is leading as South Africa's most favoured investment destination in Southern Africa and, according to Grobbelaar (2008), accounts for more than 34 per cent of all South African FDI into Africa since 1994. Table 2 below reflects data sourced from SARB (2005) depicting Mozambique as one of the only two African countries who are in the top 10 of South Africa's outward FDI destinations (SARB, 2005).

Table2: Top 10 destinations of South African Outward FDI

Rank	Country	Amount
1	United Kingdom	44 084
2	Luxembourg	43 704
3	Belgium	23 080
4	United States	14 936
5	Austria	11 183
6	Australia	6 804
7	Germany	6 559
8	Netherlands	5 925
9	Mozambique	5 071
10	Mauritius	4 106
	Total (top-10)	165 452
	Total OFDI stock	180 507

Source: South African Reserve Bank, *Quarterly Bulletin*, (2005).

South African investors are reported by Grobbelaar (2008) as most confident in their investment decisions and in the prospects for growth that exist in Africa and more so in the region. Following the transaction-cost analysis (Rugman, 2006) discussed in Chapter 2, Grobbelaar maintained that this confidence stems from the fact that South African investors are familiar with African conditions due to South Africa's strong historical presence in the region. Also, because South Africa has substantial business expertise, investors are able to

apply such expertise in business initiatives to develop solutions and to overcome challenges that get presented by operating businesses in foreign countries (Grobbelaar, 2008).

Overcoming challenges or finding solutions to the challenges of investing in Africa is important to South African investors as, according to Games (2003), they stand to benefit in several ways. The benefits are not only for South African investors, they also extended to those of a hosting country through such things as job creation, improving product quality and increasing product choice in the market. These factors, for Games (2003), are key in the modernisation of moribund economies.

Nationals of hosting countries, however, do not all hold this view. Not all of them think the benefits of South African investments are extended to them as nationals of hosting countries. According to Kapelus (2008), South African companies investing in Africa are perceived as neo-colonists who sweep through the continent with little regard for the social impact their investments have. Their investments are all about gain and do not consider the impact including the environmental impact that South Africa companies generate in other African states. This is why, Kapelus (2008) argued, South African business expansion in Africa is seen as the new ‘scramble for Africa’.

3.2.2. South African FDI and its General Impact in Host Countries

Whether South African FDI is good or bad for the continent is subject for debate amongst scholars and the public alike. Hausmann and Fernández (2001) developed an interesting way of differentiating between good and bad FDI. They equated it to cholesterol and argued that in the same way that there is good and bad cholesterol, there is also good and bad FDI. On the one hand, the good FDI, they argued, is reflected in the advanced technology, world-renowned managerial skills and strategies as well as specialised knowledge that come with management skills. All of these, they maintained, increases access to markets thereby accelerating economic growth, improving working conditions and adding to broader social development of the host country.

On the other hand, the bad FDI is represented by debt. It is, according to Hausmann and Fernández (2001), driven by speculative considerations which are based on interest rates differentials and exchange rates differentiations. Bad FDI is not bolted down, it moves at the first sign of trouble. It does this because of various sorts of moral hazard distortions, including the willingness of governments to bail out the banking system and implicit exchange rates

guarantees. Hausmann and Fernández (2001) argued that bad FDI is short-term and is not always based on fair play.

The movement of bad FDI hardly flows to countries that are stable and safer with better policies and institutions. It tends to flow in large volumes to those countries that are riskier, less financially developed and which have weaker institutions and dysfunctional regulatory systems. This explains why countries can demonstrate rising share of FDI while total private capital inflows have fallen (Hausmann and Fernández, 2001).

This argument begs the question then: is South African FDI of the good or bad type? In considering Grobbelaar's (2008) argument that South African investments in the region have been increasing steadily despite the serious challenges they encounter in host countries, one is inclined to categorise South African FDI as the good type. However, given that the many challenges reported range from volatile exchange rates across the region, to crime and corruption, doubt is cast on the extent to which South African FDI is indeed good for the countries in which they invest. Many South African investors complained of the lack of security for their investments in these countries, while others found the poor state of infrastructure quite daunting. A majority of them, however, despite having identified inadequate and complicated regulatory frameworks as a common phenomenon in most of these countries, relentlessly continued to make these huge investments in the face of these uncertainties (Grobbelaar, 2008).

If South Africans were driving FDI flows of a good type, in line with Hausmann and Fernández's (2001) argument, they would be expected to transfer into their host countries advanced technology, world-renowned managerial skills and strategies as well as specialised knowledge that come with management skills. So as to live up to being the good type of FDI, investors would be expected not to be driven only by interest rates differentials and exchange rates differences in their decisions to invest in a particular geographic location but also by a range of transactions-cost advantages that in turn, work to benefit the host country.

On reviewing literature on how South African FDI is viewed in the host countries, there is no clear cut linear position of South African investments as good or bad FDI. While literature itself remains thin, studies have tended to occupy two extreme viewpoints. Indeed, much like the cholesterol analogy, there are, on the one hand, those who perceive South African FDI in the continent as the bad type though for different reasons to those proposed by Hausmann and Fernández (2001). South African FDI has been charged with tendencies of crowding out and

dominating local businesses without necessarily contributing to any significant employment creation and better working conditions in the host countries. It is also charged with having played very little or no role in the broader socio-economic development of these countries (Simon, 2001; Legassik, 2007; SARPN, 2004).

On the other hand, however, proponents of South African FDI who see it as the good type argue that South African capital has worked to boost economic growth in the host countries. Following the transaction-cost analysis, proponents (Daniel and Bhengu, 2009; Grobbelaar, 2008; Page and te Velde, 2004) argued that South African corporate expansion has largely been fuelled by the need to expand the market for its products. These products are produced much more cheaply abroad when accompanied by the transference of technical expertise, innovative technology and the South African grown general business know-how.

At the same time, host countries also get to benefit from the technological innovations and managerial know-how that gets imparted within those specific sectors or industries. They also benefit from the opening of employment opportunities which are a critical factor in the alleviation of poverty and contributing to broader social development. Proponents further argued that South African business has increased the diversity and quality of products and broadened consumer choice in its host countries (Daniel and Bhengu, 2009; Grobbelaar, 2008; Page and te Velde, 2004).

3.2.2.1. South African investments: the good FDI

Amongst those who advocate for the goodness of South African FDI, Page and te Velde (2004) argued that South Africa is not only a political leader in Africa and more directly in Southern Africa but that its capital plays a major economic developmentalist role in much of the continent and largely so in the region. They argued that South Africa's corporate expansion in the continent offers Africa real and good business prospects. This is largely fuelled by the mutually beneficial trade relations where South African FDI works to provide better prospects for Africa and accelerate its economic growth, which in turn helps to increase South African investments in other countries.

For Grobbelaar (2008), South African investments have had a visible impact in much of the African countries in which it invests. It contributed to Mozambique's outstanding economic success and helped to bolster government revenue. In Mali, South African investments have dramatically helped raise the volume of gold production as a consequence of the development of three new mines by South African companies. Grobbelaar (2008) further argued that South African companies were responsible for the acceleration of industrialisation and the formalisation of the private sector in many of the countries into which they invested, thus leading to rapid increases in the contribution of industry to GDP (Grobbelaar, 2008).

In Nigeria, Mohammed (2003) argued that South African investors are rapidly entrenching themselves into every facet of the Nigerian economy. From construction, energy, aviation, entertainment to revenue collection, South African companies loom large and are still growing. Indeed, Mohammed (2003) maintained that the Executive Secretary of the Nigerian Investment Promotion Commission, Alhaji Suraj Yakubu, commended South Africans for the good that they were doing for the Nigerian economy. They were praised for the selfless acts of bringing into Nigeria much more than what they were taking out. Mohammed (2003) further argued that Alhaji Suraj Yakubu was pleased that South African companies had taken in many of Nigerian's unemployed graduates who otherwise would have remained unemployed. South African capital is said to have played a key role in increasing the inflow of foreign capital into Nigeria and the quality of its products welcomed by many Nigerians who were able to enjoy use and benefit from new technology and business expertise from South African investors.

This is not all. Mohammed (2003) argued that Alhaji Suraj Yakubu also commended South African business for their incredible role in social responsibility programmes where they built schools, sponsored programmes on television stations, built hospitals, purchasing drugs and donating them to needy Nigerians. Indeed, in the period 1999 to 2003, the Nigerian Investment Commission reported that South African investors created a total of 31 773 jobs for Nigerian people (Mohammed, 2003). In Zimbabwe, Makochekanwa et al (2010) argued that besides providing capital, South African companies have acted as significant providers of employment in Zimbabwe. They maintained that estimates of job creation by the 27 South African firms operating in Zimbabwe as listed on the Johannesburg Securities Exchange was at 20 000 in 2010.

Similarly, Daniel and Bhengu (2009) argued that perceptions of South African capital in Africa as a new form of imperialism seeking to recolonise the continent are false and misguided

assertions that do not have any convincing supportive evidence. In fact, they argued that South African investments have been nothing but mutually beneficial economic relationships that are governed primarily by market forces. These economic relationships, Daniel and Bhengu (2009) argued, have actually meant good business for Africa and also worked to help South African capital expand its borders.

Daniel and Bhengu (2009) were vehemently opposed to views that project South African business investments as a new case of the scramble for Africa or as imperialist (see Southall and Melber, 2009). They maintained that if South African capital invested in Africa is a source of bad deals, then governments in host countries are as culpable if not more so than its foreign partners. “If, as a consequence of the deals, the locals remain poor and the money finds its way to Swiss bank accounts, is it the outside party the one at fault? If the new scramble is a form of imperialism, then it is imperialism by invitation which is not imperialism at all. What it is, rather, is old-fashioned compradorism” (Daniels and Bhengu, 2009:162).

This is a position that was maintained in a series of four articles published in the Human Sciences Research Council (HSRC)’s then annual *State of the Nation* series by Daniel et al in 2003; Daniel et al in 2005; Daniel et al in 2006; and Daniel et al in 2007.

In this series, Daniel et al (2003) dismissed claims that South African FDI in Africa was a form of entrenching its hegemony over the continent and more specifically the region. Daniel et al (2003) argued that South African investments in Africa are simply about cooperation among South African firms of every sector, working together to use their investments to not only help assuage recourse and capacity mostly void in African countries, but also improve infrastructural development thereby boosting local investments. The ‘boosting’ of local investment involved taking over certain local businesses, investing new capital, refurbishing and expanding it (Daniel et al, 2003). In FDI literature, as discussed in chapter 2 of this thesis, this is called economic agglomeration and Daniel et al stood by the conviction that such economic agglomeration by South African companies has nothing to do with bullying and dominating local business.

In fact, Daniel et al (2005) dismissed the thesis that South Africa’s economic activities in Africa are part of its ambition to be a regional hegemon. They argued that such assertions are based

on conceptual misinterpretations. For Daniel et al (2005), simply because the South African economy is big and strong does not warrant its being labelled hegemonic. Being hegemonic, they argued, means more than being big and strong, something that proponents of the hegemonic thesis seem to neglect. According to Daniel et al (2005), South Africa would only be a hegemon if it was perpetually involved in power relationships of domination and subordination with other countries, which the post-apartheid South Africa is not.

3.2.2.2. South African Investments: The Bad FDI

Much like bad cholesterol that Hausmann and Fernández (2001) identified, there are those who do not see any good in the flows of South African FDI into Africa. The growth of the South African economy has therefore been criticised for its inability to solve the social ills of the past. Instead, these get transferred to its host countries on the rest of the continent. Findings of studies conducted several organisations on the impact of South African business in Africa (for example by BusinessMap, the Human Sciences Research Council (HSRC), the South African Institute of International Affairs (SAIIA) and the National Labour and Economic Development Institute (NALEDI)) were discussed at a conference presented by the South African Regional Poverty Network (SARPN, 2004) (also see Grobbelaar and Tsotetsi, 2005). They reported that South African companies are perceived as arrogant by many of the countries in which they invest.

During the conference deliberations, it was revealed that the findings of some studies, such the one presented by Grobbelaar and Tsotetsi (2005) found that South African investors are seen as looters of African resources and their investments are merely a means of getting money out of the continent. South Africans are charged with expanding their operations abroad as part of spreading their monopolistic and oligopolistic ambitions. Following Hymer's (1960) theory of market imperfections discussed in Chapter 2, South African companies, according to Mohammed (2003), are charged with crowding out local industries making them remain in slumber while they persuade consumers to be slaves to foreign products. They buy smaller or weaker local businesses and collude with others to expand their power so that they can throw their weight around and impose their terms of investing in host countries. In 2000, according to Mohammed (2003), about 200 companies collapsed resulting in 50 000 able-bodied men losing their jobs.

Similarly, in Tanzania, South African investments were criticised for failing to translate into meaningful linkages with the country. The rapid increase in bilateral trade agreements that Tanzania entered into with South Africa were feared to be nothing more than the basis upon which South African investors were imposing the South Africanisation of the Tanzanian economy and squeezing out local business (Alden and Soko, 2005).

In Kenya, South African companies are said to be probing the Kenyan market at a rate that even market observers acknowledge is unprecedented. Muchira (2006) reported that in a span of only four years they had infiltrated all spheres of life in Kenya as they crowded out local companies. A Kenyan legislator and businessperson was quoted in *The New York Times* complaining about this:

If we continue this, we'll end up owning nothing in Kenya. They are looking for control and that's where the conflict is coming from. They bulldoze their way around. It seems like they still have the old attitudes of the old South Africa (*The New York Times*, 2002, quoted in Alden and Soko, 2005: 367).

Similarly, Muchira (2006) wrote that South African companies have completely taken over Kenya's media and entertainment industry and South African fast-food chains like Steers are transforming the country's traditional food cultures. Kenyan perceptions of fast foods were traditionally associated with roasting chicken, fish or beef, but now the number of Kenyans visiting South Africa fast-food outlets is increasing by the day. Fast-food chains may be transforming food cultures, but Muchira (2006) reported that it is in strategic acquisitions and scrabbling for major contracts that South African multinationals are doing their utmost to take control of the local market.

This is similar to Mahomed's (2003) argument which stated that the overwhelming presence of South African investors in Nigeria bears the danger of citizens imbibing foreign culture, values, norms and attitudes thereby re-enacting the painful memories of slavery and colonisations. Standard Bank, which in 2010 was engaged in a quest to acquire a stake in National Bank of Kenya (NBK), has an ambitious expansion strategy aimed at expanding its market share in the country. In 2006, Standard Bank operated in Kenya as Stanbic Bank commanding a two per cent share of the business-lending market. However, its main goal was to have a more meaningful role. Telkom has similar ambitions and has been strategizing on

how to acquire a stake in Telkom Kenya since 2004. Muchira (2006) reported that the Kenyan government's slow privatisation of Kenya's most visible monopoly became a major source of frustration for Telkom, but Telkom did not give up.

Patel (2006) studied worker's responses to South African capital in Zimbabwe and Namibia and reported that the real effects of South African capital that workers experience daily are that of job losses, low wages, authoritarian management styles, bad working conditions and monopolistic tendencies. Patel (2006) argued that this was echoed in a statement made by the General Secretary of the South African Communist Party (SACP), Blade Nzimande, that the perceptions of several African leaders have of the impact of South African business were largely negative. He said that South African companies were seen to be exploiting the weak labour legislation in the rest of the continent, making super profits from casualised labour and other forms of exploitation to an extent that they have been labelled as predatory and sub-imperialist (Patel, 2006).

Patel (2006) further argued that trade unions have also complained about the low 'apartheid' wages, poor working conditions, retrenchments following company remodelling, 'baasskap'⁶ mentality, racist practices as well as precarious conditions of employment that South African companies dish out. According to Patel (2006), workers have also attested to the fact that South African companies in the region mainly serve to undermine gains that workers have made in South Africa and in other countries in the region. Not only do they heighten levels of inequality between and within the various countries of the region, but they also structurally enforce poverty and unemployment throughout the region.

In Namibia, Patel (2006) argued, workers have reported that South African companies prefer non-unionised workers and thus trade unions struggle to get recognition agreements. Apart from the precarious forms of employment that they provide, there are no other benefits that workers can speak of in South African companies. Workers in Namibia were employed as permanent casuals under low wages with no prospects for promotion (Patel, 2006). In Nigeria, South African investors have been described by some Nigerians as 'neo-colonialists'. There are complaints about price gouging and other unfair practices, and Mobile Telephone Network (MTN) is a particular target. Lawal (2007) reported that it took a boycott some years back to get MTN to charge customers by the second instead of rounding up to the next minute. The

⁶ Reflecting authoritarian managerial style with racist overtones characteristic of the apartheid workplace regime.

Nigerian Senate rebuked MTN and other carriers for their high dropped-call rates in 2005. A Nigerian MTN engineer reported that South African employers are exploiting Nigerian employees and that they are the worst employers, who could never be compared with Western companies' standards of employment (Lawal, 2007).

3.2.3. The Historical Context of South African FDI Flows

In contextualising arguments of South African investments as either good or bad FDI, the works of Davies (1985), Bezuidenhout (2004), Hentz, (2005) and Lee (2006) which provided analyses of regional economic relations become vital. Whether South African companies set up business operations abroad to pursue monopolistic business interests in line with the market imperfections approach or to take advantage of the transaction-cost presented by the foreign environment, Davies reminded us of the significance of history in this analysis. He stated that the emergence of South Africa's economic relations with other countries in the region emerged under a long history of colonialism characterised by economic and political domination and subordination. This is a history that has to be taken into account when analysing the impact of such massive economic investments (Davies, 1985).

These relations of domination and subordination were entrenched and largely governed by the apartheid institutions that the post-apartheid state inherited. Despite having rejected apartheid, the post-apartheid state continued to make use of these inherited institutions in post-apartheid regional relations, despite their containing residues of its past (Hentz, 2006). The consequence of this therefore was such that the current institutions and mechanisms that govern South African's relationship with the region merely become old wine in new bottles (Lee, 2006). A situation that extends even to the realm of labour relations, where employment practices of the old order have persisted beyond the democratic transformation so that in post-apartheid South Africa, labour relations still reflect characteristics of old practice. This is what Bezuidenhout (2004) called the post-colonial workplace regime.

Indeed, the studies mentioned above have demonstrated that under authoritarian regimes in Africa, modes of regulation involve a complex of institutions, rules and practices through which relations are governed (Davies, 1985; Bezuidenhout, 2004; Hentz, 2005; and Lee 2006;

see also Beckman and Sachikonye, 2001). With the transition from authoritarianism to democracy, governments hardly engage in a process of complete institutional displacement or renewal. By embracing democracy, old institutional frameworks do not merely disappear but remain entrenched in the new social order.

This is largely because the political and economic forces that remain influential in society are driven not only by the state but also by the nature and role that capitalist classes play at both national and regional levels. In this way, therefore, the specific patterns of the past that continue to serve the interests of each of these forces, such as processes of subordination and domination continue in one form or the other and remain embedded in the present.

Similarly, even proponents of South African FDI flows like Daniel et al (2005) do acknowledged the significance of the historical context when analysing the impact of business investments. They argued that apartheid South Africa was indeed imperialistic in its economic approach and in its regional relations and that such imperialistic ills were indeed inherited by the post-apartheid South Africa. However, they argued, it is important to also consider that the imperialistic tendencies of South African business continued only in the early stages of the South Africa's democracy. They were too short-lived to even speak of during the Mbeki government because its policies worked to not only encourage regional cooperation, but also completely did away with all practices of the old regime (Daniel et al, 2005).

Interestingly, Daniel et al (2005) did not delineate how exactly the Mbeki government miraculously cured the ills of the past; instead, they continue to lament on its ability to have facilitated South African investors transforming Africa's economic environment through; (i) minimising or reducing cumbersome and excessive bureaucratic ways prevalent in much of Africa's post-independence era; (ii) employing sophisticated and tougher management methods of neo-liberalism thereby rendering the continent's economies user-friendly and more efficient; (iii) introducing morality and business ethic in a bid to rid the continent of images of chaos and corruption, characteristic of post-independence African countries; (iv) bringing-in advanced knowledge and educating host countries how businesses are run and how money is made to make businesses run more efficiently; (v) and liberating the continent from the wretches of poor services and poor quality products by not only taking over and refurbishing run-down business premises, but also building new ones in the new waterfront type shopping malls, which they built.

In a caricatured description of these shopping malls intended for an American academic audience, Miller (2004:2) argued that they are ‘...icons of modernity’s delights ... which materialise with all the glitz of Manhattan mall marbled-tiled entrances, bright neon lights, wide aisles and thousands of commodities from which to choose’. Following Daniel et al (2005)’s argument of an enabling Mbeki government, Miller also maintains that Mbeki’s announcement of the African Renaissance in a business meeting in Virginia marked a new period of renewal and reawakening for the continent, which South African investors took advantage of and built a new regionalism that has become a critical space for the emergence of regional workers who can make regional claims at regional levels.

Upon close scrutiny, Miller’s (2004) notion of a new regionalism and regional worker claim-making shows that the novelty she finds in the regional economic space is symptomatic of a great deal of ignorance on how the processes of apartheid regional relations had been key in shaping the formation of post-apartheid regional relations. These processes operated in such a way that one could not speak of a new regionalism, but a continuation and reinforcement of old processes which get fused into the new era.

To elaborate, Hentz (2005) demonstrated in his work on South African and regional cooperation that the recasting of the post-apartheid’s regional economic relations was heavily embedded within powerful residues of its past relations that cannot be ignored in analyses of regional economic relations. As the leadership of the new South Africa tied the future of the country’s economic development with that of the rest of the region, it did so while walking a tightrope between the political demands of a newly enfranchised majority and the demands of an entrenched economic elite.

Hentz (2005) added that the enduring power of the business sector pushed the new African National Congress (ANC) government in a different direction than initially envisaged, a direction that would serve the interests and demands of a powerful economic elite enriched by apartheid regional economic and political relations (Hentz, 2005). For example, by the middle of 1982 and following concerns by some Pretoria strategists that South Africa lacked formative action in the region, Davies (1985) argued that the Botha regime sprang into action. Since the destabilisation strategies were seen to have softened a number of regional states, the time was seen as ripe to engage in initiatives to make possible the application of economic ‘incentive levers’ that would not end up with South Africa simply throwing its weight around the region, but that would ensure that the country succeeded in ‘ruling’ the region.

Indeed, the regime vigorously persuaded the private sector to involve itself in the region in general and Mozambique, in particular. The South African Tourist Board was amongst the notable business institutions that were involved in numerous negotiations aimed at the economic penetration of the region through simplifying procedures for South African tourists to enter countries like Mozambique, for example. Davis (1985) further argued that there was also a special government economics committee that was set up to deal with both state and the private sector economic relations with Mozambique. Indeed, many leading South African capitalists were invited to the Nkomati ceremony where several of them expressed interests in exploring the possibilities of becoming involved in 'making the new regional relations work'.

Amongst this group, Davies (1985) argued, there were prominent capitalist organisations such as the Associated Chambers of Commerce (Assocom) that were quite eager to investigate prospects for South African capital in Mozambique. Other businessmen, following the Nkomati Accord in Mozambique and the arrangements with Swaziland and various peace moves made in Namibia, retained enormous stakes in the success of these regional developments. These were indeed developments, which were later announced by Assocom as top priority in the preparation of 'a radical new master plan aimed at boosting two-way trade with black Africa' (Davies, 1985:37). The manifestation of that master plan has been seen in none other than the current expansion of South African capital in Africa, which Miller (2004) erroneously equates to a 'new regionalism'.

Similarly, Simon (2001) saw no novelty and in fact opposed proponents of South African FDI and cautioned against arguments like Miller's. He maintained they are examples of several existing misconceptions about South Africa's post-apartheid economic performance. For Simon (2001), there was no cause for South Africa and those who analysed its economic performance to be complacent of the post-apartheid economic developments. This is because these developments were part and parcel of the historicity that analysts chose to neglect; a historicity that was laden with ambiguities, ambivalences and contradictions and within which South African economic and political relations with its neighbours and the rest of the continent were embedded.

What also had to be recognised, according to Simon (2001), was the indisputable fact that the formation and expansion of the South African economy was not only a consequence of capitalist adventurism, but was combined with military conquests that have always been underlined by imperialistic ambitions. These ambitions were read in Cecil Rhodes's burning

desire to bring the whole of Africa under British control through the same militaristic capitalist developments, sentiments that have been carried over to present day South Africa as echoed in a statement by a South African businessman that where Cecil Rhodes failed, South African FDI will succeed (Simon, 2001).

It would therefore serve us well to recall, as Legassick (2007) posited, that the development of capitalism in South Africa was made possible by race-based forms of divisions and oppression, which were intensified and worsened by land appropriation, much like the rest of Africa. To follow Legassick's logic, the political and social burdens caused by such capitalistic developments did not get resolved by different strands of capitalism; instead, they got attached to the new forms of capitalist developments as well as became perpetually reproduced and worsened as capitalist developments expanded and intensified. It was therefore no coincidence that the South African economy continued to be heavily monopolised by a small group of large companies in the hands of white men.

As already shown, whether determinants of investing abroad are novel or not and whether the business ventures of this sizeable number of business tycoons is good or bad, is subject for further investigation. What is critical for this thesis is to reveal how it impacts in the Mozambican context, particularly within the realm of labour relations. On the one hand, as good FDI, Mozambique stands to benefit from South African investments in the form of advanced technological transfers, the transmission of world-renowned managerial skills in host subsidiaries abroad, transfers of business strategies and in the case of the banking sector, benefiting from world-class banking know-how.

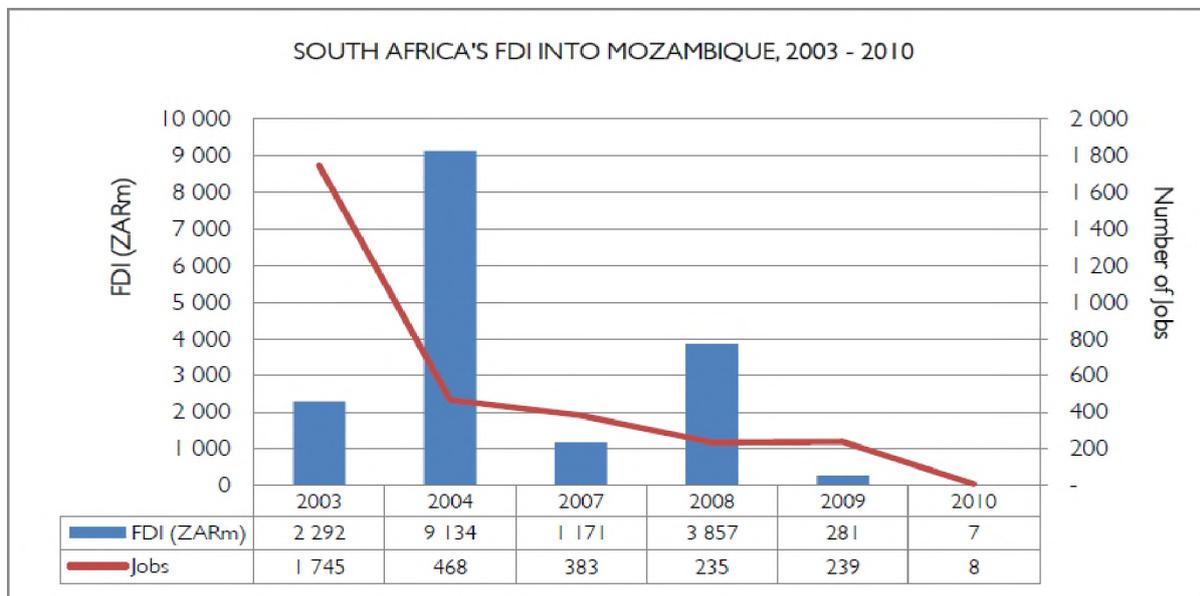
On the other hand, however, being the recipient of 'bad' FDI, Mozambique stands to inherit corporations with workplace practices characteristic of the apartheid work place regime: local workers will be subjected to apartheid-wages, poor working conditions, retrenchments and at worst, racist practices that discriminate against local workers and thereby increase inequality in the workplace as well as in society at large. In this context, however, and of interest to this study, is the manner in which employment relations and managerial practices get transferred and adopted in a foreign subsidiary. Whether they are a consequence of adaptation or adoption or even a hybrid of both adaptation and adoption, this is the issue that is discussed in the next

chapter. The next section examines how South African corporate expansion has impacted on Mozambique in general.

3.3. South Africa in Mozambique

As already mentioned, most foreign investments in Mozambique came from South Africa. During the period 2003 and 2010, South African FDI to Mozambique amounted to over 16.7 billion rand. As reflected in Figure 2 below, FDI flows remained volatile throughout this period with tremendous and unprecedented growth in 2004 and a drastic drop in 2007 (WESGRO, 2011).

Figure 2: SA FDI Flows to Mozambique 1



Much of these investments were in oil, coal and natural gas as the leading sectors as reflected in Table 3 below (WESGRO, 2011) .

Table 3: FDI From South Africa to Mozambique by sector

FDI From South Africa to Mozambique by sector				
RANK	SECTOR	CAPEX (ZAR)	% CAPEX	% PROJECTS
1	Coal, Oil & Natural Gas	12649680065	76%	17%
2	Communication	1910051000	11%	8%
3	Food and Tobacco	1553018390	9%	17%
4	Consumer Products,	318831590	2%	8%
5	Industrial Machinery, Equipment and Tools	159415795	1%	17%
6	Metals	128561125	1%	8%
7	Hotel and Tourism	8815620	0.1%	8%
8	Business Machines and Equipment	7346350	0%	8%
9	Business Services	6611715	0%	8%

According to the 2004 Annual Report of the Centre for Investment Promotion in Mozambique (CPI), Mozambique received the biggest proportion of South African investment in the region (CPI, 2004). In 2005, Games (2007) reported that South African investments accounted for 58 per cent of total FDI, with the United Kingdom as the next biggest investor accounting for 17 per cent. Maputo, Mozambique's economic hub, absorbs much of the share of investment as the city rapidly grows and becomes more developed.

Castel-Branco (2004), however, warned that one should not be too quick to assess the weight of South African investments in Mozambique by the rate of FDI flows alone, as this is misleading. For example, Castel-Branco (2004) argued, of the total share of private investments in Mozambique in the period 1990-2003, South African private investments represented only

40 per cent of all FDI and 9 per cent of which was public-private investments. These investments were mainly concentrated in and formed part of large Minerals – Energy Complex (MEC) projects, without which, the overall non-MEC FDI is totally unimpressive and on their own, private investors would not have been able to take the financial burden and risk that is inherent in foreign investments.

For Castel-Branco (2004), South African investors have been erroneously perceived as the main driving force of total private investments in Mozambique because of three main reasons. The first is that the projects in which they invested correspond to the dynamic accumulation and globalisation of South African large corporations. Secondly, these projects are key in helping the integration of the economies and regionalisation of South African firms as they have strong linkages with South African suppliers. Thirdly and flowing from the other two points, the determinants of the lion's share of private investments in Mozambique are the dynamics of accumulation and globalisation of South African large corporations. This means FDI inflows in Mozambique are largely attracted by the regional and global strategies of South African firms whose main advantage is their ability to mobilise resources for the implementation of strategic business and investment decisions (Castel-Branco, 2004:18).

Chief amongst these strategic decisions, Castel-Branco (2004) argued, was the drive for oligopolistic competition which facilitates market dominance and corporate expansion. In this way and in line with Hymer's (1960) market imperfections approach discussed in Chapter 2, South African companies gained market power that enabled them to decide not only what, where and how much investment to make but also when, in alliance with whom, and under which kind of policy and institutional framework (Castel-Branco, 2004).

3.3.1. The Mozambican Context: A Destination for SA-FDI Outflows

Davies (1985), however, argued that the regional strategies of South African firms were not so much out of their own ability to mobilise resources or manage oligopolistic competition in the market as Castel-Branco (2004) argued. Rather, their strategies were crafted elsewhere and much earlier. For Davies (1985), South African capital's strategy to penetrate Mozambique dates as far back as the mid-1980s emanating out of small and medium size non-monopoly South African capital that had very high levels of economic interests in Mozambique. It was thus the representatives of this type of South African capital that constituted the majority of

members of the delegation organised by Assocom, the South African Foreign Trade Organisation (SAFTO), the Federated Chamber of Commerce, the South African Agricultural Union and the Afrikaanse Handelsinstituut.

Out of the initiative of these organisations, Davies (1985) argued that two organisations were established specifically to see to the objective of promoting South African trade and investment in Mozambique. The first was a steering committee that was set up to prepare the formation of a formal South Africa-Mozambique Trade Association, which was made up of business people with varying degrees of trade links between Mozambique and other Southern African countries. The second and the most important organisation to be formed, according to Davies (1985), was the Eastern Transvaal Lowveld Liaison Committee, which embraced over 100 Lowveld farmers, traders and petty industrialists who were involved in a number of agricultural projects in Mozambique.

According to Davies (1985), two main push factors led to the heightened need for South African capital to pave the way for investments in Mozambique. The first and most prominent, Davies argued, was the impact of the recession in South Africa, which threatened a number of small and medium-size firms with extinction. The hardest hit, Davies (1985) argued, were those in agriculture who also had to endure a drought in the same period that saw a 42 per cent fall in net farm income.

The second push factor identified by Davies (1985) was the continued rate of inflation following the falling value of the Rand thus dramatically raising interest rates. With very low profit margins, it proved difficult if not impossible for the capitalists to afford repayments at escalated interest rates. To add insult to injury, a large number of companies, particularly the smaller Afrikaner capitalists that had historically been 'featherbedded' through government tender contracts, endured a double-edged blow as government increasingly found itself forced by inflation to implement substantial cutbacks on a number of its contracts put out to tender.

What Davies (1985) brought to our attention was the fact that in the face of these economic difficulties, there was very little scope for expansion by small and medium size capitalists in South Africa, which explained why so many of them were so eager to be involved in strategies that would guarantee potential new markets. Prospects for opening up Mozambique to South

African capital were thus seen as a golden opportunity for a number of these small and struggling capitalists and for the medium size firms eager to expand their operations and maximise profits.

For monopoly capital, Davies (1985) argued, the impact of the recession was not as hard felt and they were already in control of the real value of assets that dominated South African capitalism. For them, therefore, the opening up of Mozambique was not as significant as it was for smaller capitalists. To them, the Mozambican market was merely a small part of their operations; hence, they could afford to wait and see how things were developing before they committed their capital. Such a wait-and-see attitude, according to Davies (1985), was also to map out their place and to position themselves in such a way that they could set the conditions of their involvement. Much of this involvement, as argued by Castel-Branco (2004), was through very large new projects which cushioned the high costs of investing abroad.

Castel-Branco's (2004) argument, therefore, is most relevant only with reference to monopoly capital. As Davies (1985) has shown, the dominance of Mozambique's economy by South Africa's monopoly capital was a much later move. By the time oligopolistic corporate expansion began dominating the market and subsequently imposing its will on what, where and how much investments to make and under what kinds of institutional frameworks, much of the work had been already done. The way was paved by the small and medium size companies, who were so pressed that they had to seize whatever opportunities that were presented to them by the Botha regime.

Smaller companies did not have the luxury of waiting and seeing how things were panning out and because the recession had severely affected their capacity to mobilise capital for new investments, they resorted to taking over the management of existing assets, instead of opening up new projects. In line with Kojima's dynamic comparative approach discussed in chapter 2, Davies (1985) contended that the approach of these small and medium companies was to find where their advantage lay and to maximise on it. For example, the run-down state of the Mozambican economy was a big part of that as it caused the Mozambican state to yield to South African pressure and make available several takeovers at bargain prices.

Davies' account of these scenarios becomes vital lessons for researchers involved in studies on the impact of South African business in the region. Authors like Grobbelaar (2008) and Miller (2004), for example, who held the position that Mozambique makes a valuable research site because of the recent dominance of South African firms as well as being a fairly recent site of South African investment following its democratic transition in 1994, would do well to recognise the significance of these historical accounts. Not only do they dismiss the novelty thesis, but they also allow the grounding of studies within historical relations that have been key in shaping the situation being analysed.

Similarly, Castel-Branco (2004) agreed with the significance of the historical context as he argued that economic linkages between South Africa and Mozambique were not a recent phenomenon; that they developed centuries ago and were marked by four major dynamic factors. According to Castel-Branco (2004), the first factor is the weakness of the Mozambican economy when compared to the forces of capital in Southern Africa and the nature of the country's public policy options. The second factor is the regional strength corporate South Africa developed around the MEC as a system of accumulation that also integrates the region. The third is the international weakness of the South African economy and desire of its capital to expand within the region and beyond, and the last factor is the hegemony of a small number of large corporations over the South African economy and state as well as over the dynamics of capital accumulation in the Southern African region (Castel-Branco, 2004).

With regards to the weakness of the Mozambican economy identified in Castel-Branco's first factor above, both Davies (1985) and Castel-Branco (2004) reminded us that even that was a consequence of South Africa's own doing. In an attempt to rid Mozambique of its Marxist ideology and socialist orientation, the Vorster and later Botha regimes thought it essential to 'teach' Mozambique a few important lessons. They were lessons aimed at proving to Mozambique that South African capitalism was superior to any socialist alternatives available to that country. They were indeed lessons that necessitated a heavy reliance on the involvement of the private sector to prove the point.

For example, Castel-Branco (2004) and Davies (1985) argued that the first onslaught was through reminding Mozambique that the fate of its economy was in the hands of South African capital. The South African regional labour strategy had partly ensured this as it was designed to not only keep labour abundant, socially and politically disorganised but it was also designed to subject the entire Mozambican economy to depend on South African capital, largely through

the mining sector. It was therefore easy to wage an economic offensive in Mozambique because the mining sector was not only crucial in solving Mozambique's internal employment issues but it was also an effective and reliable means through which Mozambique could earn foreign currency.

The lesson imparted to Mozambique therefore was through the withdrawal of large numbers of Mozambican migrant workers recruited for the South African mines. This created increased unemployment in Mozambique and affected the economy at large as contracts were cut from a high of 118 000 to a low of only 40 000 (Castel-Branco, 2004). The second lesson, according to Castel-Branco, was linked to the first. The massive job losses from the mines, coupled with the inability of Mozambican economy to absorb new entrants into the labour market, led to a profound crisis of accumulation in the agricultural sector (Castel-Branco, 2004).

As Mozambican men were being released from their employment contracts on the mines, Abrahamsson and Nilsson (1995) argued that they returned to their rural land that had been rendered ecologically vulnerable by three main factors. The first is that during their absence on the mines, agriculture was left to women's limited agricultural know-how and ability, subsequently leading to the impoverishment of the land and a significant reduction in food production. The second factor was the drought that was experienced more or less around the same time that the mine workers were being released from their contracts, presenting a dilemma as the rural population had already become increasingly dependent on the wages of the mine workers for food.

The third factor was due to the South African military destabilisation strategies, which targeted the rural land mainly attacking state farms. Food production was further dramatically reduced thus worsening the situation of the rural people (Abrahamsson and Nilsson, 1995). With the intensification of South Africa's destabilisation tactics, Castel-Branco (2004) argued, the already ailing agricultural sector became seriously starved of finance resulting in the need significantly to increase imports of food, particularly cereal, while at the same time reducing the production of exportable goods.

The third lesson, Castel-Branco (2004) and Davies (1985) argued, was through imposing a number of other economic disincentives on Mozambique, which included the partial economic boycott imposed against the port of Maputo and South African traffic. This saw a loss of about 40 per cent of total export revenue, which had become a significant part of Mozambique's

foreign currency earnings. Other tactics were driven by military strategies that fundamentally reorganised the apartheid state's capacity to make military interventions in the region. Indeed, as Davies (1985) argued, military expenditure more than doubled as new capabilities were developed to mount aggressive assaults against regional states and mainly Mozambique. It was thus in Mozambique where the apartheid state had heavily invested in sponsoring dissident groups, which suddenly increased their offensive activities against the independent Mozambican government. The Mozambican National Resistance Movement (RENAMO) was the principal vehicle through which South Africa destabilised, progressively isolated and weakened the Mozambican economy.

These are therefore important historical factors, which are vital to integrate when analysing economic linkages today particularly because, as Pitcher (2002) argued, much of the transformation that has taken place in Mozambique from its colonial and socialist period has closely informed the country's recent transformation to neo-liberal capitalism. In Mozambique, Pitcher (2002) argued, capitalist developments were dominated by South Africa from the colonial period in the same way that it is the case in the democratic era, what is referred to as Mozambique's re-insubordination to the dictates of South African capital. Pitcher further argued that, "...in the face of World Bank and International Monetary Fund (IMF) support for foreign investment, the Mozambican state and Mozambican nationals were considered by writers like Saul as simply serving the interests of external capital" (2002:147).

The historical contradictions of South Africa's economic dominance in Mozambique and the region at large, recently sparked public and scholarly debates about South Africa's motives in the region (Alden and Soko, 2005; Hudson, 2007; Conchiglia, 2007). In the past, South Africa was seen to be acting as a malevolent hegemonic power through colluding with the Portuguese in the exploitation of thousands of Mozambican mine labourers on South African mines (Hanlon, 1991).

South Africa became an active and influential force in the development and implementation of the most malevolent labour policy in the history of Mozambique. From as far back as 1899, according to Penvinne (1995), Mozambicans already comprised 60 per cent of the South African mine labour force. More Mozambican men worked in the South African mines than did in the then Lourenço Marques. Every able-bodied Mozambican man was coerced to work in the South African mines or else face the worse than dehumanising forms of labour, *Xibalo*, in Mozambique.

Hall and Young (1997) reminded us that through labour contracts, called the Mozambique Conventions, South Africans were able to influence the Portuguese to import into Mozambique some of South Africa's crudest forms of white racism in the workplace that were being implemented in South African mines. While the impact of such racism was minimised by Portugal's civilising mission⁷ from spreading into the rest of the urban areas, it nonetheless did not prevent the development of South Africa's tacit job reservations for whites in government services and levels of management (Hall and Young, 1997).

The implication of this argument is therefore that while South Africa's present day capitalist expansion into the region and Mozambique, in particular, is argued by proponents of South African capital as a benign hegemony, history tells a different story. Arguing that South African capital is only just about boosting the economies of its host countries, neglects this history. This thesis highlights the significance of carrying this history throughout analyses of South African economic expansion.

In the Mozambican context for example, and given Pitcher's argument that the country's entire transformation has largely been of a preservative nature, the ills of the past are bound to be preserved in such a way that they continue to inform the present. The coercive forms of labour practice, which characterised the development of South African capitalist expansion into Mozambique, are bound to also inform the manner in which South African companies conduct their employment relations in the countries in which they invest today. Critical to this issue, is the manner in which these practices get adopted and employed and this is discussed in Chapter 4 of this thesis.

3.4. Conclusion

As reflected in this chapter, there is no one view on the impact of South African investments. While studies have tended to be grouped into two opposing streams in the literature, with one group arguing for the benevolent impact while the other arguing for the malevolent impact,

⁷ An ideological component of Salazar dictatorship promulgated that Portugal was uniquely capable of making the races work and live together. It was an ideology of non-racial cultural assimilation of blacks into Portuguese citizens.

there is very little consideration for the socio-historical context in both streams of literature. This chapter has provided an overview of the historical contexts of both South Africa and Mozambique. It argues that South Africa's decisions to invest abroad and specifically in Mozambique cannot be explained by economic interest alone; that there are historical factors that have acted as very powerful sources of influence in dictating the strategic decisions of South Africa's capitalist development and expansion.

It is also these sources of influence that need to be taken into account when analysing the Mozambican context as the main recipient of South African investments. Given the long political and economic history that exists between the two countries, this chapter has shown the significance of contextualising the impact of South African business expansion within such a history. The fact that South African investments in Mozambique are seen to have broadly worked to boost Mozambique's economic growth, transferred technology, increased the diversity and quality of products as well as broadened consumer choice, clouds perception with regards to the much more specific and enterprise-bound experiences.

This chapter has shown that not all experiences have been this positive; each firm has its own experiences and must be studied in ways that enable the consideration of these different experiences. Some companies have experienced the impact of South African investments as dominating and crowding out local business, raising trade deficits and introducing discriminatory employment practices characteristic of the apartheid workplace regime. The next chapter discusses the labour relations of both countries and shows how socio-economic and historical developments in Mozambique and its relations with South Africa have shaped the development of labour relations in that country, especially in South African owned companies.

CHAPTER 4:

LABOUR RELATIONS IN SOUTH AFRICA AND MOZAMBIQUE

4.1. Introduction

This chapter has two objectives. The first provides a historical context through which industrial relations in both Mozambique and South Africa have evolved and illuminates the extent to which employment relations in Banco Austral may have: (i) been influenced and shaped by a transference of South African managerial styles and practices characteristic of South African labour relations; (ii) resulted as a consequence of South African managers adopting and embracing employment practices characteristic of Mozambican labour relations; (iii) integrated employment practices characteristic of employment relations of both countries resulting as a result of the transference of South African management style and practices which went hand in hand with processes of adaptation where they became conditioned by the different economic and social relations that exist in Mozambique thus producing a hybrid of employment relations.

The second objective is to provide a historical context within which lie studies that have specifically examined the impact of South African business expansion on the labour relations in Mozambique. Literature examining how South African managers have dealt with issues of worker control as well as how workers have responded to it remains very thin and almost non-existent (see Miller, 2004). This presents a lacuna that this study seeks to close and it does so by paying specific attention to labour relations and highlighting the fact that the world of work is a complex, constantly changing and dynamic phenomena that must be analysed as such.

4.2. Analysing the Employment Relationship

The employment relationship is, in the first instance, about the people who exchange their labour for a wage or workers and their relations with those for whom they work, the employers. While the intention is not to get into a discussion on conceptual and semantically sophisticated distinctions between the concept of labour relations and that of industrial relations, it is

important to outline the rationale behind the need, on the part of this study, to analyse labour relations and not just industrial relations.

According to Bendix (2001), the concept of labour relations refers to the totality of the employment relationship and it is a concept that has always been in existence since the first individual approached another to perform a task against the promise of payment. The concept of industrial relations, on the other hand, refers to a specific field of study which is relatively new and having originated with the advent of the industrial revolution.

As a field of study, industrial relations focus on the institutionalisation of the rules governing the employment relationship while labour relations is about every facet of the employment relationship including the field of industrial relations. In studying labour relations in Mozambique, this thesis not only analyses the industrial relations of that country but also those social aspects of the employment relationship that often get neglected in industrial relations studies.

By studying labour relations, this thesis considers other forms of human relations such as friendships, business arrangements, political, economic and social relations, all of which impinge on and shape the nature of employment relations that ensue in each firm. A specific focus on labour relations serves as an attempt to integrate a much wider range of aspects that form part of or arise from the work situation. As Bendix (2001) argued, a study of labour relations takes into account both the study of industrial relations and the study of relations of interest that characterise work spaces. Relations of interest range from shared goals, value systems, cultures, trust and forms of meaning and understanding between workers as well as between workers and their managers.

Industrial relations as a field of study, according to Bendix (2001), focuses on the institutionalisation of conflict as seen in collective representation, collective bargaining, joint regulation and legislative constraints. Hyman (1975) defined industrial relations as a study of processes of control over work relations and they involving collective worker organisations and action. As a system, however, Bendix argued that industrial relations is much more inclusive. 'It embraces a totality of actors, actions, processes, rules and regulations involved in or pertaining to the labour relations in a particularly country' (Bendix, 2001:27). Parties to the

industrial relations system include both employers and employees in their collective with the state as a mediating and facilitating body.

The conceptualisation of the system of industrial relations can be traced back to Dunlop (1958) who felt that an understanding of industrial relations would be more theoretically coherent when looked at as a system and understood as a network of rules that govern the workplace and the work community. This definition was later developed by Flanders in 1965 and was extended to include legislation, statutory orders, trade union regulation, collective agreements, arbitration awards, managerial decisions as well as accepted custom and practice at the workplace. Flanders (1965) then coined it the institution of job regulation (Hyman, 1975), which stressed the process of controlling job content through the creation of rules.

An understanding of the employment relationship through theoretical approaches of industrial relations that emphasise job control, rules, institutions and systems has been criticised by a number of scholars (Hyman, 1975; Burawoy, 1979 and 1985; Thompson, 1986; Adesina, 1992; Bendix, 2001). In particular, Hyman (1975) charged it with assuming that industrial relations processes are static and that they work to maintain stability, thereby ignoring the inevitability of conflict that may ensue on the shopfloor (Hyman, 1975). He added that an exclusive reliance on rules to explain job control missed the point as there were several critical factors that ensured the control of work which could not be frozen into rules. These included the economic rationality of employees, their aspirations and interests as well as the power employees wield to inform and direct the nature of their work (Hyman, 1975).

This is particularly the case in post-colonial societies. In Nigeria for example, Adesina (1992) argued that it is common to find unstructured but equally important customs and practices that have been accepted and have come to define the nature of the employee-employer relationship. This is primarily so because the majority of the labour force is not in the formal economy, and of those in the formal economy only a fraction is unionised. Even among the unionised, a majority of their struggles do not involve trade unions (Adesina, 1992).

Webster et al (2005) also concluded, in a national study conducted on the industrial relations practices of Mozambican companies, that it is hard to speak of industrial relations practices or study a system of industrial relations in Mozambique because the country has an almost non-

existent and very fragile industrial relations system that is characterised by a loosely connected set of very weak industrial relations actors. There is no coherence in the system and Mozambique has regulatory institutions that are either non-existent or too weak and the industrial relations actors such as the labour movement, employers' association and the department of labour are all divided, undeveloped, under-resourced and lack capacity to ensure compliance (Webster et al, 2005).

As a consequence, both these cases challenged scholars to go beyond what Adesina (1992), referred to as the excessive institutionalist orientation of current industrial relations orthodoxy because it led to a prioritisation of collective bargaining as the only viable method of job regulation. For Adesina (1992), industrial relations as a theoretical approach does not cater for the interests of those workers whose terms of employment are not derived by the collective bargaining machinery. It does not provide conceptual basis for analysing work relations based on a long tradition of labour coercion, where proletarianisation stemmed out of a system that was created and extended to define and treat Africans as fundamentally lesser beings, particularly in the workplace (Adesina, 1992). In Mozambique for example, work relations have historically worked to ensure that a majority of the workers would be legally frozen into a subordinate race, class and cultural position not only in the workplace but within broader society (Mtyingizana, 2005).

Similarly, Burawoy (1979) found that the emphasis on the institutionalisation of conflict that is inherent in industrial relations studies missed the point because the employment relationship was not always made of conflict and that, in fact, at certain levels of the production process, interests did somehow get coordinated so that the relationship was not characterised by conflict but by cooperation. Such a coordination of interests rested on an understanding, on the part of capital, that there were certain concessions that capital had to extend to labour and labour understood that the extension of such concessions depended on its ability to increase productivity. As a result, workers found means of managing contention as they learned to devise strategies by which they could harmonise their interests with those of management.

It therefore becomes significant to capture the essence of these strategies in studies of labour relations so as to lay bare those aspects of game-playing that workers engage in to reflect how they inform and influence the nature of the employment relationship. Focusing solely on the institutionalisation of conflict and the systems of job regulations misses this point and diverts attention away from the realisation that workers need to be understood, not through systems

and processes but in their productive circumstances and the social relations that emerge from the labour processes in which they are inserted (Burawoy, 1979).

As a starting point, the next section reviews literature on industrial relations systems of both South Africa and Mozambique to understand the historical evolution of labour relations in these countries. It is also aimed at revealing the changes that have taken place within the industrial relations systems as a consequence of the political and economic transformation that has taken place in both countries.

4.2.1. South African Industrial Relations

The history of South African industrial relations is one characterised by extreme adversarial employment relations based on four distinct phases which, according to Webster (1999), have shaped the country's workplace culture. The legacy of this culture, Webster argued, had contradictory effects: '...on the one hand, it established a highly effective form of control that enabled employers to benefit from a cheap and right-less workforce; on the other hand, it generated a culture of resistance, of "ungovernability" on the shop floor...' thus making the workplace a 'Molotov cocktail' (Webster, 1999:21).

According to Webster (1999), the first of the four phases upon which the adversarial employment relations were based, was that of colonial conquest and forced proletarianisation. This phase laid the foundation for a system of cheap, black migrant labour and white domination. The emergence of migrant labour served as one means through which the indigenous population could resist full incorporation into the capitalist economy. Through labour migration, Webster (1999) maintained that workers were able to dictate the terms of their incorporation to a certain extent mainly because their abundant and cheap labour was needed for the capitalist development of the economy.

This created relations of interdependence between the colonised and the coloniser that would serve as the basis for worker resistance which, in turn, created a distinct workplace culture where authority was frequently and deliberately undermined to amplify social distance between the workers and the employer (Webster, 1999).

The second phase, Webster (1999) maintained, was marked by the rise of mining and origins of racial dualism. The mining system served as one of the most effective forms of labour control described, in Burawoy (1985)'s terms, as a form of 'colonial despotism'. Through this system,

all possibilities for the emergence of effective resistance movements were systematically removed and replaced by total institutional control in the workplace and thereby making room for the emergence of much more covert forms of worker resistance (Webster, 1999:35; Burawoy, 1985).

During this phase, workers were divided between black and white giving rise to two distinct labour markets: one made up of an unskilled and semi-skilled labour force that was denied rights to education and political power, and the other made up of white workers who had access to skills, education and political rights. This marked the beginning of the institutionalisation of labour relations through the enactment of the Industrial Conciliation Act of 1924 thus creating a dualistic system of labour relations in South Africa (Webster, 1999).

The third phase that Webster (1999) mentioned was that of the rise of the apartheid state and the extension of racial dualism. This period was marked by the victory of the National Party in 1948, a government that propagated an ideology of 'separate development' based on race or apartheid. This not only served to entrench the racial divisions already present in the workplace but also extended such divisions beyond the workplace and into the social milieu (Webster, 1999).

Von Holdt (2003) used the concept of 'workplace regime' to explain the changes and continuities in the South African workplace transition. The apartheid workplace regime, according to Webster and Von Holdt (2005), constituted a racial structuring of workplace relations. It is a concept that denotes a racially-based occupational system, which had deep historical roots in the colonial labour regime where the allocation of skill and authority were based on a racial basis and the management of workers was transformed into even more hierarchical and authoritarian management styles (Webster and Von Holdt, 2005; Von Holdt, 2003).

As a means of ensuring a more effective institutionalisation of worker control, Webster (1999) stated that the apartheid government appointed the Botha Commission to look into the existing labour relations. It recommended the total outlawing of black trade unions and the establishment of separate bargaining bodies for Africans. In 1953, Webster (1999) argued, the Bantu Labour Relations Regulation Act was passed and the Works Committees for African workers were set up for the monitoring and regulation of grievances. In 1956, the Labour Relations Act 28 of 1956 was passed as an overhaul of the Industrial Conciliation Act of 1924, institutionally excluding blacks from the system of industrial relations and prohibiting the

registration of mixed race unions. The system of job reservations was extended from the mining sector to include manufacturing further entrenching the racial division of labour.

Lastly, Webster (1999) argued that the fourth phase was characterised by the challenging of apartheid in the workplace and in the townships. These changes, Webster (1999) argued, were coupled with the growth of the black working class, which strengthened the position of black workers on the shopfloor thus bringing them back to the centre of the industrial stage. This is what Von Holdt (2003) described as ‘transition from below’, where a much deeper and broader process of triple transformation took place not only in the commanding heights of society but was also very much a workplace driven process. In 1973, workers engaged in mass strike action in Durban demanding wage increases marking a dramatic change in the nature of trade unionism in South Africa. The strength of shopfloor based trade unions and the challenge they posed to the apartheid system in the workplace led to the establishment of the Wiehahn Commission in 1977 to investigate the nature of industrial relations in South Africa.

With the aim of bringing about change that could increase the state’s control of unregistered black trade unions and minimise the heightened shop-floor militancy, it was hoped that the Commission would come up with solutions to curb endemic shop-floor conflict, stabilise industrial relations and rationalise workplace negotiation. Consequently, the Commission recommended an amendment of the Labour Relations Act to allow for the recognition of black unions for the first time in the history of labour relations in South Africa. The unintended consequence, however, was that this change actually increased unions’ power and heightened ungovernability in the workplace, culminating into full-blown conflict between state and labour, led by the Congress of South African Trade Union (Webster, 1999).

The state of ungovernability⁸, Von Holdt (2003) argued, was characterised by intense conformation between the forces of the apartheid state and popular movements. As the increasing state repression made it difficult to sustain formal resistance organisations, activists resorted to undermining state institutions through the insurrectionary tactics of ungovernability while at the same time building grassroots ‘organs of people’s power’ in the form of street

⁸ According to von Holdt, the concept of ‘ungovernability’ arose as a slogan in the struggle of the United Democratic Front-aligned community organisations to render apartheid ‘ungovernable’ in the mid-to late-1980s. It was basically about a degree of contestation between radically incompatible social structures that was aimed at causing maximum disruption in pursuit of the objectives of the movement. Ungovernability in the workplace, von Holdt argues, became a captured catch word for challenging the regime by bringing a state of chaos marked by the rejection of the legitimacy of management authority and procedure in resistance to the established order of both formal and informal patterned rules of conduct (von Holdt, 2000: 129).

committees and people's courts (Von Holdt, 2003:23). The of states of ungovernability was extended to the workplaces and characterised by a range of union campaigns, protests, disruptions on the shopfloor and wildcat industrial action, which according to Von Holdt (2003), were seen by workers as part of the general resistance against the regime.

Fearing further economic isolation and the complete alienation of capital that would result from intensifying the repression of civil society and union movements, the state demonstrated a change of heart and a willingness to end apartheid. It negotiated the terms of South Africa's transition to a democratic and non-racial society. However, Von Holdt (2003) argued that the transformation of society whose economic, political and social life was deeply rooted in a colonial and apartheid repressive order could not be settled through a quick process of elite-pacting. He maintained that because it was so deeply embedded in every level of society, even in the hidden abode of production, it would take much longer to transform and eventually eradicate (Von Holdt, 2003).

Indeed, a decade after South Africa's transition to democracy, Bezuidenhout's (2004) study of the white goods industry in South and Southern Africa reflected that '...key elements of the apartheid workplace regime remain in place in some factories ... despite a range of policy mechanisms that have been put in place to bring about transformation in the workplace' (Bezuidenhout, 2004:4). Of value to this study is Bezuidenhout's (2004) argument that studies of post-apartheid South Africa should not assume an unproblematic change in their analyses of the transition; that it is fundamental to locate that change within a historical context that can permit an examination of the way in which change is taking place for purposes of identifying those past practices that may have continued into the present. Failure to do that, Bezuidenhout (2004) maintained, may results in theoretical formulations that purport to be analysing the post-apartheid workplace and yet fail to fully explain the fact that some of the key elements of the post-apartheid regime remain in place.

What transpires from this argument, therefore, is that South African business expansion in the continent may, in post-apartheid South Africa, work to transfer what is considered best practices in the form of managerial practices, technical know-how and business strategies. However, it is also possible that through these practices, old patterns of employment practices characteristic of the apartheid workplace regime may very well find their way into business practices being transferred in the host countries.

To illustrate, in their study of the post-apartheid workplaces in South Africa, Webster and von Holdt (2005) identified a pattern of four distinct workplace systems that characterise the nature of employment relations in the case studies examined. Here the focus is only on three of these systems. The first is a *'negotiated reconstruction'*, which refers to a strategy of negotiating the terms of a reconstituted workplace order as reflected in the studies of workplaces in *Bayerische Motoren Werke* (BMW), Sea Harvest, Highveld Steel tapping floors and Spoornet. Webster and Von Holdt (2005) argued that these companies demonstrated a presence of relatively stable negotiated relationships between management and union. Negotiations in these workplaces were either driven by management, or unions or both and workers articulated a much more positive attitude to the company.

In AngloGold and the iron plant at Highveld Steel, however, studies (Webster and von Holdt, 2005) identified a second system of *'wildcat cooperation'* where management incorporated black workers in decision-making through negotiating informally with them and introducing new management practices thus bypassing formal trade union structures. The findings showed that such innovative management practices at AngloGold clashed with the legacy of the post-apartheid regime that remained present thus undermining the impact of change. At the iron plant at Highveld Steel, however, Webster and Von Holdt (2005) argued, findings showed the persistence of a very authoritarian management strategy, management innovation was relatively convincing to workers that apartheid was over and won worker's cooperation.

The third system was that of an *'authoritarian restoration'* reflected in studies of Highveld Steel, Shoprite, footwear factories and wine farms. In these studies, Webster and Von Holdt (2005) stated that the findings demonstrated strong continuities with the apartheid regime in the form of racial authoritarianism. They argued that most of these studies showed proactive managerial strategies aimed at reconstructing the old authoritarianism under the new order (Webster and von Holdt, 2005).

While examples of employment practices in these case studies characterise employment relations in the post-apartheid South Africa, they have demonstrated that some of the negative and authoritarian, even racist, legacies of the apartheid workplace regime seen in managerial practices did persist into the present. Experiences in each of the workplaces, despite the differences that existed, led to conclusions that South African business practices were most

likely to carry employment practices inherited from the apartheid workplace regime abroad. How these get internalised and/or rejected is subject for discussion in the next chapter.

According to Bezuidenhout (2004), the best concept that captures this scenario is that of post-colonial workplace regime. Not only does it capture the key elements of continuities of the past within present change, it also shows how societies have been able to preserve the colonial racial division of labour, the colonial informed racial structure of power, the logic of job insecurity upon which colonial despotism was built and location of workplaces in bifurcated industrial geography from one period into another and right into the present.

For Bezuidenhout (2004), this is a much better conceptualisation of change compared to the concepts⁹ used by Webster and von Holdt (2005) as these did not adequately elucidate the significance of the ways in which the key characteristics of the apartheid workplace regime have continued into the present subsequently emulating the preservations of colonial values and practices that had in the first instances served as the foundation for the emergence of the apartheid workplace regime.

4.2.3. Mozambican Industrial Relations

To understand industrial relations in Mozambique it is necessary to locate it within the country's historical context of colonialism and socialism to evaluate the extent to which there has been a break with the past as well as identify elements of continuity. This is particularly significant given Pitcher's (2002) argument that Mozambique's transition was of a preservative kind. She argued that the transition did not involve the collapse of a regime, instead, the ideological and institutional experiences of the previous period continued to influence and shape the experiences of the succeeding period (Pitcher, 2002).

While the idea of the preservation of history is conceptually attractive and makes the point of seeing the present through a historical lens, it remains empirically problematic as it suggests that history and processes of social transformation could be frozen in time. Although Akwetey (2001) argued that it is common to find institutions, traditions and ideologies in African countries to sustain the legitimacy of out-dated authority relations thereby allowing a persistence of certain aspects of an old regime into a new one despite the changes in economic and political power, it is still difficult to speak of the preservation of history.

⁹ The concepts of negotiated reconstruction, authoritarian restoration and wildcat cooperation as used by Webster and Von Holdt (2005) to describe post-apartheid workplaces.

As argued in Akwetey (2001), Mozambique did undergo an economic and political transformation of society and within this transformation there remained certain features of the colonial and socialist regime which became embedded in the new market economy and continued to define interactions between the state and social actors in the democratic period. This process of change however, can hardly be conceptualised as a preservation of change in the manner argued in Pitcher (2002). Instead, the argument posed in this thesis is that history is a complex process that weaves together a set of multi-causal constellations of social actions that must each be taken into account when analysing the social world.

This study further recognises that the manner in which the legacy bestowed by the colonial period in Mozambique continued to inform policy choices, state-society relations and economic outcomes after independence was not an outcome of some preserved transformation. Rather, it was an outcome of a number of social logics, dispositions of change and aspirations about the future which became woven together in a manner that ensured the continuation of interactions between previous forces of influence and the emerging agents of change. In this way, the socialist period sustained certain practices which continued to inform and direct the nature of transformation in the market economy. It did so in a similar fashion as the colonial period, sustaining types of power arrangements and mechanisms of control which became fused with the emerging institutional arrangements and political systems of the socialist period

4.2.3.1. Transformation During the Colonial Period

The colonial period in Mozambique prevented many working African men from developing their rural holdings and subjected them to coerced labour through a system called *Xibalo* and *indiginato*. *Xibalo* was a term that the Mozambicans used to refer to work relations such as unpaid labour, coerced labour, ill-paid labour and slavery. It is a direct translation of the Portuguese term *Corvée* which means ‘slave’ (Mtyingizana, 2005; 2009). *Indiginato* or the colonial state-imposed ‘moral obligation to work’ enacted in 1928 by the Salazar regime marked a move towards the institutionalisation and legitimisation of practices characteristic of the slavery period. Both systems were used by the Portuguese colonial administration as a way of reaffirming its hegemony over its subject population (Isaacman and Isaacman, 1983).

Indiginato was a body of labour legislation used to regulate personal and labour relations with Mozambicans. The system was created and extended to define and treat Africans as fundamentally lesser beings, particularly in the workplace. The system worked to ensure that a majority of Africans would be legally frozen into a subordinate race, class and cultural position. Under the *regime do indiginato*, Isaacman and Isaacman (1983:39) argued that Africans were divided into two groups and classified either as *Assimilados* or *Indiginas*.

The *Assimilados* were the Africans that could read and write Portuguese, had rejected tribal customs and were gainfully employed in the capitalist economy (Isaacman and Isaacman, 1983). According to the Salazar regime, assimilation was the only way of civilising the ‘*natives*’; it was a policy of cultural give-and-take and through granting the natives rights and obligations of a white Portuguese; it reflected the Portuguese’s spirit of racial harmony and non-racial attitudes, as it transformed ‘*natives*’ into ‘*citizens*’ (Serapiao, 1979:50). The *Indiginas*, on the hand, were those Africans who could not be classified as citizens as they did not meet the assimilation requirements. Many of them, according to Newitt (1981), were labourers, others were producers within the traditional economy and were always viewed as potential *Assimilados*. *Indiginas* as a community were subject to African customary law and were directly ruled by a chief. The *Indigina* as an individual was liable to a variety of services including acknowledging a general obligation to contract himself as a worker (Newitt, 1981).

Legislation on the ‘moral obligation to work’ stipulated that ‘...all natives of Portuguese overseas provinces are subject to the moral and legal obligation of attempting, through work, the means that they lack to subsist and to better their social conditions. They have full liberty to choose the method of fulfilling this obligation, but if they do not fulfil it, public authority may force a fulfilment’ (Carter and O’Meara, 1979:58). And force them they did.

Since Portugal was the weakest of the European powers, and had very little in the form of capital to invest in Mozambique, the country remained underdeveloped and relied only on the crudest forms of labour exploitation to extract surplus value (Cheatham, 1985; Isaacman and Isaacman, 1983). These, according to Hanlon (1984), involved an increased use of cheap labour and the exporting of workers to neighbouring countries. Because about 500 000 men were already working outside the country, and weak Portuguese capital needed more cheap labour, the only choice was to increase the exploitation of labour and force the peasants to grow certain crops on their own land. A much tighter state control of labour was applied, making the recruitment of labour the central role of the colonial state apparatus.

The *indiginato* regime, according to Carter and O'Meara (1979), was nothing more than a reconfiguration of the old forms and practices of forced labour that characterised the period of slavery. Carter and O'Meara (1979) argued that even though slavery was abolished in the second half of the 19th century, and such reforms documented on paper or through enactment of new legislation, the horrors of slavery and slave-trading practices continued well into the 1960s. The Salazar regime was able to continue with the old practices of coerced labour long after slavery was abolished because of the type of control and authority the state imposed. As Newitt (1981) argued, the authoritarianism of the Salazar regime was not just concerned with the repression of individuals per se but it was about gaining and keeping the control of institutions and the support of the armed forces and the bureaucracy necessary to meet the chief objective of enabling Portugal's under-developed economy to develop itself through its own resources (Newitt, 1981). It was out of the need to meet this chief objective that the policy behind *indiginato* enabled, according to Penvenne (1995), a perverted continuation of harsh and exploitative traditional practices of forced labour.

According to Egerö (1987), Africans were prohibited from forming trade unions and before the Salazar regime, only white trade unions faced a certain degree of state-tolerance. In the 1930s however, Egerö (1978) argued that the Salazar regime had dismantled all trade unions and only allowed state-controlled corporate syndicates, the membership of which was only open to the white Portuguese workers and the '*civilised*' or second-class assimilated citizens. These unions were made an integral part of the fascist corporate state: they were closely controlled by the government, strikes were prohibited and the government reserved the right to dissolve them through administrative decisions if it saw fit (Egerö, 1987).

4.2.3.2. *Transformation During the Socialist Period*

When Mozambique achieved its independence, it happened to be at a crucial time of economic and political reform, globally as well as regionally. These reforms involved an integration of the world's economies through trade and investment as well as a growing political consensus in favour of democracy and human rights. Mozambique was, therefore, one of the newly independent states that sought to gain legitimacy and consolidate the newly acquired political power within a liberalised economic environment that worked to increasingly undermine and weaken the state apparatuses.

In its attempt to transform the Mozambican society and a highly-stratified economy that was inherited from a rigidly authoritarian colonial state, Pitcher (2002) argued that the FRELIMO government adopted a state-centred approach that weaved together nationalist, socialist and modernist ideas in complex and interesting ways. Underpinning these ideological strands, according to Pitcher (2002), was the need to firstly eradicate the Portuguese colonial oppression of Mozambique, the exploitation by monopoly capitalism and the existence of widespread class conflict. Secondly, and like many other African nations, the FRELIMO government set to build a sovereign-nation state, eliminate the vestige of colonialism and deepen the process of perceiving Mozambique as an independent nation.

The labour relations that existed at the time, therefore, drew on the themes that the party had already developed for the whole society. Industrial development was thus central to the state's vision, it was the centre through which a worker's socialist identity could be forged, and it was also seen as one of the bases for development (Pitcher, 2002). The state was actively involved in labour relations in coordination with the National Planning Commission. Pitcher (2002) argued that the Ministry of Industry and Energy identified branches of industrial activity, formulated production plans and appointed management units for each branch of activity and management teams for each factory.

The Ministry further formulated production quotas for each enterprise, drew up budgets, did accounts, promoted personnel, maintained equipment and above all, Pitcher (2002) argued, saw to production needs. Workers were organised in such a way that would not only further the government's socialist objective but also increase production. Trade union organisation was not permitted and was regarded as an intrusion to the factory structure. At the shopfloor level, workers were organised by the *Grupos Dinamizadores*-GDs (Dynamizing Groups which consisted of FRELIMO party activists).

The GD's strategy was coordinated at a national level by the national and regional party activists for the purpose of ensuring that the wishes of the party leadership were carried out at the shopfloor. However, owing to the central state's capacity to control members and their actions, Pitcher (2002) argued that the GD's performance was very poor, particularly because they were not disciplined practitioners of the party line and their activities often conflicted with the interests of the party. The government was then compelled to complement them with the *production councils* which were later complemented by the *Factory Committee* for the purpose of correcting the difficulties of production.

Since there was no collective bargaining forum, the *Factory Committee* also served the function of a bargaining forum and consisted of the secretary and the assistant secretary of each production unit brought together to negotiate with management on behalf of the workers. Any conflict of interests that existed between workers and managers was kept to the minimum by the nationalist ideologies that emphasised cooperation for the purposes of creating a new society that would benefit all (Pitcher, 2002).

With this mindset, the role of managers was seen as that of satisfying the needs of the members of the organisation. Pitcher (2002) argued that the structures that existed, particularly at the shopfloor, helped to improve the treatment of workers at the workplace and contributed to the improvement of their conditions of employment, especially by significantly reducing the level of exploitation that was so notorious during the colonial period. Some of the benefits included wage increases, subsidies on transport, housing and food. There was the provision of free health care, greater access to education as well as on-site day-care centres (Pitcher, 2002).

With 66 per cent of Mozambique's industry concentrated between Maputo (50) and Beira (16), Pitcher (2002) argued that the government was able to directly supervise production, monitor all industrial activity as well as ensure compliance. Because factories were not scattered all over the country, government officials were able to make surprise visits to factories and thus rooted out indiscipline by workers or exposed disorganised and dirty working conditions (Pitcher, 2002).

4.2.3.3. Transformation During the Market Economy and Democratic Transition

As the socialist period phased out, Mozambique gradually moved towards a market economy and later transformed its political environment through the establishment of a multiparty system. The labour relations environment was also tailored accordingly: it shifted from a unitary approach, which rested on rigid state controls and patronage of labour, to a pluralistic system that sought to also accommodate the interests of the working class within the market economy.

For Mozambique to do this, a number of systems had to be in place. For example, to create an environment that promotes harmonious and equitable employment relationship in contemporary societies, scholars (see Webster and Mosoetsa, 2001; Bendix, 2001; Gumende, 1999) often point to the need for the presence of a system of collective bargaining on which a country's labour relations should firmly rest if an effective labour relations system is the

desired outcome. This is because in contemporary pluralist labour relations, collective bargaining is ‘... the principal method by which employers and their employees, as a collective, establish and continue a relationship’ (Bendix, 2001:233).

This is echoed in Webster and Mosoetsa (2001), who use the system of collective bargaining as a measure in evaluating the existence of an effective labour relations system in a given country. They argued that in a market economy, the existence of sound labour relations will be reflected in the existence of an effective system of collective bargaining, which in turn can only be achieved if the identified four key resources are met:

Firstly, there needs to be relatively cohesive interest representation for effective voice regulation to take place, i.e. employer and employee parties need to be well organised and representative of their members. In addition, the department of labour should have sufficient capacity to monitor labour legislation. Secondly, there needs to be co-ordination within the bargaining process itself. Agreements reached at plant level need to articulate with agreements reached at sector or national level. Of course, this does not mean that all firms have to pay the same wage; sector level bargaining provides a basic floor of minimum wages and working conditions. Thirdly, there needs to be adequate mechanisms for dispute resolution at enterprise level so that grievances can be resolved without leading to labour unrest. This implies a shift from distributive bargaining (conflict, wage based bargaining) to integrative (problem-solving, innovative) bargaining. Fourthly, unions need to be both independent of government and be involved in forums where meaningful social dialogue with government and employers can take place (Webster and Mosoetsa, 2001:12).

In a study I conducted between 2003 and 2004 on the impact of economic and political liberations on trade unionism in contemporary Mozambique, an analysis of the nature of labour relations present in Mozambique was also conducted (Mtyingizana, 2005; Webster et al, 2005). The study focused on the period 1994-2003 and was based on an extensive survey of 177 formal sector enterprises and in-depth interviews with 13 relevant industrial relations actors in Maputo and Beira. In this study, Webster and Mosoetsa’s ‘formula’ was used to measure the presence of an effective labour relations system in Mozambique.

Findings revealed that democratic Mozambique had a fragile labour relations system, characterised by a loosely connected set of weak industrial actors, in which it is difficult to speak of a coherent labour relations system (Webster et al, 2005). It showed that the regulatory institutions of employment were either weak or non-existent where industrial actors, such as the labour movement, employers association and the department of labour, were fragmented. Trade unions were reported to be undeveloped and under-resourced while state institutions like the department of labour lacked capacity to ensure compliance (Mtyingizana, 2005).

As Mozambique embraced democracy and ushered in a market economy in 1994, it did so in a context of an excessively politicised labour relations environment, where the labour movement was already weak, less militant owing to state patronage and its members receiving low wages. Notions of patriarchal authority, state control, subordination and prohibition of any resistance were well entrenched within the Mozambican workers thus working to tremendously undermine the development of independent trade unions and increase the power and freedom of the private sector to define the nature and scope of work (Mtyingizana, 2005).

For example, the study demonstrated that in an overwhelming majority of the cases, communication flow was firmly downward, ad hoc, and little more than a conduit for communicating managerial views (Mtyingizana, 2005). Very few firms made use of recognised formal and systematic method of employee consultation. Employee reward was either performance based pay (generally piece-rate work along Taylorist lines) and/or group incentives or bonuses, which were contingent on output, thus reinforcing, rather than diluting managerial power and traditional forms of work (Mtyingizana, 2005).

A sizable number of firms failed to offer workers even the most basic of benefits commonly associated with an employment contract. Of the enterprises operating in Mozambique, about 69 per cent made use of informal workplace training, 64 per cent remained non-unionised and of those that were unionised only about 46 per cent had a collective agreement with the unions even though only 39 per cent of managers felt they needed to abide by the agreement (Mtyingizana, 2005). Most firms lacked adequate dispute resolution mechanisms and disputes were said to be resolved informally by management. The survey also revealed that several managers did not comply with health and safety legislation or with the industry safety standards (Mtyingizana, 2005).

Within a labour relations system that is laden with deficiencies such as poor compliance with legislation and legislation reform, ineffective dispute resolution mechanisms and an inability of structures to respond to the requirements of a fully-fledged market economy, the private sector not only takes control of the production of goods and services but also determines the nature of employment relations. Consequently, power at enterprise level shifts away from labour towards capital and workers are left with very little say over the nature of employment relations that subsequently ensue.

This situation becomes more complex in the case of multinational firms. As literature on labour relations of multinational corporations has shown (see, for instance: Tusemann et al, 2007; Ferner et al, 2006; Elger and Smith, 2006; Hyman, 2006; Cooke, 2003, Kuruvilla et al, 2003), a host country's labour regime can be greatly influenced by the nature of employment relations practices of multinational firms investing in that country. Of course, the nature and extent of such influence varies from place to place and depends on the balance of power amongst key actors in each country as discussed in the next section.

4.2.4. South African Multinationals and Labour's Response

According to Ferner et al (2006), multinational corporations, because of the economic power they wield, are able to influence a host country's national and institutional systems to win themselves degrees of political power that they utilise to impose their mother country's institutional systems on the host country. Because of this, Ferner et al (2006) argued, multinational corporations become key role players in the evolution of a country's institutional systems and regulatory mechanism.

Consequently, when multinational corporations set up operations in a host country, not only do they become rule takers but they also tend to be rule makers through influencing and shaping key institutions of the countries in which their operations are set up. Ferner et al (2006) argued that this is done through systematically engaging host countries at both macro and micro level. At the macro level, multinational corporations indirectly and strategically influence and shape the priorities and strategies of public policy makers. At the micro level, they directly shape institutions by transferring practices assumed to be best practices, thereby gradually shaping the nature of employment relations in either a firm, amongst a set of firms or even within a sector and ultimately informing the nature of a country's labour regime.

Of course, Ferner et al (2006) did acknowledge that once these ‘best practices’ have been embedded and entrenched in the host country’s labour regime, they do not remain fixed or static. They argued that these practices change over time as multinational corporations evolve and transform. Since the changes in themselves are not periodic or phase-bound, they become continuous processes of transformation that create spaces for all actors involved to not only contest the nature and meaning of the institutional spaces they inhabit, but also become avenues for workers to contest the nature of employment relations in individual firms. Where there exist strong labour movements, they can contest employment relations at the workplace as well as the broader labour regime of that country.

Mozambique, as a favoured destination of foreign investment by South African multinational firms, is bound to be the recipient of South African business practices that impact on and possibly influence its labour relations, depending on the balance of power that impinges on the development of institutions.

Indeed, as Castel-Branco (2004) argued, South African capital has always been a driving force of Mozambique’s economy. With the recent approach to capitalist expansion that seeks to position South African companies as global corporations, South African capital gets to have more bargaining leverage that causes it to become less sensitive to government policy and increases its influence upon Mozambique’s public policy. This, Castel-Branco (2004) argued, has subsequently resulted in massive investment incentive packages as the Mozambican government increasingly gave in to pressures to make Mozambique an investors’ paradise. These incentive packages, according to Castel-Branco (2004), have done nothing more than increase the social cost of FDI while simultaneously reducing its social benefits (Castel-Branco, 2004).

In her study of South African multinationals in Mozambique and Zambia, Miller (2004) has shown the impact of South African business practices on labour relations in the retail sector. In her findings, she reported that instead of seeing transference of best practices, workers reported that the only practices transferred were those of differentiated treatment of workers. In the beginning, workers were very excited at the prospects of working for a South African company as they had seen how good the working conditions were in South Africa. However, from their experience of working for Shoprite in Maputo, Miller (2004) reported that workers realised that South African companies did not treat their Mozambican employees in the same way they do their workers in South Africa. According to Miller (2004), Mozambican workers

interviewed at Shoprite in Maputo were generally unhappy about working for Shoprite and did not feel that they were being fairly treated as compared to other Shoprite workers in South Africa.

Miller (2004) maintained that Shoprite workers received no leave benefits, including sick leave, and they were not paid overtime despite working well beyond the legally stipulated eight hours of work per day. All the interviewed workers, Miller (2004) reported, complained that the wages were too low and Miller confirmed that not only were wages much less when compared to the South African Shoprite workers, but that they were below the actual national averages in industry and services. Miller (2004) further contended that Shoprite management violated Mozambican labour law with impunity and workers were easily dismissed with no right to recourse. Dismissals were frequent and workers did not receive any form of compensation (Miller, 2004).

As already mentioned, amongst a number of studies conducted in Mozambique on the impact of South African companies, Miller (2004) is probably the first to pay specific attention to labour relations. This marks an important contribution to the literature, which is almost non-existent, on the nature of employment relations that emerges in South African companies operating in Mozambique. However, as an analysis of labour and labour relations in Mozambique, Miller's study remains unhelpful in a number of ways.

Firstly, Miller (2004) presented her study as an analysis of regional working class formation, where she analyses processes of regional working class formation amongst the Mozambican and Zambian workers and yet throughout the study she failed to delineate exactly how such regional working classes are formed. She used the concept of disposition to try and explain what she calls "...working people's experiences of larger economic processes in everyday lives..." as a means of elucidating their collective identity formation at the regional level (Miller, 2004:22). Yet, Miller (2004) neglected to show how such collective identities are formed at both national and regional level. She failed to account for the actual processes of how these dispositions develop amongst the workers in both Zambia and Mozambique.

It is also important to note that the concept of worker dispositions is used in American labour studies (see Silver, 2003; Katznelson and Zolberg, 1986) to delineate the plight of working people, their ways of organising themselves or collectively think about or act on society in the absence of class as an analytical tool. Miller (2004) failed to show the 'trans-individual' character and cultural configurations of the Mozambican workers as developed by their shared

experiences of working for South African companies, which are key features of the concept of worker dispositions. It is inadequate to merely list responses from individual workers without delineating the patterns of collective identity formation or explaining how shared experiences amongst workers help to construct shared meanings and understandings of their working situation

Silver (2003) has shown that the historical nature of capitalist production has been that of contradiction and on-going tensions. She identified a fundamental contradiction in the expansion of capitalist production where the geographic relocation of capitalist production or what she calls 'spatial fix' (following Harvey) has a tendency to reproduce social contradictions at the point of production (2004). These contradictions result in the emergence of strong and effective labour movements that ascend to counter the effects of labour commodification. At this point, both capital and the state are brought face-to-face with strong labour movements and efforts at bringing labour under control have tended to drive the system towards crises of profitability. However, capital and the state's efforts to restore profits inevitably require intensifying the commodification of labour and breaking whatever social compacts have been established. This, Silver (2003) maintained, produces a crisis of legitimacy to which backlash resistance is waged.

The significance of Silver's argument here is to show that where capital is faced with strong labour movements and therefore a crisis of profitability in one production location, capitalists relocate production to sites with cheaper and probably more docile labour in an attempt to weaken labour movements in the sites of disinvestments and thus restore profitability. However, when this happens, the conflict that is inherent in the process of production is not resolved; rather it gets rescheduled and manifests itself in the new sites of investments thus creating room for the emergence of strong labour movements to counter the force of capital.

In African countries, however, particularly those whose labour relations are characterised by what Bezuidenhout (2004) called a post-colonial workplace regime, workers are often unorganised or, where they are, labour movements tend to be too weak to mount the type of effective resistance Silver refers to. Bezuidenhout (2004) has shown how the post-independence regime in Swaziland has not only provided a capital-friendly environment in which to do business but also that the guarantee of a cheap and docile labour force was maintained and legitimised by the state. In this way, Bezuidenhout (2004) argued, the

workplace in Swaziland effectively allowed for a 'spatial fix' to worker militancy in South Africa.

Similarly, in the study I conducted in Mozambique on the nature and extent of trade unionism, findings pointed to a presence of worker unionisation that reflected a historical legacy from both the colonial period when workers were not allowed to form trade unions and the socialist period where workers were organised into a state-controlled organisation, the *Organização dos Trabalhadores de Moçambique* (OTM- Organisation of Mozambican Workers) (Mtyingizana, 2005). The study revealed that some workers were not even aware that they were unionised and of those that knew, it was only through seeing the compulsory union membership deductions from their pay slips (Mtyingizana, 2005). Where unions retain a presence in many workplaces, there is little evidence that they have been successful in increasing their impact at firm level, despite the greater political independence they now enjoy (Mtyingizana, 2005).

These instances demonstrate that in African countries and particularly in the Southern African region, there are no clear and linear alternations of the crises of profitability and legitimacy. The crisis of profitability is not necessarily caused by the rise of strong labour movements everywhere but also this does not mean that there were no forms of worker resistance in the absence of strong labour movements. The absence of labour movements or the organisation of workers into effective resistance movements does not annihilate workers' need to resist the intensification of their commodification even within the most despotic forms of labour control. Workers have indeed engaged in various forms of what Cohen (1980) called 'covert or hidden' resistance.

There is very useful early scholarly literature on regional labour studies, which has demonstrated through ethnographic studies how workers were able to form collective identities through shared experiences at the repressive and exploitative hands of South African capital (see Moodie, 1994; Cohen, 1980; Gordon, 1977; van Onselen, 1976). These studies have laid the platform and serve as exemplary work of ethnographic research from which contemporary researchers could learn.

For example, van Onselen (1976) has shown that the issue of labour control was central in the history of capitalist development. He argued that despite being subjected to the most repressive forms of labour control in a labour coercive economy, black workers were able to demonstrate an impressive degree of articulate, literate and organised resistance to the alliance of the employers and the state (van Onselen, 1976). He maintained that such resistance was not

necessarily articulated in degrees of worker ideologies and worker organisations; rather, it was the less dramatic and most silent and often unorganised responses occurring on a day-to-day basis that formed the basis of collective worker identity (van Onselen, 1976).

As Bezuidenhout (2004) has argued, the despotic colonial workplace regime was a repressive regime that managed to discipline workers and keep wages low. In such an environment, therefore, van Onselen (van Onselen, 1976) argued, where workers had to face compound police, 'spies', censorship and '*sjambok*' there was no room for the development of public ideologies, organisations, meetings, petitions or strikes. In such tightly controlled situations, the patterns of worker resistance should in the first instance '...be sought in the nook and crannies of the day to day situation...' (van Onselen, 1976:239).

It is these day-to-day experiences which, according to Hyman (1975), allow workers to be conscious of their immediate work milieu. It is through their direct and personal relationships in the workplace that men and women are able to identify themselves first and foremost as members of a specific occupational group, as employees of a given firm or as workers in a particular industry, long before they identify themselves in class terms (Hyman, 1975). Clearly then, the formation of collective identities primarily lies and begins with these shared experiences which Miller's study fails to examine and lay bare.

The second reason Miller's (2004) study is unhelpful as an analysis of the impact of South African business on labour relations in Mozambique is that she starts off with an assumption that there are claims for workers to make. Had Miller (2004) taken on board the body of ethnographic work mentioned above, she would have realised that in such settings as Mozambique, claim-making is consequential to the development of collective identity, which itself is an incremental process. Claim-making is an intense form of collective action that can only emerge in the context of production politics as discussed by Burawoy (1985). It follows from a heightened level of contestation around issues emanating directly from the labour process where, according to Hyman (1975), workers have a basic understanding of the similarities of their working situations, share common grievances concerning employment insecurity, lack of work autonomy, hierarchical management control, unsatisfactory pay and unjust working conditions.

For workers to get to this point, therefore, Buhlungu (2010) has shown in the experience of South African trade unions that it begins with an enormous amount of effort from trade unions to mobilise workers into a collective and educate them to understand what their rights are as well as what avenues are available for them to make claims at any level. For Buhlungu (2010), what was key in the development of strong trade unions in South Africa was not only the ability to mobilise workers but also to educate and socialise workers to understand the cultures, procedures and structures of the union (Buhlungu, 2010) so that workers could begin to understand what their rights were, what claims could be made and to whom such claims could be channelled.

These are much more advanced stages of worker identity formation, which have not yet developed in Mozambique. As a result, Mozambican workers' responses to capitalist developments are still at the lowest of stages which, as Cohen (1980) has shown, tend to be in the form of individualised worker identity formation. With time, better understanding and more effort, they are able to develop into higher forms, which Cohen (1980) maintained are characterised by collective mobilisation in the form of trade unions, strikes and political organisations. This is a stage where workers would be well equipped to make the kind of claims Miller (2004) talked about.

According to Cohen (1980), individual responses of workers who faced enforced proletarianisation ranged from desertion, community withdrawal to target working. Under tight managerial control, workers' responses ranged from task and time bargaining, sabotage to creation of work culture. Some workers, Cohen (1980) argued, used psychological adjustments to cope, such as accidents, sickness, drug use, and belief in other worldly solutions. Other workers used theft for self-compensation in the face of differential rewards at the workplace (Cohen, 1980:138).

An important point to note therefore is that these individual responses are often fatalistic in the face of the employer and they hardly result in profound dispositions such as regional claim-making, which Miller (2004) identified in her study. To claim there is a 'regional imaginary' is assuming a forward looking and collective consciousness that has transcended national confines. This then becomes the third basis upon which Miller's (2004) study remains unhelpful here. To speak of regional claims, one needs to first demonstrate a developmental process of how workers respond to their localised day-to-day workplace experiences in the first

instance. One would then move on to delineate how such workplace experiences inform and change, if at all, workers' broad social conditions.

When these are put together, the analyst would show how they help workers to start seeing each other not as individuals but as a group of workers whose social lives and working conditions, as Katznelson and Zolberg (1986) argued, are shaped by a specific national history of capitalist development. It is the same national capitalist developments that shape workers' family patterns, cultural traditions, inherited practice, state policies and geo-politics (Katznelson and Zolberg, 2008). It is therefore argued here that the same national capitalist development will inform workers' dispositions for claim-making at a national level before they can be articulated at regional levels.

Gordon's (1977) study of workers' lives in a Namibian mine is a good example of this. He demonstrated how Namibian workers responded to the racially repressive labour relations constructed by South African capital in Namibian mines. He argued that despite facing very high costs of living in Namibia as compared to the costs of living in South Africa, Namibian mine workers were paid much lower wages than mine workers in South Africa. Workers' response to this and many other injustices was through a common understanding of their working lives as that of oppression. In their oppressive workplace, they constructed mechanisms of managing the uncertainty that was brought about by the oppressive system and the capriciousness of whites. These were in the form of creating two distinct social worlds, the one being a private cultural enclave for exclusive worker interaction which Gordon (1977) analysed under the rubric of 'brotherhood'. The other was a public and formal world in which black workers interacted with white workers under strict laws and rules.

With the concept of 'brotherhood', Gordon (1977) demonstrated how workers constructed a common identity and a collective consciousness where individuals were forced to identify with good brotherliness by keeping the whites outside their brotherly world. Similarly, in his ethnographic study of labour relations in the South African mine compounds, Moodie (1994) deployed Thompson's concept of 'moral economy' to explain how both managers and workers had come to accept certain ways of relating to one another as obligated by the moralistically binding management-informed contracts.

Moodie (1994) argued that the concept of moral economy ‘...is rooted within an intricate pattern of informal interactions amongst workers that both informs it and provides the collective power to enforce it...it describes the mutually acceptable rules of resistance within systems of domination and appropriation...’. He further argued that it sorts out those aspects of working life that dominant and subordinate groups could take for granted as inevitable from those which could be contested by workers, often with fierce outrage, or forbidden by management outright (Moodie, 1994:86, 97).

These studies give lessons to ethnographic researchers on labour relations in South and Southern African so that one can build from them to develop better and appropriate analytical tools to explain labour relations in, to paraphrase Bezuidenhout (2004), post-colonial workplace regimes in Southern Africa.

While Moodie (1994) mainly focused on gender identities and the significance of integrity in the formulation of such identities, he showed that despite restrictions and control mechanisms imposed by various institutionalised orders, workers were able to retrain their senses of identity and create a culture of commonality, derived from common interest to which workers were committed. Similarly, within economically, politically and even socially repressive institutional orders in which Mozambican workers find themselves, they have a propensity to create such cultural frames of reference through which they could begin to identify as they form common identities as workers. It is these cultural frames of identify formation that should inform analysis of workers’ disposition in post-colonial societies.

Moodie (1994) argued that such analysis requires an understanding that begins to see these cultural frames of identity as ‘...overlapping aggregations of beliefs and practices inscribed with implicit and explicit understandings about the exercise of power and situated within and dependent upon social networks and economic bases...’ (Moodie, 1994:21). This is why Cohen (1991) stressed the need for labour studies to widen the range of available resources beyond disciplinary confines. He advocated for the decomposition of older paradigms and recomposing new data into new paradigms. To do this, however, he urged that it is necessary to provide models of analysis within which the labour process and the pattern of worker responses can be organised (Cohen, 1991).

For Bourdieu (2004), examples of such analytical models are of a historical form. Bourdieu maintained that social scientists need to equip themselves with instruments of knowledge that will enable them to construct historical models. These models have to be capable of rigorously accounting for the multi-dimensionality and multi-functionality of economic practices, actions and institutions in the manner by which they present themselves to observation (Bourdieu, 2005). He posited that the social world is made up of accumulated history to which the notion of capital, understood as accumulated labour and all its effects, must be reintroduced. In other words, Bourdieu (2005) argued that one cannot account for the structure and functioning of the social world without reintroducing the concept of capital in all its forms: as economic, cultural and social. This discussion is pursued further in the next chapter, Chapter 5.

4.3. Conclusion

This chapter sets the tone for analysing employment relations by proposing a shift from the institutionalist orientation of current industrial relations orthodoxy which limits analyses of the employment relations to an institutionalisation of conflict and systems of rules governing the employment relationship. Instead, the adoption of the concept of labour relations, which encompasses every facet of the employment relationship including the field of industrial relations is better suited for the study at hand.

Industrial relations as a theoretical approach does not always cater for the interests of those workers whose terms of employment are not derived by the collective bargaining machinery and whose history of labour relations is based on a long tradition of labour coercion as is the case with African countries and specifically Mozambique. In studying labour relations in Mozambique, the intention extends beyond only analysing the institutional requirements demanded by the industrial relations systems to include those social aspects of the employment relationship which often do not get considered in industrial relations studies. These are for example, shared goals, value systems, cultures, trust and forms of meaning and understanding between workers as well as between workers and their managers.

At the same time, however, this chapter has also shown that lessons derived from an examination of the historical nature of the industrial relations system of both South Africa and Mozambique make a good starting point. It is a starting point for examining the impact that South African investments in Mozambique might have had on the nature of employment relations that are adopted at Banco Austral. Literature has demonstrated that in experiences of

much of post-apartheid South African workplaces, despite the changes in the labour relations policy framework facilitated by the democratic dispensation, the legacy of past employment practices, characterised by despotic and authoritarian managerial styles have continued well into the present.

A similar argument is made in the case of Mozambique where literature demonstrates that the history of labour relations in that country reflects elements of continuity of the legacies of the colonial period under Portuguese rule and of the socialist period in independent Mozambique. They are legacies which continue to inform and influence labour relations in the new market-economy in a democratic Mozambique continue. These legacies are manifested in the deficient systems and institutions, they are reflected in the poor compliance with legislation and lack of legislative reform. They are expressed in ineffective dispute resolution mechanisms and in the inability of structures to respond to the requirements of a fully-fledged market economy.

In such an environment, the private sector not only takes control of the production of goods and services but also determines the nature of employment relations. Power at enterprise level shifts away from labour towards capital and workers are left with very little say over the nature of employment relations that subsequently ensue. While this is the case, literature does reflect that workers are not completely powerless. The absence of effective institutional mechanisms for the regulation of the employment relationship does not amount to a complete state of powerlessness on the part of the workers as workers do engage in various forms of what Cohen (1980) calls 'covert or hidden' forms of resistance to preserve and protect their interests in the workplace.

CHAPTER 5:

TOWARDS A THEORETICAL FRAMEWORK: THE TEN THEORETICAL PROPOSITIONS ON STUDYING BANKING MULTINATIONAL CORPORATIONS

5.1. Introduction

The literature reviewed in Chapter 2 shows that analyses of the conduct and impact of multinational corporations cannot be explained by economic theories alone. There is a need to consider and integrate into analyses, the actual patterns of human relations through which economic transactions are carried out. Furthermore, and while MNCs act as powerful and often authoritative agents of change, it is important to recognise that they operate within the constraints of various social factors that remain influential to the business decision-making process of each firm in each geographic location.

Institutional theories discussed in Chapter 2 have illuminated the inadequacies of economic theories in analysing the conduct and impact of multinational firms. Through different theoretical approaches, institutionalists have shown that economic activity and by extension, organisational conduct, is deeply embedded in and constrained by non-economic institutions. Sadly, however, many contributions remain locked within the structuralist vs constructivist binaries between which social theorising has tended to oscillate. These binaries have also become the basis of the emergence of the structure-versus-agency debate that has preoccupied sociologists for decades.

For example, the perspective that emphasises structural objectivism tends to set aside the agency of actors as well as their representations of the social world and instead focus on social structures and institutions as frameworks for the regulation of social interaction. On the contrary, the perspective that emphasises constructivist subjectivism rejects the view of the social world as made up of objective structures that are independent of the consciences and will of actors because individuals are free and operate within an array of choices. Both these perspectives provide dialectically sound theoretical bases within which organisations can be studied.

However, for the examination of the impact that multinational firms have on the employment practices of their subsidiaries abroad, this chapter presents a theoretical framework that transcends these binary opposites and breaks the artificial subjectivist and objectivist theoretical barriers while preserving the theoretical fundamentals of each position. It is a

framework constructed from ten theoretical propositions which are inspired by a critical engagement with the work of French Sociologist, Pierre Bourdieu. Each of the propositions is discussed in the different sections that make up this chapter.

5.2. A Summary of the Ten Propositions

The first section lays the foundation for discussing the ten propositions by introducing Bourdieu, reviewing his work and outlining the adopted theoretical framework most useful for transcending the dilemma of theoretical binaries. The second section, which discusses Bourdieu and Historical Sociology, presents **the first proposition**, *historical consciousness*, as an important way of thinking and one that is key for social enquiry. This proposition highlights the role of history in social enquiry and emphasises that it must be ingrained in social research so that present situations can also be studied as products of historical processes.

The succeeding section, which discusses Bourdieu's conceptual triad of *capital*, *field* and *habitus*, presents the five propositions, from the second to the sixth. **The second proposition** highlights the agency or power that is inherent in social agents which is presented here as capital. It emphasises the need to recognise the employment relationship as made up of relations of interdependence in which there is a constant interplay of power and power relations.

The third and fourth propositions present the concept of habitus as an important tool for understanding how certain organisational-specific practices can shape and inform the conduct and thoughts of the agents inserted within it. It is also an important conceptual tool for explaining the social reality of agents as it presents itself to them. This means research must also endeavour to unravel those hidden social realities that continue to structure and direct the daily struggles agents within a specific field.

The fifth and sixth propositions suggests that organisations, like the bank under study, must be understood as positioning spaces of position in which as actors engage in economic actions, simultaneously produce social relations. Consequently, they must be examined as single units of analysis to not only describe its structure of production but to also explain the mechanisms that determine its functioning. **The seventh proposition** is nestled in the section that discusses the employment relationship and emphasises that a study of labour relations must deliberately shift from the notion of rules and systems of control aimed at containing and controlling conflict, as it is mostly the case in industrial relations studies. Instead, these studies must follow

a general Marxist theory that sees employment relations as consisting of a totality of social relations of production.

The discussion on multinational banks as global economic fields presents **the eighth proposition**. It shows the operations of banking multinational firms and the behaviour of its agents as manufactures of relations of domination and subordination. As illustrated in **the ninth proposition**, they use their economic power to impose their view of the world and their ways of doing things in ways that subordinate and present alternative views as inferior and therefore outdated. This means when positioned in foreign countries, they are bound to impose their employment practices without being open to alternative local practices.

In the **tenth proposition**, it is argued that labour and labour relations must be understood in their two-fold truth, the subjective and objective truths as argued in Bourdieu (1996c). Analysis must reintegrate the subjective truth of labour so as to show that in certain exceptional labour situations the investments that workers make in their work can function to not only conceal the exploitation inherent in their work but can also lead workers to participate in their own exploitation (Bourdieu, 1996c).

5.3. Economic Practices and Social Analysis: Introducing Pierre Bourdieu

As a sociologist, Bourdieu produced a special type of sociology, a study of society that is both theoretical and deeply anchored in empirical research without the limits of disciplinary boundaries or prescripts of theoretical orthodoxy. He conceived of sociology as an art of social enquiry and analysis, a *Martial Art* (Bourdieu, 2010; Calhoun, 2006) or a *Combat Sport* (Burawoy, 2012) aimed at laying bare the large-scale changes that societies undergo as well as the daily struggles and solidarities of individuals.

Trained as a philosopher who tackled anthropological issues through historically oriented analyses of society, Bourdieu produced a sociology of economic practice which begins by viewing the economic as an integral part of the social. Bourdieu's social research covered a wide wage of topics from politics, art, religion, media to law, all of which constituted significant contribution to knowledge. His widely-known publications include *Distinction* (1984), *Homo Academicus* (1988), *The Logic of Practice* (1990), *The State Nobility* (1996c), *The Weight of the World* (1999), *Pascalian Meditations* (2000c), amongst many others, as well as *The Social Structures of the Economy* (2005) from which this framework is primarily crafted.

Bourdieu's sociology, Wacquant maintained (2006), is informed by a philosophy of science drawn from the distinguished works of the French school of 'historical epistemology', which has its roots in the French intellectual tradition. The French intellectual tradition has a long history from which the great enlightenment thinkers emerged and its intellectual tradition of more than 250 years is a particularly rich one. Grenfell (2008) maintained that it is an intellectual history that provided a bedrock for all subsequent European thought with its key philosophers and men of letters. It had a 'thing' of radical reformist orientation and by great thinkers like Montesquieu, Tocqueville, Voltaire and Rousseau.

To briefly digress from Bourdieu, Gabriel (2011) posited that it was indeed the very same intellectual tradition of the French that later inspired the young Karl Marx, upon his arrival in Paris in 1843, to abandon the German-characteristic intellectualism that confined intellectuals only to the loftiest realms of philosophy. In Paris, Marx worked at embracing a tradition of philosophy and theorising that prioritised the unveiling of theoretical dogma to expose material truth (Gabriel, 2011). Intellectuals had a duty to be involved in current affairs and to engage in political, social and economic matters without assuming an ivory tower position.

The French intellectual tradition gave Paris world fame and produced even more famous scholars. In 1843 for example, argued Gabriel (2011), Paris became the main destination for politicised Germans, Russians, Polish, Hungarian and Italian reformers who all mingled with painters, poets, novelists, composers, and philosophers who had begun to celebrate the real rather than the ideal in their works. They laboured to not only theorise about the social world but also to change it. The Paris of that time was, as Gabriel argued, a reformer's paradise, a Paris of King Louis-Philippe and a magnet for radicals from every social stratum throughout Europe (Gabriel, 2011:51).

Bourdieu emerged from this intellectual tradition, which served as the foundation for the development of his intellectual career. In addition, Grenfell (2008) argued that Bourdieu drew heavily from the key 'founding fathers' of sociology, Marx, Weber and Durkheim, both during his formative years as well as an established scholar. Grenfell (2008) maintained that Bourdieu also found great intellectual inspiration during his formative years from key intellectual figures of that time, including Jean Paul Sartre and Clause Lévi-Strauss. Other great influences on Bourdieu were his contemporaries, such as Maurice Merleau-Ponty, Michel Foucault and Jacques Derrida, amongst others (Grenfell, 2008).

As can be seen, the late 19th century was a critical time in France and it also explains the organic relationship between the Marxist intellectual tradition and the French intellectual tradition, which the work of Pierre Bourdieu has come to symbolise in the 21st Century. It is a tradition of philosophical science that has enabled Bourdieu to produce a sociology that provides comprehensive theorising of the social conditions within which social beings are immersed.

Bourdieu was determined to engage the work of great thinkers through intellectual dialogue as opposed to slavish analysis that has become of many Marxists whom, Bourdieu (1985) argued, are intent on producing a Marxism revamped for modern taste to a point that it becomes more Marxist than Marx himself (Bourdieu, 1985). Bourdieu's work remained committed to thinking Marx against Marx, or Weber against Weber if it was necessary, for as long as the purpose was to produce an epistemology that was a realistic third way, thereby reinstating the philosophy of great thinkers without the political rhetoric and/or ideological propaganda (Grenfell, 2008).

Bourdieu rejected what he called 'armchair Marxism', a reproduction of Marxism as an ideology in one instance, or a religion in another, instead of theoretical engagement that is backed by empirical evidence (Bourdieu, 2010). By outlining the intellectual influences that informed the work of Bourdieu, one can appreciate his commitment to an approach of social enquiry that is just as committed to theoretical knowledge as it is to practical knowledge. It is an approach that makes of social analysis, particularly analysis of economic practices, as much a business of historians, anthropologists, sociologists as it is of philosophers and scholars of political science alike. This is a position that is reflected in Bourdieu's style of enquiry which is robust, rigorous and as already stated, straddles multiple disciplines that draw from multiple theoretical and methodological foundations.

Bourdieu's methodological approach to research is one that allows the research question at hand to dictate the best suited methods of enquiry rather than being restrained by theoretical and methodological orthodoxy. With this approach, Wacquant (2006) argued, Bourdieu was able to present a sociology that is critical of inherited categories, that rejects theoretical conformity and challenges accepted ways of thinking because they often conceal the extent to which established patterns of power and privilege as well as the politics that supports them dedicate thought processes (Wacquant, 2006).

5.3. Bourdieu and Historical Sociology

A sociology that is grounded within historical analysis helps us to understand that analyses of social phenomena cannot be informed by frames of thinking that do not take into account the significance of the social order in its entirety, argued Bourdieu (2005). Studies of economic practices, in particular, need to be grounded in historical concepts as opposed to the universal concepts that economists employ. They should be understood as a product of actions and practices that are socially rooted in not only historical institutions but also within the dispositions of the economic agents themselves.

For Bourdieu (2005:5), this is because that which is conceived of as purely economic action or practice by economists, is also a ‘...paradoxical product of a long collective history, endlessly reproduced in individual histories, which can be fully accounted for only by historical analysis...’

Historical analysis is taken seriously in this thesis, mainly because, as Bourdieu (2005) argued, it constitutes an important analytical tool and marks a clean break with theoretical formulations that have been developed by social scientists, particularly economists, to account for the practices of others outside of their individual experiences and collective histories. An historically contextualised analysis not only exposes the inadequacy of theories which see economic action as mere outcomes of logical reasoning, but it also shows that all actions, particularly economic action, are a direct outcome of experiences that form both individual and collective histories.

An appreciation of individual experiences that make for collective histories is also reflected in Burawoy’s (2012) argument that Bourdieu’s work follows a rich research agenda that is informed by constant empirical reference and a theorising that is deeply engaged with lived experiences of the people being studied (Burawoy, 2012). This is a tradition that is most useful in understanding economic action because it helps to reveal that economic action is very much like any other social action and that it cannot simply be informed by rational reasoning alone as prescribed by neoclassical economists.

Of course, such thinking is not new in social sciences; in fact, this argument was already made more than 250 years ago by French Philosopher, Jean-Jacques Rousseau, who wrote that ‘...of all sciences, the most useful one, is one that begins with mankind...’ (Rousseau, 1762:168). Rousseau cautioned scientists more than two centuries ago, that for as long as studies failed to focus on mankind, irrespective of how many discoveries are made about social life, they

deprive science of the means of making the most important discovery of all, that of mankind and the origins of the conditions within which mankind exists.

Rousseau (1762) maintained that seeking to understand the consequences of the conduct of human beings requires studies to start at the beginning, by knowing people as social beings, understanding the dispositions and the resources available to them as well as the circumstances that mould their condition. This, Rousseau (1762) argued, is the first principle of social science: it enables one to tap into the historical foundations of societies under study so as to build conditional and hypothetical reasoning calculated to explain the nature of things and the conditions surrounding the existence of human beings (Rousseau, 1762).

Bourdieu (2005) built on this thinking and through his conceptual triad, he showed that individuals are both social and collective beings who possess a socialised subjectivity, a habitus that is every individual's innermost being and which forms part and parcel of the broader process of historical socialisation. This history is inherently inscribed in both social and cognitive structures of actors; it informs the practical patterns of thinking, perception and action. Analysing employment relations, therefore, requires a comprehension of the field in which actors are inserted, its history and the positions that actors occupy within that field including the different opportunities and resources available to them.

This is an important starting point because, Bourdieu (2005) argued, the workplace, like every economic field, is a space of positions located within specific historical processes of differentiation and autonomisation that form part of the agents' dispositions and expectations, or lack thereof (Bourdieu, 2005). The decisions that employers make, much as they are considered business or economic decisions, are very much bounded by socially structured and historically determined forces in the same way that they are informed by the reasoning, propensities, habits and interests of agents (Bourdieu, 2005).

To understand these forces, as most succinctly put by George Cole (1762) in his introduction to Rousseau's *Social Contract*, requires one to have *historical imagination*. Cole (1762) contended that to analyse economic action requires researchers to use historical imagination as the very first necessity. Cole (1762) defined historical imagination as an innate manner of thinking that allows one to reconstruct knowledge through visiting past ideas and reconceptualising the history to explain the present. It is a bringing together of theoretical ideas and historical social structures, systems and processes to explain contemporary human behaviour within its present-day context (Cole, 1762).

These were ideas that preceded C. Wright Mills' *Sociological Imagination*. Mills himself once argued that 'Every social science - or better, every well considered social study - requires a historical scope of conception and a full use of historical materials...' (Mills quoted in Skocpol, 1984:1). While the principles of Cole's *historical imagination* and those of Mills' *sociological imagination* are significant conceptual tools, ***the first theoretical proposition*** in this thesis is that, for a more complete sociological analysis, there is also a need for the cultivation of a *historical consciousness* as a necessary realisation that the present itself needs to be studied and comprehended as history (Magubane, 2010).

It is an emphasis on a historical awareness that must be deeply embedded in analysis of social phenomena, an understanding of the significance and role of history that transcends mere knowledge or the act of knowing and extends to a cognitive orientation that lifts history as a necessary tool for understanding the past, making sense of the present and predicting the future. As Seixas (2004) contended, historical consciousness is a refinement of the specific operation of the mind, an aptitude that allows the researcher to think back and forth in time to capture historical moments not as mere historical events but as substances of life that are loaded with human-given meanings of the social world in its entirety (Seixas, 2004).

Equally, Bourdieu (2005) saw history as an integral part of social analyses of economic practices. He contended that social scientists need to go one step further and weave into analysis the conceptual triad of *Capital*, *Field* and *Habitus* to reflect the historical, cultural, political and institutional side of economic practices. In this conceptual triad, Bourdieu (2005) showed that beneath the multitude and diverse sets of economic practices being carried out, there is a whole world of different but specific logics governing such practices. These logics, Bourdieu (2005) maintained, are not independent of the logic of the overall social relations within which economic practices are immersed. They must be captured and explained explicitly through a conceptual triad of field, capital and habitus for them to add any valuable contribution to knowledge.

In this thesis, Bourdieu's conceptual triad is used to understand the nature and composition of practices of not just local firms but of multinational firms as well. It is specifically applied in relation to the practices that take place within a South African banking multinational in Mozambique as well as how these practices inform and shape employment relations and relations between agents within the firm.

5.4. Bourdieu's Conceptualisation of Capital, Field and Habitus

While analysis in this thesis is informed by this conceptual triad, it is by no means an attempt to sequentially and precisely follow the formula as Bourdieu suggested. Rather the approach that is used here in engaging with Bourdieu's work is one that Burawoy (2010) proposed. Burawoy pointed out that engaging the work of Pierre Bourdieu is a foolhardy task, mainly because his sociology is hard to follow, precisely because Bourdieu himself enjoys making it difficult to follow. Burawoy therefore suggested that the best way of approaching Bourdieu's ideas is a circuitous one, mainly because a direct approach is simply impossible (Burawoy, 2010).

Nonetheless, the originality of Bourdieu's sociology makes it worth meandering about his ideas. The approach adopted here is a back-and-forth one that gets taken around circuitously by Bourdieu's ideas. In this roundabout way which, as Wacquant (2006) argued, looks dispersed and daunting, if not intractable, Bourdieu does transport the reader to an understanding that economic actions of firms need to be understood as consequences of historically and socially constituted economic dispositions of agents.

5.4.1. Capital

On *capital*, Bourdieu (2005) posited that the nature of firms and the conditions within which they exist are informed and structured by the relations of force between agents. This means the choice of strategies and the subsequent conduct of firms can be explained by the nature of these relations of force. However, these relations cannot be reduced to their purely economic or technical dimension and this is why it is important to reintroduce into analysis the notion of capital, in all its objectified and embodied forms (Bourdieu, 1986).

In defining the concept of *capital*, Bourdieu (1986) simply referred to it as accumulated labour. Whether in its objective or embodied form, Bourdieu (1986) contended that capital is a force inscribed in the objectivity of things. It is a set of actually usable resources and powers and though it takes time to accumulate, it has capacity to reproduce itself either in its identical form or in its expanded form. It has capacity to persistently or unyieldingly produce and reproduce either advantage, profits or rewards. It does so in such a way that it converts into not only means of determining the place of agents within a field but also into means of setting the terrain and position of agents within the struggles of power in particular fields (Bourdieu, 1986).

For Bourdieu (1986), capital can present itself in three different forms: economic, social and cultural capital, depending on the field in which it functions as well as at the cost of the transformation necessary for it to be present (Bourdieu, 1986). Bourdieu (1986) argued that, in its totality, capital is a social relation, an energy which only exists and only produces its effects in the field in which it is produced and reproduced. It acts as potential capacity to produce profits and to reproduce itself either in its identical or expanded form. Bourdieu (1986:2) argued that capital contains a tendency to persist in its being ‘...a force inscribed in the objectivity of things so that everything is not equally possible or impossible...’

In addition, Bourdieu (1986) contended that the structure of the distribution of the different forms of capital in society represents the immanent structure of the social world. This is because the overall volume of capital serves as one of the primary forces of differentiation and hierarchisation. It distinguishes between conditions of existence while simultaneously concealing other forms of difference. In other words, through capital, the separation of people into class factions can be effected while being hidden from both common awareness and scientific knowledge (Bourdieu, 1984:109). This is why Bourdieu (1986) contended that it is virtually impossible to account for the structure and function of the social world unless one reintroduces the concept of capital in all its form and not solely in the form recognised by economic theory.

The position taken in this thesis, as informed by this framework, is that an understanding of the workings of the bank under study and the extent to which its operations impact on the employment relations of its subsidiary in Mozambique requires an exploration of the different power relations at play. This means analysis begins by understanding that every bank employee, including line managers and executive directors, is neither too powerful nor powerless.

This brings us to the *second theoretical proposition* of this thesis. Instead of looking at the actors within the employment relationship with the binary opposites of either passive and helpless or powerful and in control, Bourdieu’s (1986) concept of capital helps us understand that both parties to the employment relationship possess different kinds of power or capital which comes in different volumes with different capabilities. Integrating the concept of capital in analyses of employment relations helps reveal the not always obvious fact, that there is no such thing as powerless actors. The form and volume of capital that each actor possesses acts as a certain form of resource, an advantage or source of influence that can be used to direct the

nature of social relationships within a firm. This means the form and content of the bank's employment relations will be formed and shaped by how each one of the actors is able to draw from the different forms of capital in their possession.

Of the three forms of capital, Bourdieu (1986) contended that economic capital is the kind that is immediately and directly convertible into money. It is at the root of all other types of capital and it may be institutionalised in the property of rights and has a liquidity that gives immediate economic power to its possessor. Economic capital, Bourdieu (1986) maintained, favours immediate transmission over the establishment of long-lasting dynasties and is the one form of capital that is able to give immediate access to certain goods and services without secondary transmission.

Nevertheless, Bourdieu (1986) did argue that while it may be easy to make use of economic capital, when it has to be converted into other forms it does pose quite different challenges of transmission. For example, economic capital can be converted into cultural capital as reflected in cultural goods such as educational qualifications. However, once converted, cultural goods cannot be entirely reducible to their original form, which is economic capital. Cultural goods will, instead, only produce their own specific effects and they do so only to the extent that they can conceal the fact that economic capital is at their root.

Put differently, even though economic capital is easily transformed into physical material wealth or money and while it may be easy to transform this money into cultural goods such as pay for a good education, once acquired, these cultural goods, produce completely different sets of effects to the mere possession of money. The effects of having a good education are often very much a cultural affair and one that is quite removed from mere possession of wealth and can in fact never be transformed back into money. While they may facilitate the generation of money, as mere goods, they are non-transferable (Bourdieu, 1986).

Unlike economic capital, which grants the possessor immediate gratification, Bourdieu (1986) contended that the rewards of the presence of cultural capital take longer to be felt as it is a form of capital that presupposes a process of socialisation. Cultural capital exists in three forms: in its objectified, embodied and institutionalised forms. The embodiment of cultural capital is in the form of long-lasting dispositions of the mind and body or what is also referred to as culture. It is cultural because it involves a form of assimilation wherein the external social world is converted into the internal and cognitive part of the person or what Bourdieu (1986) called, *the habitus*. In its objectified form, cultural capital is reflected in material objects or in

cultural goods such as books or other forms of writing, art, monuments, etc., which are materially transmissible and as guaranteed by a legal recognition of ownership.

Cultural goods constitute quite a distinct form of capital because, as Bourdieu (1986) argued, they can be appropriated both materially and symbolically. For example, where the acquisition of machinery and equipment within a firm requires only the presence of economic capital, the appropriation and utilisation of such machinery or equipment requires the services of those in possession of cultural capital in its embodied form, as in the form of scientific and or technical knowledge (Bourdieu, 1986). This is the form of capital that is both materially and symbolically active and only effective in so far as it is appropriated by agents and then implemented or invested either as a stake or a weapon in the struggles which go on in the field of cultural production as well as in the field of social classes (1986).

In its institutionalised form, Bourdieu (1986) argued that cultural capital confers a guarantee that is independent of the person or its bearer. It becomes a legal guarantee sanctioned mainly in legally verifiable documents such as scholarly or academic qualifications. These become certificates of cultural competence of some kind which confer on their holder a conventional, constant and legally guaranteed value in respect of that particular culture, thereby securing belief in competence and actually imposing recognition of competence whether in reality it is there or not (Bourdieu, 1984 and 1986).

The third form of capital is social capital. This concept was coined by Bourdieu during one of his earlier ethnographic works in Kabylia to 'account for the residual differences, linked, broadly speaking, to the resources which can be brought together *per procurationem* through network of 'relations' of various sizes and differing density...' (Bourdieu, 2005:2). Bourdieu (2005) did admit that the concept of social capital has over the years come to be associated with James Coleman. However, Bourdieu cautioned against understanding James Coleman's conceptualisation of social capital as bearing the same theoretical principles as his, mainly because Coleman's social capital does not carry the theoretical principles grounded within the scholarship of French sociology which informs Bourdieu's thinking (Bourdieu, 2005).

In the Bourdieusian sense, the concept of social capital denotes social obligations or connections that are convertible under certain conditions into economic capital. This is because being part of a particular social group may bring certain rewards that are economic in kind. Social capital may also be institutionalised in the form of a title of nobility and over time may even grant the possessor the right of passage to the acquisition of cultural capital. Being part

of a trade union is an example of being part of a durable network of institutionalised relationships of mutual interests though they may also be of mutual acquaintance and recognition with potential to bear economic capital (Bourdieu, 1986).

The volume of the social capital possessed by a given agent depends on the size of the network of connections which that agent can effectively mobilise, the magnitude of the influence of that network as well as the volume of other capital that an agent possesses in his own right. This network of relationships, Bourdieu (1986) argued, is itself a product of investments both individual and collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term (Bourdieu, 1986).

5.4.2. Habitus

On *habitus*, Bourdieu (2005) maintained that because firms tend to act as shapers of conduct, perception and thought, which over time become accepted ways of doing things, it is important to apply the concept of habitus to an analysis of firms. This is particularly so because individual practices of the agents inserted within the field of firms increasingly become attached to the function and organisation of the firm.

By inserting the concept of habitus into their analysis, researchers would be able to explain those processes linked to the conduct of firms and show how they shape and inform the conduct and thoughts of agents within each firm. This, Bourdieu (2005) argued, will enable the rediscovery of the kernel of truth lodged in the institution of the systematic nature of life styles and of the whole set of which they constitute. The notion of *habitus* has accordingly inspired ***the third theoretical proposition*** which holds that each agent's view of the firm, the organisation of work, including the specific labour processes and the division of labour within the firm will be informed by the position that each agent occupies within the hierarchical structure of the firm. This is because the point of view of each agent is constantly shaped and reshaped by the social forces at play, depending on what social position each agent occupies within the larger scheme of things.

The shortest and most concise definition of *habitus* is that of 'structuring structures' explained as socially structured and internalised cognitive structures through which agents apprehend the social world. Bourdieu (2005) argued that the *habitus* is both a system of practice production and a scheme of perception and appreciation. As schemes of perception and thought, *habitus* denotes a comprehension of social reality, its meaning and relevance of its structures to those

agents who live, think and act within them. The schemes of perception and thought also produce practice because agents engage in those practices that make sense to them (Bourdieu, 1989). Through practice-production, *habitus* also becomes a system of classification, the classificatory schemes of which get internalised by agents and generate principles of positions that get reflected in lifestyle characteristics. In short, the *habitus* is primarily constitutive of the thought objects of agents which motivate and determine action (Bourdieu, 1989). In this way, Bourdieu argued, agents have a good sense of what is possible and that which is not; it enables them to calculate risks and advantages. To use his words: ‘It implies a sense of one’s place ... but also a sense of the place of others’ (Bourdieu, 1989:19).

This brings us to ***the fourth theoretical proposition***, that to understand and explain the social reality of agents as it presents itself within the firm as well as unravel those hidden realities constitutive of the agent’s social life, research must also examine the *habitus* of agents. It must explore the nature and extent of agents’ thought processes which construct the structures of society through which conduct is either enabled or constrained. This is a thinking which Bourdieu (1989) also finds important as he argues that the *habitus* allows researchers to lay bare those structures that remain invisible to ordinary observation but continue to shape and direct the daily struggles of both individual and collective agents within all fields (Bourdieu, 1989).

5.4.3. Field

With respect to *field*, Bourdieu (2005) contended that an examination of the practices of firms should never be outside the historical and social context of the *field* as a unit of analysis. This is because the structure of each of the different fields presents agents with a number of constraints and chances of success which in turn, as argued above, depend on the distribution, volume and composition of capital within that field as well as the types and volume of capital possessed by individual agents (Bourdieu, 2005).

In defining the concept of *field*, Bourdieu maintained that it is a structured, multi-dimensional social space of positions, which imposes its specific determinations upon all the agents who enter it (Wacquant, 2006). The concept of field was coined by Bourdieu to explain the highly differentiated social spaces within which people in advanced societies find themselves as they negotiate the multifaceted spheres of life. The field is a space where ‘every actual position can be defined in terms of multi-dimensional system of coordinates whose values correspond to the values of the different pertinent variables. Agents are therefore distributed within this space

according to the volume of the capital they possess in the first dimension and according to the composition of their capital in the second dimension...’ (Bourdieu, 1985:197).

The field therefore, according to Everett (2002) and Wacquant (2006), is a relational, dynamic and distinct social microcosm that is endowed with its own rules, regularities and forms of authority. It is ever-changing in accordance with the summoning and distribution of power that informs it. In his study of *The Social Structures of the Economy*, Bourdieu (2005) identified the *economic field* as the most important of all fields because it is most influential and often determines conduct and thought. He described the economic field as constituted of firms in various sectors of the market which engage in symbolic struggles to determine the course and direction of the market (Bourdieu, 2005). In these struggles, the large and often multinational firms are the powerful and most dominant firms who use their power to dictate the terms of engagement for the rest of the firms participating in those fields (Bourdieu, 2005).

The key actors in all firms, Bourdieu (2005) argued, are the owners and managers, but ultimately every agent that is inserted into each field becomes an important actor depending on the amount of capital he/she is able to secure within the field. The issue of capital is as important as the issue of dispositions - dispositions of agents - which, Bourdieu (2005) contended, is the most crucial aspect in understanding who and how the direction and strategy of each firm gets decided upon.

Most important in Bourdieu’s (2005) definition of the economic field was its role - as a form of social construction - in determining the nature of social relations that take place within it. He argued that as a socially constructed field within which power struggles of various firms take place, the economic field is also a space of positions within which economic and social relations are produced (Bourdieu, 2005). This marks *the fifth theoretical proposition* of this thesis where the firm under study is also understood as an important space of position in which actors, as they engage in economic action, simultaneously produce social relations.

As a space of positions, the firm is also a site of power struggles for all agents distributed within it. Each of these agents possess different resources and capabilities, or various forms and weights of capital which they use to confront each other in an attempt to either transform or preserve the structure of the field and its prevailing relations of force (Bourdieu, 2005). This is why Bourdieu (2005) maintained that analysis has to shift away from the focus of the field of firms as a single unit of analysis and be redirected to each of the firms taken individually to

enable not only a description of the structure of the field of production, but also to provide explanations of the mechanisms that determine its functioning.

This, Bourdieu (2005) contended, will enable the researcher to capture, in analysis, the social conditions of the production process of each firm as a dynamic field as well as the structure of the distribution of economic dispositions. It is this shift in approach that marks *the sixth theoretical proposition* and according to Bourdieu (2005), it enables a much more precise and rigorous account of the practices of multinational firms and lays bare the historical properties within which economic actions and the products of such actions are embedded.

Similarly, this study focuses on a single subsidiary of a multinational firm and analyses the nature of employment practices in that subsidiary to understand the extent to which they are either a product of the parent firm, are distinctly local or whether practices exhibit some form of hybridised host country and parent firm practices. The intention is not to generalise the findings to other subsidiaries of the same multinational firm, but rather to provide a richer and deeper analysis of employment practices within a specific field as informed by the structure of relations of force within that firm

5.5. The Employment Relationship

The direction of every firm, in terms of choices and strategies, is informed by two specific things; the structure of the field of economic production within which it operates and the structure of its internal divisions. Within its internal divisions are agents who are distributed to perform different tasks and who, as social beings, are constantly engaged in struggles to construct and reconstruct the internal structure of the firm. These struggles are aimed at influencing the direction of the firm in a manner that represents their specific interests.

These interests are direct products of earlier histories: they are shaped by the individual experiences of agents and by their view of the social world, which continues to orient present interests. This is what Bourdieu (2005) referred to as the historically constituted cognitive structures of social agents, capable of being applied to social structures to satisfy drives, desires and needs. Since different agents occupy different positions within the internal organisational structure of the firm, their interests will vary and at times come into conflict as agents strive to win or retain a degree of power, no matter how little, to influence the strategies and direction of the firm. It is these relations of power that also characterise the nature of the employment relationship that ensues, hence it is important to focus on the historical and dynamic character of the employment relationship.

Unlike much of the traditional industrial relations analyses in which the significance of the historical context often gets attenuated by an almost exclusive focus on the institutionalisation of the employment relationship, this study also pays specific attention to the employment relations as made of not only institutions but also of real people and the conditions they face as workers. We have now arrived at *the seventh theoretical proposition*, that a study of employment relations must deliberately shift from the focus of rules and systems of control aimed at containing and controlling conflict and instead follow a general Marxist theory that sees employment relations as consisting of a totality of social relations of production. This proposition places workers at the centre of analysis as active agents in the employment relationship as opposed to a mechanical industrial relations orthodoxy that focuses on employers' associations, trade union federations and government departments.

This is the same idea argued by Hyman (1975), that economic activity, as an aspect of social life, together with its organisation in society, can never be studied in isolation of the social relationships that are part of that system. As argued in Chapter 4 of this thesis, Hyman (1975) emphasised the fact that agents do not simply engage in economic practices as part of merely exercising their choices; instead, they do so under circumstances directed and transmitted by their previous encounters, their history.

Unlike most Marxist theories of capital and labour struggles, which tend to ignore the role of cognitive structures as historically constituted *structuring structures* or habits that impinge on the employment relationship, this study deliberately locates struggles in an employment relationship within their historical milieus. It also goes further and shows that the nature of struggles in an employment relationship are not only of an economic nature in pursuit of economic power but are also of a cultural nature in pursuit of symbolic power, specifically the production and appropriation of symbolic goods.

The employment relationship therefore, must be seen to be made up of power struggles that are economic, cultural as well as symbolic in nature. When the issue of symbolic power is added into the analysis of the employment relationship, one is able to appreciate that even such things as mere communication between agents at the point of production can become channels of domination when expressed in the language of obligation (Bourdieu, 2000c).

When the communicator uses a language of obligation, creating a reaction of obligation that obliges the other to feel or act in certain ways, communication automatically becomes a legitimate force of domination. To emphasise, the act of domination is not a one way process.

Bourdieu (2000c:198) argued ‘...symbolic power relations, are power relations that are set up and perpetuated through recognition and knowledge. So for symbolic domination to be set up, the dominated have to share with the dominant, the schemes of perception and appreciation through which they are perceived by them and through which they perceive them’.

5.5.1. The Global Economic Field of Banking Multinational Firms

Bourdieu does not specifically deal with the question of labour or the subject of employment relations, let alone the employment relations of multinational firms. He does, however, deal with multinational firms as part of a specific global economic field in his most recent work, *The Social Structures of the Economy* (2005). In this book, right at the end, covered in just a few pages of the book’s postscript, Bourdieu (2005:223-232) presented the global economic field of multinational firms as a particularly ferocious and structuring field of positions compared to all other fields.

The Social Structures of the Economy is a particularly sophisticated analysis of the economy, which starkly differs from and challenges neoclassical economists in very important and innovative ways (Bourdieu, 2005). Bourdieu produced a solid sociological analysis of the conduct of firms which, he emphasised, should be understood as made up of not only economic actions but also of often hidden structures of forms of life, of those involved in economic practices of firms as well as of the symbolic space that exists and gets marked out by a whole set of these structured practices (Bourdieu, 2005).

Bourdieu (2005) maintained that the global economic field, in which multinational firms are actors, has historically been presented as a process of economic unification that involves an expansion of the economic field to all corners of the globe. While it has been presented as a homogenisation of economies under the guise of the process of globalisation, Bourdieu (2005) showed that, on the contrary, there was nothing homogenising about this kind of field because by its very nature it is a highly-polarised field.

In reality, Bourdieu (2005) argued, the global economic field of multinational firms is but a concentration of power that is not only economic but explicitly political. It is an integration of economies by multinational firms interested not only in extending their control and conquering territories for economic expansion, but also in manipulating the control of the state through institutions and legislative mechanism.

For Bourdieu (2005, 1996c), multinational firms, through monetary unification and monetary exchanges that ensue, pitch all social agents into an economic game for which they are not equally prepared and equipped. Agents are subjected to modes of production and norms of efficient productive forces for which they are both economically and culturally unequipped. So, when one speaks of an integration of economies or processes of globalisation, Bourdieu (2005) argued that reference is actually being made to multinational firms that try to unify economies, institutions and systems of unequally developed nations into a single unit, something that is often accompanied by a fall in wages and deteriorating working conditions.

As part of the global economic field, multinational firms hold a degree of power or possess forms and volumes of capital that accord them the autonomy and dominance to impose their will on those who enter the field. The allocation and distribution of their power is multi-level, happening internally as a single firm, as part of firms within their sector and as part of the different sectors within the field of multinational firms. Direct investment abroad, Bourdieu (1996c) maintained, makes it possible to exploit the differences between nations or regions in terms of capital and labour costs. It weakens all regional and national powers leaving citizens and workers powerless. It is the logic of the field and the intrinsic force of concentration of capital that impose relations of force favourable to the interests of the dominant.

Bourdieu (2005) contended that within the global economic field of multinational firms, there is no other sector which exerts its power as completely and as efficiently as the financial sector. According to Bourdieu (2005), banking multinationals, in particular, always operate at a much more advantageous position within the global economic field because they possess forms of capital other than economic, political and cultural. They are the rule-makers of trade relations, have the control of financial knowledge and information of other industries, which they use in most cases to dictate the terms of engagement

Of all the sectors within the global economic field, Bourdieu (1996c) argued that the financial sector plays a bigger role in fostering the formation of the global economic field because its function and productivity is always increased by innovation in technology and communication as a significant means of eliminating the time differentials that separate the various national markets thereby enabling a much more effective penetration of markets in real time and subjecting local firms to a stark confrontation by these more powerful multinational firms.

Bourdieu (1996c) argued that the transformations that have taken place in the field of power within the economic field have worked to strengthen the positions of companies engaged in financial services. The manner in which the structure of the economy has reformed tilted in favour of financial capital while industrial capital increasingly lost their financial autonomy and control, particularly with respect to large global banking groups. Giant banking firms are able to manage and control entire branches of industry without even being their exclusive owners because of their ability to concentrate capital and savings in new and innovative ways that enable them to impose their vision, strategy and expectation on other industrial firms

For Bourdieu, it is within the financial field that all the other subfields or subsectors are subordinated because the concentration of money effected by the big investors gives the financial field a force of autonomy that is solely controlled by bankers thereby freeing financial institutions from the control of national institutions that regulate financial cooperation in their countries (Bourdieu, 1996c). The free reign of multinationals and banking multinationals in particular, according to Bourdieu (1996c), is an autonomy that extends even to the trans-state managers of these financial multinationals as they have more power and liberty to impose on local firms the parent firm's ways of doing things under the guise of shareholder interests and demands of financial profitability.

In a world where informational capital is power, Bourdieu (1996c) argued that banks are able, through the enormous economic capital they possess, to concentrate their informational capital, combine it with scientific knowledge, economic experience and rationally direct economic strategy in ways that dominate the industrial sectors. To illustrate this point, Bourdieu used a quote by Jacques de Fouchier:

‘A corporate bank is almost a cybernetic ensemble, able to collect and analyse the greatest possible amount of information and take full advantage of it: information on the general economy, not merely on a national level, but on a worldwide level; information on conditions of investment in the short term, medium and long term in each industrial sector; information on individual businesses; information on people, ideas and technology’ (de Fouchier, 1971 cited in Bourdieu, 1996c:368).

Bourdieu (1996c) added that banks use what he called *brain thrusts*, or privileged access to information, to mobilise a concentration of cultural capital, mainly embodied in informational capital, to generate the economic capital necessary for the domination of other industries. Through the connections that corporate banks are able to establish and maintain, they are able to make symbolic investments ‘...in the gentlest, most obstructive, least visible, yet most

economical ways imaginable and come to control, for example, the management or even the directors of other industries' (Bourdieu, 1996c:368).

By using their total asset structure as the basis of its power, Bourdieu (2005) argued that these multinational giants are able to directly impose their avant-garde business ethos, giving priority to management questions and interpreting a company's future from a financial and accounting point of view. They are also able to do this from a national point of view as parent firms, their countries occupy a space of both economic and political dominance within the global and regional spaces (Bourdieu, 2005). With national capital, firms are able to exert their power and dominance in ways that also extend to management techniques used by the financial sector to other sectors within the same nation as well as outside national borders (Bourdieu, 2005).

Through this argument, *the eighth theoretical proposition* of this thesis is constructed to argue that the operations of banking multinational firms are characterised by relations of domination and subordination, which are most likely impinge on the social, cultural and institutional dynamics of each specific firm thereby informing the nature of employment relations that ensue.

To illustrate, Bourdieu (1996c) informed us that strategies and direction of multinational executives, even when operating in subsidiaries outside national borders, are always informed by the 'centre' or the headquarters located in the mother country. These executives, already equipped with national capital, tend to impose their nationally-grown management techniques on local workers in host countries, thereby subjecting local workers to foreign corporate strategies in their own countries and having to learn production techniques that are often more technologically advanced as well as working under more efficient forces of production (Bourdieu 1996c).

In cases where a multinational firm's investment abroad is not as a result of green venture investments and its presence abroad is through a merger and acquisition process. For example, Bourdieu (1996c) argued that the absorbed local firm that gets turned into a subsidiary becomes the centre of intense competition between the local workers and those of the parent firm. This tension, Bourdieu (1996c) argued, often translates into the intensification of work for the locals; it results into an extension of their working hours that is often not accompanied by an increase in wages which remain low when compared to those paid in mother countries. Trans-state managers use their national capital to gradually direct the strategies of the local firm imposing

such things as downsizing, mergers and acquisition, strategies of the delocalisation of banking whose risks are borne by the employees (Bourdieu, 1996c).

5.5.2. The Multinational Firm as a Manufacturer of Distinction and Domination

The argument made so far in this chapter is that the firm under study can be viewed as a historically embedded global economic field in which competitive struggles take place and thereby influence and control the direction of the firm. These struggles are not only of an economic nature but are also of a cultural and symbolic nature. They feed on the schemes of perception and thoughts of agents as much as they feed on the need for economic gain and social positioning.

As actors engage in the production of economic goods within this field, they simultaneously engage in the production of cultural goods which dictate the nature of social relations at the point of production. Each of these actors is endowed with a degree and form of capital which they use to position themselves, either as individuals or as a group, within the hierarchically structured space of positions of the firm.

This is not unique to this specific firm because, as Bourdieu (1984) argued, every social space or field is structured in some hierarchical form and all those who enter that field are positioned along this hierarchisation. The only difference is that the economic field of production expresses this hierarchisation in much more pronounced ways and does so in a double-pronged manner. In the first instance, actors are categorised into occupational positions and these positions determine the positioning of each actor within the hierarchical structure of the firm as well as within the hierarchical structure of the social space outside the firm.

Inside the firm, the positioning of actors assumes a form of struggle; it is a struggle for categorisation, supremacy and domination. It is a struggle to determine which category of workers is more superior, which ‘...can advance its interests more forcefully and thereby impose a scale of values which sets at the top of the hierarchy the functions for which it feels itself best equipped...’ (Bourdieu, 1984:308).

In the second instance, hierarchisation takes place outside the firm. While classification struggles brew and continue to simmer within the firm, its impact, which takes the form of symbolic struggles, is extended outside the firm. In other words, hierarchisation and classification that takes place inside the firm has the propensity to inform the lives of actors outside the firm: it shapes their value systems, their tastes and life styles.

Taste and life style, Bourdieu (1984) argued, are at the very heart of symbolic struggles. These are struggles over the very art of living, an imposition by those who occupy dominant positions and who feel that their world views - with regards to the standard of living, the morality of consumption and the system of values - must prevail and be imposed upon the dominated as part of differentiation and domination (Bourdieu, 1984).

The firm under study, like all organisations, resembles an ordinary pecking order structured in accordance with the overall volume of capital that each of the workers possesses individually but also collectively as a group. Since the dominant members of the firm are those with the largest quantity of all forms of capital, they occupy the highest office within the structure of a specific firm. They are the executive. Their economic, cultural and social capital is reflected in their high incomes, high-end qualifications and social networks, which tend to be made up of very important and influential people.

The executives, according to Bourdieu,

‘...are opposed in almost all respects to other members of the workforce such as office workers, who receive little and consume little...they are even more opposed to the skilled and semi-skilled workers, and still more to unskilled workers or farm labourers, who have the lowest income, no qualification and originate almost exclusively from the lower end of the working classes’ (Bourdieu, 1984:108).

While this classification is based on the overall configuration and distribution of capital that each agent possesses, its main objective is to differentiate and dominate. It is an instrument of power, used to legitimise such classification and divisions in ways that lead to certain categories of workers assuming differentiated social identities, differentiated life styles and embodying different systems of dispositions in accordance with the total volume of capital at their disposal (Bourdieu, 1984).

It should be noted, however, that these occupied positions do not translate into a state of permanence and are subject to modification at any point when the balance of power is shifted. We learn from Bourdieu (1984) that there is always propensity for power shifts because the classification process is a constant struggle that characterises the nature of the relations of all actors involved in economic activities.

5.5.2.1. *On Distinction*

The point being made thus far is that to understand workplace struggles requires an appreciation of the reality that by their very nature, workplace struggles have a twofold form. Firstly, these are struggles over the power to appropriate economic capital through directly controlling the strategy and direction of the firm. Secondly, they are struggles over the power to control the predominance of specific value systems for either the transformation or preservation of principles of hierarchised classification and differentiation (Bourdieu, 1984, 1996c, 2000c). I have now reached *the ninth theoretical proposition*, that when looked at very closely, the field of the firm is able to show its two-fold function, as a manufacturer of economic goods or services and as a manufacturer of domination and distinction.

Struggles of classification aimed at the appropriation of values of supremacy are part of symbolic struggles; they are the conditions for the division and exclusion of certain categories of people from certain spaces and are used as systems of establishing social distances and drawing these hierarchically structured boundaries (Bourdieu, 1984). Distance and boundaries have the primary function of emphasising distinction, a difference that is manufactured at the point of production. According to Bourdieu (1984), as a firm engages in economic activities for the purpose of producing material goods, it simultaneously produces social relations through which cultural goods are produced.

Cultural goods, for Bourdieu (1984), include a scheme of mannerisms embodied in certain ways of thinking, of seeing and of doing. It is a type of capability, a system of comprehension, a mode of expression, a type of knowledge as well as techniques of applying that knowledge. The value of cultural goods, Bourdieu (1984) argued lies in strategies used to give rise to the rarity of its value as well as to the belief in that value. It is the supreme fetish as its value is generated through belief, an outcome of a cycle of symbolic production in which cultural capital is transformed into symbolic capital (Bourdieu, 1984, 2000c).

The production and appropriation of cultural goods in every workspace function as systems of distinction where the appropriators have power to define and impose a world view or a dominant view of the social world in ways that serve their specific self-interest (Bourdieu, 1984). It is a means of imposing upon others the appropriate manner of being, of behaviour and of thinking in a manner that sets people apart while uniting others. It is, according to Bourdieu (1984), a form of violence, a symbolic kind of violence.

The most fetishized cultural goods, according to Bourdieu (1996c), to have fundamentally transformed the corporate field is the prevalence of education and educational titles as a prerequisite to accessing certain dominant economic positions or key professional occupations in firms. This transformation, according to Bourdieu (1996c), has meant that no longer is the ascent to the apex of private corporations and public bureaucracies a consequence of conquests and bequests but that of academic titles and qualifications. This, Bourdieu (1996c) argued, marked a profound modification in the structure of power relations within every economic field.

As education and the whole regime of educational qualifications took over the work of sanctification of social divisions, it ushered in a new mode of domination. Through granting academic qualifications, it guaranteed not only formal recognition of specific competencies but also possession of a general culture that functions as a form of distinction, irrespective of one's social origin (Bourdieu, 1996c). This means a study of employment relations of firms involved in the production of material goods must assess how each firm's relations of production are structured, and examine the manner in which such structuring works to simultaneously produce cultural capital which, through the regime of educational qualifications, is used to manufacture systems of distinction and domination.

Presented as a rational education enterprise, Bourdieu (1996c) argued that educational qualifications have not only been about acquiring specialised competencies as required by the technical division of labour. He said that they have also served as an authority of consecration so that competence is simultaneously seen as a legally recognised capacity for exercising power (Bourdieu, 1996c). In this way, the enterprise of producing educational qualifications increasingly becomes more than just the generation and distribution of knowledge and know-how but also of generating and distributing power and privilege as well as its legitimisation (Bourdieu, 1996c).

Through emphasising educational qualification as an entry into occupational positions, the workplace establishes boundaries of difference by which common people or the ordinary workers are separated from '...those chosen by the great academic trails...' (Bourdieu, 1996c:116). Through these divisions of distinction, an elite category of workers that is segregated from the ordinary workers is instituted as part of a specific process of separation that produces the 'nobility' (Bourdieu, 1996c).

The nobility constitutes a stratum of employees that is rarely discussed in Marxist literature. They are bourgeois employees¹⁰ (Bourdieu, 1996b), entitled not only to positions of power or determined classes of jobs in the workplace but also to their social standing. Education qualifications accord holders recognition, dignity and respect. They grant holders a rite of passage in the labour market more than they do in their social spaces outside the labour market.

As firms become larger, expanding beyond national borders and becoming more bureaucratised, the dual significance of educational qualifications as granters of competence and power on the one hand and as a process of distinction on the other, becomes more pronounced. According to Bourdieu (1996b), education qualifications have since revolutionised the workplace, presenting new modes of economic domination that are no longer based on property but on competence, and no longer by the owners of the means of production but by managers or executives, the nobility of the business world.

Determined by seniority and superiority, the business gentry is not only differentiated from the ordinary workers by competence and skill but also by an automatically accorded culture of refinement that sets them apart from common people by recognising an assumption of their distinguished manners and behaviour, their eloquence and assertiveness as well as their taste and life style (Bourdieu, 1996b). It is a stature of superiority that gets more magnified in firms engaged in financial services because of the scale of the economic power they command over other firms by virtue of being able to accumulate and control financial information of not only their institutions but also of other industries.

Again, by virtue of having acquired academic qualifications from the nation of the headquarters, particularly if it is also considered a politically dominant nation, the cultural capital embodied in academic qualifications is more likely to carry more weight, thereby automatically setting these executives at the top of the hierarchy amongst executives of local firms (Bourdieu, 1996c).

¹⁰ By bourgeois employees, Bourdieu (1996c) refers to the educationally highly qualified professionals like engineers, bankers, researchers, executive directors, chartered accountants, including intellectual managers or what Bourdieu calls managerial intellectuals who run institutions of higher learning from purely managerial perspectives. It is important not to confuse Bourdieu's notion of bourgeois employees with Goldthorpe's embourgeoisement thesis, 'the affluent worker,' which refers to the growing affluence of the general or factory worker in mid-20th Europe and Northern America. Bourdieu (1996c) specifically omits, in his conceptualisation of bourgeois employee, workers in production-line, factory workers and general workers in a range of fields, restricting its use only to those whose affluence is directly through the attainment of high academic qualifications with academic titles.

In addition, Bourdieu (1996c) argued that since executives of the financial sector are considered the most dominant, and within it bankers as the most powerful, the rendering of banking service is considered as the work of the nobility. Bankers are seen as the nobility of the business world (Bourdieu, 1996c). They are considered as the business gentry because of their venerability and the reputation of the lineage which is signalled as distinguished manners. The behaviour associated with bankers is informed by and in line with titles of nobility which, when compounded by the academic qualifications demanded by the profession, makes bankers the most perfectly positioned to impose their world view with regards to norms of perceptions and appreciation. For this reason, Bourdieu (1996c) argued that relations of employment and the nature of struggles prevalent in banking firms must be looked at and analysed differently.

Though Bourdieu did, according to Swedberg (2010), conduct a study of *The Bank and its Customers: Elements for a Sociology of Credit*¹¹, in which he provided a rich analysis of the bank and its interactions with its customers and personnel, it was unfortunately never published in English. However, in *The State Nobility*, Bourdieu (1996c) did provide a theoretical framework for understanding employment relations most prevalent in banks as informed by the findings of the survey he conducted in France.

The survey, which Bourdieu (1996c) conducted amongst 50 top French companies, revealed very interesting trends. Firstly, Bourdieu (1996c) argued that of the 50 surveyed companies, findings revealed that the executives of the financial sector tended to be globally networked, often boasting internationally recognised high qualifications with most of them having attended some of the best business schools. By contrast, industry executives were found to be in possession of mainly technical qualifications, having gone to engineering schools in the case of the automotive sector or in the case of the textile sector, having only diplomas (Bourdieu, 1996c).

Secondly, amongst all companies in the study, banks and insurance companies were unequivocally considered as noble companies by all respondents; they tended to be amongst the most long-standing in business, managing to survive and adapt to the most economically trying times. Generally, the majority of employees within these companies tended to be white-collar staff, in whom education and employee-development investments tended to be the largest compared to other investments made on workers (1996c). This trend was in stark contrast to

¹¹ A study which Bourdieu conducted with Boltanski Luc and Chamboredon Claude, and one which Swedberg (2010) referred as one of the best analysis produced on the workings of the economy in sociology.

the heavy and traditional industrial companies such as the automotive and textile industries whose workforce was predominantly blue-collar staff and in whom companies invested very little and were not bothered by the need for staff development (Bourdieu, 1996c).

Thirdly, the nature of employment relations in the financial sector, including banks and some insurance companies, tended to be fundamentally different to the industrial sector (Bourdieu, 1996c). Within the industrial sector, relations resembled a system that Bourdieu (1996c) characterised as generally 'paleopaternalistic' while the financial sector resembled a system that was 'neopaternalistic'.

According to Bourdieu (1996c), firms with neopaternalistic employment relations tended to pay more attention to the development of staff, focusing mainly on highly euphemised methods of management that were said to be modern and scientific management techniques and often borrowed from America. This tended to be expressed in such phrases as 'quality circles', 'job enrichment', 'employee consultation', etc.

The predominant form of reward within neopaternalistic firms, according to Bourdieu (1996c), is more symbolic than material and there is greater importance placed in the frequency of informative and character building meetings. These meetings, Bourdieu (1996c) argued, are often organised for all personnel with the primary objective of ensuring that all members of the firm have a good understanding of the role they play in the chain of responsibilities that combine to ensure the smooth operation of the firm. Within neopaternalistic firms, women have greater chances of being promoted to management positions than is the case with paleopaternalistic firms. Again, neopaternalistic firms are more amenable to flexible working hours which is particularly encouraging for and supportive of female employees.

At the same time, however, Bourdieu (1996c) argued that the survey further revealed that despite all the niceties and benefits associated with neopaternalistic firms, they turned out to have much larger rates of dismissals and resignations compared to paleopaternalistic firms. Neopaternalistic firms also rated higher when assessing levels of remuneration inequities and emerged as the least tolerant of worker representation. Trade unionism with these firms was generally limited to almost ineffective unionisation. Where unionisation existed there tended to be few firms with collective agreements and even in those with collective agreements, unions were hardly involved nor participated in company meetings as per collective agreement prescripts. Bourdieu (1996c) further argued that in neopaternalistic firms there was generally a

high rate of absenteeism and management records reflected limited or no arbitration in conflict resolution.

Bourdieu (1996c) continued to argue that this marked a stark contrast to paleopaternalistic firms which were characterised by a high rate of membership-paying union members, an increased presence of union representation on the shopfloor and meaningful union representation that regularly communicated with their members. According to Bourdieu (1996c), paleopaternalistic firms tended to have access to their members even during working hours as agreed with management; they also tended to have access to company documents such as individual salary information to review equitable remuneration. Workers in paleopaternalistic firms emphasised real and tangible regard of material goods compared to neopaternalistic firms (Bourdieu, 1996c).

It is for this reason that *the tenth theoretical proposition* in this study holds that, characteristic of neopaternalistic firms, workers in Banco Austral are also most likely to make not only economic investments in their work but also psychological ones. Together, these investments can become the basis for the constitution of very deep-seated disposition governing their relations of work. As Bourdieu (1996c) contended, white collar workers are a category of workers that are most susceptible to exploitation and the least likely to see through the objective truth of exploitation, as illustrated in detail below. This is Bourdieu at his most Marxist.

5.5.2.2. *On Domination*

Since the art of domination presupposes the presence of the dominant and the dominated, its existence and persistence is inculcated through dispositions of docility on the part of the dominated, who tacitly accept in advance, mainly through habituation and custom, the limits imposed upon them. Bourdieu (2000c:170) argued that the power to dominate ‘...is exerted only with the collaboration of those who undergo it because they help to construct it as such...’ by incorporating into their schemes of perception and thought, systems of classification used to set the dominant apart from the dominated. Bourdieu (2000c) continued to argue that while the act of domination and oppression might be a consequence of coercion or restraint through force, in workplaces, it is also part of durably inscribed schemes of dispositions and belief in the veneration of the laws and practices that enforce domination.

Despite the fact that Bourdieu has not directly dealt with the question of labour and labour relations, he discusses these principles of domination in the workplace in his extremely short piece, limited to only four pages and nestled at the end of Chapter 5 of *Pascalian Meditations* (2000c:202-205). In this piece, Bourdieu responded to Marx's notion of exploitation and constructed an argument that was to be the basis of a very interesting and enlightening conversation with Michael Burawoy (2010, 2012), one of the leading Marxist sociologists whose prominent scholarly work, *The Politics of Production*, continues to shape generations of younger scholars to date.

In its two-fold truth, Bourdieu (2000c) argued that labour can be understood firstly, as objective exploitation and secondly, as subjective or symbolic domination. As objective exploitation, Bourdieu (2000c) followed an undoubtedly Marxist approach in arguing that under exceptional labour situations, such as in advanced capitalism, workers are not paid for all the time they have worked for the employer or for the investment they have made in production. Instead, they are paid only a proportion of that time while the rest is appropriated by the employer as profit-generating surplus labour.

Work as subjective or symbolic domination, Bourdieu (2000c) contended, is informed by the disposition inscribed in the *habitus* of workers or their habits of thought which not only see investments in work as necessary and desirable but also serves to conceal the exploitative character of such investments from being seen for what they are by the workers. The misrecognition of exploitation inherent in the investments that workers make in their work, Bourdieu (2000c) argued, also predisposes workers to participate and contribute to their own exploitation. Bourdieu (2000c) added that by virtue of being skilled labour with relative control of their work, white collar or bourgeois employees, for example, constitute a category of workers that is most likely to make investments in their work in ways that go beyond the call of duty because to them, work is more than just receiving a wage (Bourdieu, 2000c).

Amongst most skilled workers, work is much more than just receiving a wage: it is also about the appropriation and preservation of certain freedoms that come with the control that workers have of it. This is why more skilled workers are most prone to make the kinds of investments they make in their work and by extension, unknowingly conceal the exploitation inherent in their labour thereby participating in their own exploitation (Bourdieu, 2000c).

For Bourdieu (1996c), the exploitative character of work becomes more hidden or '*miscognised*' when workers have greater control of their work and can win themselves certain freedoms and privileges, which in turn become the basis for their own exploitation. Unlike unskilled workers who are more likely to be engaged in production-line work in a factory, Bourdieu (2000c) maintained that skilled workers understand and conceptualise work differently because there is a specific meaning attached to their work which is absent in the work of unskilled workers.

The issue of what work means to the different positions of the economic field is quite important to Bourdieu. He shows for example that in historical context of certain societies, which was certainly the case with the Algerian workers he researched in the 1960s, the fact that there exist situations '...in which the worker expects only his wage from his labour is often experienced... as profoundly abnormal' (Bourdieu, 2000c:202).

The anomalousness is derived from the fact that, and as argued earlier, there is a great deal of meaning that is attached to the notion of work as opposed to it being just an exchange of labour for a wage. In *Pascalian Meditations*, Bourdieu (2000c) argued that work can either be 'forced labour' or be 'scholastic labour'. The former is determined by external constraints while the latter is determined by 'the interest of work' and the inherent gratification of the fact of performing the work (Bourdieu, 2000c). While the rewards for the former are in the form of wages, for the latter, rewards are mainly in symbolic gains or in profits that go hand in hand with the title of the occupation or occupational status.

The quality of work relations for the latter, Bourdieu (2000c) argued, is more likely to be increased and aligned to the intrinsic interest of labour. These are the type of workers who are most likely to be exploited because their perceptions of work, attitudes towards work and commitment to work tend to conceal the exploitation that is inherent in their work. As already mentioned, the misrecognition of exploitation is neatly linked to the worker's schemes of perception; how they think about work and work relations in which they are inserted particularly with regards to the nature of work itself or occupation; their experiences and orientation to trade unionism; their previous experiences of work and the meaning work has to their traditions; ways of being as well as the memory they bear of the conditions through which such work was acquired in the first place (Bourdieu, 2000c).

For Bourdieu (1996c), through a deliberate strategy aimed at coordinating the interest of labour with those of capital, practices of domination and manipulation packaged in so-called new company management techniques are introduced in the workplace. Through the organisation of work, workers get manipulated and given a false sense of meaning and control with the primary aim of disguising and transfiguring the domination inherent in the objective truth of labour. This, Bourdieu (1996c) argued, is an infliction of a special type of violence, a symbolic violence in which workers get caught in the principles of '*Socrates' shackles*'. This involves alternating the hardening of constraints and tensions and then partially relaxing some of the constraints so that the return to the original state of, the grossly constrained state, makes the lessened constraints appear as privilege and the reduced evil appear as good.

The scholastic workers that Bourdieu (2000a) theorised about are the skilled or semi-skilled professional workers whose places of employment are in offices of departments or companies and not in production-line of manufacturing factories. They are a category of workers whose place of work functions '...more as a competitive space generating stakes irreducible to their strictly economic dimension and capable of producing investments that bear no relations to the economic profits received in return...' (Bourdieu, 2000a:203).

These workers are fundamentally different to non-scholastic or forced labour who are more inclined to resist and even radicalise their struggle because they have very little to lose compared to those educated and or skilled workers who are not necessarily bent on revolutionising the workplace but more interested in trying to secure whatever benefits are available from the existing social order.

5.6. Conclusion

In conclusion, this chapter has demonstrated the significance of foregrounding studies of employment relations in multinational corporations within the areas proposed in the ten theoretical propositions. For example, historical consciousness as a way of thinking and an orientation to life and the social world must be ingrained in social research so that present situations can also be studied as constitutive of historical processes. This is important for understanding that economic actions are actually direct outcomes of experiences that form our collective histories.

This chapter has also revealed the significance of understanding the actors within the employment relations as inherently social agents possessing certain degrees of power and or leverage, no matter how limited. This power enables workers to negotiate themselves into

positions of even greater power so as to influence the strategy of the firm in ways that directly impact on their working conditions, organisation of work, including the specific labour processes and the division of labour within the firm. This means to understand workers and their world of work, or the social reality within which they are immersed, requires the researcher to also explain this reality as it presents itself to workers. In other words, research must also examine the *habitus* of workers, explore the nature and extent of their thought processes and unravel those hidden realities constitutive of the social lives of workers.

Furthermore, this chapter has shown that the workplace must be understood as a social space of positions that differentiates and positions workers in accordance with the distribution of power within it. As a space of positions, the workplace is also a site of struggles in which various forms of struggles between actors take place in an attempt to either transform or preserve the structure of the field and its prevailing relations of force. The nature of these struggles as multifarious, they are not only economic, cultural and social struggles revolving around the production and appropriation of economic, cultural and social capital respectively. They are also symbolic struggles for the production and appropriation of symbolic goods. This symbolism is at the centre of labour exploitation, remaining concealed by the kind of investments that workers make in their work, thereby rendering workers to become susceptible to domination and exploitation.

CHAPTER 6:

BANK WORK AND THE MARXIST THEORY OF THE LABOUR PROCESS

6.1 Introduction

The previous chapter, Chapter 5, presented a broad theoretical framework inspired by the work of Bourdieu to set the scene for the discussion of the rest of this thesis. However, as argued in that chapter, the work of Bourdieu does not specifically deal with the question of labour and employment relations. Consequently, the foundational aspects of the world of work, namely, the labour process, remain a theoretical blind spot in Bourdieu's work. This chapter therefore sets out to address this blind spot by reflecting on Marx's concept of the labour process and applying it to analysing work within the banking sector and the underlying social relations of men and women who produce bank services.

The discussion in this chapter marks a departure from the much-theorised labour process of manufacturing firms and introduces the banking sector as a particularly interesting field for the examination of the dynamics of the capitalist production process. It is divided into two main sections, the first section provides a brief overview of the different types of banks that exist and details the specific nature of bank work and the different types of banking activities that different banks engage in.

The second section shows how bank work, which is distinguished by its production of non-tangible goods or services, presents several analytical dilemmas when located within a Marxist theory of the labour process. There are four specific analytical dilemmas identified in this chapter, they relate to the nature of bank work, the specific mode of processing and producing bank services, the nature of labour exploitation found in banks and the specific labour force found in banks.

ABSA bank, like other private commercial banks, engages in universal banking activities which provide a range of financial services and products for commercial, corporate, investment, stock brokering and insurance banking, amongst others. Universal banks are one stop-service banks which provide a range of financial products under one roof. For this reason, banking labour process is not uniform across all financial institutions, it varies in accordance with the different functions, institutional forms and patterns of banking activities.

6.2. Work and the Business of Banking

A bank is a financial institution that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. It links together customers that have capital deficits and customers with capital surpluses and acts as a money exchanger primarily through lending. Banks are also institutions through which sums of capital are advanced to individuals and to companies at certain set interest rates. Because of this function, the core business of a bank has traditionally been known as that of lending, discounting and holding deposits (Dunbar, 1917).

The function of banks became more complex following the deregulation of the financial services institutions in the early 1990s which saw a repeal of the Glass-Steagall Banking Act of 1933 which had for more than 50 years regulated the separation of banking services. The Act promulgated a complete separation of investment, commercial and insurance banking as part of restoring confidence in the banking system following the stock market crash that led to the Great Depression of 1929 (King, 2003).

This change, according to Nice (Interview, July 2007), transformed the very art of banking business and became compounded by the infiltration of a large number of non-banking institutions which became inserted into the financial services industry and thereby posed as direct competition to services traditionally offered by banks. As banks struggled to survive, with mounting pressure from competition, the profitability of deposit-taking and long-term loan-granting services increasingly diminished and banks found themselves having to also provide a whole host of other financial services that traditionally did not form part of banking activities¹² (Nice, interview, July 2007).

Today, an official definition of a banking institution, according to the South African Banks Act (94 of 1990 as amended), is that of a company registered as a bank in terms of this Act to carry the business of a bank which includes the acceptance of deposits from the general public, the granting of loans for investment by any person and/or acting as investor as a regular feature of the business in question (SARB, 1990).

¹² These include such services as investment banking, securities brokerage, insurance activities and merchant banking amongst others.

There exist different kinds of banking institutions performing different functions. Table X below, provide examples of the different types of banks and the different services they offer. Of course, the list is not exhaustive as there remain many other types of banking institutions that are not mentioned such as cooperative banks, credit unions and exchange banks.

Of the different banking institutions, there are three main types: private banks, state banks and national banks. National banks, also known as central or reserve banks, serve as custodians of their respective government's monetary stability by acting as note issuers, advisors and bankers for their governments. They are the monetary authority in their countries responsible for providing an anchor of nominal price stability at macro level and preserving and enhancing the structural ability of payments, banking and financial systems at micro level (Fry et al, 1996).

As reflected in Table 4 below, both state and central banks are organisationally different to private banks because they are not profit-oriented. Since they provide highly specialised functions, they are organisationally complex with large organograms and the labour force tends to be highly skilled retaining a higher degree of autonomy over their work even though they continue to be subject to the hierarchical order of the occupational structure. Private banks, according to Fry et al (1996), are different from central banks and state banks; they are unincorporated banks who operate without a charter or special authority from a government body. They are driven by profits and are like any other private business. Private banks include merchant banks, discount houses, general banks and commercial banks.

Commercial banks generally accumulate funds through a systematic and procedural processing of deposits that are received either from businesses, households and the general public. The processes of receiving these funds in the past has solely been through the furnishing of deposit slips which get captured by tellers on the bank deposit book and then reconciled at the end of each business day. Today however, these processes are almost completely computerised from the beginning to the end of each transaction so that the roles previously played by tellers have been rendered irrelevant for much of the payment processing work in banks. Reconciliations and balancing of payments are automatically generated. Risks often generated through human error, according to King (2003), are reduced to almost a nil as a result of the precision that banking software introduced in calculations and deposit processing.

Table 4: Types of Banks

		TYPES OF BANKS		
		Central banking	Investment and corporate banking	Commercial and retail banking
The organisational function	Maintain price stability in the interest of balanced and sustainable national economic growth and ensure financial stability.	<p>Investment: advisors and traders, asset management, brokering and raising debt and equity financing for corporations or government including originating and underwriting securities.</p>	Taking deposits and issuing loans from large corporation/small businesses and individuals. These include business loans, mortgages, credit cards, etc.	
		<p>Corporate: Business relationships lending, clearing, investing deposits and organising specialist products for clients with high turnovers.</p>		
The size	Generally small one-location banks with simple organograms. More developed countries have bigger and more complex organisations.	Generally small, one-office or single-branch organisations and tend to be in the form of departments within larger wholesale or universal banking institutions.	Generally large organisations with multiple branches and subsidiaries. They have multiple sites or channels of delivery.	
The structure	Highly specialised functions with simple or complex organograms, depending on the level of each country's economic development.	Highly specialised functions but simple organograms.	Generally simple functions, with few highly specialised sections within complex organograms.	
Supervision and control	Higher degrees of autonomy with regards to the control of work. Centralised, hierarchical supervision subject to government regulations and processes.	Higher degrees of autonomy with regards to the control of work. Decentralised and very limited supervision subject to the dictates of the market.	Limited or no autonomy, centralised, hierarchical and close supervision of subordinates as subject to company policy.	
Staff calibre	Highly skilled workforce that generally has tertiary qualifications and significant knowledge and experience in the sector.	Highly skilled workforce that generally has tertiary qualifications with specialised set of skills and knowledge.	Workforce tends to fare much lower in skills composition often with senior secondary or post-school diplomas. Only a few employees need to be highly skilled and have tertiary qualifications. Prevalent use of the 'see and do' principles of learning on the job.	
Management system	Management systems tend to be generally decentralised. They are structured according to specialised functions. Demands on management systems are kept to a minimum.	Management systems tend to be generally decentralised. They are structured according to specialised functions. Demands on management systems are kept to a minimum.	Centralised and stricter management systems that emphasise close monitoring and supervision techniques.	

The work of the different types of banking institutions discussed above is fundamentally different to the work of the banks of the 19th Century, a time in which Karl Marx wrote the first Volume of his master piece, *Capital: A Critique of Political Economy (1864)*. It was only in the 18th Century that modern banking developed, having originated from goldsmith houses and gaining proliferation with the advent of the cheque and banknote. At the time however, the services provided by banking institutions were merely a continuation of the services previously offered by merchants, brokers and goldsmiths of the city who have been engaged in this business long before the 1700s. At the turn of the 18th Century and during the early 19th Century, banks played a fundamental role in advancing capital to industrial capitalists to enable them to commerce production.

The banks of the 18th and 19th Century were simply keepers and dealers of coin whose promises to pay was as good as the payment itself. They were members of society who were held with the highest character and integrity. According to Barclays Bank (1938), these banks were very small with one small office and no branches. They generally consisted of one employee who was both a cashier and principal investor of the bank. Bankers of the time operated only in the mornings with the afternoons spent on bookkeeping duties or engaging the board of directors to review the bank's business records.

Today however, banks have become one-stop financial institutions engaged in diversified financial conglomerate engaged in universal banking and taking on the traditionally segregated financial services like insurance and creating 'bancassurance' business segments in its branches. Similarly, the organisational structure of many commercial banks tends to be more complex and more pronounced as different sections provide differentiated services and products.

Such organisational complexity has made banks very interesting spaces for analysing the employment relationship as they are now the providers of different types and levels of employment. At the same time, however, analysing the employment relationship in banking institutions is fundamentally different compared to the employment relationship of manufacturing firms and, as shown below, presents a number of analytical dilemmas when this analysis is grounded within Karl Marx's theory of the labour process.

Unlike manufacturing firms, banks cannot be conceived of as forming part of the process of production because, as Braverman (1974) argued, they do not pass through any process of production, whatsoever. According to Braverman (1974) the labour process of banking is not synonymous with the labour process of production. Where industrial capitalists in manufacturing plants expend and control labour for the sole purpose of producing surplus value, banking firms manufacture their surplus value through appropriation. As Braverman (1974) argued, they appropriate a share of the value of the physical form of use-values already produced elsewhere as well as act as representatives of that value.

6.3. The Labour Process of Banks

In *Das Kapital* Volume 1, Marx (1864) argued that "...the simple elements of the labour process are (1) purposeful activity, that is work itself (2) the object on which that work is performed, and (3) the instruments of that work" (Marx, 1864:284). Marx explained the objects of labour as constitutive of those naturally provided things which labour separates from their original state or from the immediate connection with their environment.

Where objects of labour are not in their natural state, through filtering by previous labour, Marx (1864) called these, raw materials. To illustrate, in a paper manufacturing plant, raw materials would be constituted of the cut and treated timber. In this case, timber is both an object of labour and a raw material. It is, on the one hand, an object of labour in its natural state as cut by an act of human labour from the forest. On the other hand, it is a raw material in its state as cut and treated timber in a manufacturing plant in preparation for processing.

With regards to the instruments of labour, Marx (1864) argued that they are things or a complex of things which the worker interposes between himself and the object of his labour thereby functioning as an anode that channels the activity of man onto the subject. The paper manufacturing example, presupposes the utilisation of a whole series of other instruments which get utilised through the different stages of processing and turning timber into paper.

What is central to the labour process, Marx (1864) argued, is that at the end of it all, there ought to be a specific and tangible result that emerges and one that had already been conceived of by the worker at the beginning of the process. Marx (1864) further argued that the labour process is an act of effecting a change of form in the material of nature; it gets extinguished in the product, the end-result which in itself is distinguishable as a use-value. Within a capitalist labour process, the end-product does not only have a use-value but it also has an exchange-

value because it is produced to be sold as a commodity. As a commodity, not only does it have use-value and exchange value, it also has surplus-value: it is produced to be sold for an amount that is greater in value when compared to the value used to produce it (Marx, 1864).

This is a site of Marx's analysis that has been the basis for the emergence of a wealth of knowledge produced by scholars who laboured at explaining capitalist developments across the world throughout the different stages of history. As Burawoy (1985) contends, the business of engaging Marxist analysis has been about reading and rereading, interpreting and reinterpreting Marx, sifting and resifting through the thick text in a continuous dialogue with the concrete world of work.

Classic works such as Braverman's *Labour and Monopoly Capital* (1974), Burawoy's *Manufacturing Consent* (1979) and *The Politics of Production* (1985) have made profound contributions to understanding capitalist manufacturing enterprises, their production processes and the relationships that ensue. In this study, a reading and interpretation of Marx as well as the application of the theory of the labour process in banking work generates three interlinked dilemmas which relate to the nature of bank work, the specific mode of processing and producing bank services, the nature of labour exploitation found in banks and the specific labour force found in banks. Each of these are discussed in detail below.

6.3.1. The Nature of Bank Work

Labour, for Marx (1864), is a conscious and purposive activity in which men and women engage in to alter the material products of nature from their original state and into a form that enhances the usefulness of the product in its new state compared to when it was in its original form. Most central to this definition is the ability of labour to improve the utility of the product and be capable to satisfy a want of some sort.

At first glance, this definition seems to exclude bank labour as a form of work because its activities do not involve any engagement with materials of nature for purposes of transforming them into useful things. However, a closer look reveals that throughout the 1800s right through to the early 20th Century, bank work was not considered work in the Marxist sense because it was intrinsically a trade executed by noble man. It was only in the third Volume of *Das Kapital* (1894) which Marx died without completing that banks began to be thought of as employers of labour.

Andréadès (1909) argued that the function of banks emerged directly out of the function previously carried out by merchants and goldsmiths who were the first to initiate and develop the basic principles of accepting deposits and paying out interests. They then used such deposits to issue loans to recover the interests paid to depositors as well as make a profit for themselves.

Andréadès (1902) further argued that Merchants largely relied on their clerks and cashiers to execute these functions but soon thereafter a number of unscrupulous practices emerged as cashiers simply lent the money entrusted to them for the day to goldsmith for a profit. The goldsmiths were the most honourable and inspired confidence so that,

It soon occurred to the merchants that since their cashiers had treated them dishonestly, it be both safer and more profitable to deposit their money directly with these goldsmiths. The country gentle-men very soon followed the example of the merchants and entrusted their rents to the goldsmiths even without receiving interest. Thus rapidly and with but little trouble the goldsmiths found themselves in possession of considerable sums. A new field of business opened to them, and they anticipated the functions of a modern bank (Andréadès, 1909: 22).

At the time, Andréadès (1909) argued, goldsmiths also operated with the assistance of their clerks and secretaries who remained responsible for the executive of practically all the functions under the supervision of bank directors, deputy governors or governors themselves. When the first private banking institutions began to emerge as a distinct specialist business, these cashiers and clerks were the key banking personnel operating in small single rooms. For this reason, Braverman (1974) argued that the idea of banking institutions as employers of labour is a fairly recent phenomenon that began only emerged in the last decades of the 19th Century.

Before then, Andréadès (1909) argued, bank clerks largely dealt with management questions of production firms and, as Bourdieu (1996c) contended, their work was generally considered in today's terms as managerial work. It is this reason which, according to Bourdieu (1996c), enabled bank workers of the time to occupy a particular stratum of society as the nobility. Bank workers of the time were never considered as the workforce, in fact, as Bourdieu (1996c) contended, they were listed amongst the top bourgeoisies and consisted of members of the professional elite.

This is why Marx's conception of the labour process did not initially seem to include bank work because even the most junior members of banking institutions, Braverman (1974) contended, who happen to be only a handful and no fewer than half a dozen, were middle class clerical workers. For example, Braverman (1974) argued, the title chief clerk in many British industries and public services was the title of a manager and it was most common to conceive of clerks as assistant managers or in the very least, assistants to managers. Braverman (1974) further argued that it was important for a sociological analysis of modern society to conceive of this stratum of clerks as a phenomenon of early capitalism that has long vanished.

In considering the labour process, Braverman (1974) further posited, bank work was entirely separated from the production process because the activities that were carried out in banks were chiefly, if not entirely, clerical and managerial. The mode of labour in banks, Braverman (1974) cautioned, should accordingly be understood as clerical labour engaged in a clerical labour process. Braverman (1974) defined clerical labour as operational work that was massified only with the expansion of monopoly capitalism. This era ushered in a completely different stratum of mass clerical workers, whose tremendous enlargement in the mid-20th Century worked to alter our understanding of bank work.

Today, Braverman (1974) argued, the operating function of banks has been transformed from personalised managerial activities aimed at coordinating the concentration and saving of capital on behalf of other industries into a work of a mass of people charged with processing volumes of paper work in a continuous flow that is aimed at appropriating, reinvesting and multiplying the value produced by the activities of industries outside banking institutions. As a result of these developments, banks carry dual labour processes which Braverman has coined as the clerical labour process and the labour process of appropriation, management and control. This duality is reflected in the analysis of Banco Austral in Chapters 11 and 12, the organisational structure of which, like many other banking institutions, require analysing two different but interlinked labour processes.

6.3.2. The Intangible Products of the Ghostly Labour Process

In revisiting the basic elements of the labour process, Marx (1864) argued that the whole labour process has to be looked at from the point of view of its result, which is the product. This product has to fulfil a number of characteristics, chief amongst which is its form as a use-value. In his discussion of *Commodities and Money*, Marx (1864) defined a use-value as a product, the usefulness of which cannot just ‘dangle in mid-air’ and is conditioned by its physical properties, without which there can be no use-value. Marx (1864) added that it is the physical body of the commodity itself, such as iron, corn or diamond which constitutes the use-value or the usefulness of a thing.

Banking corporations however, Braverman (1974) argued, produce nothing, their business, which is the art of expanding capital, is done without the necessity of passing it through any production process whatsoever. In fact, Marx made this point in Volume 3 of *Capital*. In dealing with the circulation of capital, Marx (1894) argued that banking services are synonymous with technical operations of disbursing and receiving money, drawing up payment balances and balancing accounts, and do not produce any use-values. Marx (1894) further contended that the work of banks and of any other business in commercial capital does not enter the process of production and is not part of the total process of reproduction. All that banks do is execute necessary operations for the reproduction process of capital but in their function, they neither create value nor produce surplus value (Marx, 1894).

While it is true that the product of the labour process in manufacturing enterprises can be presented in clear and explicitly tangible forms and that the end-result of the labour process in banking institutions does not culminate in tangible things, the product of bank work cannot be understood as having no use-value. Despite banking products and services bearing no actual physical form, Wright (1976) argued that for as long as services can be produced for the market and be sold at a profit, there is no reason why they should be deemed to have no use-value. In fact, Wright (1976) contended that by virtue of being able to produce services that not only have use-values but producing use-values that are capable of being exchanged in the market for much more than it cost to produce them, bank products can be deemed to also have surplus-value. This, Wright (1976) argued, is despite such products bearing no physical form.

In going beyond Marx, Braverman (1974) offered a more useful framework for understanding the banking labour process. True to Marx's observation that bank work does not go through any production process, Braverman (1974) contended that banks go through a different kind of production process, a ghostly form that is not only invisible but also produces invisible use-values. It is invisible because it occupies an intermediary position between production and consumption and one which is capable of producing effects without any visible expenditure of energy that goes into its production. Its use-values are invisible because they have no physical form but have a social form. In their social form, they are representations of value which, Braverman (1974) argued, is more important than the physical product of labour because, unlike a physical commodity that is being sold, a representation of value points to net gain.

According to Braverman (1974), any physical product of the production process can only be sold as a commodity for a particular fixed price but the value being exchanged, which is at heart of the banking labour process, has no fixed price. It is forever expanding, constantly assuming different forms and doing so without becoming lost. It has what Marx (1864) called an automatically active and self-expanding character that changes in magnitude as it adds more value onto itself. This is what the banking labour process does, it intervenes between production and consumption to appropriate the fixed value of a physical commodity after production. It then expands it, turn it into cash and control its accounting as the cash gets disbursed to procure products for consumption or for the production of yet another commodity whose value, once again, gets appropriated and further expanded.

This process, according to Marx (1864) is not production, it is circulation and it serves one function only, that of facilitating exchange. Through circulation, physical products or commodities can be exchanged for money and money exchanged for commodities. With each stage of the exchange, the commodity will vanish as soon as it is exchanged for money in the same manner that money will vanish as soon as it is exchanged for commodities. What remains constant in this process, is also what is at the centre of banking labour process, the value factor. It goes into circulation as value and comes out as value, then as money and ultimately as capital only to enter the process all over again, preserving itself while simultaneously expanding and multiplying.

6.3.3. The Three-Fold Form of Bank Labour Exploitation

Up to now, it is clear that bank work is about the circulation of value, that the banking labour process involves the processing of values that are not created in banks but are created elsewhere and appropriated by banks. What is not clear however, is the implication that this appropriation and expansion of value has for bank labour. To explain this, it is necessary to take a few steps back and reconsider the process of producing commodities and the value that gets created which banks must appropriate for their labour process to commence.

In producing commodities, Marx (1894) argued, capitalists have two objectives in mind and that is to produce exchange-values and surplus-values. For these objectives to be realised, a specific quantity of labour or working time must be expended during the process of production and under certain social conditions of production. In capitalist societies, the process of producing and extracting surplus-value directly originates from the exploitation of labour which invariably rests on the shortening of the necessary labour time for the production of commodities and a prolongation of the necessary labour time for the production of surplus-value, in any given working day.

However, for the capitalist to extract the surplus-value due to him from a particular commodity and for that commodity to still contain the additional value that must be available for banks to appropriate, without denying the capitalist the liberty to enjoy the total surplus-value that is due to him, only one explanation is possible. It is that workers must endure what this study has identified as three specific forms of labour exploitation which continue to increase and assume different forms with each stage of the development of the capitalist mode of production.

6.3.3.1. The First Form

Marx (1894) argued that the business of circulation is a technical function that is disassociated from the process of production but necessary for the process of reproduction. It is carried out as an exclusive function by a special section of agents or commercial capitalists on behalf of the rest of the capitalist class. The technical operations of this exclusive function, Marx (1864) argued, can only be carried out through a division of labour that is in a two-fold sense.

In the first division, there exist a specialised business performed as a specialised trade by specialists belonging to a particular class within the broader social division of labour. These are bankers, accountants, investors and commercial dealers and traders. Since the carrying out of this specialised function of circulation needs to be done on a massive scale to be profitable, Marx (1894) argued that a further division of labour must take place. It consists of various independent branches and requires a segmentation of work made of bookkeepers, cashiers, clerks and communication officers who exist as labour and therefore a component of the cost of the circulation process.

This means bank workers must serve two masters; they must realise the value of commodities produced by industrial capitalists elsewhere and do so in a manner that also makes profit for the commercial capitalist in the bank. The commodities whose value they must realise exist as use-values and since their production has been effected through retaining a certain quantity of unpaid labour during the production process, they are also surplus-values. Bank workers encounter these commodities already existing as both exchange- and surplus- values and must labour to realise the exchange-value in the market. To do so, Marx (1894) argued that is important that commodities must enter a process of circulation so as to also realise their surplus value. Marx (1894) called this process the metamorphosis of commodities whereby commodities enter the market at one end of the pole as commodities but then emerge on the other end of the pole as money.

As soon as commodities enter the process of metamorphosis, Marx (1894) argued, they get momentarily separated from their owner, the seller, by an interval of time required to realise the value of that commodity. During this interval, the form of a commodity gets displaced as it gets transformed into money so that at the end of the sale it exists in its new form as money. In the same process, money enters the other end of the pole to encounter the commodity and similarly, its form gets transformed into a commodity and it enters consumption or begins the process of circulation all over again.

As shall be explained later, it is this interval that is central to the business of banks. This interval, however, does not explain how banks earn their profit. While the process of realising the value of a commodity and thereby converting it into money springs directly out of the process of circulation, circulation alone does not begot value. The process of realising the value and ensuring its expansion during circulation does not leap into being magically, it rests on an

almost invisible expending of labour during the banking labour process, which marks the first form of labour exploitation.

In processing the value, banks not only assist with realising the surplus value of commodities but they do so by contributing to the shortening of circulation time and thereby increase the surplus-value of that commodity. By so doing, banks earn themselves a share or a portion of the surplus-value due to the industrial capitalist. The shortening of the necessary circulation time required for reproduction is critical to industrial capitalists as it saves them from an imminent loss of revenue which would otherwise ensue if the circulation time was left to itself. Marx (1894: 195) explains this as follows,

The lengthening of the act of circulation represents for the industrial capitalist, 1) a personal loss of time, since it prevents him from performing in person his function as manager of the productive process; 2) a longer stay of his product in money- or commodity-form, in the circulation process, hence in a process where it does not expand value and where the direct production process is interrupted. If this process is not interrupted, production must either be curtailed, or more money-capital must be advanced to maintain the process of production on the same scale. This means that each time either a smaller profit is made on the capital hitherto invested, or that additional capital-money must be advanced to make the previous profit (Marx, 1894: 195).

So by timeously processing the stages of the commodity-value-money metamorphosis and shortening circulation time, banks are able to raise the ratio of surplus-value to advance capital, they help expand markets and effect the division of labour between capitals and thereby enable capital to operate on a large scale. This, Marx (1894) argued, promotes the productivity of industrial capital, the rates of its profits and its accumulation. However, banks do not do this on their own as capitalists, rather, they rely on clerical labour which must appropriate value from produced commodities, enter these into circulation and turn them into cash.

For this to be a massively profitable enterprise under advanced capitalist societies, banks must carry out the necessary operations of circulation at massive scale and service a multitude commodity producers. They must also ensure that the process of circulation is done at a much faster rate so as to constantly and continuously increase the value of the surplus-value to be extracted. This means the banking labour process will not only require the massification of the process of circulation but it must further restrict the time by which such operations are executed to be able to make its profit. As banks shorten the necessary labour time required by clerical

labour to appropriate the surplus-value from commodities and enter it into circulation, the working day remains constant.

6.3.3.2. The Second Form

With the advancement of monopoly capitalism, the working day continues to remain constant but the necessary labour time grows shorter and shorter. According to Braverman (1974), workers spent less time on any particular task because the different stages of the metamorphosis of commodities became multiplied, grew more complex and demanded the fragmentation of the tasks that go into each stage. Similarly, the value accounting of each commodity became duplicated in every stage as the battle to realise value and turn it into cash gave rise to recordkeepers, administrators of accounts, cashiers, collectors, correspondence clerks, to name a few.

The need for these specialised tasks, marks the second form of exploitation. Marx (1894) argued that even though commercial workers do not engage in the production of commodities and therefore do not directly produce any surplus-value, they remain part of the total process of reproduction by virtue of being part of the process of circulation. They apply their labour power in the same way as commodity-producing labour does, its exertion and expenditure of energy produces wear and tear in similar ways. However, Marx (1894) argued, the rate of their wages tends to fall with each stage of the advancement of the capitalist mode of production which demands a constant improvement of skills needed for the acceleration of the pace of circulation. These skills are not accrued at the cost of the banker and they emanate from what Marx (1894) called a one-sided development of the labour capacity. Workers develop these skills at own cost and thereby improving their capacity to labour according to the demands of the ever-changing circulation labour processes.

At the same time, Marx (1894) argued, the acquisition of the necessary training, knowledge of commercial practices, the mastering of the specialised technologies and commercial language becomes increasingly accessible through the universality of the public education system and rapid progress in scientific and technology. This inadvertently creates a reserve army of commercial labour drawn from classes who did not have access to such trades in the past and who have no past allegiance of nobility to the trade. In this way, the cost of labour drops while the capacity to labour increase. The commercial worker, Marx (1894) contended, ends up costing the commercial capitalist a value that is unprecedentedly lower than what he makes for

him. This value bears no proportional relationship to what the commercial worker makes for the capitalist now and in the near future.

6.3.3.3. The Third Form

The third form of labour exploitation is facilitated by the acceleration of technological innovations across the globe and the rapid changes within the global financial industry which translated into a computerisation of bank work at massive scale and thereby enabling masses of information to be accessed and processed faster and more accurately. Data capturing, storing and retrieval ceased to be a single function carried by a specialised clerk but became fragmented into various segments that could be executed by every clerk at the click of a keyboard. The rate of the value of bank labour dropped dramatically while that of its managers increased rapidly.

The more functions became fragmented, the faster the process of the metamorphosis of commodities moved and thereby revolutionising the entire process of circulation. This change, Braverman (1974) argued, introduced new occupations and gave rise to the development of the factory office whose workers were paid far less than the traditional bank workers. Their conditions of work deteriorated as they remained locked in the second tier of the dual social division of bank labour. Unlike the traditional clerks who were considered honoured employees and whose positions were considered management trainees and confidants of the bank directors, workers in the factory office of banks remained buried in streams of paper operations which they processed in a continuous flow like that of the cannery, the meat packing line and car assembly conveyor (Braverman, 1974).

The proliferation of Information Technology (IT) as a major instrument of bank work brought a completely new culture to the way bank work was done. It brought in a division of labour that not only translated into technical divisions but also extended to social, ideological and political divisions. Workers who were traditionally considered knowledgeable and whose work processes had continued for decades to retain substantial degrees of control over the labour process (Fry et al, 1996), suddenly joined the paper processing conveyor belt under layers of supervisors appointed to control every single task. As technological developments transformed the traditional picture of bank work, the culture and operational infrastructure that relied on statuses of gentility and nobility previously accorded to traditional bank workers gradually became eroded (Fry et al, 1996).

No longer were bank workers groomed in the bank over time, starting their careers right after leaving school and working their way up from being a cashier or a filing clerk to, potentially anyway, being a manager (Fry et al, 1996). Instead, bank work became extremely segmented, requiring a diverse range of skills to be applied at different stages of the fast-changing labour process. Bank work became less permanent, workers increasingly became more educated with specialised skills so that all banks were prepared to invest in are the so-called sprinters, gladiators and frogman (Fry et al, 1996). These carry the burden of maximising profits, they do so tactfully while running and continue to ensure the return of profits even under the most turbulent conditions.

Despite their salaries remaining modest and the development of skills limited and locked in monotonous tasks that banks no longer consider to be significant, factory workers of banks continue to take immense pride in the formality, integrity and status that came with working for a bank. It is this status which, according to Bourdieu (2000c), marks this stratum of the work force as the most susceptible to exploitation. Their interest in their work is more than just receiving a salary and more to do with the benefits associated with the status accorded to the occupation. It is the main reason which, according to Bourdieu (2000c), makes them invest in the job much more than what the job gives in material form and thereby contribute to their own exploitation.

6.3.4. The Efficacy of Bank Labour

In considering the labour process in its abstract form, Marx (1684) contended that the whole process must be examined from the point of view of its results, the product. He added that this is because the product is not only the result of labour but it is also the essential condition of labour, as it is that which gives labour its character as concretely productive or useful labour. Useful labour, According to Marx (1684), is more than the mere physiological expenditure of human labour that engages nature so as to change the form of matter. Instead, useful labour exist as a special form of productive activity executed within a particular mode of operation and exercised with a definite or concrete aim of producing physical use-values. It is, according to Marx (1684), only the useful effect of the physical product of labour that is considered in determining the productiveness of labour or lack thereof.

In this regard, bank labour falls outside what Marx defined as productive labour. In fact, Marx (1894) argued that labour which consist merely of intermediate operations connected by partly realising value, partly calculating these and converting them into money and then into the means of production is not productive labour. Given that this form of labour does not act as a cause of value but as its effect, it cannot be said to be productive nor can it be analysed as such.

The notion of productive and unproductive labour is not new in Marxist literature; it has occupied a significant space in debates for years. Nicos Poulantzas' work, *Classes in Contemporary Capitalism*, published in 1974, stands out in dealing with the productive and unproductive labour dichotomy. In this book, Poulantzas (1974) characterised workers engaged in non-productive labour as the new petty bourgeoisie, made up of white-collar employees including technicians, supervisors, civil servants, bank workers and even low level clerks and secretaries (Poulantzas, 1974). In following Marx, Poulantzas (1974) argued that in an analysis of the labour process, unproductive labour must be separated from the proletariat and be subjected to different tools of analysing because, unlike the proletariat, the new petty bourgeoisie occupies different positions within the social division of labour. These positions are particularly distinguishable through the economic, political and ideological situations of the new petty bourgeoisie.

For example, the economic situation in which the petty bourgeoisie is located, according to Poulantzas (1974), is not subject to the same economic demands as the proletariat. The engagement of the new petty bourgeoisie within the capitalist labour process is not dependant on the production of surplus-value hence they are a category of workers that fall outside the dominant capitalist relations of exploitation within which the proletariat is firmly located. As unproductive labour and despite being wage-earners who perform partly unpaid labour, Poulantzas (1974) argued, the petty bourgeoisie is not directly exploited and can therefore not be analysed through the same theoretical lens as the proletariat.

With regards to the political situation, Poulantzas (1974) found that the new petty bourgeoisie is fundamentally distinct from the proletariat in that the work performed by the new petty bourgeoisie directly contributes to the reproduction of relations of domination that characterise the capitalist relations of production. By virtue of occupying supervisory positions and/or executing specialist or management functions, the new petty bourgeoisie participates in the subordination of the interests of workers to those of the capitalist.

The final distinction that Poulantzas (1974) draws upon is on ideological grounds which, as he argued, constitute a particularly important mode of distinguishing between the new petty bourgeoisie and the proletariat. He stated that because the nature of work of the new petty bourgeoisie is generally mental work, it becomes a prop for the exclusion of the proletariat - who execute manual labour - from the planning and directing of the production process. In this way, Poulantzas (1974) contended, the specialist functions of the mental workers are used as a direct means of reproducing the ideological domination of the proletariat. On the basis of these three situations, Poulantzas (1974) stressed that the new petty bourgeoisie, of which bank workers are a part, are different categories of workers which presupposes the presence of different sets of interests, hence they cannot be lumped together and analysed as a homogenous class.

On the contrary, Wright (1976) found the productive/unproductive labour dichotomy misleading and referred to Poulantzas' economic, political and ideological distinctions as mere categories of differentiation that only work to separate workers in the same way race, nationality and gender does. Instead, Wright (1976) called for a general understanding of labour that goes beyond Marxism and one that sees labour as two-dimensional, containing a mix of both productive and unproductive activities.

In reconceptualising Marxism, Wrights (1976) presented an alternative way of analysing the capitalist labour process and argued that the central issue is to '...treat contradictory cases as contradictory cases rather than collapsing them artificially into one class category or another' (Wright, 1976:26). This means analysis must recognise that workers occupy *objectively contradictory* class locations within the social division of labour and that it is these contradictions that must occupy the centre of analysis and be studied in their own right rather than eradicating them through artificial classifications (Wright, 1976).

In response to Poulantzas, Wright (1976) contended that political and ideological elements of differentiation identified by Poulantzas are only relevant in so far as the occupational hierarchies and the occupational types (mental/manual) are seen as the structural aspects of disassociating the ownership aspect of the means of production from the possession aspect, possession being the actual control of the labour process. From this point onwards, Wright (1976) contended that the differentiation made between workers engaged in manual or mental labour or occupying managerial, supervisory or clerk positions is useful only in so far as it illuminates the core feature of the struggle in capitalist labour processes, that of control.

Wright (1976) contended that the history of class struggle between the capitalists and workers and the consequent proletarianisation of workers has always been a struggle of the control of the labour process. Factories and systems of management were all designed and created to take away the control workers had of their labour process. Therefore, the various forms of internal differentiation reflect the different levels of control that workers have over their work and by extension illuminate the extent of worker proletarianisation in each workplace.

What makes white-collar workers distinct, therefore, is not whether they execute manual or mental labour, or that they are factory workers or office workers, rather it is the degree of autonomy that each segment of the workforce has over the execution of their work. To illustrate, Wright (1976) argued that the executive or top managers have complete autonomy in that they control the entire apparatus of production while middle managers control only certain segments of the production process and command a significant degree of power over the occupational hierarchy. Other occupational categories, like supervisors and workers with specialist functions, continue to retain a somewhat limited control over their immediate labour process. Lower categories retain only residual islands of control to no control and thereby being those white-collar workers that have been fully proletarianised (Wright, 1976).

6.6. Conclusion

This chapter has shown that developments of monopoly capitalism have presented changes in the character of work executed in modern capitalist enterprises, and analysing these changes not only requires a return to the Marxist labour process theory but, where necessary, it also means going beyond Marx and providing alternative analytical tools for comprehending contemporary workplaces and their processes of production. However, analysing the employment relationship in banking institutions is fundamentally different compared to the employment relationship of manufacturing firms and because of nature of bank work, it presents a number of analytical dilemmas when this analysis is grounded within Karl Marx's theory of the labour process.

This chapter has identified four specific analytical dilemmas, the first relates to the nature of bank work and shows that the work of banking institutions today is fundamentally different to the work of the banks of the time in which Karl Marx wrote. This is why at first glance, Marx's definition of work seems to exclude bank labour as a form of work because to Marx banks were not employers of labour. Braverman informed us that the activities that were carried out in banks were chiefly, if not entirely, clerical and managerial hence one could not speak of bank

labour at the time. The second analytical dilemma identified in this study relates to the specific mode of processing and producing bank services. Given that the activities of banks remained managerial in nature, that they did not involve any engagement with materials of nature for purposes of transforming them into useful things, the labour process of banks remained entirely excluded from Marx's analysis of the production process. Marx considered the labour process from the point of view of its result, which is the product. This chapter shows that banks cannot be said to produce nothing simply because the Marxist labour process seems to theoretically exclude them. As institutions that expand capital, bank work can be considered as part of reproduction because it is part and parcel of the process of circulation.

The third dilemma relates to the nature of labour exploitation found in banks which this chapter argues is three-fold. In the first form, bank workers must serve two masters; they must realise the value of commodities produced by industrial capitalists elsewhere and do so in a manner that also makes profit for the commercial capitalist in the bank. In the second form, workers apply their labour power in the same way as commodity-producing labour does but receive much less as the rate of their wages constantly falls. This is because each stage of the advancement of the capitalist mode of production demands a constant improvement of skills which are not accrued at the cost of the workers without compensation from the employer. As the cost of improving skills become cheaper, wages continue to fall because there emerges an oversupply of labour that is willing to execute the same functions cheaper. Ultimately bank workers cost the employer a value that is unprecedentedly lower than what the employer makes from labour.

In the fourth and last dilemma, which relates to the specific labour force found in banks, this chapter showed that the productive and unproductive labour dichotomy does not assist in understanding the dynamics of the employment relation. Instead, as Wright (1976) argued, workers occupy objectively contradictory class locations within the social division of labour and that it is these contradictions that must occupy the centre of analysis and be studied in their own right rather than eradicating them through artificial classifications. This focus assist the researcher to understand the way these contradictions produce elements of differentiation between workers engaged in manual or mental labour or occupying managerial, supervisory or clerk positions so as to illuminates the core feature of the struggle in capitalist labour processes, especially that of control.

CHAPTER 7:

METHODOLOGICAL REFLECTIONS

7.1. Introduction

This chapter provides an account of the research methodology employed in undertaking this study. It begins by addressing epistemological concerns that exist within the field of social science research which inevitably impact on the types of research methods employed when conducting research. After outlining the specific research techniques used in conducting this study, the chapter further discusses several methodological dilemmas experienced during field work which are presented here as ‘ethnographic twists’.

Conducting research and selecting the appropriate techniques is the very basis upon which knowledge is produced. The nature of research conducted inevitably impacts on the type of knowledge being produced, hence it is crucial to scrutinise the foundations upon which research is based. There are two main factors that inform research practice: the first involves the types of specific beliefs that exist about the nature of reality or ontology and the second involves the specific ideas that are held about what constitute knowledge, or epistemology.

Ontology, or concerns about how we view and experience the nature of reality directly affects our views of what constitutes knowledge. This is a point that Descartes (1637) made many centuries ago in his famous phrase *Cogito ergo sum*, translated to mean ‘I think, therefore I am’. This illuminates the significance of questioning one’s view of the world and of the nature of reality as it presents itself because the manner in which the world is perceived has a direct relationship with the manner in which knowledge is conceived.

This is precisely why research, as the art of producing knowledge, must always be contextualised within the history and experiences of those being studied in the first instance and in the second instance, make the ontological basis of the researcher a subject for critical engagement (Neuman, 2000). When these factors are considered, they easily illuminate the philosophical approach that informs the researcher’s thinking with regards to that which is considered legitimate knowledge. These epistemological positions direct studies towards paradigms of research, be it towards positivism, constructivism or critical theory approaches.

Chapter 5 of this thesis provides a detailed exploration of the centrality of Bourdieu's work in elucidating how epistemological perspectives inform debates in the social sciences. It is precisely for this reason that the work of Bourdieu is a prism for understanding the methodological concerns raised in this study.

Most significantly for this discussion, Bourdieu (1996) argued that the dominant epistemological debates in the social sciences largely oscillate between theoretical binaries of objectivism and subjectivism or, as Giddens (1984) argued, of structure versus agency. Consequently, a series of other theoretical dualisms (such as materialism versus idealism or individualism versus collectivism) have emerged, thereby generating deep-seated theoretical tensions in the social sciences. These tensions have unfortunately also impacted on methodological choices and standing in dialectical opposition to ideas of what constitutes scientific practice. They have, according to Bourdieu (1988), not only become the basis of academic struggles but have also worked to stifle the rigour in the social science practice. For example, on the one hand, objectivism adheres to a strict factual view of the social world which reduces social agents and social reality into things and social enquiry into positivist formulas and statistical data (Bourdieu, 1988). This is a view in which the conduct of social agents is seen to be determined by objective system of relations that have nothing to do with the subjective views of those agents. Objectivism, Bourdieu (1988) contended, is empirically blind and it eschews phenomenology and ethnomethodology as epistemologically '*fuzzy-wuzzy*' (Bourdieu, 1988).

On the other hand, subjectivism takes social phenomenology or the study of structures of experience and consciousness as its very basis for scientific analysis. It reduces the social world to the actual representations that social agents have of it so that scientific enquiry is only informed by the interpretive accounts of the primary experiences of social agents and their representations of such experiences (Bourdieu, 1988:784). A sole reliance on such an ethnomethodological approach or on the tacit and common knowledge of those being studied results in a reading of social enquiry as mere 'accounts of accounts' and perceptions of the social world are taken as natural and self-evident (Bourdieu, 1988) so that they become difficult to integrate into scientific analysis.

It is on these bases that Bourdieu (1988) found the beliefs inherent in these dualisms false. The representations of scientific practices as either theoretical or empirical have also directly led to a methodological determinism that squarely positions social enquiry on the divide of either qualitative or quantitative research techniques. This is a belief that is detrimental to empirical and theoretical rigour and one that blinds research from unravelling subtle and nuanced actions that are not always obvious, even to the trained eye.

7.2. Towards a Reflexive Research Approach

In bridging these epistemological polarities, Bourdieu (2003) called for a deliberate break with methodological *doxa* or what he explains as the strict compliance with the rules of scientific conduct. The rules of scientific conduct, Bourdieu (2003) added, have become canonised in specific and standardised principles of so called scientific research techniques which, in turn, have come to inform the process of knowledge production in social sciences (Bourdieu, 2003). For methodological *doxa* to be overcome, Bourdieu (2003) contended, the researcher must embrace *scientific reflexivity* as a philosophy that guides social enquiry.

Through *scientific reflexivity*, Bourdieu (1988) maintained that social science can bridge the theoretical oppositions that exist between subjectivism and objectivism and enable an analysis of society and of social actors that combines the ‘statistical objectivation of structures’ common in quantitative or objectivist techniques of investigations and those of phenomenological ethnomethodology common in qualitative methods of enquiry.

Scientific reflexivity, Bourdieu (2003:281) contended, ‘endeavours to increase scientificity by turning the most objective tools of social science not only onto the private person of the enquirer but also, and more decisively, onto the field itself and onto the scholastic dispositions and biases it fosters and rewards...’. By combining the methodological techniques of subjective participation with those of objective observation, *scientific reflexivity* delivers a scientific theory that not only overcomes oppositions but one that also integrates into a single theoretical paradigm the primary experiences of social actors and the objective structures that make these experiences possible (Bourdieu, 1988).

Through *scientific reflexivity*, Bourdieu (2003) argued, the researcher is transported to a practice of science that is blind to the binary opposites and one that adheres to methodological synthetics. It does not distinguish between the *epistemocratic vision* of objectivity and the *ethnomethodological view* of subjectivity (Bourdieu, 2003).

In contributing towards the bridging of the subjective/objective divide, this study is informed by both qualitative and quantitative research methods. It is predominantly ethnographic in nature and a considerable amount of time was spent in the field conducting participant observation research. Other research techniques used, as discussed later in this chapter, include in-depth interviews, a social survey, organisational document review and an intensive historical archives document search.

The utilisation of all these techniques is informed by an epistemological discourse of ‘*reflexivity*’ (Bourdieu, 2004) and a belief that in conducting research, ‘one does not have to choose between participant observation, a necessarily fictitious immersion in a foreign milieu, and the objectivism of the gaze from afar by an observer who remains remote from himself as from his object’ (Bourdieu, 2003:282). Instead, one must be driven by the need to not only bridge the methodological *doxa* but to also produce knowledge that is situated in and reflective of the real circumstances of people’s working lives.

It means, as Bourdieu (2003) argued, combining the objective mechanisms or the technocratic structures of enquiry embodied in social surveys, questionnaires and data sets. These are then integrated into empirical operationalism embodied in interviews, ethnography, and participant observation so as to gain a single mode of knowledge. It is within such a mode of knowledge that the dual process of ‘internalising the externalities’ of social science and ‘externalising the internalities’ of social enquiry takes place. This mode of knowledge, according to Bourdieu (2003) is called *praxeological* knowledge and it is acquired through *participant objectivation*.

To not confuse *participant objectivation* with participant observation, Bourdieu (2003) argued that *participant objectivation* means ‘the objectivation of the subject of objectivation, of the analysing subject - in short, of the researcher herself’ (Bourdieu, 2003:282). In other words, the researcher turns herself or himself into an object of study, describing and analysing his or her role in the research as well as how that role has influenced the study. In this way, *participant objectivation* becomes a process of going beyond the act of immersing oneself into the lived experiences of the subjects being studied. It surpasses the act of recording and analysing the preconceptions of subjects and as Bourdieu (2003) contended, it calls into question the preconceptions of the researcher and the social conditions that open possibilities and impose limits for the production of the researcher’s preconceptions of social reality.

Bourdieu (2003) argued that *participant objectivation* is different to participation observation. In participant observation, Bourdieu (2003) argued, the researcher becomes both a subject and an object. By observing in a participatory way, the researcher becomes ‘...the one who acts and the one who, as it were, watches himself acting...’ (Bourdieu, 2003:281) and thereby presupposing a doubling of consciousness. The notion of a doubled consciousness arises from presupposing that a researcher enters the research field having an understanding of being and a manner of living that is different from that of the subjects being studied. This difference has a bearing on the researcher as an observer so that during the process of learning, and by virtue of being immersed into the tradition of a foreign society and participating in foreign practices, the researcher undertakes the double task of ‘observing oneself observing others’ (Bourdieu, 2003).

On the contrary, Bourdieu (2003) argued, *participant objectivation* begin from a premise that the researcher occupies a particular position within the structures of the social space of positions. It is these positions that either open possibilities or impose limits on the researcher and by extension influence the research. It does this in two fundamental ways. In the first, the researcher, as a social being within the social structure of positions, has a socially constituted nature, the *habitus*, which informs his or her dispositions and determines the choices the researcher makes generally but also specially in relations to scientific views (Bourdieu, 2003).

In the second, the researcher, as a social scientist, occupies a particular position within the microcosm of the professional field. Consequently, Bourdieu (2003) argued, the scientific choices made will accordingly be informed by the traditions, values and biases embedded in the profession as well as by the collective history of that professional specialisation. This is because, Bourdieu (2003) contended, there is no such thing as objective science: every scientific point made, even about science, emerges from a particular point of view. The researcher embarks on a study informed by a particular view of science. The research being undertaken, the issues being described and the data being analysed all emanate from the researcher’s point of view of social reality and of the world of science.

7.3. Considerations for Ethnographic Research

As already mentioned, this study is primarily ethnographic in nature. According to Neuman (2000), ethnography is a qualitative research method. It focuses on studying people, their actions and conduct in their everyday real experiences. LeCompte and Goetz (1982) argued that by its nature, ethnography is deeply empirical and enables an on-the-spot analysis of causes and processes. It is generally conducted in case study type of research and does not aim to generalise or transfer its findings beyond the field. LeCompte and Goetz (1982) maintained that the findings of ethnographic research are mainly used for comparisons and data transfers in explaining social phenomena. This is why the constructed characteristics of phenomenon or of a group being studied have to be clearly delineated to enable comparability and transferability.

According to Meyer (2001), ethnographic research may be conducted through use of two key research techniques that are common in ethnography. These are in-depth interviews and observation techniques. Meyer (2001) argued that there are four kinds of observation techniques. The first is *covert observation* where the researcher observes a particular phenomenon or group of people while concealing the intention of the research and the fact that an observation is being conducted. The second type, Meyer (2001) contended, is *participant observation* which is commonly used in most ethnographic studies. Through this technique, the researcher forms relations with the people being studied, participates in activities being observed and makes no secret of the intention to observe (Meyer, 2001).

The third type of observation, Meyer (2001) maintained, is *complete observation*. This is the type where the researcher observes from a distance and does not get immersed into the activities of the group being studied and in which no relationships are formed. The last type of observation is *superficial observation*. Here the researcher maintains some distance and creates very superficial relations and minimal contact with the group being studied. Meyer (2001) contended that in most field or case research, these distinctions are either blurred or completely ignored.

In this study, participant observation was used as one of the data gathering techniques which were undertaken over an eleven months' period in the field at different times between 2006 and 2014. In addition, company documents and national archival documents were reviewed from June to August 2008 to supplement the in-depth interviews and an open-ended survey conducted from October 2006 to January 2007 and again from June to July 2007. A final round

of in-depth interviews was conducted from January to February in 2014. This last round of interviews was necessitated by three factors, the first being that the writing up of the thesis took place five years after conducting field work due to personal and work responsibilities and commitments.

Secondly, an important intervening factor in the history of Banco Austral had taken place: for the first time ever, a black South African Managing Director (MD), Mr Faisal Mkhize, was employed in 2012. This was after a succession of white Afrikaans MDs since the bank was bought by ABSA from the Mozambican government. The third and most important factor was being able to locate the man that proved to be a catalyst in my undertaking this study, Mr Werner Pauw. Mr Pauw was the then head of Treasury from 2002 to 2008 and acting MD from 2006 to 2007. He was the person who agreed to the idea of my being based at the bank to conduct research. However, he unfortunately resigned from the bank the very same week I started conducting field work and I never got an opportunity to interview him until 2014. Needless to say, the waiting was worth it.

7.3.1 Why Ethnography?

While the overall objective was to closely examine the nature of employment relations in Banco Austral instead of merely conducting a survey and producing statistically informed patterns of social reality, choosing the ethnographic method was informed by four important factors. These factors were all related to the need to obtain the 'insider view' of the workplace and producing knowledge that was situated in and reflective of the real circumstances of people's working lives.

The first factor was the realisation that the limitations of a large and one-dimensional approach to scientific enquiry were vast and that they posed challenges for social research. This realisation simultaneously illuminated the significance of adopting and utilising a research technique that would be focused enough to enable an intensive, single field study. Ethnography does that and, as Meyer (2001) argued, it is one of the research techniques that is most accommodating of several other research techniques such as interviews, participant observation and even social surveys which are typically understood as traditionally belonging to the positivist quantitative research method.

The second factor was the realisation that ethnography provided an intellectually rich experience as reflected in several studies conducted on labour relations in South Africa which also used ethnography. For example, Phakathi's study (2011) of an ultra-deep mine in Carletonville, Gauteng province, observed the daily working lives of mineworkers so as to understand their day-to-day lived and subjective experiences of the mining labour process. Phakathi spent five months in the field, living with mineworkers in the mine hostel and participating in their day to day underground mining activities and social lives (Phakathi, 2011).

A similar study by Benya (2009) investigated the lives of female underground mine workers and the challenges they faced within a predominantly male dominated occupation. Benya spent almost three months as a participant observer in the natural daily lives of the women being studied, moving around work stations and changing between occupations and work crews. She reported that the time spent in the mine enabled her to gather in-depth information on women in mining and to go beyond their working lives to examine how women mine workers lived in their respective communities. For other empirically rich studies on South African labour relations, see Von Holdt (2003) and Bezuidenhout (2004).

The third source of influence for an ethnographic approach, and as discussed in Chapter 1 of this thesis, came from the results of a survey of 177 formal sector enterprises that I participated in as a principal field worker and researcher in Mozambique between 2003 and 2004 (Webster et al, 2006). The objective of this survey was to assess the nature of human resource practices in Mozambique, focusing on Maputo and Beira as Mozambique's major economic hubs. The conclusions drawn from the survey revealed that the political and economic changes that had taken place in Mozambique had worked to tilt the balance of power against workers and in favour of capital, leaving workers powerless (Webster et al, 2006). It was therefore important to interrogate these findings and examine the extent to which workers could be said to be powerless, examine the meaning of the powerlessness including how features of past employment practices could have rendered workers powerless.

The fourth and final factor which influenced the decision to undertake an ethnographic study was the growing number of South African companies that were setting up production sites in Mozambique in the late 1990s and early 2000s. Given the picture painted by the findings of our survey (Webster, et al, 2006) with regards to the nature of employment relations, I was curious about how the presence of South African companies in Mozambique further shaped

relations of employment and the position of workers. This was a particularly interesting question for two reasons; firstly, the South African companies investing in Mozambique came with their own history of employment relations as reflected in the context chapter of this thesis (Chapter 3); secondly, as such employment practices were contextualised within the history of South Africa's economic and social developments, these historical developments were bound to interact with those of Mozambique where the firm is South African and located in Mozambique.

Having realised that no amount of survey research could bring the researcher close enough to understanding the deeply empirical realities of the Mozambican workplace, it became clear that being involved and immersed within the real situation of the workers was vital. It was also out of learning that the emphasis on simplified and stratified sampling of social actors to secure data validation and generalisability actually overlooks the richness of data that could be obtained from selecting respondents based on their experiences, their insertion into the power dynamics of the workplace and from the unstructured interaction and dialogue that results from an ethnographic study.

Research rigour does not get enhanced by ensuring the probability of every third or fourth person being included in the population being studied. It is attained by opening all possible avenues for producing knowledge that have depth and bringing the true accounts of workplace struggles on the surface through an examination of real events in real time. This is why in undertaking this study, the objective was to illuminate the extent to which employment relations in Banco Austral may have, (i) been influenced and shaped by a transference of South African managerial styles and practices characteristic of South African labour relations or, (ii) resulted as a consequence of South African managers adopting and embracing employment practices characteristic of Mozambican labour relations or, (iii) integrated employment practices characteristic of employment relations of both countries as a result of the transference of South African management style and practices.

In conducting this study and being based at Banco Austral, immersed into the everyday realities of both workers and managers alike, it was possible to produce a study that also integrated into scientific analysis the meaning and understanding that Banco Austral employees and their managers have of their workplace as discussed in Chapters 11 and 12. The time spent at Banco Austral provided me with an opportunity to study the organisation of banking work as reflected in Chapters 9 and 10. It also enabled an examination of workers in their productive spaces and

an understanding of the different pressures and the daily struggles that workers face, both inside and outside their workplace as discussed in Chapters 10, 11 and 12. This is what Bourdieu found to be constitutive of ethnographic rigour (Wacquant, 2004).

However, ethnography, even at its most rigorous, is but one form of discovering and producing scientific knowledge. According to Bourdieu (2003), attaining scientific rigour takes much more than leaning on one strand of scientific approach: it requires a careful refinement of research techniques and embracing an epistemological refinement that deliberately sets to bridge methodological divisions and bring the researcher to the centre of the complexities of conducting research, or what I discuss below as methodological twists.

7.4. Methodological Dilemmas: Ethnography with a Twist

As researchers set out to conduct field work, armed with all the scientific theories, concepts and methodological techniques, they enter social spaces that are laden with a range of dilemmas for which there is no ready-made scientific formula of engagement. They also become embedded within a wide web of social relations around which they have to negotiate their way as they strive to move towards meeting the objective of research.

On these quandaries, Posel and Ross (2014) identified factors such as hierarchies of power and politics of cultural differences as examples of the complexities which confront researchers in the field. They argued that in the developing world, these quandaries get exacerbated by the histories of colonialism which have left imprints in, for example, the politicisation of race, ethnicity, poverty and inequality (Posel and Ross, 2014). While Posel and Ross' (2014) edited volume is based on South African experiences and specifically deals with ethical conundrums in social research, the array of ethical dilemmas that researchers experienced as discussed in the different chapters are no different to those which researchers confront in other parts of the continent.

The time I spent in Mozambique as an educated, young South African black woman occupying an academic position in a previously white university in post-apartheid South Africa imposed a host of dilemmas which are presented here as methodological twists. The notion of a twist emerged from the realisation that every field is embedded within a context of specific cultural, political and socio-economic realities which cannot be isolated from the research. These realities, with their power dynamics, are often at odds with the straight-forward picture that often gets painted by research method text books. As experiences unfolded at the field, it

became clear that the process of fitting-in and having staying power was much more complicated than what the methodology section of my research proposal had detailed.

With every expectation I had of the field, there was always a surprising turn of events. The research experience seemed to have many twists and turns. There seemed to be unavoidable deviations in many plans thereby requiring a series of plan Bs and even plan Cs. In some cases, these twists required a complete U-turn because reality turned to be completely different to expectation. In negotiating these twists, the very experience of research became a new but extraordinary learning experience which demanded constant negotiations, bargaining and re-planning.

7.4.1. The field

Conducting ethnography in a foreign country subjects a researcher to a double-fold field immersion. The first is an internal immersion which is an immersion within a firm, as an autonomous field of production. The second is an external immersion which is an immersion within the country, as an external and much wider field which commands conditions of existence (Bourdieu, 1973). Having previously undertaken research in Mozambique (in 2004 and in 2006) and doing so with generous research budgets and under the protective tutelage of senior academic colleagues and professors, it transpired during the experience of this that that the effects of the external field were grossly underestimated.

This time, undertaking field work for this thesis was a completely different experience. With a limited research budget and being completely on my own, I encountered an external field that was fundamentally different to the Mozambique I had once known. It was a field which, as Burawoy (1998) argued, had its own systems of coordination and contradiction and dynamics of social relations whose effects had far reaching consequences for research.

The Mozambique I had known over the years was a holiday destination, a home of many Mozambican friends who proudly hosted me in their country, and a research site which was well-budgeted for because conducting research in a country like Mozambique was a very expensive affair. This time, however, by immersing myself into the living space and time of those being studied, I had also been inserted within an external field I did not recognise, and one over which I had no control. I also did not have the means of determining the conditions of my existence within it. This external field was a social space from which the internal space of position of the firm sprung and whose social forces impressed upon the research site in very direct ways.

Without sufficient funds for long-term hotel stay, I rented a house in a township called Khongolote, located in the South of Maputo and about 45 minutes from the city under normal circumstances. These circumstances include proper roads and flowing traffic and because the circumstances were indeed far from normal, moving between Khongolote and the city took anything between one and a half hours to three during peak hours.

In Khongolote, I was part of the community and accepted as such so that when I explained to those who encountered that I was from South Africa, the common response expressed in the Portuguese language was ‘the problem with you Mozambicans who have lived in South Africa for long is that you start to think of yourselves as South Africans and forget who you are and from where you come’. (*‘O problema com os Moçambicanos que viveram na África do Sul por muito tempo é que eles começam a pensar em si mesmos como os Sul-Africanos e esquecer quem são e de onde eles vêm’*). With these comments, my immersion into this community was complete. I am a fluent speaker of Portuguese and of Xangaan (a Southern Mozambique vernacular language that is somewhat similar to XiTsonga spoken in South Africa), and I fitted the image of a Mozambican to an extent that they thought of me as a Mozambican.

Living in Khongolote meant that I faced the same challenges as everyone else including using the bad roads in this township, with potholes the width of an entire car. As already mentioned, what would otherwise be a 45 minutes’ drive to Maputo actually took up to three hours. When it rained, the water filled these gigantic potholes creating medium to large dams that you only discover after the car sinks in and gets stuck in them. Consequently, when it rained the road became a death-trap and therefore unusable. This affected my appointments at Banco Austral as there was no way of getting to the city.

Again, knowing that a single woman lived in the house, the house was broken into twice; since I travelled with all valuables in the car, no valuable items were stolen from the house. The break-in was also my affair, there was no authorities to whom I could report the matter and request some assistance. When I approached the nearest police station, I was told that two police escorts could be dispatched to guard over my house at a private fee and this was not an option for me.

Unable to afford a rental car, I undertook fieldwork using my 1994 Ford Laser which was broken into twice while parked daily in the same spot in front of the building of Banco Austral. With the first break-in, I arrived to find the car sitting on bricks and all four wheels stolen and sold to a scrap yard from which I had to buy them back. With the second break-in, while I was

working inside Banco Austral, a window of the car was broken to gain entry into the car and all valuable items such as the camera, the electronic telephone book, the back-up cell phone, memory sticks in which data was saved and music compact discs were stolen.

What compounded these experiences was the fact that the country operated on three currencies (the local meticaais, the South African rand and the United States (US) dollar). The exchange rate fluctuated on a daily basis and most often to the disadvantage of locals. Furthermore, the local economy was predominantly based on informal sector activities where invoices and receipts were unknown. This meant that I was simply unable to obtain receipts as proof of expenditure using my research funds, receipts required by the University as proof of legitimate expenditure.

The dilemma with these experiences was not so much the disruption to the research process, the inconvenience and the trauma of it all, but it was the reaction of my home University's Research Office upon receiving my reports of these encounters and explanations of how research money was spent. With the personnel in the Research Office, including the Research Director, being completely unfamiliar with such realities, even though these realities remain common to many countries in the continent, I was held personally liable and suspected of foul play. To plead my case, I was required to write lengthy reports explaining myself with regards to having spent research funds on what was viewed as bizarre incidents while no attention was paid to my personal well-being and disruption to research.

The sections that follow describe experiences of an internal immersion from having to identify the case study, gaining access, negotiating the terms of engagement, planning and designing the study and doing so within a field of the firm that had its own power dynamics.

7.4.2. Selecting the Case Study

The decision to choose Banco Austral as the case study for this thesis was informed by the outcomes of an interview that took place with Mr Werner Pauw, the then acting MD of Banco Austral and his colleagues back in September 2004 at the head office of Banco Austral in Maputo. This interview was part of a series of interview meetings organised by the then Sociology of Work Unit (SWOP) of the University of the Witwatersrand (Wits), now known as the Society, Work and Development Institute. They were organised as part of an initiative supported by the South Africa Norway Tertiary Education Development (SANTED) partnership to expose Sociology and Economics post-graduate students from Wits and from

Eduardo Mondlane University to different types of labour practices in Mozambican companies and institutions.

The meeting at Banco Austral was hosted by Mr Werner Pauw, a charming and charismatic veteran executive who had earned his stripes at *Volksskas* bank, one of the Afrikaner banks that merged to form ABSA in the early 1990s. When asked about the ABSA subsidiary and its operations, Pauw (Interview, September 2004) remarked that “running a bank in Mozambique is an impossible task, the people here don’t know the first thing about savings, they do not have IDs and, as for the staff, commercial banking is an alien concept”. He then added his signature line, “Running a business in Mozambique is not for sissies, you need to grow hair on your chest to survive” (Pauw, Interview, September 2004).

Upon reflection, it dawned on me that out of all the studies conducted on labour relations in Mozambique, the twist was in the complete neglect of the financial sector and an overwhelming attention towards the retail, manufacturing and informal sectors. At any rate, thinking about the bank and bank workers raised very important questions concerning labour relations. Bank workers are skilled workers and the question that emerges is: to what extent are they subjected to similar employment practices as the ones already studied in the Mozambican context? What are the experiences of South African managers running high-end skilled companies in Mozambique? Similarly, what is the experience of Mozambicans who have been working with the Portuguese and who now have to adjust to working with South African managers?

The list of these questions is not exhaustive. What is important here is that the questions led to a research question that could not be answered by distant interviews and mathematical surveys. It required a much deeper study undertaken in one firm. A few months later I contacted Mr Pauw to request formal permission to conduct the study at Banco Austral and he was extremely supportive.

7.4.3. Gaining Access

It was not envisaged that gaining access would be difficult given that the acting MD had already agreed to the idea of undertaking this study. However, and as already mentioned above, at the time of seeking formal and written approval, Mr Pauw was on his way out as MD of Banco Austral following his decision to retire from ABSA. This added a major twist to the course of events: it was an unanticipated turn and one that meant a new application for accessing the

bank because all communication with Mr Pauw had been telephonic and in his absence, the bank was left without an MD. A new dilemma had presented itself.

The process of applying for access was laden with gatekeepers from the start. An application had to be lodged in Johannesburg through the ABSA headquarters. After a series of phone calls and a meeting, I was informed that the international office dealt only with London, Singapore, Hong Kong and Germany and that the Mozambique office would fall under Africa Operations. After another struggle getting through Africa Operations, I was eventually connected to Mr Botha who was the General Manager of the Africa desk which fell under the commercial banking segment in the broader organisational structure of the ABSA Group Limited.

Mr Botha was not bothered by whatever it was that I wanted to study at the bank, he was only interested in the fact that I was who I said I was. This meant that an official verification processes had to be done and a set of documents submitted for examination including my identity document, proof of student registration, proof of employment, proof of residence and so forth. Upon being satisfied with the verification process, Mr Botha granted the permission and connected me to Ms Joana Garcêz, the then Human Resources Director at Banco Austral in Maputo.

7.4.4. Disclosure

Ms Garcêz was amenable to the idea of research but she needed to examine the research proposal which she said was important for deciding how the research process would proceed. During field work, Posel and Ross (2014) argued, researchers encounter a whole range of unpredictable and complex situations that challenge the researcher's ethical decision-making. Neuman (2000) found that some of the quandaries that researchers battle with in the field include issues of disclosure, negotiating access and building a rapport. These called for decision-making that at times ethically challenge the researcher.

Similarly, having to submit a research proposal that was couched in esoteric academic language which, I was quite certain, would be unintelligible to busy corporate managers, raised some concern for me. The major preoccupation was the possibility of having access denied on the basis of a document which, upon being received, could lend itself to ambiguous interpretations and even miscomprehension.

The twist was in the fact that vagueness has the propensity of generating nervousness and uncertainty so that in the face of examining a document that made you both uncertain and nervous, the fastest and less-hassle response would be to deny access. Being positioned at such a crossroad, a conscious decision was made to rather submit a complete and intelligible list of questions which formed part of the survey questionnaire that was to be administered at Banco Austral. My intuition was proven right and after a few more follow-up phone calls, Ms Garcêz proceeded to grant me access to conduct research at Banco Austral.

7.4.5. Immediate Interaction and Perceptions

While undertaking field work for her PhD thesis, Mnisi-Weeks (2014) argued that one of the quandaries in participatory research is the situation of immediate interaction with interviewees which, when contextualised within the dynamics of unequal power relations, impacts on the research process in different ways. In her experience, Mnisi-Weeks (2014) found that pursuing a study on women empowerment and doing so from a position of power in relation to the participants, despite the participants being black women like herself, presented ethical challenges on immediately interacting with these women and having to make them true participants in a study where they were already unequal partners.

In my experience at Banco Austral, my immediate interaction with the participants was already mediated by two intercepting events which led to a construction of perceptions about my presence at the bank and the reason for conducting the study. These perceptions centred on several elements of inequality as identified by both management and workers and they carried propensity for simultaneously enriching the participation of managers in the study while inhibiting the true participation of workers.

In the first intercepting event, precisely as Neuman (2000) argued, that gatekeeper approval does, in some instances, generate the stigmatisation of the researcher to an extent that it inhibits the cooperation of the people being studied, upon arrival in Banco Austral, I landed in such a text-book case situation.

I was received by the Human Resources Division and Mr Samuel Cuna, the Human Resource Operation Manager, was assigned to assist with my needs. A work station with a desk, a chair and a network point was made available to me just outside Mr Cuna's office. While this was a blessing given the internet network challenges one encountered in Mozambique and not to

mention the cost thereof, it was a great research quandary in that being set up in the human resources division immediately positioned me on the side of the managers in everyone's eyes.

In the second intercepting event, which was precipitated by the first, while being fully aware that my access to the bank was facilitated by Mr Botha from the Africa Operations desk in Johannesburg, Mr Cuna was unfortunately not privy to the contents of the email correspondence between Mr Botha and Ms Garcêz. It later transpired that when his colleagues asked about my presence at the bank, he fell back on Mr Botha's arrangement to explain the reason why I was there, thereby exacerbating the element of already existing anxieties amongst workers.

I was now operating in an environment with diminishing prospects for establishing a good rapport with Mozambican workers before I had even started. The situation was worsened by an email sent by the human resource division to all heads of departments informing them about the presence of a South African bank researcher in Banco Austral - a consequence of direct translation - and requesting their cooperation in granting the researcher interviews and releasing workers, especially those who could speak English, to be interviewed. This worked well for gaining the trust and cooperation of management but the opposite was true where workers were concerned.

7.4.6. Building Rapport: Facing Linguistic Twists

The issue of building rapport is immensely significant in ethnography, however, as seen in the previous discussion, it is a very intricate process. According to Neuman (2000), building rapport is not always easy because the social world is not all in harmony and research fields are at times sites of struggles, tensions and conflict. In instances where it is difficult to obtain cooperation or the dynamics of relations within the field are such that they make penetrating the research site and getting close to members impossible, Neuman (2000) argued that the researcher must search for different techniques from within the field which can be used to mitigate against such challenges.

The technique I used in mitigating against the impact of preconceived notions of who I was and why I was in the bank was the process of role playing. In role playing, Neuman (2000) maintained, a researcher chooses to play a role or assume an identity by either fitting into an already pre-constructed role or assuming a self-constructed one. In my case, a pre-constructed identity of me as an English speaking South African bank researcher automatically created an

incredible rapport with management and I assumed and fitted into this characterisation in preserving the good rapport with management.

Despite the fact that a majority of the managers were white and I was black and that they were mainly middle-aged and Afrikaans-speaking men and I was a young Xhosa speaking woman, somehow they had managed to claim me as their own on the basis of three critical factors: we were all graduates of so called prestigious white universities, we were all South Africans and we could all speaking English. Speaking English automatically rendered me different to Mozambicans and similar to South Africans. This was a cultural capital and a linguistic twist that seemed to weigh much more than other traits. While being South African became an important element of distinction and one that classified me further away from the Mozambicans and closer to other South Africans in the bank, the ability to speak English seemed to be some kind of rite of passage. It not only made managers feel at ease but its function seemed to be beyond practical communication.

Building relationships within a context where language was treated like an autonomous object meant that the linguistic competence materialised not only in speech but also in symbolic goods. As symbolic goods, linguistic abilities contributed to the construction of symbolic relations. Those who possessed this symbolic power used it to construct relations of distinction, where one group of people, despite occupying the same social space and in pursuit of a common objective, was differentiated by language.

Being inserted into this space, which was practically a market space of symbolic goods, I was able to appropriate the symbolic power contained in linguistic competence in such a way that the total volume or currency embedded in language tilted in my favour and strengthened my relationship not only with management but also with the workers. Not only did I possess symbolic capital as acquired from my proficiency with the English language, I also drew handsomely from an ability to proficiently speak Portuguese and Xangaan. In so doing, the challenge of building rapport with the workers, as experienced on my arrival, had been turned on its head. I had earned a rite of passage with the workers because by speaking Portuguese I broke the barriers of nationality that had presented me as a foreigner.

I was immensely respected by the workers who found it a rare thing to have a South African, whether black or white, speak their languages. Most workers felt that there is a greater resistance on the part of South African whites to learn African languages spoken in South Africa, and that greater than this resistance, is the expectation that Africans must be able to

understand and speak the white man's language. This perception, they explained, emerges from observing that very few South African whites speak any of the African languages. I was informed that there is a large number of white Mozambicans of Portuguese descent who speak Xangaan and that those who cannot speak it can at least understand it. My ability to not only speak Portuguese but also Xangaan, improved my credibility amongst the workers.

7.4.7. Planning and Research Design

In designing the research, it was important to get a general sense of the bank and its organisational structure. The first two days were spent with Mr Cuna, first understanding what the general expectations of the bank were with regards to my presence. Issues of boundaries, regulations and levels of permissible interrogation of staff were discussed. The second and most important aspect of the two days' discussion centred on the organisational lay out, the occupational divisions or business segments and their location in the building. This proved to be a very informative session as it assisted me with planning, particularly with which sections I would start the interviews.

7.4.7.1 *Sampling*

Nonprobability sampling was used to identify individuals to whom the questionnaires were to be administered and with whom in-depth interviews could be held. Two questionnaires were drawn up, one aimed at the workers and the other at the managers. Purposive sampling technique was employed to select respondents firstly by location, secondly by willingness and lastly, by capacity or specialist knowledge.

In the location sampling, the bank's organogram was obtained to identify the departments that were in the head office and their location within the head office building as well as the branches within Maputo and their location in the city. All nine different departments within the head office were integrated into the sample and interviews with all heads of departments and a selected number of employees were conducted in each department. However, of the 28 branches in Maputo, only eight were integrated into the sample because of their size, location and significance to the activities of Banco Austral. Of the eight, only four granted extensive interviews while the other four simply did not work very well because the branches were too busy with fewer staff members and large volumes of customers streaming in and out of the bank.

With free movement within the head office, a schedule of interviews was drawn up by listing departments in the head office in accordance with their function and their staff numbers. Three functional categories distinguished between departments; for example, departments carrying an executive function were left for last and departments executing support and operations functions moved up the list. Thereafter the prioritisation was arranged in accordance with the number of staff members in each department so that at the end of the sampling, interviews started with the Operations Department which was the largest.

Secondly, participants were sampled by their willingness to participate in the study. Upon arrival in each department at the head office, the head of department would assemble staff members to introduce me and then leave me to my own devices. I would then move around the department from one work station to another and from one desk to another in order of departmental workstation arrangement. Each prospective interviewee would be asked if they had time and if they were willing to be interviewed. Those who refused completely, out of lack of interest or what Neuman (2000) calls *freeze-outs*, were left out of both the questionnaire and the in-depth interview plan and those who refused, out of fear or uncertainty, were left out of the questionnaire but listed for in-depth interviews or outside work ‘conversations’.

Initially, the number of willing participants was significantly low due to three main reasons. The first reason had to do with the rapport challenges already discussed, which made participants uncertain about speaking to ‘an ABSA researcher’ as they perceived me. This meant, for example, three weeks had to be spent in the Operations Department participating in the actual activities of the department mainly through shadowing workers in one section and moving on to the next, creating relaxed, warm and friendly relations with workers to improve the number of participants and also because of the large staff numbers of that department.

The next reasons both concern the interviewing strategy I employed. In the second reason, I administered the manager questionnaire first and the worker questionnaire last. This strategy did not work very well because most departments had an open-plan arrangement with only the head of department’s office enclosed. Consequently, after spending 45 minutes to an hour with the head of department in his or her office, very few workers seemed comfortable to speak to me.

As for the third reason, despite having free access to speak to anyone, by the time I arrived in a department, a few participants had already been pre-selected by the head of department using a variety of their subjective criteria. For example, some respondents were selected because of their ability to speak English, others because of seniority in the department and others because of the level of knowledge about banking. After a week I decided to change the interviewing criteria and I spoke to the workers first and the managers last. This proved to be most successful, particularly because by this time workers had also started warming up towards me, having resolved feelings of uncertainty and discomfort about participating in the study.

Lastly, participants were sampled in accordance with their special knowledge either about the bank as a financing institution or about the art of banking. For example, the Operations department had a total of 123 staff members spread over eight divisions. A third of these workers did exactly the same job so that there was very little variation of bank work from which to learn. In the Reconciliations division there were 15 staff members and 13 of them were clerks. In the Clearing division, 7 of the 14 staff members were clerks, in the Patrimony division, 10 of the 14 staff members were in maintenance and in the Cash Centre division, 14 of the 15 staff members were tellers. To understand how bank work was organised, it was important to speak to different workers executing different functions.

It subsequently became essential to prioritise three categories into the sample: middle managers, function supervisors or function specialists, and those workers in support service like clerks. Out of 30 clerks, for example, it was enough to formally administer the questionnaire to four clerks across four divisions but make a point of having informal conversations at different times with another four in other divisions and if there were interesting cases these would then be integrated into the in-depth interview schedule. Again, of those to whom the questionnaire was administered and who had presented interesting accounts of their experiences, they would also be integrated into the in-depth interview schedule.

Due to the strictness that was applied to accessing the trading floors, it proved absolutely impossible to access and administer the questionnaire to the dealers and traders who occupied the front office. The only time an opportunity arose was during social gatherings and during large meetings to which I was invited.

In branches, the situation was somewhat complex. The process of sampling branches was undertaken with the assistance of Mr Cuna who identified the eight key branches whose function was more important to the bank than all other branches and these consequently presented interesting workplace dynamics. For example, the Business Centre branch was the newest addition to the branches and one of its kind; it serviced the needs of big business, provided specialised investment advice and presented new innovative products for that market segment. Consequently, this branch had more expatriates; it was located in Maputo's famous Julius Nyerere Avenue where Maputo's most famous five star hotels are situated and also where Nelson Mandela and Graça Machel's house is located.

7.4.7.2. The Survey

The survey played a very important part in structuring the entire fieldwork. Despite being allocated to the human resources department, I had unrestricted and unstructured movement within the bank. I spent every week in a different department and in departments with large staff numbers or with interesting dynamics, I spent up to two weeks administering questionnaires, conducting in-depth interviews and observing the dynamics of relations of work.

As already stated, two questionnaires were open-ended and administered through face-to-face interviews for about 45 minutes to an hour with workers and for about an hour to an hour and a half with managers. A total of 51 formal interviews were conducted. The employer questionnaire was administered to a total of nine heads of department and took longer to administer because its open-endedness allowed for in-depth interviews to be conducted at the same time. This was mainly necessitated by the fact that unlike interviewing workers, there would be no second round of interviews with the heads of department.

The layout of the employer questionnaire was simple, yet it contained key investigative elements of employment relations in the 35 questions of each questionnaire. Divided into five key sections, the questionnaire covered such areas as details of the company in the first section, an enquiry on a range of human resource practices utilised in that division in the second section, issues of trade unionism and labour unrest in the third section, aspects of employee benefits and compensation in the fourth section and sources or causes of labour unrest in the fifth section. At the end of each questionnaire a notes section provided for additional notes for the in-depth interviews part.

The employee questionnaire was administered to a sample of 42 workers and while the questionnaire was also open-ended, more detailed discussions were left for the second round of interviews. The questionnaire was aimed at all workers from the middle manager to the clerk and it enabled a gaining of an alternative perspective on the nature of employment relations in the bank when compared to those of their heads of department. The questionnaire was relatively shorter compared to the employer questionnaire with only 25 questions. This was done so as to make room for a number of digressive lines of enquiry and to allow the questions to bring in other different lines of enquiry. Issues covered ranged from describing the nature of work, job tenure, membership and participation in trade union activities to issues of job security, organisational culture and participant demographics.

All responses were electronically captured using a word processor. This proved to be a much more efficient use of time; not only was it faster, it also enhanced the ability to observe the body language of the respondents. This is because with touch-typing, eye contact was maintained at all times with the respondents thereby giving more meaning to the actual interview. Again, by capturing responses electronically, it meant that additional notes or elaborations to questions were captured easily without affecting the structured response options of the questionnaire. This was done by lodging these additional notes in the 'New Comment' command of the Review drop-down menu of the word processor. Upon completion of running the survey, questionnaires were captured on an excel spread sheet and the reports generated were used as the basis for writing up.

7.4.7.3. In-depth Interviews

In-depth interviews were conducted with both employees and their departmental heads. With employees, a much smaller sample of 20 employees was identified while administering the questionnaire. This allowed a more focused sampling of respondents in accordance with their willingness to be part of a follow-up session and their knowledge of the issues identified as requiring following up. After formally administering the questionnaire to 42 workers, in-depth interviews were held with 20 of these workers in different settings mainly outside working hours.

Most of the workers who were willing to be part of in-depth-interviews had actually indicated during the running of the survey that they preferred to discuss issues in more relaxed and informal settings outside working hours. This was also important for me as a researcher in that it was possible to pay special attention to some of the questions for which the survey did not

have room for further probing. A list of questions was drawn from the notes kept during the running of the survey as part of following up issues raised by interviewees while responding to the questionnaire as well as issues drawn from direct observation notes which required following up.

It was important to design interview questions in the field as it allowed correcting the wording of questions that may have initially been off-context. For example, it was of no use to pursue questions around industrial strikes and collective bargaining processes when these seemed completely irrelevant to both managers and workers. Where the survey had shown that the bank had never experienced an industrial action, that workers were largely not unionised and that unions were ineffective, for example, a different line of probing had to be pursued. Revised questions enabled the exploring of other possible means around which workers protect their interests and make themselves heard.

Since interviews with the nine heads of departments were conducted during the administering of the questionnaire, they tended to be structured and somewhat directive but with room for following up on responses and for the respondents to elaborate further on their responses. The ‘comment command’ used to capture these notes proved extremely useful as it enabled space for detailed discussion of issues which, while they seemed external to the questionnaire, remained relevant to the interview. Such an oscillatory capturing of responses enabled the simultaneously furnishing of a questionnaire while capturing in-depth interview notes.

Since respondents were given the impression of controlling the interview, some digressions were permitted as respondents shared their personal experiences and backgrounds; however, the questionnaire ensured that even within the context of digression, the line of enquiry stayed on course. The use of the comment command proved very useful during the analysis of both the interview notes and the survey because the interview notes retained the context and enabled the easy ‘thematization’ of interview notes.

7.4.7.4. Direct Observation Notes

Direct observation was enhanced by use of a computer to capture responses and the ability to touch type so that eye contact was maintained between the interviewer and the interviewees throughout administering the survey and conducting interviews. I found this to be key in understanding those unspoken codes by paying very close attention to what was being said and what was being meant. For example, by removing your eyes from the respondent for a few

seconds to write down responses it is easy to miss the rolling of the eyes, the shrugging of the shoulders, the throwing of hands in the air, forming a fist, opening the palm of the hands and various facial expressions like frowning, smiling, and a sudden drawing of a serious face, to name a few.

All these body gestures are important in research and enable the researcher to understand feelings that are not described and the different emotions that different questions trigger in a respondent. It was also interesting to note that by paying such close attention, I was able to observe that some of the respondents paused for a few seconds before answering a particular question. I realised that this pause was not to think about the response as such but to consider my own facial expressions before answering the question. This made me self-aware enough to realise that it was not always necessary to smile, try to be extra polite or even be very serious during interviews.

There were then those few-second lessons where I would quickly scan the personality of the respondent to prepare my own facial expression in accordance with what I presumed to be an acceptable self-presentation. Of course, this was not error proof; however, over time and the more I understood the nature of the people with whom I was working and the more they got to understand me, my skill at this improved accordingly.

As an observer, I joined different groups of people to lunch and got to go to different restaurants. In this way, I managed to socially interact with many people and built good friendships which proved very significant for enhancing the quality of the research. No observation notes were taken during social gatherings; instead, memory triggers would be jotted discreetly on such things as backs of business cards, paper-napkins and backs of matchboxes when found.

I was also very privileged to be invited to senior management meetings by some of the heads of departments as well as to team briefing meetings by team leaders in different departments. During these meetings, I recorded very detailed observational notes including the manner in which meetings were run. A similar strategy was employed when I was invited by the MD to attend three organisation-wide meetings. In the first meeting, every staff member was invited and the different departmental heads were presenting their annual reports, strategies and visions to the new MD as well as to other bank employees as part of information sharing. In the second meeting, the new MD was being introduced to strategic members of the bank and its key players

so not every staff member was invited. The MD got to deliver his vision for the bank and shared the strategy by which he felt the direction of the bank should be steered.

In the third meeting, the MD was presenting the same vision to big business and this was a very high-profile meeting to which many companies based in Mozambique were represented; some were prospective investors to Mozambique. At this meeting, there were also important political figures present such as representative of foreign governments, ambassadors and high commissioners. Familiar faces of Frelimo government officials such as ministers and deputy ministers were also present.

These big meetings were held in conference venues at either the VIP Hotel or the Polana Hotel. The interaction between bank staff, politicians, members of the diplomatic core and businessmen and businesswomen was most interesting for research. Irrespective of the different contexts from which these people emerged, it was incredible to note the ease by which they interacted including the shared jargon that was used to communicate prospective business deals and to politically influence the bank into some direction.

Since the computer was not allowed in these venues for security reasons, direct observation notes were jotted on a notebook, chronologically ordered with time and place but also in two formats using two-colour pens. In the first format, the red pen was used to record my own views about what I was observing; in the second format, I recorded the actual proceedings of the meeting including presentations and conversations between people using a black pen. This mean at the end of the day, the notes were reviewed and transcribed into themes.

7.4.7.5. Historical Archives and Organisational Documents

An extensive search of primary sources such as newspapers articles and annual reports was conducted over three months between June and August of 2008. Newspapers, *Jornal Domingo* and *Jornal Noticias* were reviewed dating as far back as 1975 through to 1992 at the National Archives. In the first month, photographs of relevant news articles were captured for the archive's bound ledger and reviewed for recording. Thereafter, these were transferred into a document in accordance with the identified themes. After a month, I was informed that the camera was not permitted as it affected the safe keeping of materials in their natural form.

This meant that this process had to be done manually and I employed an assistant researcher from the University of Eduardo Mondlane for two months to assist with the manual recording of newspaper articles. This process involved recording the title, date and a brief synopsis of any article written on anything to do with banking. Once a year's recording had been covered by the research assistant, these would be passed on to me for reviewing and to decide which of the articles were to be captured word for word. Once this selection was done, the assistant researcher copied the selected articles by typing them from the newspapers and organised them first chronologically and secondly, in accordance with the relevance and importance of issues first. It was not necessary to translate the articles as I can read and understand Portuguese.

In addition to newspaper articles, historical academic articles on the history of the bank and of the banking industry in Mozambique were obtained from a variety of sources. I was most fortunate to be part of a Presidential delegation to Norway in 2012 and being able to connect with the then Minister Rob Davies. After discussing my research with him, he offered to hand a number of archival materials which he thought may be useful to the study and which proved immensely beneficial to the writing of the thesis, particularly Chapter 8.

Another set of primary documents was reviewed from the ABSA bank in Johannesburg by retrieving annual reports dating as far back as 2002, the year in which ABSA appropriated control of Banco Austral. Banco Austral's organisational documents were made available by Mr Cuna at the Human Resources Department including a copy of a previous study of human resource practices of the bank made by Tamele (2006).

7.5. Conclusion

This chapter has shown that delineating the methodological approaches and techniques employed in a study without deliberately locating the researcher within the context of both the internal and external determinants of the research field illuminates very little about the research itself. Constantly reflecting on my own subjective experiences as a researcher while objectively examining the ways of life of those being studied not only enriched the study but also brought to the surface those often contradictory social forces that encroach the research space in unpredictable ways so that they become lessons for future research.

Ethnographic research is a particularly rich space for such lessons because the researcher not only enters and occupies a specific social space with its own dynamics and social order but also becomes immersed within the contradictory social forces of that space. These forces not only shape and inform the conditions of existence for all those who enter it but they also inform

the nature of the research mainly through determining the nature of the participation of those being studied.

The participation of subjects into a study and the participation of the researcher into the daily activities of those being studied can be a deeply contentious affair. The researcher enters the research field as an outsider, intruding on the space of those being studied often from a dominant position. The research subjects as insiders remain unequally positioned, in relation to the researcher, by the hierarchically ordered social space of positions, and encounter the researcher often from a position shaped by unequal power relations. Within this context, the research field on the one hand becomes a site of mutual learning for both the researcher and the research participants. On the other hand, it becomes a site for playing out these unequal relations in ways that categorise and differentiate social actors as well as positioning them as the dominant and the dominated. It is these relations that a delineation of research methodology employed in a study should also be able to illuminate.

CHAPTER 8:

THE HISTORICAL ANALYSIS OF BANCO AUSTRAL

8.1. Introduction

This chapter provides a chronological account of the history of Banco Austral as well as an overview of the evolution of the banking sector in Mozambique. It places the establishment of Banco Austral within Mozambique's socio-political, cultural and economic history to reflect the extent to which these historical systems and their underlying institutions have shaped the nature of employment relations found in Banco Austral in the period 2006 to 2007. Operating from the premise that any attempt at understanding the actions of people must begin with situating them in their contexts as social beings, this chapter contextualises an analysis of Banco Austral within the economic and political histories that have shaped the socio-political and economic trajectories of workers in Mozambique.

This historical analysis is divided into five key periods and phases of Mozambique's history within which the evolution of Banco Austral is grounded. The first period, from 1960 to 1975, covers the colonial capitalist period under the authoritarian control of the Portuguese government. It highlights the history of banking and the development of banking institutions in Mozambique as well as the nature of labour relations in banks during that period. The second period, from 1975 to 1987, marks an important transition for Mozambique after obtaining independence from Portugal in 1975 and setting out to construct a socialist planned economy. The third period, from 1987 to 1994, analyses the gradual and transitional liberalisation of public institutions and a move towards private control to examine the manner in which changes of the banking sector have impacted on the situation of workers as well as inform on the direction the bank has undertaken.

The fourth period, from 1994 to 1997, covers the period of a democratic, privatising and market-oriented public control of institutions and specifically control of the banking sector, reflecting on how such changes have impacted on the nature of labour relations in banks; the fifth and last period, from 1997 to 2002, focuses on the transformation of specific banking institutions, the creation of Banco Austral under the control and direction of a consortium of investors headed by the Malaysian Southern Bank Berhad within a fully-fledged market economy of Mozambique.

8.2. Banking in the Colonial Period: 1960-1975

According to Nunes et al (2010), Mozambique's first bank opened in 1877 as a branch of the *Banco Nacional Ultramarino* (BNU), loosely translated as National Overseas Bank. It was also the first time that Mozambique issued its very own banknotes, exactly 13 years after the BNU was created in Portugal as the only bank to serve the whole of Portugal's colonial empire. The BNU was created as a commercial bank with its headquarters in Lisbon, Portugal. However, it played very little role by way of banking activity in Mozambique because banking activity at that time was carried out by the two chartered companies, *Companhia Moçambicana* and *Companhia do Niassa*. These companies were created specifically for the administration of the Mozambican territory and were therefore authorised to carry out banking activities in colonies, such as Mozambique (Nunes et al, 2010).

Nunes et al (2010) added that through the *Companhia Moçambicana* efforts, the *Banco da Beira* was created as the issuing bank for the territory in 1919. The new *Banco da Beira* operated for only 10 years; its operations were shut down following increased government control of the colonies during the advent of the Salazar regime. The tightened government control affected progress in the colonies particularly since the entire Portuguese banking system remained relatively undeveloped. With the closure of *Banco do Beira*, and with the exception of the foreign banks such as Barclays Bank and Standard Bank, the BNU continued to enjoy complete monopoly of banking activity in Mozambique (Nunes et al, 2010).

Conversely, Nunes et al (2010) argued, the BNU's era of monopoly was to change following the gradual imposing of more conservative regulations by Salazar's interventionist and increasingly authoritarian regime. While these changes were aimed at tightening government control over the banking sector, they somehow enabled a revision of legislation that saw an introduction of a new banking framework in the 1950s. This framework, Nunes et al (2010) added, allowed *Companhia Moçambicana* and *Companhia do Niassa* to establish head offices to carry out banking activities in the overseas territories and thereby putting pressure on the BNU to expand operations and set up offices in the colonies.

However, given that much of the BNU's banking systems remained undeveloped, most of the systems adopted as general banking systems were originally set up and informed by the South African banks operating there (Nunes et al, 2010). This marked the earliest influence of South African banking practice in Mozambique, the legacy of which was to continue to inform the nature of banking practice in the 21st century.

8.2.1. The Escudo Monetary Zone (EMZ)

Up until 1960, Wuyts (1984) argued that the financial arrangements and the banking system of Portuguese colonies remained under the tight control of the Portuguese government in Lisbon. Any foreign interests in the colonies were strictly organised through Lisbon. It was only after the World War II and with mounting pressure for decolonisation that Portugal was forced to reform the entire system. According to Wuyts (1984), the Salazar regime refused to succumb to the pressure for decolonisation and instead, opted to claim the colonies as provinces of Portugal and thereby compelling the Salazar regime to transform the colonies.

Through adopting a more liberal approach, Salazar enabled the colonies to be more self-financing while simultaneously generating surpluses for the Portuguese economy in their international trade relations with the rest of the world. Laws governing native relations were also revised, with the most oppressive slightly relaxed so as to not only fend off international pressure but to also try and win the hearts of Africans within the context of war. It was these liberalising reforms that saw the emergence of the Escudo Monetary Zone (EMZ) which, through the liberalisation policies and the monetary systems of the Portuguese Escudo introduced in 1961, largely shaped the organisation of the banking system in all of the Portuguese colonies (Wuyts, 1984).

As part of ‘transforming’ the colonies and liberalising them as provinces, the Salazar regime introduced policies aimed at encouraging foreign investment in the form of joint ventures with Portuguese financial interest. Wuyts (1984) argued that the idea was to encourage foreign partners to team up with Portuguese capital and bring into the colonies technical expertise, technology and managerial skills.

For the banking industry, this meant private Portuguese banks were permitted to team up with foreign investors and set up branches in the colonies as part of developing banking there. This saw the end of the era of monopoly for BNU in Mozambique. As part of the colonial administration, Wuyts (1984) argued, Portugal set up a government bank called *Montepio de Moçambique* with the primary purpose of catering for the needs of the settler population in providing such things as social security funds, pension schemes, saving schemes, etc. In addition, and by way of serving the settler agricultural interest, Wuyts (1984) maintained that another banking institution called *Banco de Agropecuário* was created specifically to provide finance to settler agriculture in general.

In 1968, *Montepio de Moçambique* was restructured as a savings and mortgage bank and in 1970 *Banco de Agropecuário* was merged into the new *Instituto de Crédito de Moçambique*, created to provide state credit, mainly for agriculture and construction. For the first time since the creation of the BNU in 1877, Middlemas (1975) argued that the *Instituto de Crédito de Moçambique* became competition for the BNU, which was subsequently reduced to a commercial bank. The *Montepio de Moçambique* and the *Instituto de Crédito de Moçambique* increasingly provided savings services and ‘...made the loans which enabled the third development plan to be executed and the fourth to be sketched out; and which completed the transition to economic autonomy’ that was part of the liberalisation process (Middlemas, 1975:243).

These two banking institutions, *Instituto de Crédito de Moçambique* and *Montepio de Moçambique*, were later merged to create Banco Popular de Desenvolvimento (BPD) during the post-independence Mozambique, a bank which in 1997 became Banco Austral (Nunes et al, 2010; Wuyts, 1984). With the proliferation of banks that subsequently ensued in the colonies after 1965, Wuyts (1984) argued that further regulations for the banking system were introduced, making it even easier to set up banking activities in the colonies. In the period 1965 and 1969, 26 new operations were created in Mozambique, marking the beginning of a real banking system there.

By 1975, the following anchor banks were operating in Mozambique; *Banco Nacional Ultramarino*; *Banco de Credito Comercial e Industrial*; *Banco Comercial de Angola*; *Casa Bancaria de Moçambique*; *Instituto de Crédito de Moçambique*; *Montepio de Moçambique*; *Banco Portuguesa Atlantico*; *Banco Standard Totta de Moçambique*; *Banco Pinto e Sotto Mayor*; *Banco de Fomento de Moçambique*; and *Moçambicana de Administração e Gestão de Bens* (Wuys, 1984).

8.2.2. The Labour Force in Colonial Banks

It is interesting to note that in the case of Mozambique, the characteristics of the EMZ policies and monetary systems continued to be reflected in the country’s banking system throughout the socialist period. Traces of the legacy of the colonial banking system were also found to have somewhat survived right through to the new policies of a liberal market economy and a democratic government in very interesting ways, more than 30 years later.

Jornal Noticias (January 9, 1984), a Mozambican local newspaper, reported that despite the considerable growth experienced by the newly created banks, the economic and social directives of the Third Congress of FRELIMO, which defined the principles by which the national banking sector should be restructured, failed to eradicate the legacy of inefficient colonial banking systems.

This is because, while the entire banking system in Mozambique worked as a lever for the colonial-capitalist exploitation and domination, its restructuring was left to be steered by the banking labour force that happened to be the very same group of workers who were the drivers of the colonial system (*Jornal Noticias*, 9 January 1984). This means the reforms of the 1960s, according to Mahala (1960) only worked to benefit the settlers because native Mozambicans continued to be subject to the most horrendous and worst forms of virtual slavery throughout this period. Similarly, Penvenne (1995) argued that the repeal of the native statute of 1954 in 1961, which was presented by the Portuguese as a means of enabling all inhabitants to enjoy equal status as citizens of the Portuguese Empire, did not change anything and was a mere act of compliance with international standards for labour relations on paper.

Where the law proclaimed that the ‘*obligation to work*’¹³ was removed from statute and ‘*xibalo*’¹⁴ abolished, Clarence-Smith (1985) argued that forced labour persisted right through the mid-1970s. In agreement with Penvenne, Clarence-Smith (1985) maintained that any legislative transformation that proclaimed to be aimed at improving the social and labour relations of natives was only on paper and done solely to minimise international pressure (Clarence-Smith, 1985). Indeed, Mahala (1960) also added that Africans continued to exist as providers of cheap manual labour long after the repealed legislation so that the only thing that was common in all economic activities of the country, whether in processing industries, construction, plantations and European homes, was cheap, poverty-stricken manual labour by Africans (Mahala, 1960).

¹³ The ‘*obligation to work*’ statute was part of Portugal’s civilising mission of its colonies as entrenched in the colonial labour law passed in 1899 which stipulated that ‘*all natives of Portuguese overseas provinces are subject to the moral and legal obligation of attempting, through work, the means that they lack to subsist and to better their social conditions. They have full liberty to choose the method of fulfilling this obligation, but if they do not fulfil it, public authority may force a fulfilment*’ (Carter and O’Meara, 1979:58)

¹⁴ *Shibalo* is a term that Mozambicans used to refer to work relations such as unpaid labour, coerced labour, ill-paid labour and slavery (Penvenne, 1995).

While within the white labour force there were masters, clerks, administrators, supervisors bankers and directors, Mahala (1960) argued that within the African labour force there were peasants, mine workers and ‘girls’ and ‘boys’. They all constituted part of the cheap manual labour force in Mozambique. Given that not all labour was waged-labour, those that did get paid earned salaries ranging from 3 *escudo* to 8 *escudo* per month compared to the 1 600 to 7 000 *escudo* paid to white workers per month. Child labour was paid 2 *escudo* across sectors and no European children were required to work for a wage at any point (Mahala, 1960).

There was, however, a group of educated Africans who were *assimilados*¹⁵ and who had been able to acquire semi-skilled and or skilled employment working in offices as typists, doing filing and organised payrolls for unskilled workers. Others worked as teachers, merchants, nurses, carpenters, etc. As the assimilated natives, Penvenne (1995) argued, this group of workers were set apart from the *indigenas* (indigenous natives subject to forced labour) by the *Regulamento de Serviçais e Trabalhadores Indigenas* (RSTI) that regulated native labour.

Even though they were not subject to *Xibalo*, the *Assimilados* were kept apart from their European counterparts by various other laws. Penvenne (1995) added that this was aimed at preventing Africans from acquiring any social status, employment position or even lifestyle that was equal to or above that of Europeans. Amongst these laws, Penvenne (1995) maintained, was the stipulation that the prefix ‘native’ must be attached to every professional status of Africans as means of affirming the economic, political and social subordinated position of Africans. Consequently, there were no African workers within the banking sector that engaged in banking work. The closest they came was working as cleaners, messengers, and tea ‘boys’ and ‘girls’.

With the ushering of modern banking many bankers rose in society as very important people occupying positions of nobility and regarded as ambassadors of the Portuguese empire in Portugal and its colonies or of the English empire in the case of England and its colonies. The patrician mannerism required of bankers was thought to be too impossible for African workers to simulate by the English and Portuguese alike.

¹⁵ *Assimilados* were those natives who had sufficiently ‘advanced’ in their adoption of European culture, religion and language to be treated under the same legal codes. These *assimilados* were crucial in Portugal’s attempt to buttress and legitimise its political authority in the colonies as leading a civilising multi-racial lusophony (Penvenne, 1995).

Of the South African banks operating in Mozambique at the time, none employed foreigners. All the bankers in South African banks were strictly South African without any exceptions. In Portuguese banks, there was a mixture of both Portuguese and South African bankers and they were all white. Bankers were considered as members of the business community to which no African could be admitted (Barclays Bank, 1938). While this situation increasingly changed in South Africa, in Mozambique it continued uninterrupted right to the era of political independence.

8.3. Banking in Post-Independent Mozambique: From Socialism to Liberalism (1975-1985).

On 25 June 1975, Mozambique became independent of Portuguese rule. At independence, Hanlon (2002) argued, banking was not a FRELIMO priority, as a result very little change was made to the infamous BNU. It was only during the tough deliberations in Lusaka¹⁶ and later in Dar es Salaam¹⁷, that both FRELIMO and the Portuguese government resolved that the BNU should be dissolved and in its place create *Banco de Moçambique* (BdM).

Mittleman (1981) contended that after this decision, the BNU turned over all assets and liabilities to the BdM in May 1975. However, there were no resolutions to the economic and technical aspects of the transition. Save for stating that the BNU's assets and liabilities would be transferred to the BdM, the Lusaka Agreement provided only a vague formula on how issues concerning the banking sector would be dealt with. During this time, Mittleman (1981) argued, the issue of the financial sector remained a contentious one because of the multiplicity of interests that surrounded it. The most prominent were the interests of the Portuguese bourgeoisie, the Portuguese government and that of FRELIMO.

¹⁶ Seeing that Mozambique's independence was imminent, Mittleman (1981) argued, both Frelimo and the Portuguese government slowed their respective military operations and prepared for political negotiations as part of determining which coalition would wield state power and on what terms. Lusaka was chosen as the venue for a number of reasons, chief amongst them being Kenneth Kaunda's interest to have Zambia play a major role in the future of Southern Africa. These discussions culminated into the Lusaka Agreement of 7 September 1974.

¹⁷ The Dar es Salaam meeting, Mittleman (1981) argued, was said to be a secret one, the outcomes of which were never publicised. It was held immediately after the Lusaka talks, largely to iron out and settle tough political issues that remained unresolved in Lusaka, particularly economic concerns (Mittleman, 1981).

8.3.1. The End of Colonial Rule: Mapping a new Direction for the Banking Sector

The end of colonial rule meant different things to different interest groups. Regarding the interests of the Portuguese bourgeoisie, Mittleman (1981) argued that it became difficult to reconcile their views on the question of decolonisation as they remained too varied. Although they were aware of the risk presented by the political struggle that had been going on for more than ten years in Mozambique and had come to realise that the prospects of Portugal yielding power to an independent government were imminent, Mittleman (1981) maintained that they remained completely opposed to such a reality.

Given that the majority of the Portuguese private enterprises were controlled by a handful of very rich Portuguese families like the Melos, the Espirito Santos, the Chimpalimauds and the Quinas, Middlemas (1975) argued that most business decisions by different investors were often aligned to the business and political interests of these big family names. While a large group of investors remained opposed to Portugal's yielding of its political control to FRELIMO, a smaller, though economically more powerful group, was flexible to the idea of decolonisation. Their only condition, according to Middlemas (1975), was for the Portuguese government to use its capital muscle to ensure that they would be able to continue with the economic domination of Mozambique.

This smaller group was led by Mozambique's largest investor, Antonio Champalimaud. He was a very powerful figure, a banking mogul known to be one of the richest men in the world. (Middlemas, 1975; Mittleman, 1981; Wuyts, 1984). Of course, the interests of the Portuguese government through the Caetano administration were informed by the interests of business. This is mainly because, Mittleman (1981) argued, Caetano needed the financial support of business for its development plans¹⁸ to succeed. In an explicit contract, Mittleman (1981) argued that Caetano guaranteed the Portuguese capitalists that their economic interests in Mozambique would be preserved. He urged them to increase their investments in the colonies and not despair in the face of the looming loss of political control, instead they should use their capital to change the character of control in a post-colonial Mozambique.

¹⁸ Mittleman (1981) contended that on December 13 1973, Caetano's Fourth Development for the metropolitan Portugal and the overseas territories from 1974 to 1979 was approved in Lisbon and depended on private investors' financial support amounting to 50 per cent of the required budget. This marked 20 per cent more than the financial support received from business for the Third Development Plan in the previous phase.

Naturally, Middlemas (1975) argued, corporations, banks and individual industrialists did not envisage having to hand over their businesses to FRELIMO and as promised by Caetano, expected a 'revolution from above' in which the handover of political power would ensure a mixed white and black government with whites retaining economic power and blacks holding political power. Following Caetano's promise, according to Wuyts (1984), Portuguese colonies saw a rapid and unprecedented expansion of the banking sector as Portuguese banks began mushrooming in the many parts of the colonies.

This sentiment was better captured in Ferreira (1977), an economics professor in Portugal who argued that the role that Portuguese capital played in the colonies was critical because it facilitated the development of the banking sector which rose from nothing and turned it into a flourishing economy. Consequently, Ferreira (1977) argued, it would be in everyone's best interests for Portugal to ensure that in its handing over of political power to the natives, economic power, particularly that of the banking sector, should remain in the hands of Portuguese private capital. Ferreira (1977) added that the handing over of political control was no means of loosening control and that it was, instead, an effective means of changing the strategy to gain real control.

However, events of April 25 1974 led to a different course. Mittleman (1981) argued that the Armed Forces Movement (AMF) in Portugal launched a coup and issued an ultimatum to Caetano to surrender power and entrust it to General António de Spínola. Having worked as a Director of the Champalimaud group, Mittleman (1981) contended that Spínola stood for the more powerful Portuguese capitalists. His programme was mainly to demolish the myth of the empire, grant a measure of self-determination for the Portuguese overseas territories under Portuguese sovereignty and construct an economic union that would guarantee the same monopolies for the Portuguese investors.

Mittleman (1981) and Wuyts (1984) argued that the banking conglomerates guaranteed financing the Spínola programme, agreed to become the de facto bondholders of the national debt and continued to replenish state coffers under the expectation that their prerogative would be enhanced as they funded state development programmes. Mittleman (1981) further argued that in carrying out the interests of big business and major banks, Spínola alienated the interests of the smaller and local-bound capitalists interested in direct political control. Since this group had weak and almost non-existent international capital, they saw traditional colonialism as the only way forward for Mozambique. Banks within this group of capitalists readily bore the cost

of ‘...continuing the colonial wars in order to maintain the most odious means of economic pillage and to continue political control’ (Mittleman, 1981:63). As it became clear that the Portuguese colonial apparatus was disintegrating, this group increasingly became hostile to the idea of an independent Mozambique.

The AMF coup did not only further polarise relations amongst the Portuguese bourgeoisie but it also fragmented the Portuguese government. While Spínola and those behind him stood for redefining the form but not the content of exploitation in Mozambique, the AMF wanted to destroy the colonial system altogether and set out to dispel any illusions about neo-colonialism (Mittleman, 1981). The Spínolists, however, remained committed to reconstituting the empire despite the AMF’s determination to destroy it. When they presented a proposal to FRELIMO during the Lusaka talks without a political solution, FRELIMO halted the talks insisting that an armed struggle would only be curbed by a political agreement favourable to FRELIMO and the people of Mozambique (Mittleman, 1981).

The polarisation of relations between Portuguese business and the fragmentation of the Portuguese government, coupled with internal pressures¹⁹ in Portugal, weakened Portugal’s position vis-a-vis FRELIMO. According to Mittleman (1981), while Portugal seemed to be softening military pressure, FRELIMO was stepping it up. Continued political and economic pressure in Portugal led to Spínola’s reduced political standing. Three months later, in July 1974, Spínola issued a new definition of decolonisation, signalling that Portugal was ready to transfer power to Mozambique and open to beginning talks that would determine the terms and conditions of the transfer.

According to Mittleman (1981), this was followed by a four-phased process of negotiations despite the complete disapproval of the local investors, especially the banking sector. As already mentioned, these talks culminated in the Lusaka Agreement, which, Mittleman (1981) argued, was violated before the ink was even dry on the paper. Barely four hours after signing ‘...a group of former Portuguese army commandos and police calling themselves “dragons of death” took over the Mozambican Radio Club broadcasting station in Lourenço Marques. Allied to the ultra-rightist organisation known as “foci” set off explosions and fired on African

¹⁹ The cost of fighting colonial wars, Mittleman contends, had left Portugal’s economy in tatters. With the realisation that independence was imminent, more and more Portuguese soldiers returned home. In 1974, 210 000 soldiers had returned home and were competing for jobs with some 500 000 returnees who had fled from the colonies. Mittleman argues that this happened at the same time as the demand for foreign labour in the European countries had declined resulting in large scale unemployment, wild-cat strikes and escalating demands by the workforce.

civilians...” (Mittleman, 1981:91). This three-day offensive was ended by the intervention of the Portuguese army and followed by claims that the ‘dragons of death’ were actually supported and funded by the Banco Pinto e Sotto Mayor, one of Champalimaud’s banks.

On 28 September, following these attacks and coupled with other internal pressures, Mittleman (1981) contended that Spínola was forced to resign thereby marking the first phase of defeat for the financial sector seeking either to maintain a direct political say or influence the economic direction of an independent Mozambique. Since the Lusaka Agreement did not impose any conditions on the content of the power being transferred to FRELIMO, there were no defined financial and economic arrangements. When the Portuguese tried to impose their financial indebtedness on FRELIMO, Samora Machel, the then President of FRELIMO, completely refused to be held accountable for debts incurred by the colonial state (Mittleman, 1981).

This played in favour of the interests of FRELIMO which were to transform Mozambique into a socialist planned economy. The Portuguese settler community however, Wuyts (1984) argued, reacted very strongly to this and to the idea of having lost both economic and political power to FRELIMO. From that period onwards, fuelled by anger and disappointment, developments in Mozambique were dominated by massive emigration of the settler population and were accompanied by widespread economic sabotage and capital flight of various forms. The banking sector in particular, Wuyts (1984) contended, reacted overall in an openly hostile manner, completely refusing to recognise the new government and its economic policies. In acts of capital flights, banks were the main facilitators of not only illegal transfers of their own assets but of other industries as well (Wuyts, 1984).

8.3.2. The Labour Force in Independent and Socialist Mozambican Banks

With widespread economic sabotage, Wuyts (1984) argued that production came to a halt and unemployment soared. Large-scale dismissal of workers and the deliberate production stoppages exacerbated the situation. Since the division of labour was sharply divided along racial lines with the Portuguese generally conducting skilled work and Mozambicans conducting unskilled work, Wuyts (1984) maintained that all administrative and technical labour remained monopolised by the Portuguese.

In the face of production stoppages and rising unemployment, FRELIMO's immediate reaction was to prevent any further employment contractions and thereafter issued a policy of stabilising employment (*Jornal Notícias*, 6 May 1975). Production councils were set up to promote the reorganisation of production; their role was to ensure active and effective participation of the workers in the planning and control of production and in solving problems. They were meant to ensure discipline in the workplace as well as to improve work and social conditions (Hanlon, 1984).

Working through ad hoc committees of eight to ten people called the *Grupos Dinamizadores* (dynamising groups), Hanlon (1984) and Wuyts (1984) argued that the production councils focused on preventing any further economic sabotage by the remaining settlers, managed abandoned factories and ensured the management and control of workers. The creation of the *Grupos Dinamizadores*, according to Hanlon (1984) and Hoile (1989), was also designed to extend FRELIMO's political structure into every province and district of Mozambique and enforce state authority within Mozambican society. Consequently, Hall and Young (1997) argued, the FRELIMO government relied heavily on the *Grupos Dinamizadores* to keep the economy at a minimum level of functioning as well as to enforce authority.

State functionaries moved into managerial, administrative and technical positions for which they were not trained and therefore ill-equipped for the positions they occupied (*Jornal Notícias*, 6 May 1975). Wuyts (1984) argued that the situation was even more glaring within the banking sector, which had to be staffed by poorly qualified, unskilled and low paid workers in technical and managerial positions. What made things even more complicated was the fact that the banking sector was highly elitist and racist in that all banking activities, as reported in the article of January 3, 1978 of *Jornal Notícias*, were run and controlled by the Portuguese. There were no Mozambican workers employed to occupy higher positions or even intermediate ones because a bank in those days constituted a special work place reserved for the Portuguese. As quoted from *Jornal Notícias*;

A Banca era um sector onde imperava o racismo, era impossível para um Moçambicano trabalhar em postos superiores ou mesmo intermédios porque o sistema era elitismo. Os bancários constituíam um grupo de lugares de trabalho impenetrável, com privilégios especiais para Portugueses. O acesso à Banca para Moçambicanos era difícil e selecionada. (Jornal Notícias, 3 January 1978:3-4). (Self-translation: 'The banking sector was dictated by racist practices; it was impossible for Mozambicans to occupy higher or intermediate positions within the bank because the system was elitist. Banks constituted a group of workplaces that was impossible to penetrate, with special

privileges for the Portuguese. Accessing a bank for Mozambicans was difficult and discriminatory’),

Consequently, and due to the fact that there was never transference of knowledge to the Mozambicans, as reported in *Jornal Notícias* (3 January 1978), the implementation of the changes enacted by the new government had to be executed by the very same Portuguese whose practices the government was trying to change. They were also the very same people who were responsible for several acts of economic sabotage in the banking sector including currency diversions, illegal money transfers, and breaching legislative prescripts to protect the capitalist interests of big business and international financial groups.

As part of restructuring the banking sector, *Jornal Notícias* (3 January 1978) reported that the then Minister of Finance, Mr Salomão Munguambe, proclaimed during a meeting held with all bank personnel at Josina Machel Secondary School on 2 January 1978, that there would be no lay-offs of any of the workers that worked for the closed colonial banks. He added that these workers were to be integrated with the Mozambican employees in the newly created banks so that they could also work to train the newly appointed staff members. This proclamation was made irrespective of reports that these workers were responsible for the many acts of economic sabotage. Adding a paradoxical turn in this dilemma, *Jornal Notícias* (3 January 1978) reported that some of these workers were actually paid spies of the FRELIMO government and had been instrumental in informing FRELIMO about all acts of sabotage that took place within the bank.

This is why a major part of the restructuring process focused on installing control measures and installing surveillance systems so that the dynamising groups would be able to detect and neutralise these workers. For this purpose, *Jornal Notícias* (3 January 1978) reported that *Operação de Vigilância* (operation surveillance) was launched with the aim of tightening the control and surveillance of the workers in banks. In his speech, Munguambe stated that the surveillance operation was to,

obrigar a obedecer da vigilância dos trabalhadores, enquadrados pelos grupos dinamizadores, com vista a detectar-se e neutralizar-se qualquer tentativa de sabotagem de trabalhos a desenvolver e dos objectivos a alcançar. Porque sabemos que foram esses trabalhadores que sabotaram a economia, e eles que nos deram muitas informações sobre anomalias que se passavam nos Bancos. Agora, mais do que nunca, precisamos de controlar todo o processo de produção e implementar vigilância afiada para combater essas atividades’ (*Jornal Notícias*, 3 January 1978: 4). (Self-translation: Enforce the surveillance of workers, through the Dynamising Groups, to detect and neutralise any attempt to sabotage the work and the objectives of government. Because we know that these were workers who sabotaged the economy, they were the ones to give us lots of information about abnormalities that took place in the Banks. Now, more

than ever, we need to control the entire production process and implement sharp surveillance to counter these activities.

The intensification of the surveillance control of workers was also used to identify those workers who needed, what is referred to in *Jornal Noticias* (4 January 1978) as, professional and political corrective training. Professional corrective training meant identifying those workers with potential to be trained in a special course on Banking and Administrative Management System consisting of nine subjects including Education Policy, Portuguese, Political Economy, Accounting, Credit Concepts, Notions of Law and Financial Mathematics. This course was run over seven weeks, parts of it were taught at the FRELIMO party's national headquarters and the rest at the quarters of the Ministry of State in the Presidency (*Jornal Noticias*, 4 January 1978).

Political corrective training was provided to workers identified by the dynamising groups to be in critical need of it. Most of these workers were the assimilated staff members from the colonial banks that were shut down. They were found to be in need of this training to modify their working methods and their thinking habits around what banking services were about and for whom. The training covered what *Jornal Noticias* (4 January 1978) referred to as Socialist Emulation; this meant imparting to them a culture of multiracialism, conscientiousness and an eradication of colonial bank practices so that they could learn how to serve a black clientele. This course also ran for the same period and was taught at the FRELIMO head quarters (*Jornal Noticias*, 4 January 1978).

Jornal Noticias (4 January 1978) reported that FRELIMO received criticism over the amount of money and resources used for courses of this nature in a context where of the 4.5 million Mozambicans there were only 40 with university degrees. Furthermore, of the 515 000 people earning wages, only 28 700 were in skilled employment while 143 000 occupied semi-skilled and unskilled work.

8.3.3. The Creation of Banco Popular de Desenvolvimento (BPD)

Loosely translated as the People's Development Bank, the BPD was created on 31 December 1977 as a result of a merger of two colonial Portuguese banks, the *Instituto de Crédito de Moçambique* and the *Montepio de Moçambique*. It was reported in *Jornal Noticias* (2 January 1978) that in establishing BPD, FRELIMO sought to service the people through (a) creating and encouraging a culture of savings amongst Mozambicans; (b) bridging the urban-rural divide that was created by the colonial administration, thereby expanding the provision of banking services to the rural communities; (c) transferring banks into key instruments of the struggle for economic independence; and (d) providing financial support to major economic activities, particularly the agricultural sector, state enterprises and cooperatives, giving them priority over individual support (*Jornal Noticias*, 2 January 1978).

In line with these objectives and as part of the government's socialist plan, Tamele (2006) argued, BPD was directly tasked with financially supporting activities of struggling state companies at 100 per cent of their planned expenditure, including the cost of the workforce. In addition, according to Tamele (2006), since funds were also to be channelled to support cooperative projects, loans were granted to various agricultural projects including projects aimed at improving the conditions of arable land and the purchasing of cattle and ploughing tractors.

Wuyts (1984) argued that it was difficult to work out the extent of the financing deficit by the banks and the PBD had to bear most of these loans with no repayment plans in place. By 1982, Wuyts (1984) argued that the country's total wage bill had exceeded the available supply of consumer goods by a good 17 per cent of the national income. While the financing of the struggling enterprises was a necessary measure for a transitional socialist government, with no other sources of investments funds available it simply led to a decline of the country's economy.

At FRELIMO's fourth congress in April of 1983, Hall and Young (1997) argued that it was eventually accepted that the concentration of resources within the state sector had been badly managed and had resulted in a crowding-out of other forms of economic activity to the detriment of production. The congress acknowledged that the planning adopted at independence was not working because of the severe shortages of trained personnel who were unable to administer the state sector and secure returns on investment (Hall and Young, 1997).

In that year, Wuyts (1984) argued, the economic situation worsened rapidly and considerably. Exports dropped from 9 900 million meticaís in 1981 to 5 500 in 1983, total foreign exchange earnings dropped by 20 per cent in one year and the indebtedness of the country increased rapidly particularly where credits were granted by the banks without repayment plans and debt repayments delayed without an alternative plan. It was time for a shift in economic policy thinking and a complete restructuring of the banking sector. In response, a World Bank (2003) report recommended the transformation of the banking sector as one of the immediate changes that the FRELIMO government needed to effect. It revealed that the state missionaries who ran the banking sector did not know the ordinary banking systems and procedures and that they relied heavily on the limited systems that were set up by the colonial administration.

The over-regulation imposed by the central government amplified the inefficiency of the colonial banking systems and procedures thereby increasingly necessitating improvisations on the part of the banking officials who were executing tasks for which they had no clear mandate. The World Bank (2003) reported that this situation translated into unnecessarily lengthy banking processes which, because they lacked transparency, remained highly unpredictable and increasingly became complicated by the administrative processes of central planning. The out-dated legal and regulatory framework established by the Portuguese colonial administration which remained in force till this period as well as the haphazard changing of legal rules generated uncertainties and exacerbated the situation.

In the first five years of its creation, the BPD embarked on a vast programme of corrective training of staff. *Jornal Noticias* (11 June 1980) reported that in the second half of 1979 alone, over 150 staff members had been trained. Of these 150, specific attention was paid to those workers who had not completed their primary, secondary or high schooling. *Jornal Noticias* (11 June 1980) further reported that 24 of the 150 trainees received training by the National Planning Commission to prepare them for middle management by focusing training on balance sheet analysis and performance accounting, amongst other courses. The rest of the trainees attended the corrective programme and also received training on secure handling of deposits, firefighting and public relations.

Towards the end of this massive training programme, *Jornal Noticias* (9 January 1984) reported that BPD announced a reclassification of the positions for employees as part of promoting workers and professionalising their positions. Those who had done exceptionally well in the socialist emulation programme received awards of distinction. Given that a large

number of these employees had not completed their basic schooling, and because the training was too short and its focus not bank-specific enough, workers did not really have the requisite banking skills.

This was also confirmed in a report compiled by the World Bank (2003) which revealed that many bank officials were not only unable to interpret the rules governing banking practices, they did not understand them hence they could not implement them. The World Bank (2003) revealed that in a context where bank officials were neither conversant with banking processes nor able to apply them, banks became a breeding ground for the adoption of very irregular banking procedures and even corrupt conduct (World Bank, 2003).

8.4. Liberalising the Financial System: From a Public to a Private Bank (1985-1997)

As it became increasingly clear that the socialist development strategy had reached an impasse, a change in economic policy, which was already initiated by the FRELIMO government in 1984, became much more pronounced. In 1984 and after joining the IMF and the World Bank, Abrahamsson and Nilsson (1995) argued that FRELIMO presented its first market-oriented policy, the Economic Action Programme (EAP) for 1984-1986. This was the first of a two-phased move towards a complete transformation of the country's economic stance which, Ojo and Okurume (1999) argued, occurred in a somewhat timid manner and remained modest in scope.

The second phase brought-in more significant changes, particularly with the introduction of a more comprehensive programme of economic rehabilitation, *Programma da Reabilitação Económica* (PRE) in 1987. Abrahamsson and Nilsson (1995) contended that the PRE was launched under the World Bank auspices as a non-negotiable means of halting and reversing the negative trend of economic activity and growth, restoring standards of living and promoting a market-based economy. Emphasis was placed squarely on liberalisation and privatisation as means of ushering in a successful phase of economic recovery in 1992 within a context of a ceasefire and peace negotiations.

These policy changes had far-reaching implications for the banking sector. In his study of the banking sector in Mozambique, Hanlon (2002) reported that in 1987, the commercial and central banking activities of BdM were separated and gave way to the creation of the *Banco Commercial de Moçambique* (BCM). The BCM only assumed its commercial banking functions in 1992. BdM continued with the central banking function and BPD also continued

as a development bank. In the mid-1990s, however, with pressure from the World Bank, the processes of privatisation of the banking sector were taken very seriously by the government. The World Bank, according to Hanlon (2002), conducted a study of the banking sector in Mozambique in 1991 and found that both the BCM and BPD were so immersed in messy liquidity problems that the recommended course of action was for their closure.

Amongst these problems, Hanlon (2002) argued, the most pronounced included the mismanagement and improper processing of loans, the utilisation of inadequate credit assessment and monitoring procedures, limited appropriate technical expertise and technology as well as chronic shortages of qualified personnel. Hanlon (2002) added that where these policy changes could have led to the restructuring of the banking sector and a shift towards traditionally accepted banking systems and banking processes for purposes of improving the banking sector as a whole, the opposite was true. It was as if the transition to a market economy was a gateway to even more irregular and increasingly questionable practices within the banking sector. The situation was exacerbated by the absence of a coherent human resources system which, together with all these challenges, basically ran down the two banks in Mozambique.

As the privatisation process gained momentum, Hanlon (2002) argued that BPD underwent significant transformation and managed to actively reduce its state enterprise and public sector clientele and increase its private sector portfolio. By 1991, state sector borrowing had declined to just 10 per cent and private sector borrowing increased. Consequently, by 1992, the private sector constituted 97 per cent of the volume of the bank's short term loans as emphasis was increasingly placed more on short-term commerce and service activities, thereby increasingly reducing the more risky agricultural undertakings. Unfortunately, Hanlon (2002) argued, this bulging growth of the private sector clientele, accompanied by a rapid mushrooming of private operations, generated a number of challenges for BPD.

As discussed, these challenges emerged within a context where the bank lacked appropriate and effective banking systems while operating with very limited capacity of its personnel. A study by Graham and da Silva Francisco (1993) revealed that as BPD increased its private sector clientele, it had not improved its information management systems which remained essential for the creation of a risk management team. Consequently, and throughout the

privatisation period, BPD was unable to avoid *adverse selection*²⁰ and was therefore subject to *moral hazards*²¹ in its operation.

This meant BPD was effectively unable to ensure documented performance of almost its entire loan portfolio on a regular basis (Graham and da Silva Francisco, 1993). The lack of proper systems meant there was no monitoring of instalment repayment of the outstanding long-term loans nor was there any reliable documentation to track amounts that had already been paid. To compound matters, a World Bank report (2001b) further revealed that most of the bank's personnel did not have the necessary computer literacy and very few had actually trained in economics or had any meaningful business management background. Consequently, the bank's activities were manually recorded with very little computerisation. The entire accounting system was based on a manual, single-entry, cash-based system whose main features dated back to the Accounting Regulation of 1881 and 1901 as amended (World Bank, 2001b)

As part of expanding the private sector, the FRELIMO government initiated a Green Zone Microenterprise (GZM) programme, which was funded by the World Bank. BPD was charged with managing this programme together with officials from the Department of Labour. The idea of joint effort by BPD and the Department of Labour was to ensure that the Ministry remained the only recruiter of the micro-entrepreneurs to be funded through the programme. The Ministry recruited them and evaluated the extent to which they qualified as prospective recipients of these investment loans. Once the shortlist was finalised, prospective micro-entrepreneurs were assisted by the Ministry with assembling the required documentation for the bank and to have these forwarded to the bank by the Ministry as recommendations (World Bank, 2001a).

The Graham and da Silva Francisco (1993) report showed that it was primarily this programme that caused the greatest loss for the PBD. GZM borrowers posed the highest risk for BPD because the loan requirement made it possible for almost all recommended candidates to qualify for a loan. They merely needed to prove that they were first-time borrowers and that

²⁰ *Adverse selection* is an economic concept used to refer to a bank's credibility, to its ability/inability to avoid selecting clients that have a huge likelihood to default given the risk associated with the projects particularly when operating within an uncertain environment. This is often due to the submission of incorrect, incomplete information or misrepresentations to the bank when applying for the loan.

²¹ *Moral hazards* refers to situations where borrowers are seen to be engaging in immoral or improper behaviour on receiving a loan. This is often in cases where the loaning bank lacks rigorous collateral processes and operates within an environment that lacks credible and low cost legal sanction in cases of default. In this situation, borrowers take advantage of the bank's weakness and borrow money for risky projects or projects that have a high potential for failure knowing that failure to repay the bank would bear minimum or no consequences at all.

they were legitimate businesses by demonstrating that they had a minimum of five workers in their employ. They did not need collateral, which made it virtually impossible for the bank to assess creditworthiness as there were no previous records to draw on in assessing risk and determining performance.

Moreover, the fact that these micro-entrepreneurs constituted the same people that had just exited the state sector following privatisation increased the risk factor. As they left the public sector, they only "...had the most rudimentary technical experience in their product line and no experience in meeting the market challenges of managing loan repayment..." (Graham and da Silva Francisco, 1993:48). They also became a liability for the bank in that, much like other emerging entrepreneurs, the expectation was for the bank to not only grant them loans for purposes of buying and rehabilitating the newly privatised state companies, but also to finance the elevation of life styles that the new elite demanded (Graham and da Silva Francisco, 1993). Loans were therefore granted for the purchasing of luxury cars, financing of numerous foreign travels and paying for luxurious holidays as demanded by the newly acquired lifestyles of these emerging entrepreneurs.

This put the bank under tremendous pressure because many of these emerging entrepreneurs were managers and directors of the former state enterprises; they knew where the flaws were greatest within the system, they had valuable networks within the government and they used these to influence processes, work around administrative hurdles and secure the loans they wanted from the bank. Hanlon (2002) argued that they also maintained connections with bank officials inside the bank with whom they were involved in dubious business deals and who required various 'bonuses' and protection from the state (Hanlon, 2002)

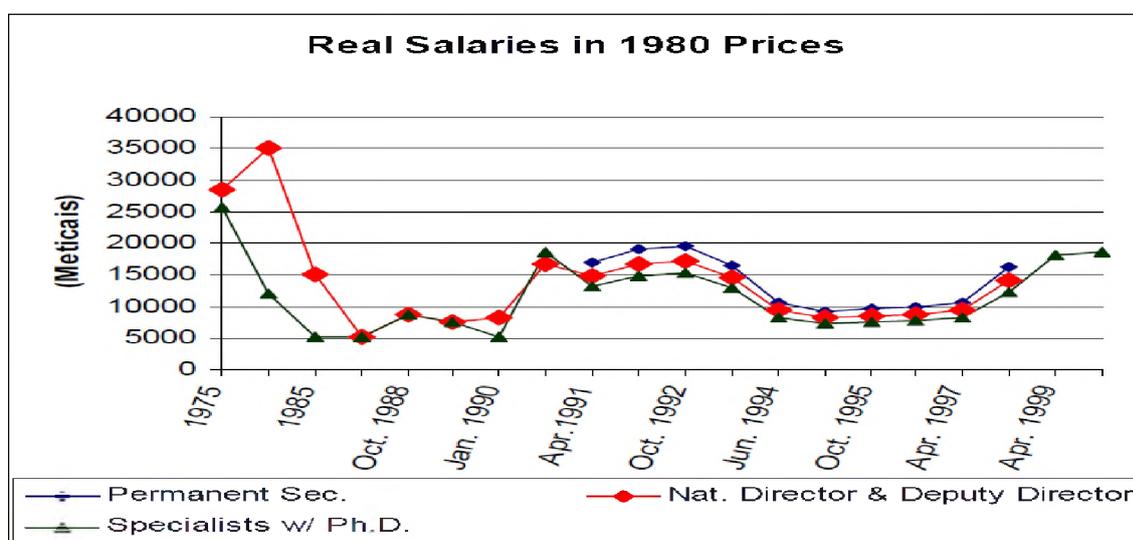
This meant banking officials had to approve even non-qualifying loan applications and, as Hanlon (2002) reported, they did so at 10 per cent commission for themselves, knowing that the loans would not be repaid. The issue of corruption amongst bank officials, Hanlon (2002) argued, proceeded uninhibited to an extent that it reached uncontrollable proportions and significantly contributed to the collapse of the banking sector in Mozambique. Where FRELIMO's policy shift to a market economy presented a good opportunity for the improvement of the banking sector, for the modernisation of banking systems and for the development of the banking personnel, Hanlon (2002) maintained that whatever improvements were initiated, they persistently got blocked by the people inside the banks wanting the continuation of the old system so as to cover their corrupt practices.

The United States Agency for International Development (USAID) (2005) report also confirmed Hanlon's argument. The study revealed that virtually every sector, function and level of government had been riddled with corruption since 1975. It showed that the scale and scope of corruption in Mozambique reached alarming levels with the opening of the economy to an extent that undermined the judicial process, dismantled the rule of law and reduced the delivery of essential public services, especially for the poor. The USAID (2005) report concluded that corruption penetrated the social and cultural fabric of the country.

The banking sector, as a facilitator and an engine for development, was most susceptible to corrupt conduct. In BPD, Hanlon (2002) reported that the improvement of record-keeping systems, which could have picked up the misconduct of officials, was deliberately slowed-down to a point of complete halt. Senior banking officials needed it to be dysfunctional as they were reported to be issuing money to people close to the presidency for personal accumulation. In a situation where bank officials continued to be paid low salaries, a number of them relied on bribes and misconduct, such as approving loans on commission, to complement their salaries and to live up to the societal expectations of a person working for a bank (Hanlon, 2002).

The issue of salaries remained critical within the context of growing corruption. A study by Sulemane and Kayizzi-Mugerwa (2001) linked the spread of corrupt practices by bank officials to a general lack of individual incentive due to low salaries. They argued that the taking of bribes, absenteeism as well as outright theft of public property became the means by which state employees compensated themselves in the face of low wages. They maintained that this was not only prevalent within the banking sector but was widespread across sectors (Sulemane and Kayizzi-Mugerwa, 2001). As reflected in Figure 3 below, in the period between 1975 and 1985 nominal wages for state employees declined drastically and remained low until the 1990s when the government introduced a system of professional categories, which were harmonised with employee incentives.

Figure 3: Salary scales for state employees (1975-1992)



Even during this period, a World Bank study (2003) showed that it was vital for Mozambique to introduce new salary incentives so as to make it easier to recruit, motivate and retain key staff as well as to curb corruption amongst government employees. The report further recommended that it was crucial for the government to provide support to the banking sector, particularly to improve the human resources management terrain including the decentralisation of functions. Low salaries, limited skills and corruption were not the only challenges facing the BPD. The World Bank (2003) also reported that, as a result of the legacy of the dynamising groups, most workers in BPD and in other banks were appointed through FRELIMO connections and family members irrespective of their capability. This continued to be common practice in the absence of clearly articulated recruitment, promotion and performance management policies in the bank (World Bank, 2003).

With such a multitude of challenges, the situation within BPD had become so bad that the World Bank called for the closure of the bank, although Hanlon (2002) argued that this was never really an option for the Mozambican government. While the Minister of Finance agreed with the World Bank and declared that the banks were far too messy to continue operating as public financial institutions, instead of closure he recommended that they be privatised as a matter of urgency (Hanlon, 2002). However, this was a view that was not shared by the politically powerful within the party. Consequently, the Minister succumbed to political

pressure and efforts were channelled at cleaning up the bank and improving its efficiency and its regulatory capacity instead (Hanlon, 2002).

However, Hanlon (2002) argued, an assessment of these efforts by the World Bank showed that the 'clean-up' campaign had failed to improve the behaviour of bank officials and the overall performance of the bank. The accumulation of non-performing loans in the bank's portfolio simply continued and the World Bank increased its pressure on the Mozambican government to close down the debt-ridden banks. Reluctant to shut down the banks, the government announced the privatisation of the banks in 1995. In 1996, Hanlon (2002) contended, a joint IMF-World Bank Policy Framework paper stipulated that both the BCM and BPD be privatised by that year as a condition for the World Bank's continued developmental assistance to Mozambique.

While the World Bank was convinced that there was adequate interest by international banks to ensure the privatisation of the two banks, Hanlon (2002) argued that the opposite was true for BPD. He maintained that as soon as interested parties opened the books of the bank, they immediately dropped out of talks. There were simply too many bad loans and the entire accounting system remained too chaotic to make sense of anything. It was increasingly proving difficult to attract investors to BPD as not a single foreign bank was interested. The World Bank accelerated the pressure and gave the Mozambican government an ultimatum that if BPD was not privatised by the end of June of 1996, the bank would withdraw aid to Mozambique as a matter of fact (Hanlon, 2002).

In response, a Mozambican group, headed by the former Minister of Industry, Octavio Muthemba, who was also Chair of a holding company belonging to the FRELIMO party, formed the Investor group in an attempt to buy BPD. Other members of the Investor group were Carlos Mogado, Muthemba's successor in the cabinet; Teodoro Waty, who was the Administrator of the BPD; and a Mayor of Maputo whose wife held a very senior position in the president's office, amongst others. The idea behind Investor was to find a South African partner with whom Investor could buy BPD, but it proved difficult to secure a partner and help was sought from the president (Hanlon, 2002). Hanlon (2002) reported that in March 1997, President Chissano undertook a state visit to Malaysia, accompanied by Muthemba in his delegation. President Chissano is said to have made a personal request to the Malaysian prime Minister, Mahathir Mohamed, to assist Investor by providing a Malaysian partner with whom

Investor could buy the BPD. The Malaysian Prime Minister requested Southern Bank Berhad (SBB) to participate, team up with Investor and buy BPD.

8.5. The privatisation of Mozambique's Banco Popular Desenvolvimento: From BPD to Banco Austral (1997-2002)

Southern Bank Berhad (SBB) held a 60 per cent ownership share of BPD which it acquired through its subsidiary holding company, the *Investimentos Associados Limitada*. SBB held over 51 per cent ownership of *Investimentos Associados Limitada* which was incorporated in Mozambique (SBB, 1998). The remaining 40 percent was divided between Investor and BPD workers, each retaining a 20 percent ownership share (Hanlon, 2002; Tamele, 2006).

SBB was one of the 58 financial institutions operating in Malaysia. According to Ahmad et al (2007), there were already too many financial institutions for Malaysia's small economy and some restructuring was bound to happen. SBB was founded in 1965 and went through a rapid phase of expansion. It is one of the largest banks in Malaysia and has always been recognised as an important player in wealth management products (Ahmad et al, 2007). Upon acquiring BPD, SBB set out to not only provide capital injection to BPD but to also transform the bank through the transference of technological expertise and general management know-how (Hanlon, 2002). The transformation strategy for BPD also included remedying the current state of affairs turning BPD into a modern financial institution that would take the position of market leader within Mozambique's financial services industry (Ahmad, 2007).

In her study of the impact of privatisation on human resources management at Banco Austral, Tamele (2006) maintained that SBB's takeover of BPD was expected to promote technological development in the organisation, provide technical training and support to all workers as well as improve the capacity of workers through training programmes that were to take place in Malaysia. In addition, it was expected that the SBB would provide a capital injection in accelerating the bank's transformation process from a socialist past, former state enterprise and towards integration of the organisation into the market economy (Tamele, 2006).

Tamele (2006) further argued that Mozambicans remained hopeful that the SBB would bring some improvement to BPD and this hope remained even though many Mozambicans had come to believe that the privatisation of state companies led to a shedding of jobs because of the large numbers of retrenchments that had already taken place in other sectors. Even with a growing trend of neglecting the productive capacities of Mozambicans through a denial of training opportunities and an insistence on using expatriate workers in several companies that had been

recently privatised, SBB seemed to give workers hope. Many continued to believe that it would create conditions for the stabilisation of the bank given the many challenges already experienced. What transpired, however, was far from the high expectations.

Right from the beginning, Tamele (2006) argued, the privatisation process was rigged with irregularities. Laws regulating the tender were never observed and some processes were only followed long after consultations and negotiations with SBB had been completed. There was absolutely no consultation with the labour force as required by the law and workers reported to only having heard about the privatisation of the bank through corridor talk and reading about it in newspapers (Tamele, 2006). Workers were only consulted as part of managing the retrenchment process, the unionised workers were consulted separately and those not belonging to any trade union also consulted separately. According to Tamele (2006), these consultation processes were aimed at co-opting the unions and the workers to agree to the set retrenchment packages and to avoid any possible protest that could emanate from worker discontent.

The massive retrenchments that took place, Tamele, (2006) argued, were part of a new strategy aimed at transforming BPD. This strategy, however, Tamele (2006) added, was in stark contrast to the general expectations of what the SBB was set to achieve upon taking over BPD. It focused mainly on the modernisation of the bank through introducing a new banking model, new banking systems and new technologies. Where it was initially said the bank would contribute to job opportunities through an expansion programme, the strategy contradictorily stated that the bank was dynamising the organisation through trimming the workforce and implementing more efficient systems that required a leaner and more skilled labour force.

Workers were subsequently given retrenchment packages which they refused and it was at this point that the trade union was once again brought in to try and convince the workers to accept the retrenchment packages as this was said to be good for the bank and for the general development of the country's economy. As a consequence, Tamele (2006) argued, 70 per cent of jobs classified as uncritical were made redundant against 30 per cent of strategic and highly skilled jobs that were created. The new technology that was introduced required new skills and instead of sending existing workers for training in Malaysia as was initially announced, the SBB brought in foreign workers and increased the recruitment of new international graduates, who soon took over key functions (Tamele, 2006).

When the privatisation of BPD took place on 3 September 1997, Tamele (2006) maintained that SBB insisted on renaming BPD as Banco Austral, introducing a new logo and getting its own Malaysian MD to run the new bank. She argued that in the same year, there were major restructuring changes that including renovations of branches, the reduction of the number of branches from 107 to 69, the reduction of the labour force from 2 042 to 1 431 as well as a rearranging of the banks' functions (Tamele, 2006). In its annual report, SBB (1998) also reported that Banco Austral did indeed become the first commercial bank in Mozambique to lower its interest rate and to introduce a prime rate. This was done in an effort to reduce interest rates in Mozambique in order to achieve sustainable economic growth in the country.

SBB prided itself for applying state-of-the-art information technology for the benefit and convenience of its customers as well as installing the first batch of 25 units of new generation Automated Teller Machines (ATMs) to promote large scale autobanking (SBB, 1998). On taking over Banco Austral, SBB embarked on extensive building renovations, demolished the social centre of the bank meant for recreational activities of employees, closed down the canteen and the crèche and cut support for the cultural group leaving the sports group as the only social activity for employees supported by the bank (Tamele, 2006). Instead of responding to pressures of getting workers a new bus and free meals that workers were used to, SBB focused on supporting employees in enabling them to acquire the necessary financing from the bank to acquire property and other large assets, something that was previously unheard of and left only to the elite (Tamele, 2006).

According to Hanlon (2002), however, since there was no due diligence audit conducted prior to handing over BPD to the SBB, it proved difficult to precisely assess and measure the overall change that was brought in by the new management. There was more disappointment instead of the change promised, and the benefits that were generated by the takeover were unequally distributed and were not for everyone. For example, the capital injection and technical support promised by SBB to Banco Austral never saw the light of day. Technological transfers and transfer of material know-how never really took place as Malaysians brought their own Malaysian bankers for management positions and whatever technological developments were made remained temporary as systems operated directly from Malaysia so that there was no actual direct transfer of systems to Mozambique (Hanlon, 2002).

What was clear, however, Hanlon (2002) contended, was the continuation of corrupt practices as the Malaysian senior officials increasingly found themselves in the middle of political battles that pressured them to authorise loans they were not supposed to authorise. In its 1998 annual report, SBB reported that the auditor's reports of Banco Austral issued a qualified audit as they could not explain the irreconcilable thousands of millions of meticaís in their account (SBB, 1998). Corrupt practices of the time when the bank was under government control simply continued uninterrupted after the Malaysian takeover. Hanlon (2002) maintained that senior officials continued to give out loans of large amounts without guarantees and at times in exchange for the 10 per cent commission.

Within just 18 months of running Banco Austral, SBB reported that the bank was in crisis and according to Hanlon (2002), rumours of liquidity problems started appearing in the press. In just three years, Banco Austral had given over US\$20 million in loans which could not be repaid. An audit that was conducted later by KPMG²² further revealed that fraudulent conduct, bad accounting and theft had cost the bank another US\$10 million. This was over and above the US\$15 million bad debts inherited from BPD. Where the bank managers had reported that only 11 per cent of the loan portfolio was bad debt, KPMG revealed that bad debts actually constituted 31 per cent of the banks' loan portfolio (Hanlon 2002).

At this juncture, Hanlon (2002) maintained that most senior government figures called for the closure of Banco Austral, which also meant corrupt practices would be buried along with the closure of the bank. The World Bank supported this motion, primarily for not wanting to see more money being lost through the bank. The IMF, however, opposed such a motion and instead supported the Ministry of Planning and Finance that the bank should be cleaned up and that corrupt practices and those involved be brought into the open and to book. At this point, SBB was no longer interested in Banco Austral.

SBB was embroiled in its own financial woes back home which forced it to wash its hands of Banco Austral (Hanlon, 2002). A few months prior to SBB's acquisition of Banco Austral, the Malaysian financial institutions were hit by a financial crisis triggered by the Thai baht floatation on July 2, 1997. As a consequence, Takatoshi and Yuko (2007) argued, every banking institution in Malaysia struggled to cope with heightened upward pressure on domestic interest rates, intensified outflows of ringgit, tight liquid conditions, loan provision requirements and problematic loans. The last thing SBB needed at this difficult time was to

²² Klynveld Peat Marwick Goerdeler (KPMG) Accounting Firm

have to carry a non-performing subsidiary bank that needed constant non-profit generating capital injections (Takatoshi and Yuko, 2007).

When the Malaysian government decided to restructure the entire banking system as a response to the deteriorating economy, reforms included a bank consolidation programme which was to be done through mergers and an upgrading of prudential regulation and supervision in line with international best practices (Takatoshi and Yuko, 2007). During these reforms, Hanlon (2002) argued that SBB decided to pull out of talks aimed at cleaning up and rescuing Banco Austral which was already on its knees. It announced during the board meeting in April 2001 that it was no longer interested in Banco Austral and that in fact it was cutting its losses and handing its shares back to the government without any compensation.

Hanlon (2002) further argued that SBB wrote off its investment and incurred a further loss of US\$10 million at the time and left behind a bank that was indebted by over US\$ 150 million. During this time, according to Hanlon (2002), Malaysian employees at Banco Austral anonymously distributed an email amongst media houses in which they explained that SBB's pulling out of Mozambique was due to the Mozambicans poor repayment culture, especially the elite, adding that denying them loans was just as damning as granting them because they simply did not pay. Attached to this email was a list of allegedly non-performing loans that were given to politicians and politically connected people.

On this basis and as a part of the clean-up campaign of Banco Austral, Hanlon (2002) argued that the Mozambican Central Bank intervened and took over the operations of Banco Austral, appointing a new board chaired by Antonio Siba-Siba Macuácuá (known as Siba-Siba), a highly-respected economist and a Director of the Central Bank's department of Banking Supervision. Hanlon (2002) explained that Siba-Siba took over as head of Banco Austral and began investigating allegations of theft and corruption as well as to uproot the bank of its bad practices. Two months after taking over, Siba-Siba issued a list of more than 1000 individuals and companies with overdue loans. Of course, this list was never published and the version that was eventually published four months later was 'doctored' and did not contain a single name of the politicians or the politically influential individuals. Siba-Siba, Hanlon (2002) added, was subsequently murdered at Banco Austral and his body thrown down the stairwell of the bank's headquarters.

Siba-Siba's murder was linked to the murder of Mozambique's highly respected journalist, Carlos Cardos, who was also murdered following investigations into the theft and corruption that took place at the Bank of Mozambique. After these incidents, the Central Bank of Mozambique advertised for a foreign bank to take over 80 per cent of Banco Austral with the 20 per cent reserved for the employees. Of the bidders, ABSA was the successful foreign bank and as already mentioned, in January 2002, ABSA took over Banco Austral (Hanlon 2002). The next chapter, Chapter 9 discusses Banco Austral as a subsidiary of ABSA and as a case study for analysing the impact that ABSA had on Banco Austral.

8.6. Conclusion

This chapter has provided a historical review of the development of the banking sector in Mozambique. It has chronologically contextualised this review within Mozambique's socio-economic and political history from the period 1960 right through to 2002 when ABSA acquired over 80 per cent control of Banco Austral. Throughout this historical account, the situation of those involved in the actual provision of banking services, bank employees, has been discussed to reveal how the legacies of the different periods of social and economic transformation have influenced the nature of employment practices in Banco Austral.

Created from the closure of two colonial banks, Banco Austral struggled to overcome the challenges that were initially manufactured by the racist employment practices of the Portuguese colonial administration which denied Mozambicans access to banking jobs and by extension prevented them from acquiring any significant banking skills and knowledge. From one period to another, practices of the past seem to inform and shape those of the present so that in a democratic society and within a free market economy, the situation of workers have not dramatically changed and workers find themselves facing similar challenges as those of the previous period. The continued legacy of the past is explained through the survival of the colonial and later socialist institutional mechanisms and operational systems which directly and inform the nature of employment relations in banks in general and in Banco Austral, in particular.

CHAPTER 9:

INTRODUCING THE CASE STUDY: BANCO AUSTRAL, A SUBSIDIARY OF ABSA

9.1. Introduction

The previous chapter, Chapter 8, has provided a historical review of the evolution of Banco Austral and, through a chronological account, demonstrated how the legacies of the different periods of social and economic transformation in Mozambique have influenced the nature of social relations at Banco Austral which ultimately came to shape the nature of employment relations there. This chapter is a more microscopic extension of Chapter 8 as it not only presents the selected case study for this thesis, but also provides an overview of the state of the bank, in terms of size, practices and business orientation, as found at the time of conducting this study.

This chapter further reflects on the nature of change, if any, that has resulted from being owned by a South African bank. It considers the perspectives of employees and their managers, both the Mozambicans and the South Africans, on how they viewed the impact of such change, what it meant to them and how the change worked to shape the nature of social relations within the different work stations of the bank as well as within the bank as a whole.

Loosely translated as Southern Bank, Banco Austral is a subsidiary of ABSA, a South African bank that was formed in 1991 through the merger of UBS Holdings, the Allied and *Volksskas* Groups, and certain interests of the Sage Group. In 1992 ABSA acquired the entire shareholding of the Bankorp Group (which included TrustBank, Senbank and Bankfin). In 1997 the name of the holding company, Amalgamated Banks of South Africa Limited was changed to ABSA Group Limited, consisting of three main operating divisions. In 1998 the United, *Volksskas*, Allied and TrustBank brands were consolidated into a single brand and ABSA adopted a new corporate identity.

In January of 2002, ABSA acquired an 80 per cent controlling stake of Banco Austral with the remaining 20 per cent controlling stake retained and reserved for the bank's employees. In December of 2005, Barclays Bank, a British multinational banking and financial services company headquartered in London, acquired 56 percent of ABSA shares and ABSA's Africa operations were subsequently rebranded into Barclays Africa including Banco Austral. However, due to the massive investments in the ABSA brand in South Africa, the South African operations remain under the ABSA brand and operating as ABSA Group member of

Barclays. Banco Austral continued to operate under the name Banco Austral until December 2007 when it was rebranded into Barclays Bank Mozambique (BBM). Given that at the commencement of this study Banco Austral had not changed its name to Barclays Bank Mozambique yet and only did so in the middle of the study, the name that is used to refer to this bank throughout the thesis is Banco Austral.

9.2. ABSA Rescues Banco Austral: Messiah or Machiavelli

As already discussed in Chapter 8 of this thesis, Banco Austral has a long history; it was established as a colonial bank and went through several phases of Mozambique's political and socioeconomic transitions. From being a colonial bank under Portuguese colonial administration to being a socialist bank under an independent FRELIMO government. Then later privately owned by a Malaysian bank, Southern Bank Berhad (SBB), and operating under an embryonic market economy, Banco Austral became a subsidiary of ABSA in a democratic Mozambique and under a fully-fledged market economy.

ABSA's acquisition of Banco Austral was seen by many as a rescue operation because at the time, Banco Austral faced a number of challenges that brought it to the brink of collapse. The nature of these challenges varied and emanated from a number of factors, chief amongst which were gross mismanagement, corruption, theft and non-performing loans (ABSA, 2004). By taking over from where SBB left off, ABSA was seen as the messiah that set out to not only save Banco Austral but to also transform it into an economically viable financial institution (Hanlon, 2002).

At the time, Banco Austral was indebted by over US\$ 150 Million and was declared insolvent. Hanlon (2002) argued that the bank was fertile ground for corruption and bad loans which were mainly awarded to political cronies. The gross mismanagement of the bank which reached chronic levels under the then Minister of Industry, Octávio Muthemba, continued uninterrupted under SBB (Hanlon, 2001). A forensic audit conducted by an American law firm, Laboeuf, Lamb, Green and MacRae, MediaFax (3 May 2002) reported, found evidence of corruption by both Malaysians and Mozambicans. For example, Malaysians simply carried over the practice of awarding large amounts of loans, at times more than US\$ 2 Million per individual, without carrying out the necessary credit risk assessments and without making the debtors liable for the repayments of loans (MediaFax, 3 May 2002).

In addition, the past practice of the socialist FRELIMO government of awarding jobs to unqualified and inexperienced friends and family members was continued by the Malaysian managers. For example, Hanlon (2002) reported that President Joaquim Chissano's son, Nympine Chissano, was given a job at Banco Austral by Mr Muganthan, the then Malaysian Banco Austral MD. Chissano junior, had neither qualification nor experience, he knew nothing about working in a bank and yet he earned over US\$ 3000 per month (Hanlon, 2002). There were many other such cases which, according to Hanlon (2002), together with the troubles already mentioned, drove the bank to the brink of collapse. At that stage, SBB cut its losses and pulled out of Banco Austral, leaving with all the computers and other records as part of destroying any evidence of corruption that could lead back to them (Hanlon, 2002).

Despite the assassination of António Siba-Siba Macuácuá who had discovered damaging information about many influential people who were allegedly involved in the corruption scandals of Banco Austral, ABSA went ahead and concluded the deal to take over 80% of Banco Austral's ownership shares. According to Pauw (Interview, January 2014), ABSA conducted its own due diligence and hired a law firm to do a thorough investigation on the allegations of corruption, theft, money laundering, nepotism, money siphoning and many other ills that engulfed Banco Austral.

This was said to be a cleaning operation that was to turn Banco Austral around and rid it of all the ills of the past. Pauw (Interview, January 2014) confirmed during the interview that he was part of the team assigned to conduct the business due diligence for ABSA and despite the business due diligence report advising against the takeover, ABSA went ahead with the acquisition deal because the political due diligence report, which contradicted the business due diligence report, was in favour. Prioritising the good political environment over a bad business environment, ABSA went ahead and took over the control and management of Banco Austral.

On assessing the political environment in Mozambique, the political due diligence report was in favour of the acquisition and sadly that is all ABSA was interested in. The business environment report showed that this was a deal laden with business challenges and we recommended against it. We identified the language and socio-political resolves as well as the market situation as really big issues and advised ABSA of the possible business problems that could be generated by buying a bank like Banco Austral in a country like Mozambique. From a business point of view, acquiring Banco Austral went against all considerations that ordinarily get taken into account when we banks decide to invest abroad and set up subsidiaries. Investing in Banco Austral was not economically viable, there was way too much money pumped into this venture and returns would not match the investment. ABSA simply had to do it because it was politically the in-thing to do at the time. It was the flavour of the month, the big boys

were going to Africa and ABSA wanted to be seen as one of the big boys (Pauw, interview, January 2014).

Given Pauw's argument above, it seems ABSA played off economic losses for political gains. This is a practice, according to Bourdieu (2005), that is very common in multinational firms. Political gain, Bourdieu (2005) argued, is as vital in multinational business as financial gain is. Setting up production beyond national borders is as much about the creation of political advantage as it is about maximising profits. Political advantage, Bourdieu (2005) argued, is often created when agents exchange one or more forms of capital. The capital being exchanged must form part of the total structure of the different forms of capital and must carry properties that can enable the bearer to dictate the strategies of preproduction and create conditions most favourable to them. In this way, Bourdieu (2005) argued, the properties of political capital embody economic advantage because it creates avenues for strengthening the competitiveness of capital goods and of the investment sector.

Through these avenues, particular economic and commercial norms most favourable to the interests of capital get created and imposed as universal norms, including the language of capital. So, what might appear as a loss to ABSA, can turn out to be gain upon close scrutiny. This can explain why ABSA, faced with the need to seriously consider the economies of scale in its decision to invest in Mozambique, chose to forge ahead and buy Banco Austral. Instead of heeding Pauw's warning about the shortage of skills, the instability of the institutional mechanisms and lack of basic infrastructure in Mozambique, ABSA proceeded to purchase a large and near broke bank with 69 branches, 45 ATMs spread across Mozambique and a total staff complement of 1 215.

Despite these challenges, the procuring of Banco Austral was seen as a positive move by many. For example, Godfrey Johnson, who was ABSA's African General Manager in 2002 described the takeover of Banco Austral as a 'big bang' that brought into Mozambique 'first world banking products' (Whybrow, 2003). Johnson stated that there were many significant changes that ABSA was going to implement in Banco Austral and thereby make this a successful venture. These changes included advanced banking systems and sophisticated banking technology. For Johnson, these were not only aimed at benefitting the bank but they also stood as an important contribution to the development of the sector in Mozambique (Whybrow, 2003).

Indeed, with only two years of running Banco Austral, ABSA was already reported in the Mail and Guardian (M&G) (2004) to be experiencing solid growth in earnings since acquiring this subsidiary. According to the M&G (2004), ABSA helped Banco Austral improve its costs efficiency by reducing operating expenditure by 6 per cent between 2002 and 2003 thereby improving its capital adequacy ratio from 25 per cent in 2002 to 37 per cent towards the end of 2003. ABSA was able to significantly reduce Banco Austral's cost-to-income ratio and turn the bank's fortunes around, thereby transforming Banco Austral from a bank that was insolvent to a bank that had produced profits for four years in succession (M&G, 2004).

Again, the M&G (2004) reported that the then Managing Director of Banco Austral, Johan Stander, attributed such strong performance to a focus on ABSA's core capabilities, organisational strength as well as the resources invested in such things as banking systems, operating models and banking technology. All these were aimed at making the operations of Banco Austral more efficient and more sustainable and the banking services more profitable and technologically relevant (M&G, 2004). ABSA seemed to be living up to the internalisation approach discussed in Chapter 2 of this thesis wherein, according to Rugman (2006), a multinational firm decides to engage in foreign direct investment and set up production abroad so as to take advantage of the opportunities presented by its administrative *fiat* and organisational strength.

Through emphasising the significant role of its organisational strength, business know-how, managerial skills and technological innovation, ABSA was able to secure total control of the production process, the conceptualisation of service-excellence and the design of products. All this worked to not only reduce and/or minimise the cost of production in the interim but it also enabled ABSA to internalise, within the ABSA Group, all internationalisation challenges and benefits which emanated from setting up production abroad in the long term.

In concurrence, Stander reported to the M&G (2004) that ABSA was able to make the kind of inroads with Banco Austral because of its dedication to organisational excellence and staying one step ahead of its competitors, both locally and internationally (M&G, 2004). It seemed the commitment ABSA made to Mozambique became realised through the organisational strength and brand loyalty that ABSA built over the years. The organisational strength meant that it was possible to transfer skills to Banco Austral and provide banking services equal to those available around the world. The brand enabled ABSA to place Banco Austral in an internationally favourable position in terms of potentially increasing its risk-weighted assets,

particularly in the form of loans and advances (M&G, 2004). It is due to having to overcome all these changes that ABSA was argued to have played the role of a messiah and rescued Banco Austral.

However, a close reading of Bourdieu (2005) refutes the position of the internalisation theory, that firms set up production abroad to take advantage of their administrative *fiat*. Instead, Bourdieu (2005) argued, companies set up production abroad because they are able to use their economic power to gain political advantage. This political advantage is further used to multiply their economic power. This is done through establishing relations of subordination in the countries in which these companies chose to invest. The act of internalising transaction costs, according to Bourdieu (2005), merely refers to a practice of subordinating previously autonomous local firms to the central power and then reduce them to the status of subsidiary. This enables multinational firms to organise production in a way that not only channels costs to the production units of the firm being absorbed but also in a way that weakens local firms and ultimately eradicating all traces of their autonomous commercial practices. This is far from an internalisation of transaction costs, instead, Bourdieu (2005) argued, it is more about forcing host countries and local employees to bear the bulk of the risk of investing abroad.

Mosse Doseti (Interview, July 2007), a Senior Lawyer in the Legal department concurred with Bourdieu's view and argued that ABSA was never a messiah of Banco Austral and that the acquisition did not make a significant contribution towards eradicating the troubles found in Banco Austral. Many of the troubles that ABSA inherited simply continued well beyond the acquisition.

There were zero attempts to understand the local situation and the local people. All the changes that ABSA claimed to have made in this bank were actually initiatives of SBB. Newspaper reports, television interviews and even ABSA annual reports that make reference to the amazing changes that ABSA brought to Banco Austral are incorrect because ABSA found these changes already in place. When ABSA complained about having inherited a bloated bank with just over a thousand employees, SBB had actually inherited over two thousand employees during their time. Even though SBB made changes that disadvantaged the workers, they made attempts to win the cooperation of the workers. ABSA did not even concern itself about what the workers felt and thought (Doseti, interview, July 2007).

Mosée Pedro (Interview, December 2006), a Senior Credit Analyst in the Credit department, recalled during an interview the impact that the Malaysians made in Banco Austral prior the ABSA take over.

I recall at the time when SBB took over, we had over 131 branches. SBB had trimmed these to just 69 by the time ABSA took over. SBB was the first to introduce a business model of running a private bank without the colonial undertones you find in many Portuguese owned companies today. Its strategy rested on providing excellent service through a multi-tasking, leaner and flatter workforce located in multi-functional sections. They focused on two important things; training and optimising on the workforce and introducing sophisticated banking technology (Pedro, interview, December 2006).

Indeed, the SBB detailed in its annual report (SBB, 1998) that an intensive programme of retail transformation and technological innovation programme had been initiated at Banco Austral. In Malaysia, SBB was a leading bank in the Information Technology (IT) sector and was in its own league with regards to high-tech banking solutions. SBB was part of the National Technology Council advising the Malaysian government on the development of IT infrastructure and by 1998, it had already introduced a biometrics system in banking. It was the very first to introduce computerised banking systems in Banco Austral. Though this was small scale, it had started to replace the manual operations in managing savings, current and fixed deposit accounts.

However, as the Malaysians pulled out of Banco Austral and left Mozambique, they unfortunately took all the banking records and the actual computers that were installed when the new banking programme was introduced. This was a *déjà vu* moment for many at Banco Austral; Dosei (Interview, July 2007) recalls this time and explains that the exodus of the Malaysians was very similar to that of the Portuguese back in the days when Banco Austral was still BPD.

One day you wake up and go to work and find that there isn't even a single person in some departments; each day people grew smaller and in no time there was no trace of the Malaysians in the bank. This is exactly what the Portuguese did: one day they are here and the next they are gone. When they left they took everything with them so that Mozambicans had to start right from the bottom. The difference with the Malaysians though is that they took time to train the people in the new technologies and in the new business models that they introduced. The infrastructure was also in place so we did not really have to start from the bottom as was the case during the BPD times. Unfortunately, ABSA does not recognise what we learned from the Malaysians because South Africans think very little of us (Dosei, interview, July 2007).

Pauw's recollection however, is different to that of Doseti. Pauw (Interview, January 2014) presents ABSA as a saviour of Banco Austral within a context where Banco Austral had nothing to offer.

When we arrived there, we found nothing; there was just bricks and mortar. People awaited on us to tell them what next step to take. They knew nothing and had no systems in place; we had to start right from the beginning. I mean, the bank did not have an effective financial structure; we had to start sorting such things. We had to ensure that risk management and treasury management systems were in place. There was just nothing (Pauw, interview, January 2014).

In strengthening the messiah argument, Fernando Madeira, a Portuguese national and head of the Finance department agreed with Pauw. He argued (Madeira, interview, December 2006) that there was no meaningful change made by the Malaysians during their 18 months- stint at Banco Austral.

The situation with Mozambican workers is complex. They dislike South Africans so much that they think the worst of them. ABSA inherited from SBB the same organisational structure that was built by the FRELIMO government – rigidly structured with people doing the same job without any prospects for growth. SBB tried to bring change without wanting to rock the boat, which means they tried to build a commercial bank while appealing to the workers notion of Banco Austral as a people's bank. The socialist and statist management practices were left untouched, relations of patronage with the politicians which generated bad debts for the bank continued unhindered. Issues of insolvency were actually addressed by ABSA. Unfortunately, staff members do not always think about these things, and the level of animosity amongst the workers made ABSA very nervous, especially on issue of worker control. South Africans simply did not understand Mozambicans and the fact that they were aware that they did not have complete control of the bank made them paranoid. They resorted to implementing all sorts of measures aimed at increasing control and they all ended up alienating the workers and playing into the stereotypes that workers had of them. This is why this whole thing is a mess now (Madeira, interview, December 2006).

Contrary to Pauw and Madeira's arguments above, Mkhize (Interview, January 2014) believed that even though ABSA did introduce several changes to Banco Austral, these changes were not of any meaningful magnitude, at least in relation to ABSA's capacity to deliver change and Banco Austral's need for change. This is not to say ABSA made dishonest claims about having saved Banco Austral, but to emphasise that the magnitude and scale of the change that was implemented should not be understood as having saved Banco Austral. Instead, it worked only to serve ABSA's interests (Mkhize, interview, January 2014).

Right from the beginning, ABSA was never really pressured to bring about change to Banco Austral. Instead, ABSA turned Banco Austral into a massive ship amidst speed boats and one that was turning too slowly for the international waves. There seemed to be no rush to change the quality of the clients, to change the banking institution itself and get rid of the high-risk clientele that were parasitically connected to the bank. Those who ran Banco Austral in the early days were too relaxed to make any meaningful changes; in fact, they could afford to relax because buying Banco Austral was never really about money. Money was a secondary thing, ABSA had made its money back in South Africa, and it remained one of the dominant players in the market with high market shares and major international investments (Mkhize, interview, January 2014).

In an interesting twist, when one connects the dots of Pauw's narrative of the events that unfolded at the time of ABSA's acquisition of Banco Austral, they seem to confirm Mkhize's argument above. In his earlier argument, Pauw revealed that the takeover of Banco Austral was not driven by the need to immediately turn Banco Austral around because there were other push factors involved. In the argument below, Pauw showed that these factors were far removed from the need to immediately bring change to the operations of Banco Austral.

I saw the birth and growth of this bank. I joined Volkskas bank in January 2, 1969 and I have seen all the changes that were to be seen. I was trained under the conditions I describe here hence I can tell you that ABSA's move to Mozambique was a political thing. When the the International Finance Corporation (IFC) and the World Bank approached ABSA about the Mozambique deal, they knew that ABSA was the best player in the market. Of course, just as the acquisition of Bankorp came with massive reserve bank payoffs, which helped ABSA to get off on a very good start, the Banco Austral deal was played in a similar way. It was part of ABSA's political move (Pauw, interview, January 2014).

Pauw emphasised that it was important to have a proper comprehension of this context when trying to understand ABSA and its business strategies. Even when trying to understand the decisions that informed the manner in which ABSA's subsidiaries are managed, one needs to first place ABSA within this context.

In acquiring Banco Austral, ABSA worked very closely with the IFC and the World Bank and negotiated the most favourable terms. In return, ABSA received political back up and major incentives that protected its investments. After all, the World Bank was under pressure to have Mozambique get rid of its commercial assets. George Pardoe, who was the Deputy Group Executive Director at the time, conceptualised ABSA's involvement and set its terms with the World Bank. The deal was discussed, finalised and signed while airborne in a business class section of an aircraft. I was brought on board to "panel beat" the deal and get it working. The World Bank deal was about the change in politics and the securing of political power for financial security (Pauw, 2014, interview).

Operating within such a context and being influenced by such powerful forces, it is with reason that Mkhize (Interview, January 2014) argued that the issue of profit maximisation was not an urgent one. Consequently, the issue of improving operations immediately after the acquisition was not top priority. This explains the lack of or the slow pace of change at Banco Austral.

Real operational change in Banco Austral was brought in by Barclays. It was not easy because real change meant taking away the comfort zone of many Afrikaners who were posted to Mozambique for reasons other than contributing to operational excellence and skills transfer. The Barclays approach valued international standards of governance and did not leave governance issues to individuals in the same way that Afrikaners did. For example, Barclays insisted that all risk management protocols follow internationally set standards and not what pleases certain people (Mkhize, interview, January 2014).

Mkhize's sentiment above was also relayed by Nice more than seven years before the interview with Mkhize. Nice (Interview, July 2007) was posted to Banco Austral to implement the new Barclays Bank specific changes and to eradicate all the ills of the past which neither the Malaysians nor ABSA seemed to be able to get rid of.

Barclays has been in Africa for more than 100 years so we know what Africa needs and focus on bringing such changes. ABSA did not have as much exposure to international markets: they have been an agricultural-oriented people's bank, very much like Banco Austral. Outside the building societies that made ABSA, the strongest institution was Volkskas and this was an Afrikaner bank, created to service the financial needs of white Afrikaners. Its roots [were] about creating the Afrikaner people's capitalism and responding to the financial needs of the Afrikaner farmers so the focus was never really about the internationalisation of financial services and responding to the financial needs of Africans in Africa. Mozambicans see this in ABSA's strategy and it makes them very angry and generates feelings of animosity against South Africans (Nice, interview, July 2007)

Mkhize (Interview, January 2014) concurred with the argument that there was animosity between Mozambicans and South Africans. However, unlike Nice's argument above, Mkhize attributed this animosity to those changes that were visible to the workers and which, when introduced to Banco Austral, seemed to be only at the disadvantage of the workforce.

In general, South Africans are not liked by Mozambicans, especially the South African whites; they are seen as oppressors and do not have a good rapport here. Workers in the bank have expressed unhappiness at the presence of South Africans in what they call 'their bank'. Remember these people were previously looked after by the socialist government and the Malaysians continued some of these practices simply because they did not have enough time to bring the kind of changes that ABSA managed to introduce. For example, they are not used to performance evaluation. Being promoted or demoted on the basis of performance evaluations amounts to unfair labour practice to them. They struggle with the issue of working towards targets and yet feel entitled to benefits such as the 13th cheque. Others used to be paid the 14th cheque for reasons that remained unclear to ABSA and they demanded that it be continued. They also expected a

continuation of benefits like company-sponsored transportation and free meals. Since it is impossible to dismiss them, even when they commit an offence, ABSA insists on their productivity so that they can earn their keep. Otherwise they get retrenched or get encouraged to take early retirements while several keep being shifted around the bank. This is where the animosity comes from (Mkhize, interview, January 2014).

Between the takeover and the time of conducting this study, as reflected in Table 4 below, Banco Austral had reduced its staff compliment from 1 215 in 2001 to 704 in 2006 with a slight increase in 2007 to complement the increase in the number of branches (ABSA, 2004).

Table 5: Title: Size and Spread of Banco Austral 1

Year	Total number of Staff	Number of Branches	Number of ATMs
2001	1215	69	45
2003	850	52	No available data
2004	778	47	47
2005	732	47	56
2006	704	47	77
2007	748	52 + 6 sales centres	80

While SBB laid off more workers than ABSA, the strategy used by the Malaysians of involving workers in retrenchment processes proved effective. Whether the worker-involvement was real or fictitious, the important thing is that there were some workers who felt that they were part of the decision-making processes and this reduced the level of animosity. As discussed in Chapter 12 of this thesis, management’s co-option of trade union representatives also helped to minimise issues of mistrust in the bank. Unfortunately, with the ABSA take over, Mkhize (Interview, January 2014) argued that there was no investment in strategies of dealing with the workers because worker discontent was not seen as an important issue.

The biggest mistake that ABSA made was [to] think they could operate with the vision of taking over Africa while . . . remaining completely disconnected from the ground and what the people really needed. Barclays maximised on this and tried very hard to win the hearts of the workers. At the end of the day, it is about strategy; it is not that Barclays was a miracle worker. Of course, despite all the effort there were still challenges. For example, it proved impossible to get rid of the image of Banco Austral as a people’s bank inherited from the socialist FRELIMO. Again, the practice of giving loans to

politically connected people simply continued as before: SBB did it, ABSA did it and, well, it continued to be a problem for Barclays as well. The client mix segment was laden with major difficulties so that the clientele remained that of low income. There was no measurable effort made to target the middle class-base because during the SBB time, the middle class was just a handful and during the ABSA time, the South Africans in charge were simply blinded by their historic baggage of prejudice to see the emerging middle classes amongst Mozambicans. Prior to Barclays, there was very limited cross-revenue generation because the client-base was limited. There were no target mortgages, credit card facilities and private banking facilities. This was mainly because ABSA did not see this as possible with the Mozambican population (Mkhize, interview, January 2014).

Despite the historic challenges and ABSA's limitations, there were important changes that Barclays inherited. Technological innovations introduced by ABSA saw major improvement in delivery channels; there was a dramatic increase in the number of multi-function ATMs which almost doubled within the seven-year period (ABSA, 2004; Banco Austral, 2005).

While the number of branches also saw a significant decline from 69 in 2001 to 47 in 2006, there was a series of rebranding exercise and further investments were made to increase the number of branches from 47 in 2006 to 52 in 2007. In addition, there was a nation-wide improvement of other delivery channels such as sales centres and savings posts thereby introducing banking services in the most remote areas of Mozambique (ABSA, 2007).

9.3. ABSA Modernises Banco Austral: A Benevolent or Malevolent FDI?

The modernisation of Banco Austral was one of the urgent things that ABSA set out to achieve upon taking over in 2001. ABSA (2004) saw the modernisation of Banco Austral as a benefit to both workers and to the host country because the technologies and specialist knowledge that was to be introduced to Banco Austral would go far beyond the bank itself and spill over to other sectors of the economy. As already discussed in Chapter 3 of this thesis, it is misleading to automatically assume that the impact of South African FDI is positive for all the hosting countries in the African continent. The literature discussed in Chapter 3 of this thesis shows that the impact varies depending on the balance of forces in each country.

On the one hand, there are studies that have found the impact of South African FDI to be munificent (Page and te Velde, 2004; Grobbelaar, 2008). Through setting up subsidiaries abroad, Page and te Velde (2004) argued that South African companies are able to transfer to host countries advanced technology, specialised knowledge and world-renowned managerial skills.

On the other hand, there are those studies that have found the impact of South African FDI to be malevolent (Simon, 2001; Legassik, 2007; SARPN, 2004). For example, Simon (2001) argued that South African FDI merely works to crowd-out and dominate local businesses without necessarily contributing to any significant employment creation and better working conditions for local workers. In this way, South African FDI is said to have very little to do with the broader socio-economic development of host countries (Simon, 2001).

Proponents of FDI saw ABSA's takeover of Banco Austral as a mutually beneficial endeavour or even as a philanthropic act. For example, Goosen (Interview, December 2006), the head of IT, believed that the goodness intrinsic in ABSA as a business has immensely contributed to Mozambique's development.

The role played by ABSA in this country is one played by several other South African companies that are not only interested in making money and walking away but are also keen to contribute to the broader development of Mozambique and its people. Before ABSA took over, we found these people completely helpless, high levels of illiteracy, no skills, no knowledge of anything. Basically, they could not run their own institutions because they come from a different environment and from another banking regime that did not teach them anything. ABSA is slowly trying to train them and to make them understand that they need to be amenable to change, they must adapt to modern situations and understand that their refusal to change is an impediment to the innovation of banking systems and the modernisation of the bank. Luckily, ABSA is understanding of these people's background; we are also told to be sympathetic and understand that Mozambique is far behind in technological development, much more than a whole lot of other countries in the continent (Goosen, interview, December 2006).

In the same vein, Pauw (Interview, January 2014) argued that ABSA's main objective in taking over Banco Austral was to turn the bank around and turn it into a profitable, globally competitive and modern financial institutions.

It was important to embark on a complete organisational redesign, bring-in a new image, develop and entrench new business principles. We also needed to implement internationally relevant corporate governance policies that [subscribe] to the international best practice of banking as embodied in King Report II, Basil II and the Model Code on banking practice. As the first batch of the ABSA guys to arrive in Mozambique, we were tasked with improving the operational excellence of the bank by enhancing efficiency and immediately adopting a lean approach to business as well as [enhancing] process automation. Of course at the time we could not speak of operational excellence with the kind of technological challenges found in Mozambique so ABSA invested huge resources to improve banking technology and to optimise our scorecards as part of ensuring a correct balance between risk and reward (Pauw, interview, January 2014).

On the contrary, Nice did not think ABSA made any important strides in the socioeconomic development of Mozambique or of its people. The impact of ABSA's investments in Mozambique, according to Nice (Interview, July 2007) could not be described as benevolent.

You see, while Barclays is about generating profits and developing its people, ABSA is more interested in exporting wealth back to South Africa. They all still use their South African credit cards and not the Mozambican ones despite having been operating in Mozambique for more than five years now. They all go home on Friday afternoons and return on Sunday and never get to mingle with the local people. The main objective with South Africans is to get all the assets out of the country ... into South Africa (Nice, interview, July 2007).

Similarly, Juliano Ilro, an IT Technician in the IT department reported that ABSA's investments in Mozambique have not been as beneficial as many Mozambicans assumed they would be. He added that the biggest disappointment related to the issue of skills transfer which was always presented as a major benefit for Mozambicans even during the time Banco Austral was under the management of SBB.

Mozambican workers are ambivalent about the presence of South African at this scale. Initially, we used to think that South Africans would bring us expertise and help with the development of our skills but this is not the case. The main frame that the bank uses is in South Africa and there is no skills transfer at all. We only do facilitation work so that the real transactions are executed in Johannesburg. South African managers are generally very authoritarian; instead of teaching us they always shout and swear at us and this makes it difficult to figure out when they are genuinely pressurising us to work harder and when they are being racist (Ilro, interview, December 2006).

Daniel Novela (Interview, December 2006), an Administrative Clerk responsible for credit card claims in the Credit department argued that several workers at the bank feel that the presence of South Africans in Banco Austral is the worst thing to have happened in the history of the bank. In fact, many are looking forward to the complete take over by Barclays as the general feeling amongst workers is that the changes that were introduced by ABSA actually worked to threaten their job security and made workers feel irrelevant in a bank for which they had worked for many years.

Workers feel a great sense of instability because of the many changes that have been effected in the bank. You have to understand because a lot of people were retrenched during the SBB take-over and this was a shock to everyone. The situation got worse when ABSA arrived because the first thing they did was to reduce staff, close branches and introduced high technology systems which made workers irrelevant. This has left a sense of insecurity, fear and unhappiness amongst workers (Novela, interview, December 2006).

As reflected in Table 6 below, almost all the interviewed workers reported to have witnessed a change in the number of staff in the bank between 2004 and 2007. This change had largely tilted towards staff reduction which was effected through compulsory redundancies. A total of 33 of the 43 interviewed workers confirmed that this was the most common form that the bank used to reduce staff numbers. Table 6 further shows that more workers felt less secure in their jobs, for example, 24 of the 43 interviewed workers reported that they felt less secure. This was over 16 who workers who reported that they felt more secure in their jobs.

Table 6: Changes in the Staff Complement and Job Security in the Last Three Years 1

Has the number of employees changed in the last 3 years		How has it changed?				
Yes	No	Increased	Same	Decreased	Don't know	Did not answer
38	2	11	-	27	-	3

Do you feel secure in your job	Yes	No	Same	Don't Know	Did not answer
	16	24	2	-	1

List the methods used to reduce staff that you are aware of						
Recruitment freeze	Early retirement	Voluntary redundancies	Compulsory redundancies	Internal transfer	Non-contract renewal	Outsourcing
3	23	15	33	3	1	1

Josse Mussane, (Interview, July, 2007) the head of the Legal department, argued that the changes that ABSA brought to Banco Austral did not meet the level of expectation for many Mozambicans.

Mozambicans are aware that the country needs investors to develop and prosper: this is why South Africans have always been welcome in this country. However, our experience in this bank has not been of growth and development; many Mozambicans feel South Africans are not adding value to the development of locals; as a result, they have become a cost to our country. They become a threat because they take jobs from the locals and threaten the livelihoods of many poor people who depend on the jobs that South Africans come and destroy (Mussane, interview, July 2007).

Alice Mabota, the President of Mozambique's Human Rights League, reported that the situation of many Mozambican workers deteriorated with the proliferation of South African investors in Mozambique. Similar to Kapelus' (2008) argument in Chapter 3 of this study, that South African companies investing in Africa are perceived as neo-colonists who sweep through the continent with little regard for the social impact of their investments, Mabota (interview, October 2006) argued that it is as if Mozambique is going through another phase of colonialism.

The only companies that attempt to respect Mozambican labour law and respect workers are American companies and there aren't many of them. South Africans are like Chinese bosses: they are abusive and arrogant. Sometimes they hit their workers, starve them and do not respect the country's minimum wage. They subject workers to terrible working conditions and find it essential to racially divide workers. South Africans are very quick to bribe the court personnel or pay individual workers to testify against their fellow workers so that the case can be thrown out of court and South African banks are also practicing such terrible treatment of our workers (Mabota, interview, October 2006).

The situation described by Mabota above is most prevalent in the manufacturing, construction and tourism sectors. Workers in the banking sector face different sets of challenges. All the interviewed workers agreed that comparing South African managers to Chinese bosses was an exaggeration, in that while the Chinese bosses are indeed the worst, they are not part of the capital-intensive sectors. Several workers admitted that in the past, there were reported instances of South African bosses that hitting workers with an open palm on the face. However, this was no longer the case because each time a similar incident occurred and was immediately reported to senior management, ABSA acted promptly and removed managers charged with either sexual harassment and/or physical violence. Today it seems workers are faced with a lesser form of evil, much like what Bourdieu (1996c) described as the principle of 'Socrates Shackles'.

To apply the principle of ‘Socrates Shackles’ in this instance means Banco Austral workers get exposed to abuse, exploitation and a gross violation of their rights and then these abuses become partially corrected in such a way that the idea of returning to the original state of affairs make the current state look like a privilege and the lesser evil appears as good. The eradication of physical abuse seemed to have ushered in a gleam of hope that things were not as bad. These are some of the examples that characterised the nature of labour relations at Banco Austral. These views reflect the conflicting perceptions that people have about the role of ABSA in Banco Austral’s transformation. They also reflect the context within which this study was initially undertaken to provide an insight of the basic relations at play upon commencing the study.

9.4. Organisational Redesign and the Remaking of Banco Austral

In its 2004 Annual report, ABSA reported that taking control of Banco Austral necessitated a fundamental organisational redesign (ABSA/Banco Austral, 2004) which focused on three central areas. The first involved putting in place an effective banking operating system to replace the outdated, manual and ineffective models used by Banco Austral. The second involved the procurement of a banking software that would enable a synchronisation of Banco Austral operations with those of the ABSA Group and the third and last area related to the inherited chronic shortage of skills which had to be addressed by filling critical positions with ‘the right people’ (ABSA, 2004).

The implementation of a new operating system, as discussed in detail in the next chapter, Chapter 10 of this thesis, followed an adoption of a new business model. This model focused on fragmenting production to provide specialised services, creating a leaner structure for effective use of resources and flattening certain reporting lines for improved control of productivity (ABSA, 2004). According to Joana Garcêz (Interview, December 2006), Banco Austral’s head of the Human Resources department, market segmentation was part of a restructuring strategy aimed at making the bank ‘lean, mean and agile’. It was also about giving it a different demographic profile which, as Garcêz argued, would resonate with the expectations that the international community would have of a multinational bank.

Demographically, the profile of Banco Austral’s executive management had changed a few times from the time of ABSA’s takeover. Table 7 below reflects the executive management profile as it was at the time of undertaking this study in 2006. Of the 10 divisional heads, there were only two black Mozambicans; they were both men and one of them was temporarily acting pending a fulltime appointment. The rest was made up of 7 white men and women and a Portuguese woman of Indian descent. Except for the Mozambican nationals, all managers were South African citizens including three Portuguese nationals who carried both Portuguese and South African citizenships.

Table 7: Executive Management of Banco Austral 2006

Name	Position	Nationality	Race	Sex
Werner Pauw	Acting Managing Director and Head of Treasury	South African	White	Male
Fernando Madeira	Head of Finance	Portuguese /South African	White	Male
Charmaine Lambert	Head of Operations	South African	White	Female
Lilla Guerreiro	Head of Credit and Risk	Portuguese/South African	White	Female
Samuel Bernabe	Head of Commercial/Retail Banking	Mozambican	Black	Male
Jose Mussane	Head of Legal	Mozambican	White	Male
Joana Garcéz	Head of Human Resources	Portuguese / South Africa	Mixed race	Female
Willem Goosen	Head of Information Technology	South African	White	Male
Hilario Chopo	Head of Internal Audit	Mozambican	Black	Male
Allan Moreland	Head of Corporate Banking	South African	White	Male

The rest of the bank's staff compliment was divided into back office and front office workers; these divisions are discussed in detail in Chapters 10 and 11 of this thesis. As reflected in Banco Austral's organogram in Figure 4 below, as it was during the undertaking of this study in 2006, the back office workers constituted the majority of the bank's workforce at 549 out of a total of 704 staff members. They were spread between the Operations and the Banking divisions, while the remaining 148 staff members were spread throughout the front office and middle office divisions of the bank. It is important to note that the staff compliment of the Banking division also included the staff members spread out in the branches of the bank across the country.

Figure 4: Organogram of Banco Austral



Banco Austral

ORGANOGRAM 2006

Managing Director

Business Risk Officer

Executive Office:
Exec Secretary/Exec Admin

Treasury
Staff: 19

Credit
Staff: 23

Audit
Staff: 12

Forensic
Staff: 8

Compliance
staff: 1

Banking
Staff: 426

Human Resources
Staff: 26 (18+8)

Corporate Banking
Staff: 6

Legal Staff:
10

Chief Operating Officer
Staff: 163

Finance
Staff: 18

Operations
Staff: 123

Information
Technology Staff: 21

9.4.1. Improving Banking Systems at Banco Austral

At the time of taking over, ABSA found that Banco Austral was using the Infinity Banking Solution (IBS). This is a banking technology system that was imported from Malaysia by SBB. While the introduction of the IBS to Banco Austral marked an important step towards improving the operational efficiency of Banco Austral and making banking transactions smoother and quicker as well as eradicating the manual systems that were used at the time, Goosen, (interview, December 2006) the head of IT, reported that IBS was laden with several shortcomings.

The IBS software that was being used here when we arrived only catered for CORE processing which is just about coordinating and managing transactions for retail. ABSA is a universal bank; investment and corporate banking are a big part of our business and we needed a software package that could also cater for treasury and capital market solutions. CORE does not do that, it does not cover functionalities for the money market, securities trading, foreign exchange and derivatives. Its applications did not have a fully integrated treasury suite from the front to the back office so that dealing, risk management and settlement functions are part of an integrated whole.

Goosen (interview, December 2006) added that even though the Centralized Online Real-time Exchange (CORE) system was designed to improve communication between branches and link centres of presence and ATMS to the mainframe, the Malaysian's IBS could not deliver such linkages in Mozambique. According to Gerald Jordaan, the former MD of Banco Austral (Callegari, 2005), Malaysian managers struggled with mainframe connectivity issues to an extent that the processing of transactions in Malaysia could not be linked to the head office's mainframe in Maputo. This is why all transactions had to be initiated and completed in Malaysia while Banco Austral relied on manual processes.

This not only rendered the entire banking system completely inefficient but it also frustrated all inter-branch business communication processes. Compounded by the unreliability of the electricity supplies, the poorly maintained buildings and a general lack of financial investment for communications infrastructure in Mozambique, Jordaan (Callegari, 2005) maintained that branches could neither enjoy real-time communication with the head office nor amongst themselves. The absence of an effective mainframe system made transaction-based inter-bank communication a complete pipedream across the bank which is why the overhauling of the entire operating systems became such an urgent matter (Jordaan in Callegari, 2005).

Indeed, ABSA procured one of the most sophisticated banking technology called FLEXCUBE. FLEXCUBE is a CORE banking solutions system that replaced the old and inefficient LEGACY banking system. The promise of FLEXCUBE to banks was the ability to provide technological systems that could cater for new market expectations and provide self-contained services that could be easily constructed or programmed and be orchestrated into self-operating and self-sustaining complete solutions.

Goosen (Interview, December 2006) argued that when ABSA procured FLEXCUBE, the idea was to have a system that could enhance the bank's accounting and central bank reporting in addition to the straight through processing and improved efficiency. Unfortunately, Stander (M&G, 2004) argued, the level of technological sophistication of FLEXCUBE could not be matched by the necessary skills needed to make the enterprise a success due to the chronic shortage of skills at Banco Austral. This is why it was critical to operate from Johannesburg and have a number of expatriates occupy specialist positions that required advanced technical skills. As it were, FLEXCUBE ran directly out of Johannesburg into Maputo with all processing taking place in Johannesburg via satellite. According to Stander (M&G, 2004), this was the only way of dealing with the technological challenges at Banco Austral. Even though FLEXCUBE could not resolve all the problems, Stander contends that it successfully positioned Banco Austral as one of the world leading banks and enabled the provision of excellent service to all its customers (M&G, 2004).

While workers seemed to generally welcome the technological innovations and the opportunities that came with such a change, there were several others, like Janita Mogayi, a Customer Services Consultant at the Business Centre Branches, who found the negative effects of such a change to outweigh the positive.

During the BPD times, all systems were manual and there was a lot of work and therefore lots of workers. Foreign owners do not like working with local workers so they will use technology as a reason to layoff local workers and make room for their own workers. The Malaysians were the first to target the technological changes, which meant moving away from the manual system and then laying off many workers. They started to introduce new technology and said they wanted to change things and make the running of the bank more efficient. They introduced IBS and the only thing that the IBS did successfully was replace workers with automation. With the departure of the Malaysian, ABSA also brought its own system and there were major change[s] as well, some automation and further staff reduction. Several sections were shut down, others were opened but the new ones were for highly educated expatriates while many Mozambicans without such education lost their jobs. Now Barclays is being introduced, they also speak of change and by now we know exactly what change means so we just hold our breath and privately pray for our jobs. In the last three months I counted about

45 new people who were introduced as experts in the circular that the bank produced every month. In this branch alone, we have just welcomed four Client Service Managers, four Corporate Banking Managers and eight entity managers who are all doing the same thing. It is clear to us that some of us will have to be let go and this is what change means to us right now (Mogayi, interview, January 2007).

It is true that the increasingly globally competitive and technologically advanced environment within which banks operate demand financial institutions to upgrade their technology and constantly improve the architecture of their business solutions. Technological changes in the 20th century have not only revolutionised bank service and the organisation of production in banks but have also emerged as the leading cause for the upskilling and deskilling of jobs across the globe. In some banks, this upskilling and deskilling of work took takes place simultaneously and even render some jobs obsolete.

Multinational banks, Hunter et al (2000) argued, use technological innovations to transform the operations of their subsidiaries abroad so that their outlook can resemble that of the parent firm. Technology facilitates a smoother adoption of the parent firm's segmentation strategies in subsidiaries and enables the stratification of the workplace in subsidiaries along the desired lines of the parent firm. This is what ABSA intended to do with Banco Austral, ABSA wanted to transform the near-collapse subsidiary, improve its operations and impart it with the edge that its brand had won back in South Africa. Sadly, the procurement of an advanced banking technology did not achieve all these plans. At least it did not benefit Banco Austral workers as it was promised because its overall application was handled only by senior IT experts in exclusion of the local employees in IT. To a certain degree, such technological innovations at Banco Austral were an important form of capital for managers who used the change to push certain types of workers upwards, others downwards and many completely out of the firm.

For those that remained, the architecture of the new business solutions being implemented did not involve local workers and was never communicated to them, especially in terms of how it would impact on their work. In such a situation, workers felt alienated as the innovative technological developments taking place in the bank excluded their involvement and increasingly rendered them irrelevant

9.4.2. Innovation that Hinders Communication

The procurement of FLEXCUBE did not only result in the alienation and exclusion of workers but it also failed to deliver on the promise to improve the connectedness of the bank's branches. Contrary to the promise that FLEXCUBE would improve communication between branches, deliver efficient inter-branch business processes so that branches could enjoy real-time communication with the head office, communication challenges remained unresolved. There was no improvement of communication systems and those used remained rudimentary and ineffective.

Table 8: Forms of communication used

Ways of communicating	Increased	same	decreased	Did not Answer/Do not know
Direct to senior managers	11	18	14	-
Immediate superior	38	5	-	-
Trade union representatives	3	29	6	5
Workforce meetings	28	-	15	-
Inter-brank communication	8	26	9	-
Branch to head office and head office to branch	5	1	37	-
Attitude surveys	1	23	-	19
Electronic communication	11	3	-	29

As reflected in Table 8 above, workers reported that the only form of communication that seemed to have improved between 2004 and 2006 is immediate supervisor interaction, with trade unions representation showing no sign of improvement and branch to head office and head office to branch communication reflecting a drastic decline in the period under review. While administering the employer questionnaire and upon discussing the issue of communication with heads of department, they all agreed that much needed to be done in this area but that there was one successful mode of communication that the bank used. This mode, as reflected in Table 9 below is in the form of a newsletter which managers reported was an important medium that the bank used to communicate with the workforce. While 4 of the 9 heads of department reported that they used team-briefings to communicate to their subordinates, they could not explain the nature and frequency of these briefings.

Similarly, there were hardly any notices of anything posted anywhere around the bank throughout the time spent at the bank conducting this study and yet 5 of the 9 heads of departments confirmed that they also used notices as a form of communication. While there was hardly any evidence of the forms of communication listed in Table 9 below, which managers confirmed to be utilising, there was plenty evidence of the newsletters. At the end of each interview with heads of department, except in the legal department, copies of the newsletter were shared for my perusal. A sample of copies of this newsletter is attached to this thesis as Annexure B.

Table 9: Forms of Information Sharing used by management

Forms of information sharing	yes	no
Notice boards	5	4
Team briefing/cascade	4	5
Shop-steward/ workplace representative	2	7
Company newsletter	9	0

All interviewed workers reported that they detested these newsletters as they were useless as mediums of communication. Workers added that instead of addressing the perverse issue of communication breakdown between the head office and branches in the bank, these newsletters exacerbated the problem. They often communicated ABSA policies that were not practices in Banco Austral and even when these policies are communicated, they would be badly translated to a point that they confuse workers more. Table 8 above further shows that direct communication with senior management was predominantly ad hoc and depended on individual managers who also expressed their views in a firmly downward manner

Allan Moreland (Interview, December 2006), head of Corporate Banking did not think that the issue of communication between branches and the head office had not improved at all. He argued that in the past, the head office had very poor communication with the branches and that the situation between branches was far worse. Based at the head office and responsible for the Corporate Banking branch at the Business Centre Moreland reported that there have been a number of initiatives in the bank which have worked to improve the situation but that these

efforts get frustrated by language differences and the difficulties on uniting different nationalities in the bank.

The thing with communication is that it hardly happened back then. There was no branch to branch interaction and system correspondence and the head office remain[ed] removed from the branches. Even though we improved systems and installed integrated systems, the issue of communication continues to reduce coordinated efforts between the branches and the head office even today. The differences that exist in languages and in the working conditions between Mozambicans and expatriates exacerbates the problem. For example, those branches that only have Mozambicans remain Portuguese oriented, are not integrated into the mainframe and service local clientele. Those branches that have Mozambicans and expatriates mainly use English, are integrated into the mainframe and service big business. When you visit the Business Centre branch and the Avenida Karl Marx branch you can make the comparison. These disparities negatively impact on working relations for people in branches; it worsens the communication problem because many branches remain neglected by the head office. There are branches that go through the whole year without communicating with the head office but I maintain very close relations and constant communication with my branch at the Business Centre (Moreland, interview, December 2006).

Indeed, from observation, the disparities between the head office and the branches as well as between the branches was most glaring. Branch heads did look uneasy during the first few minutes of the interview and it was only after having understood the nature of the inquiry that they were able to relax. Some confessed that they thought the interview was part of the head office spying on them.

The state of the office environment between branches reflected these disparities. For example, the Business Centre branch boasted airconditioned spaces, the walls looked freshly painted, the offices very clean and tidy. There were dedicated waiting areas with comfortable sofas and English magazines on coffee tables. An aroma of fresh coffee greeted you in many sections of this branch and upon being seated, an offer of coffee and bottled water was extended.

On the contrary, several smaller branches in the northern parts of the city looked dingy, felt stuffy and were always very humid. There was neither air-conditioning nor proper lighting and these branches basically relied on fans to counter the scorching heat. One had to bring own beverage and the long queues made the interview very difficult with staff members who were clearly very busy. Branch managers reported that they did not feel supported by the head office and that they lacked even the most basic of infrastructure in their branches. There were no pens on sight for customers to use and some branches did not even have adequate printing paper at their disposal.

Arlindo Santos, a Clerical Marketing Liaison Officer, based at the Business Centre branch reported (Interview, November 2006) that while it was comparatively pleasant to work in his branch, the widening intercommunication gap between the head office and branches frustrated branch-level efforts. Contrary to Moreland's argument that there was constant communication between his department and the Business Centre branch which reported to him, Santos showed that communication challenges remained unresolved across Banco Austral.

There is a gap between heads of departments sitting at the head office and workers in the branches. Branch managers often operate without the directive from the head office and workers assigned to non-specialised jobs do not have a clue on what is going on in the head office. There are no systems of improving and monitoring communication flows between branches and between a branch and the head office. From time to time the head office will issue a circular; these circulars will share information about new people being employed, being fired, being retrenched and the stars of the month. They use the circulars to introduce individual heads of departments based at the head office and inform us about the different teams that work in different departments. This is the only way we get to know about the functions and the people at the head office but unfortunately very few people read these circulars and they do not cover all the information we need to know about the bank as a whole. We do not have intranet here and most workers do not have computers let alone email accounts. These issues frustrate effective communication for the whole bank (Santos, interview, November 2006).

The format of these circulars is always the same and is made up of four pages that are printed back to back. The first section titled 'Editorial' presents a synopsis of issues that the bank wishes to convey to workers at that moment. These issues vary from such things as a code of conduct (as seen in the attached sample of the August editorial) or congratulating someone's promotion (as seen in the attached sample of the June editorial). The section that follows introduces people, often a team from a particular department. Then overleaf, is a section that introduces a specific member of the executive. In the rest of the newsletter are sections that never change. Workers are reminded of the zero-tolerance approach to corrupt conduct that the bank enforces, then they are informed of the movement of people from the bank, whether by retrenchment, transfer or new recruits. The last page of the newsletter is said to be an open space reserved for workers to use and the bank basically uses this space to publish jokes submitted by individuals.

9.4.3. A new Image for Banco Austral

The new organisational strategy adopted by ABSA in transforming Banco Austral was, according to Garcêz (Interview, December 2006), extended to include the creation of a completely new image of Banco Austral in the eyes of the international community and to Mozambican workers. Turning Banco Austral around, according to Pauw (Interview, January 2014) meant that ABSA had to deal with two specific image issues.

We faced obstacles right from the beginning. As we were dealing with the major challenge of cleaning the books and clearing the rot across Banco Austral, the Mozambican Central Bank announced that Banco Austral was now going to be taken back to the people. Now there is an image of ABSA buying a bank that is to be taken back to the people being popularised by the government, the same image of Banco Austral as a people's bank that has survived since the early 70s. We had to take drastic measures to dissolve such images and rigorously create a new image for the bank. On the one hand, we needed to assure the international community that this was no longer a corrupt bank by corruptible people. Our image had to give a sense that our books were on the straight and narrow and that we were operating under free market principles as a profit-driven bank. On the other hand, we needed to educate the Mozambican people that we were a profit-driven bank and, contrary to the pressure we received from the Mozambican government for us to create a people's bank, we were to show that we were not a socialist bank. The government instructed us to take the people's cheap money to large corporations and invest it so as to earn returns for the people. We told them those days are over, we were there to provide banking services for profit and nothing else (Pauw, interview, January 2014).

ABSA was not alien to organisational image transformation. Swart (2007) argued that its 'Today, Tomorrow, Together' catch line managed to sell ABSA to many South Africans as a reputable, approachable, friendly and accessible financial services institution despite its history of right wing conservatism. In its evolution, Swart (2007) argued, ABSA not only changed its image but also swayed the perceptions of people about itself from one end of the continuum right to the other end.

In its transformation, the focus for ABSA was staying relevant to loyal customers, attracting a completely new market segment and to be seen as a bank that strove to create lasting and uncomplicated banking relationships with its customers. Change also meant taking-in a new and different employee-base which had to be integrated into the organisational whole and oriented into seeing and embracing ABSA's new logo, brand and values. The new values were that of togetherness so that both new and old employees bought into the creation of a brand and an operational strategy that presented ABSA as a caring and trusted financial institution (Swart, 2007).

Similarly, on taking over Banco Austral, ABSA was not taking any chances with issues of transformation and conveyed in its 2004 Annual Report that one of the executive management's commitments in the transformation of Banco Austral was to develop and entrench a new image of the bank. This was to be done through adopting a new business model and implementing new business principles. These principles were based on a new code of ethics by which all members of the bank had to abide.

As discussed in detail in Chapter 11, this code of ethics emanated from gathering several internationally recognised banking best-practices which were then adopted by ABSA as one of the tools for orienting its inherited Mozambican workforce to embrace a culture of integrity and responsibility demanded of banking employees (ABSA, 2004). Mozambican employees had to recognise the code as a living document which was used to implement a zero-tolerance approach to unethical behaviour of any kind.

Having taken over a bank that had just come out of a history laden with controversies of corruption and murder, ABSA treated the image reconstruction of the bank as an urgent matter. There was an urgent need to not only deal with long-standing irregular banking practices but to also assure all interested stakeholders that ABSA had a better handle on things to renew Banco Austral's reputation. Practices of using improper loan-granting procedures with neither collateral nor loan recovery processes were not only to be eradicated but they also had to be forgotten so that when people spoke of Banco Austral, they would have no memory of the corruption that once characterised the bank (Manganhele, 2010).

To do this, ABSA (2004) reported that the plan was to train workers on proper procedures and educate them about the laws governing their work. Emphasis was to be placed on those workers who occupied critical positions and who were most susceptible to such conduct. These workers would be identified and assessed to determine the appropriate training programme that would assist with minimising ethical risk (ABSA, 2004).

Of course, this training was never rolled-out as planned because only a handful of local workers at Banco Austral received training from ABSA. The ABSA Annual Report of 2004 revealed that while staff incentives and rewards were used to promote ethical behaviour, disciplinary procedures, criminal and civil charges were also heavily applied to those found to be engaging in unethical or dishonest behaviour. The Report further showed that all incidents involving

potentially fraudulent activities were immediately and formally investigated, and corrective action taken (ABSA, 2004).

In addition to these efforts and in the absence of proper policies, ABSA rolled out a massive Zero-Tolerance campaign aimed at curbing corruption and collusion amongst employees as well as between employees and third parties. Workers received different types of cautionary messages against corruption and fraud in the monthly newsletter. The newsletter also communicated whistle-blowing procedures that workers should follow if they became aware of any illicit conduct. As part of the Zero-Tolerance campaign, various kinds of rewards were published in the newsletter as part of incentivising workers report any wrong doing. Some of the information communicated to the workers in the newsletter under the Zero Tolerance section seemed to be more threatening than encouraging workers to speak up.

The interesting thing about the zero-tolerance approach that ABSA applied to enforcing ethical conduct is that none of the workers found guilty of misconduct were actually dismissed for such misconduct because, Mussane (Interview, July 2007) argued, it was practically impossible to fire anyone from the bank.

Even though there is a greater demand for companies to comply with labour law, it remains very difficult to fire someone in Mozambique, even when they are guilty of misconduct. In general, the legal framework is very slow, it is too laborious and because it is still informed by statutes drawn by the Portuguese colonial administration, it remains complicated. It protects workers to the disadvantage of the employer and this is why South Africans find creative ways of letting workers go. Many workers accepted early retired packages in their late 40s because they did not know what they were getting themselves into. Others left the bank voluntarily having been really frustrated at being horizontally transferred between branches without any prospect for growth. Trade unions do not help much; they are easily intimidated by management and get easily influenced. A lot of the time these union guys do not seem to know what they are doing; they do not understand their power and as a result, do not stand a chance against South African companies who are used to the real trade union stuff back in South Africa (Mussane, interview, July 2007).

According to Mussane (interview, July 2007) corporate reputation was an organisational asset to ABSA and it was important that all the relevant stakeholders, including clients, shareholders and employees, had the right perception about the salient characteristics of every ABSA bank. It was about instilling perceptions of goodwill even if it took unconventional methods to get there.

9.5. Conclusion

This chapter has provided a microscopic overview of Banco Austral as the case study selected for this thesis. It is an extension of the previous chapter, Chapter 8, which provides a comprehensive chronological history of Banco Austral so as to reflect on how the different historical periods of Mozambique's transformation have influenced the development of employment relations in what is now Banco Austral. In providing a microscopic overview of the state of the bank as it was when the study commenced, this chapter has presented the context within which change occurred and how such change impacted on the social relations at the point of production.

Given that Banco Austral has seen different phases of change within a context of continuing organisational transformation, it was important to reflect on the specific ABSA-informed change and to show how such change was perceived by both workers and managers alike, whether they are expatriates or Mozambicans. The individual perspectives reflected in this chapter are central in gaining an understanding of whether the change that ABSA introduced as means of transforming Banco Austral did indeed live up to both ABSA's promises and to the expectations of the workers and their managers. Through a discussion of these perspectives, this chapter has also revealed the experiences of the workers through their own lenses thereby unravelling how the different practices, that have constituted ways of seeing and of doing at Banco Austral, have shaped the nature of social relations within the bank.

As a social space within which the structured relations of people are positioned, this chapter has shown how the differentiated allocation of occupational positions at Banco Austral have influenced the views of those positioned within this space thereby shaping the state of their dispositions, expectations, aspirations and ultimately, the nature of the overall social relations at the point of production. By presenting Banco Austral as both a site and unit of analysis, this chapter has shown the magnitude of force that is present within an organisational space. As an agent of socialisation, Banco Austral's organisational force not only manifested in the organisation's ability to influence collective practices and individual actions, it was also demonstrated in its ability to influence perception and thought as part of the change. Sadly however, as reflected in Chapters 10 and 11 of this thesis, the application of such organisational force was not without consequences; the reorganisation of production that was implemented as part of the change generated several contradictions for Banco Austral. These contradictions are discussed in detail in the next chapter, Chapter 10.

CHAPTER 10: CONTRADICTIONS IN THE ORGANISATION OF WORK AT BANCO AUSTRAL

10.1. Introduction

This chapter provides an analysis of the organisation of work at Banco Austral and examines the manner in which the adoption of a new business model of market segmentation, as a particular business practice, impacted on social relations between workers and their managers and thereby shaped the nature of employment relations in that bank. Upon acquiring Banco Austral in 2002, ABSA introduced market segmentation as part of transforming Banco Austral and turning it into a globally competitive retail bank that would not only increase profit margins but also help modernise the very nature of doing banking at Banco Austral (ABSA, 2004).

At the time of procuring Banco Austral, market segmentation was already being implemented as a new business model for the wider ABSA Group. It was adopted on 1 April 2001 as part of strategically repositioning ABSA following the global pressures²³ that faced the banking sector in the late 1990s and early 2000s (ABSA, 2004). By adopting market segmentation, ABSA believed that the new business model would provide a renewed focus on customers and thereby secure competitive advantages for the ABSA Group in a rapidly increasing competitive market (ABSA, 2004).

For Banco Austral, the adoption of market segmentation was specifically aimed at assisting ABSA with bringing about a change in key main areas. According to Pauw (Interview, January 2014), there were three major issues that ABSA prioritised in the transformation of Banco Austral. The first and most important issue was that of putting in place an effective banking operating system that was linked to the ABSA main frame in Johannesburg and was also monitored and controlled from the Johannesburg headquarters. As discussed in the previous chapter, Chapter 9, this was necessitated by the fact that Banco Austral used very outdated, manual and ineffective models of doing bank work which made it difficult for ABSA to monitor and control.

²³ These pressures were presented by the globalisation of the economy and the accompanying regulatory measures imposed on the financial sector. For example, the de-regulation of the economy, the removal of protectionist measures for certain markets and the accelerated pace of technological innovations, all had far reaching consequences for the transformation of the overall banking and financial services market.

The second issue, Pauw (Interview, January 2014) added, was that of putting a programme of absorbing, into the ABSA Group, the inherited Banco Austral labour force and dealing with the scarcity of skills that prevailed in Banco Austral. According to Pauw (Interview, January 2014), ABSA inherited a bank that suffered from a chronic shortage of skills. Staff members were poorly educated and did not have the most basic of skills needed for the kind of change that ABSA was to bring to Banco Austral. For this reason, it was imperative to put in place a new business model that would usher in a training regime for the transformation of the skills base for the entire bank.

The third and last issue, Pauw (Interview, January 2014) stated, was about introducing to Banco Austral new management practices and specific approaches to work which were deemed necessary for aligning the reorganisation of production at Banco Austral with that of the ABSA Group. At the time, ABSA had only one approach that was acceptable to the Group in relation to managing subsidiaries abroad: this was having total operational control of all subsidiaries. It was reported in the ABSA Annual Report of 2006 that the only acceptable approach to expanding the ABSA Africa footprint was through securing acquisitions that would give the ABSA Group a controlling stake so as to be able to assume total operational control (ABSA, 2006). It is partly for this reason that ABSA deployed its own senior managers to assume control of all new subsidiaries and to ensure that the management of all operational matters followed the ABSA Group approach.

This chapter therefore provides a detailed description of the change that was brought about by the introduction of market segmentation to Banco Austral. It also identifies several contradictions that were generated as a result of the changes that were introduced. There are three specific areas through which these contradictions manifested. The first relates to the manner in which the reorganisation of production aimed at modernising the bank and integrating workers, who previously worked for two different banks, led to a further polarisation of the workforce and a manufacturing of difference at the workplace. The second relates to the manner in which the workplace-produced properties of differentiation which had been used to create distance between workers, such as degrees of skill and levels of education, had been used as instruments of domination and the basis for the legitimisation of such domination in the workplace.

The third and last contradiction relates to the symbolic struggles by which employment relations had come to be characterised at Banco Austral. These were positioning and imposition struggles in which both workers and managers sought to appropriate and redefine the meaning of being, so as to impose their own thinking about what constituted an appropriate representation of the social world.

10.2. Market Segmentation and the Transformation of Banco Austral

The headquarters of Banco Austral is located near the Bay of Maputo in Maputo city in a sixteen-storey building in 25th September Avenue, one of the most prestigious commercial and business avenues of the city. The street is named after the official date of the commencement of Mozambique's war of independence against Portugal. The war lasted almost ten years and there was a ceasefire on 08 September 1974 which resulted in a negotiated independence in 1975.

As already discussed in Chapter 9, Banco Austral became a subsidiary of ABSA following ABSA's acquisition of 80 per cent of the controlling stake in January 2002. The remaining 20 per cent was retained by the Mozambican government and reserved for the Mozambican employees whom ABSA inherited. As a subsidiary of ABSA, Banco Austral became one of the four ABSA Africa operations, with the other three located in Tanzania, Zimbabwe and Namibia.

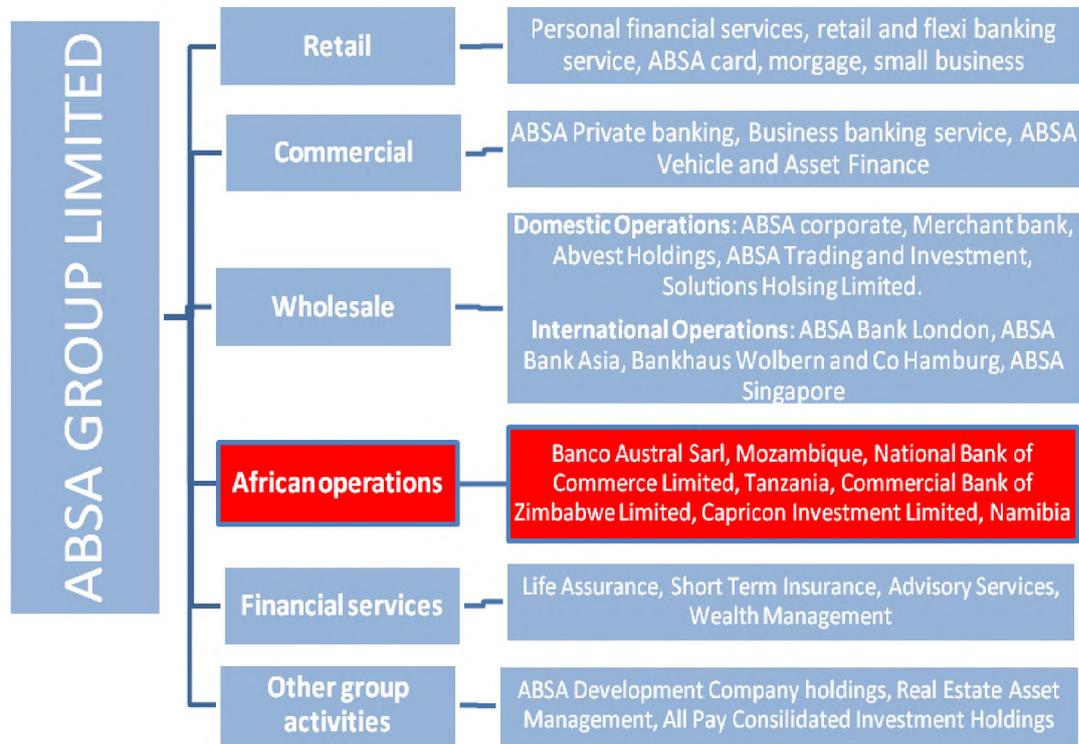
ABSA is one of the four largest banks within the South African banking sector. Commonly referred to as the 'big four'²⁴, these banks own about 70 per cent of the assets of the financial services industry and also own the bulk of the retail banking system (ABSA, 2004). ABSA is a multinational universal bank, operating as ABSA Group Limited. It participates in both traditional banking activities such as retail, investment, corporate and private banking and also provides beyond banking financial solutions such as bancassurance²⁵, amongst other non-banking business activities.

²⁴ These are ABSA, Standard bank, First National Bank and Nedbank.

²⁵ This segment is basically aimed at providing life and short-term insurance, investment and fiduciary services and products to all segments in South Africa.

Figure 6 below reflects the manner in which the business operations of the ABSA Group are structured as well as the services that are provided.

Figure 5: ABSA Corporate Structure 2006



As already discussed in Chapter 9, when ABSA took over Banco Austral, the acquisition was generally seen as a rescue operation. This is because ABSA set itself to not only save the near-collapse bank but to also turn it around and transform it into a profitable and reputable financial institution which people could trust. Within the context of transforming Banco Austral and given the urgent need to address the challenges it faced, ABSA introduced market segmentation as its business operating model that was to be implemented at the bank.

According to Hakimi et al (2011), market segmentation is a common marketing practice that involves a fragmentation of larger target markets into smaller ones in an attempt to make the provision of services more manageable. It also works to improve marketing efficiency, sales and service and ultimately making the banking business more profitable (Hakimi et al, 2011). Market segmentation emphasises targeted business units serving specific market segments and product specialisation in accordance with the different needs of clients and customers. For example, the provision of services and the designing of productions may target entry level customers to whom packaged transactional products, insurance, savings and lending services

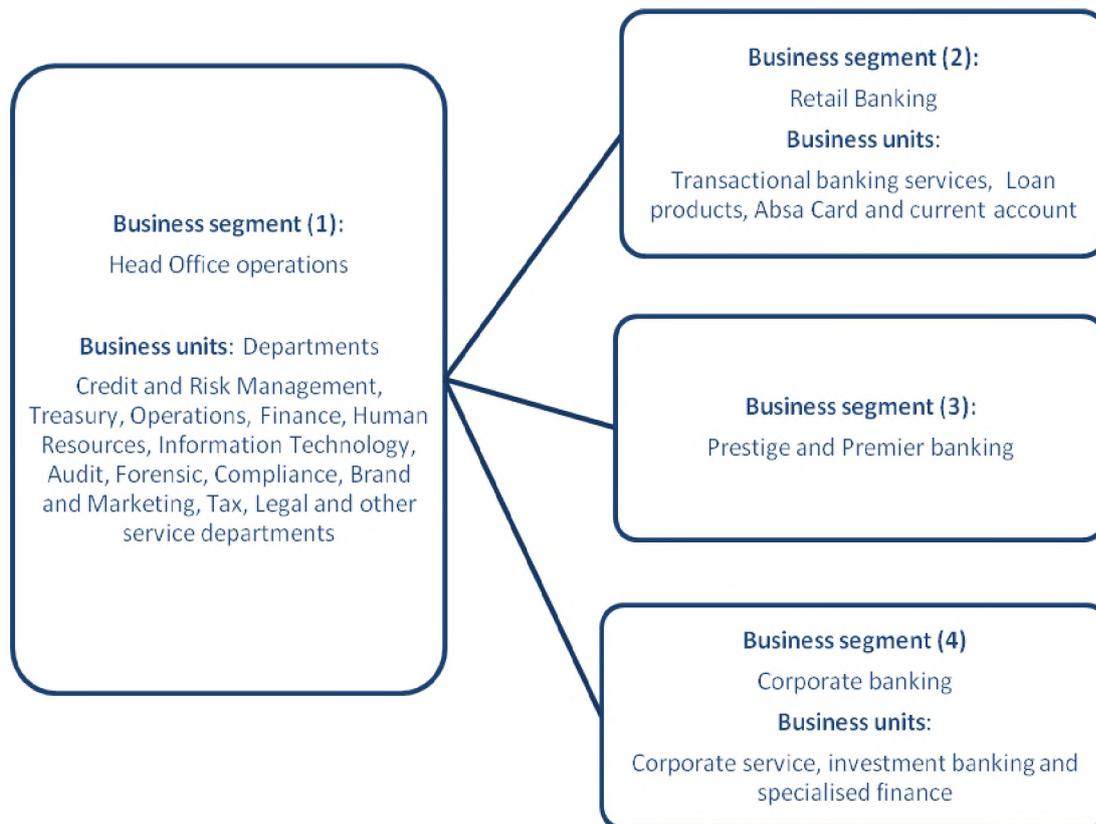
are offered (Hakimi et al, 2011). These services are tailor-made for this market segment with the aim of decreasing the cost of delivery through using much cheaper and easily accessible delivery channels.

At the time of undertaking this study, ABSA's customer-centric banking model used a three-tier market segment through which its services and products were offered. These were grouped into primary business segments and secondary business segments with the third tier producing services like wealth management, infrastructure investments and market services. Market services include activities like trading, hedging and pricing as well as a segment of other financial services. The primary segment focused on traditional wholesale banking such as retail, commercial and investment banking while the secondary segment focused on non-traditional banking services including insurance services, financial, services, ABSA real estate asset management and fiduciary services (ABSA, 2004).

At Banco Austral, the primary business segment did not include the investment banking segment and the secondary segment had not been established yet. This meant services usually provided through investment banking such as strategic acquisition solutions, bonds, financing and risk management as well as equity capital markets, were executed in other departments that were not necessary specialised investment banking units. For example, services that are usually provided through the third tier of the business segment, such as trading and foreign exchange, were located within the Treasury department and later moved to the Corporate banking division. Therefore, the new business model largely focused on the products and services in the primary business segment.

As reflected in Figure 6 below, the primary business segment is divided into four. The first focuses on the operational and oversight work of the Head Office. It is further fragmented into Credit and Risk Management, Treasury, Banking Operations, Finance, Human Resources, Information Technology, Audit, Forensic, Compliance, Brand and Marketing, Tax, and Legal departments located in the Head Office. The other three segments are branch-based and are divided into Retail, Prestige and Corporate banking respectively. The Retail business segment is divided into five business units represented in almost every branch. It is basically about providing specified transactional banking services, selling and servicing various loan products, providing and managing ABSA card and current account services in addition to a whole range of banking products designed for a general mass market.

Figure 6: Business Segment Division of Banco Austral



The Prestige segment did not have specific business units because, at the time, it was only being introduced into the Mozambican market and by 2007, only two suites had been established; these were based in Maputo and were planned to commence with the provision of Prestige banking products in 2008 because the ABSA Group approval had not yet been granted. The Corporate banking segment provided corporate banking services and also executed investment banking functions in the absence of a dedicated investment banking unit. Nice (Interview, July 2007) confirmed that in 2007, the corporate banking segment was underdeveloped at Banco Austral and ABSA was looking at expanding product offering through placing emphasis on product enhancement, asset-based finance, mortgages and scheme lending.

According to Nice (Interview, July 2007), there was already a plan to have at least three corporate banking centres in Mozambique offering trade finance, international transactions, leasing and over the counter transactions.

All these services and products, from retail to corporate banking, were provided through physical and electronic delivery channels. The physical channels at the end of 2007 comprised of a network of 52 branches and 6 sales centres in addition to the headquarters. These were in the form of traditional ‘brick-and-mortar’²⁶ branches, built-in traffic branches and in-store branches²⁷ or agencies. They were all spread throughout the different provinces of Mozambique as reflected in Table 7 below. This constituted one of the largest spreads of the total branch network by all commercial banks in Mozambique.

In 2007, according to António Pinto De Abreu (2010), the Executive Director of the Central Bank of Mozambique, Mozambique had a total of 210 bank branches and a total of 670 ATMs across the country. These were dominated by the four banks which at the time were the main players in commercial banking in Mozambique. They were the Millennium Bank, a Portuguese subsidiary which had 85 branches and the largest bank in Mozambique; Banco Austral, which had the second largest branch network spread with 52 branches; Banco *Comercial e de Investimentos*, another Portuguese subsidiary which had 41 branches; as well as Standard Bank, which had 27 branches (De Abreu, 2010).

Sadly, 60 per cent of the 210 branches remained concentrated in Maputo. As can be seen in Table 10 below, of the 52 Banco Austral branches, 28 are in Mozambique’s economic hub, Maputo. According to De Abreu (2010), Mozambique has a very uneven distribution of bank services between the rural and the urban centres. A study conducted by Hunguana et al (2012) revealed that 77 per cent of Mozambicans who were able to access bank services lived in urban areas and yet 66.1 per cent of the total adult population lived in the rural areas. Even the 77 per cent of the urban population that could access bank services, it was not all who actually made use of banks. This is because, according to Hunguana et al (2012), more than half of the adult population in Mozambique, at 54.6 per cent, did not have identity documents, the key prerequisite to opening a bank account.

²⁶ These are stand-alone unit branches contained in their own buildings offering full service banking through teller windows.

²⁷ These are branches located in retail spaces, shopping malls or discount stores. They may offer full or limited banking service and those that have the least banking function are listed only as points of presence instead of branches.

Table 10: Banco Austral's Points of Presence

Province	Office	Location	Province	Office	Location
Maputo			Gaza	XaiXai branch	Av. Samoral Machel
	25 de Setembro branch	Avenida 25 de Setembro		Chibuto branch	Av. Eduardo Mondlane
	25 de Setembro prestige branch	Avenida 25 de Setembro		Macia branch	Av. Julius Nyerere
	Matola branch	Rua de Sousa		Chokwe branch	Av. Eduardo Mondlane
	Arcadas branch	Rua Joaquim Lapa	Inhambane	Inhambane branch	Av. da Independência
	Mao Tse Tung branch	Avenida Mao Tse Tung		Vilanculos branch	Vilanculos
	24 Julho branch	Avenida 24 Julho		Maxixe branch	Av. Karl Marx
	Avenida de Angola branch	Avenida de Angola		PCP Quissico	
	Ave. de Moçambique branch	Ave. de Moçambique		PCP Massinga	
	Malhangalene branch	Avenida Karl Marx		Ponto de Presença	Aeroporto Vilanculos
	Avenida de Trabalho branch	Avenida de Trabalho	Sofala	Beira branch	Av. Daniel Napatima
	Guerra Popular branch	Av. Eduardo Mondlane		Munhava branch	Av. Acordos de Lusaka
	Polana branch	Avenida 24 Julho		Dondo branch	Estrada de Nacional no.6
	Alto Maê branch	Av. Eduardo Mondlane		Manga branch	Av. Augusto Freitas
	Fernão de Magalhães branch	Ave. Fernão de Magalhães		Chaimite branch	Av. General Machado
	Hollard Insurance	Ave. Zedequias Manganheia		Marumeu branch	
	Hollard Insurance	Av. Sociedade de geografia		PCP Mafambisse	
	Xipamanine branch	Rua de Xipamanine		Chimoio branch	Dr Aratiyo Lacerda branch
	Filipe. S. Magala branch	Ave. Filipe Samuel Magala		Manica branch	Av. Eduardo Mondlane
	Hulene branch	Bairro de Hulene		PCP Sussundenga	
	Machava branch	Rua de Comércio	Tete	Tete branch	Av. Eduardo Mondlane
	Boane branch	Rua de Joaquim Chisano		Moaitize branch	Estrada Nacional 103
	Manhiça branch	Rua 4		Songo branch	Av. Augustinho Neto
	R. Garcia branch	Rua de Cardoso		Ulóngue branch	Av. Eduardo Mondlane
	C. Comercial branch	Avenida 24 Julho	Zambezia	Quelimane branch	Av. 01 de Julho
	C. de Negócio branch	Av. Julius Nyerere		Mocuba branch	Head office Mocuba
	Maputo shopping centre branch	Rua da imprensa e Marques de Pombi	Nampula	Nampula branch	Av. Da Independência
	Shoprite Matola branch	Av. Abel Baptista		Nacala branch	Rua 1
	Marracuene branch	Rua de Maguiguana	Cabo del Gado	Pemba branch	Av. Eduardo Mondlane
	Ponto de Presença: dentro de Game	Av. De Marigal		Mocimboa da praisa branch	Rua do banco 01
	Ponto de Presença: Aeroporto	Maputo Int. Airport		PCP Mueda	Distrito do Mueda
	Head Office/Head Quarters Avenida 25 de Setembro			Ponto do presença	Aeroporto do Pemba
			Niassa	Lichinga branch	Av. Samora Machel

(ABSA, 2004)

It was having to operate within the context described above which, according to Pauw (Interview, January 2014), made the challenge of transforming Banco Austral even more colossal. Being the second largest commercial bank in Mozambique, as reflected in the number of employees and the spread of the branch network, had nothing to do with the bank's strength and everything to do with its colonial and socialist history. As discussed in Chapter 8, Banco Austral was initially created as a development bank primarily to bridge the urban-rural divide created by the colonial administration. Given that it was also to service the agricultural industries, the then BPD was expanded beyond Maputo and into the rural communities. ABSA inherited this massive network spread and yet the transformation of Banco Austral remained limited to Maputo, covering only a selected number of the Maputo branches.

Save for the massive roll-out of ATMs which almost doubled in number by 2007, moving from just 45 in 2002 to a total of 80 in 2007, ABSA's approach to transforming Banco Austral focused on having a trim and lean bank. Market segmentation provided an opportunity to move away from the traditional approach of servicing a mass market and to narrowing the offering of products and services to those segments that generated the most profit. It is for this reason that specialised branches were created to exclusively cater for such services as Corporate and Prestige banking services.

According to Pauw (Interview, January 2014), it made no sense to have 30 points of presence concentrated in one place and all doing the same thing. It was not wise to place effort and resources on branches that relied solely on manual systems over which the Head Office had absolutely no control and could not tell who was doing what. This is why it was important to procure a banking technology outfit that could enable ABSA to oversee the work of Banco Austral and have total control of its subsidiary. Such changes, not only transformed the labour process that workers had become accustomed to, but generated a number of contradictions in the workplace and transformed the nature of the social relations found in that bank. The following sections discusses each of the three contradictions identified in this study.

10.3. The Contradictions of Market Segmentation and a Manufacturing of Distinction

The idea of organising production through specialised segments means that each of the new segments must have specialised team members with specific sets of skills and expertise that are aligned to the business of each segment. Again, placing more emphasis on a customer-focused approach of delivering products and services means that the very nature of the labour process changes. Instead of servicing a mass market, focus shifts to different niche segments

of the market. Different products and services get designed for specific clientele and delivered by specialist relationship managers, sales executives, product designers and service executives. The workplace accordingly gets divided into different segments carrying out different functions and allocated within broad divisions of back, middle and front offices characteristic of the general organisational structure of banks.

In explaining the front office and back office divisions, Croxford et al (2005) contended that the front office is the client facing section of the bank that is generally responsible for functions such as sales, trading, client relationship management and advisory services. The back office is the administrative arm of the bank whose functions are to provide administrative support, process data and keep records. The middle office oscillates between the functions of the back and front offices as discussed in detail in Chapter 11.

While Croxford et al's (2005) explains that the back and front office divisions constitute the most basic and standard way of organising production in banking institutions, analysis in this study shows that there is a much more profound rationale for organising bank work in this manner. It is crucial for banks to ensure that banking functions are executed distinctively, by the right personnel with the right composition of skill and expertise. The allegory of the 'Chinese Wall' is often used to emphasise this distinction and the stringency that is employed in maintaining these divisions and the particularity of their functions (Croxford et al, 2005). Consequently, the relationship that exists between workers of the same firm is accordingly restrained so that back office workers are completely separated from the front office workers in terms of the work that they do, reporting lines, business operating systems as well as the actual physical occupation of the organisation (Croxford et al, 2005).

Similarly, Banco Austral workers are separated by function, as demanded by the back and front office divisions, as well as by skill and service specification, as demanded by market segmentation. The irony with Banco Austral is that 80 per cent of the workforce was considered unskilled because they did not have any post-school qualification. Despite the fact that many of these workers had been with the bank no less than 20 years, they were still categorised as unskilled and allocated to the lower echelons of back office functions. As a result, divisions naturally took a national profile with Mozambicans occupying generalist, semi-skilled and low paying clerical and administrative jobs in the back office. By the same token, foreign workers tended to occupy the highly skilled and high-paying specialist jobs of the front office.

Since foreigners are exclusively white and Mozambicans predominantly black, the division of labour also took a racial character.

The divisions and the differentiated allocation of the workforce along national lines meant Mozambicans were separated from the rest of the workforce and, given their low level of education and skill, they were said to be ABSA-unfit. Not having particular formal qualifications at Banco Austral was synonymous with being uneducated. Being uneducated automatically translated into being unskilled which, in turn, translated into being ABSA-unfit. The notion of having certain employees classified as ABSA-unfit made mockery of the promise by ABSA that one of the objectives behind the merger was to develop locals, transfer managerial know-how and give Mozambican staff the power to be able to run the bank on a highly efficient basis in the future (M&G, 2004).

What constitutes a contradiction here is that ABSA introduced a new business model with the aim of modernising banking processes, developing local workers through skills transfer and turning Banco Austral into a profitable enterprise for the benefit of all. However, the implementation of the new business model called for the construction of major divisions between workers to a point where these divisions took national and racial lines and went against ABSA's promise. Louis von Zeuner, the ABSA Group Executive Director (M&G 2004), made a promise that the acquisition of Banco Austral was also aimed at benefiting Mozambique and Mozambican workers. According to Zeuner (M&G, 2004), the merging of the two banks was explained as part of ABSA's plan to integrate Mozambicans into the ABSA Group so as to assist with bridging the skills gap in Mozambique and facilitating the transference of world class skills to Banco Austral.

The fact that workers were inserted into the occupationally distinct front office and back office segments intensified the contradictory nature of the change brought to the bank and worked to manufacture social distance between workers. Even though these employees worked for the same bank, their occupation of the bank's physical space was differentiated in such a way that the front office became the exclusive space for the highly skilled, high income-earning, specialist, white and foreign workers who were the only relevant workers for the bank. The rest of the workers occupied either the middle or back office spaces which were not differentiated in the same way as the front office was.

Front office workers were deemed occupationally relevant to the bank because the positions they occupied were considered to be the revenue-generating ones. In the past, the front office was traditionally defined by the customer-facing functions of a bank; over the years this definition increasingly shifted towards understanding the front office as made up of those revenue-generating functions of the bank. This meant, since investment and corporate banking, wealth management, private equity, trading and sales were all revenue-generating parts of a bank's business, they constituted the front office while the rest of the bank's work was seen as either middle or back office. Tellers, who traditionally formed part of the front office by virtue of occupying customer-facing functions, were now seen as part of the back office because their work was not really revenue-generating and was, in fact considered to occupy the bottom-end of a bank's organisational structure (Croxford et al, 2005).

The impact of having such a divided workforce varied for each category of the workforce because experience of working in the front office in retail banking is worlds apart from that of the front office in corporate or investment banking. Retail banking services a mass market, it responds to the banking needs of the general public and is comprised of sales or service consultants, brokers and tellers who only constitute the front office by virtue of occupying customer-facing positions. Retail banking also has an army of back office workers doing a range of clerical, bookkeeping, administrative and cash registry work. On the contrary, corporate or investment banking provides exclusive, one-stop personalised banking which is offered by specialised front office bankers who work as relationship managers, industry specialists, product experts, account management experts, accountants, brokers and dealers.

Amongst the front office workers in corporate and investment banking, workers were further divided by the level of prestige attached to the nature of their work. For example, dealers and traders generated the most money in the shortest of time for the bank and were said to be the gladiators of the financial markets, the administrative aces or simply the 'untouchables'. They remained a small group with absolute autonomy over their work and were exclusively male expatriates, mainly white Afrikaner men. As discussed in Chapter 11, bank work is an extremely male dominated profession with women mainly occupying low paying clerical and administrative positions in the back office.

The experience of working under such a highly divided workplace was not the same for all workers. In fact, Eric Mondlane, (Interview, December 2006), a Development Officer in the Human Resource department, responsible for the training and development of workers argued that local workers were the most disadvantaged by the divisions, particularly in the manner in which work was allocated. Mondlane stated that the greatest challenge about having such a divided organisation was that Mozambicans did not only get denied opportunities to progress within the bank but were also denied the opportunity of being ABSA workers. They remained locked in positions considered unskilled in ways that purged the very dream of ever being part of the front office simply because they were not educated. This, according to Mondlane, killed the morale of local workers as it seemed they remained excluded from occupying certain positions in the bank because of their nationality.

I am consistently instructed to identify training programmes that will make workers work faster and harder and do so without offering the reward or the enjoyment that comes with working harder. Mozambicans see how ABSA treats expatriates and they ask me; why you want us to work harder when we are treated less than foreigners in our own country? I also run out of excuses. As Mozambicans, we accept change and we understand that foreign investment is good for our country but ABSA is not good for us. When the Malaysians arrived in this bank, they brought in lots of changes particularly with the new IT. They introduced ATMs, banking operating systems and new management techniques. The one thing they did which South Africans have not done is consult us as workers and make us feel like we are part of the organisation. Foreigners occupy all the senior positions, earn high salaries and have many benefits. They do what they like, they do not have to get authorisation for what they do and do not even have to listen to risk management officers when they warn them about some potential risks. ABSA allows them to be like this because they tell us they know more about banking and they are here to teach us (Mondlane, interview, December 2006).

In addition to not being consulted on major decision-making processes, Mondlane (Interview, December 2006) explained that workers constantly felt undermined by ABSA because they were never considered for promotions to better-paying senior jobs or for positions in the front office. This was further echoed by Carlos Alberto, an Operations Manager who had been with the bank for more than 15 years. According to Alberto, (Interview, December 2006), instead of recognising his experience and knowledge of the bank, directing him to proper training programmes so that he could be eligible for senior jobs, ABSA humiliated him by horizontally passing him around from one department to another and at times to even lower positions while reporting to younger white men that were still at school when he joined the bank.

For Alberto (Interview, December 2006), there wasn't a single Mozambican in the bank that did not understand that senior jobs were only for foreigners and that no matter how hard one worked, one would never be seen as equal to white foreigners at Banco Austral.

I understand that ABSA wants highly skilled people with university qualifications and because most Mozambicans do not have these, they have to bring their own managers. As Mozambicans, we are not opposed to this but it must be done fairly. I am a graduate of Veterinary Medicine and I joined Banco Austral when it was still BPD in 1992. I joined the bank to serve my country because at the time, it was important for me to be part of this bank. At that time, the issue of skills mismatch was irrelevant and we served our country as expected. It is not that I don't know that there is no relationship between my studies and banking but I have learned so much over the last 15 years in this bank. I joined as just a clerk and within a short period, I was a credit analyst. Five years later, I worked as a credit risk officer but when ABSA came in, I moved down to credit officer, then I was moved out of the head office to supervise one of our regional centres. 12 months later, I was moved to another agency and another 12 months later to yet another agency. I was beginning to feel like I did not belong to this bank because I was being moved around within junior positions without ever being considered for senior positions. I had to put in a fight and after eight years of working in this bank I was given an opportunity to be a relationship manager in one of the agencies. I was so happy at this opportunity but then I was moved again back to the head office to work as an operations manager. As I speak to you now, next month I am moving back to the agency but I won't do that because I have decided join Standard Bank (Alberto, interview, December 2006).

Joana Garcêz, (Interview, December 2006) the head of the Human Resources department, argued that the divisions, which tend to be motivated by nationality, race and occupation have eroded relations between Mozambicans and expatriates. She stated that the situation is not bound to be resolved quickly or easily because South Africans tend to be too arrogant, they do not pay attention to the needs of local workers and this makes Mozambicans feel alienated in a bank for which they have worked for many years.

As you try to understand what is going on in this bank, it is important to acknowledge the sad reality that we are terribly racially divided as employees and things have gone terribly wrong with the coming of South Africans. Because they are South Africans, they feel there is something superior about them and the mechanisms of control that they use are fundamentally different to what Mozambicans are used to. Change does not get phased-in here, it gets imposed. You either get on with the programme or you stay on the frontiers (Garcêz, interview, December 2006).

The subordination of Mozambican employees to the power and authority of their foreign colleagues directly stripped off their power to have a say in the conditions of their work. This conferred to foreign managers unquestioned authority over local workers as a rule and an unquestioned legitimacy of their knowledge so that the subordination of workers to

management authority became synonymous with the subordination of blacks to whites and of Mozambicans to South Africans.

To a certain degree, this situation is like a reincarnation of the South African ‘Apartheid workplace regime’ (von Holdt, 2003) as discussed in Chapter 4 of this thesis. The restructuring of workplace relations and workplace power took a racial character in a way that is similar to the one described by von Holdt (2003) in his study of Highveld Steel. Even though von Holdt (2003) described a factory plant, the nature of struggles at Banco Austral were constituted in similar ways to Highveld Steel. As a bank, Banco Austral was a place of white power in similar ways that von Holdt (2003) described the situation at Highveld Steel. ‘White men made the rules and the cardinal rule for black workers was to obey that man’s rules, however arbitrary or senseless’ (von Holdt, 2003:31).

10.4. Educational Qualifications as Instruments of Domination: A Contradiction

As a starting point, it is important to acknowledge Bourdieu’s (1996c) argument, as discussed in Chapter 5, that the most dominant form of allocating occupational positions, which also happens to be the very basis for hierarchisation in the workplace, is the level of one’s education as guaranteed in the qualifications that one possesses. This is mainly because it is assumed that educational institutions are the producers of knowledge and of the specific technical skills required for performing a range of functions in the workplace (Bourdieu, 1996c).

Consequently, an educational qualification is presented as a guarantee of one’s competence in respect of that particular technical skill. This is despite the fact that, as Bourdieu (1996c) argued, there is truly and realistically no way of outlining what constitutes technical competence outside the actual performing of the function in which one is guaranteed to be competent. If definition is by doing, then it goes without saying that those who are able to perform the function associated with a particular technical skill can be considered as skilled, irrespective of whether they possess the qualification or not.

This is not to reduce skill to process in the same way that Frederick Taylor’s scientific management promulgated the deskilling of workers. Instead, this is to emphasise that the process of being skilled, as Braverman (1974) argued, takes place outside the realm of formal education. For every worker, the concept of skill has little to do with formal education and everything to do with craft mastery. Skill speaks to ‘...a combination of knowledge of material and processes with the practised manual dexterities required to carry on a specific branch of production’ (Braverman, 1974:443).

The formal educational component is crucial with regards to imparting the necessary pedagogical knowledge that becomes critical for one to be able to perform a function. It is an enabler for the acquisition of skill but it cannot be used to read the degree of one's skill. There is clear distance between the moment of gaining formal education and acquiring technical skills. Formal education is used as the basis of estimating probability but not the actual degree of skill. This is why, Bourdieu (1996c) argued, educational qualifications in the workplace should be seen as much more than attestations of technical competence because they are also about the guaranteeing of social competence or social virtue. Social competence, Bourdieu (1996c) contended, is a legally recognised right to social dignity which frees holders from ever having to prove competence or be required to practically demonstrate the degree of their skill.

As already argued above, lack of educational qualifications in Banco Austral automatically translated into a delegitimisation of not only the tacit skills that local workers had acquired over the many years of working at Banco Austral, it also served as a function of condemnation to any claims that workers made about knowing anything related to the business of banking. It reduced workers to uninformed and unskilled members of the bank who were denied the title of banker. In the absence of the social dignity accorded by educational qualifications, workers consistently faced the pressure of having to justify their keep in the bank and spent their daily working lives facing an insecure future as employees of Banco Austral. This experience altered the nature of employment relations as known to those workers that had been with Banco Austral prior the ABSA take-over.

Santiago do Armiro (Interview, January 2007), a Credit Analyst in the Credit department explained how working for ABSA had changed the working lives of many Mozambicans due to the unfair treatment that they faced compared to expatriates.

When South Africans came to Banco Austral, we experienced very different ways of running a bank. At first, we understood that the South Africans were correct in everything they did because they are the best in the continent and we were excited. We never questioned their authority because we respected them but now, we don't question because we fear for our jobs. We obey their rules because they threaten to fire us. Their methods defeat us because we are not aggressive people; they changed our attitudes towards them because they are very controlling and never allow you to voice your opinion in meetings. The previous MD, Jordaan, never allowed non-executive members to voice their opinions on anything. He used to disrespect us by smoking during meetings in the board room and if we coughed he instructed us to get out of the room and all the other South Africans would laugh. They do not take us seriously because they say we do not know their systems. The reason we do not know their systems is because they really never bother to explain the changes they introduce and do not train us for the new things we need to know (Armiro, 2007, interview).

Of the 43 interviewed workers, 26 reported that things had changed for the worse with the coming of ABSA to Mozambique. The most common reason provided for this change, as reported by 20 workers, was the autocratic and top down management style of South Africans. Again, out of 43 workers, 12 reported that South African managers talked down on Mozambicans as though they were children. All 43 workers confirmed that South Africans did not bother to consult local workers on any decisions being made about the future of the bank.

Pauw (Interview, January 2014) argued that the divisions that exist at Banco Austral were inevitable given the state of the bank at the time ABSA acquired its ownership. According to Pauw, the chronic challenge of skill due to the low levels of education that Mozambican workers had, meant that ABSA had to bring in its own managers. He added that the backward and manual banking systems that Banco Austral used, called for a complete overhaul of the bank's operating systems hence the introduction of market segmentation and the procuring of FLEXCUBE.

The issue with the local workforce was a nightmare. The average branch manager had more or less a standard eight, with those under him far below by way of education. You had people in charge of very serious portfolios involving large amounts of money and yet severely under-educated. This situation needed strong managers and we had to choose the best from ABSA before looking outside South Africa. We needed managers who understood the context and the history of these people. They were just clerks and not bankers because they knew nothing about the principle of making money and being accountable to shareholders. They have had no guidance with regards to banking work because, as part of their history, they were thrown in the deep-end, had no training and basically had a background of communism and socialism which confused them and made them useless to the contours of profit-making. The rules of engagement were very different for them back then and these are the people we inherited. We took over a bank to make a commercially viable enterprise out of it, but these people do not understand that principle and they simply do not catch on (Pauw, interview, January 2014).

An interesting fact is that having a generally uneducated workforce was not unique to Banco Austral but affected all sectors of the economy in Mozambique. The survey conducted by Hunguana et al (2012) revealed that in 2009, at a time when the Millennium Development Goals had made significant strides in improving the level of education in Mozambique, especially with regards to adult literacy, the country had a 58 per cent illiteracy rate. The Open Society Foundation Report (2012) reported that of the 100 000 staff members in the education sector, only 6.3 per cent had a university degree or a higher education qualification while 38 per cent only had secondary education.

In Banco Austral, a survey conducted by the bank's human resources department (Banco Austral, 2006) between 2005 and 2006, revealed that 88 percent of Banco Austral's workforce did not have any post-school qualifications, while 50 per cent of the workforce had reported to having completed secondary schooling. Of the 698 employees who took part in the survey, 38 percent only had basic education. Only 12 per cent had university degrees and of those with university degrees only 4 per cent were Mozambicans (Banco Austral, 2006).

Of the 43 employees interviewed during this study, 19 considered themselves skilled while the rest felt they belonged within the semi-skilled category. As reflected in Table 11 below, only 26 reported that they completed secondary school while 17 reported that even though they did not complete secondary school, they have had on-the-job training and significant banking experience.

Table 11: Banco Austral Employee Education Qualifications

	Completed primary schooling	Some Secondary Schooling	Completed secondary schooling	Post-Secondary Diploma	University Degree
Female	15	-	15	3	1
Male	28	17	11	11	2

Even those workers who considered themselves to be skilled and to be performing skilled work, ABSA did not think of them as such because of the level of their education. The issue of on-the-job training and the many years of banking experience that the Mozambican workforce had acquired were not considered when ABSA conducted a skills audit in 2006 through assessing the workers' level of education.

For ABSA managers, levels of formal educational qualifications that Mozambicans had were seen as synonymous with the levels of their skills. It was important to shrink the distance that existed between formal education and craft mastery or skill so that it would be easy to place the level of knowledge and skill of local workers in the same basket. By thinking of formal education levels as synonymous to degrees of skill, it became easy to ignore the crucial fact that it takes tacitly-acquired ability, longer training or job habituation for one to gain the

mastery associated with being skilled. Using formal educational qualifications to assess the degree of skill and state of professional competence was, according to Bourdieu (1996c), not only misleading but it served as an instrument of distinction and domination.

Braverman (1974) showed that in studying a correlation between competence, productivity, skill and education, it has been found, in a study of 500 bank workers located in 125 branches of a major New York bank, that performance was weakest in branches where managers stressed the significance of education as determinant of upward mobility within the bank. This was despite the fact that most of the workers within these branches already possessed significantly higher levels of education compared to those who demonstrated higher levels of productivity. There was no direct relationship between formal educational levels and productivity though a much stronger correlation was found between craft-mastery and productivity (Braverman, 1974).

This argument however is not intended to downplay the fact that within a context of rapidly changing business models and highly innovative technological systems that inform the nature of bank work, training, cross training and a multi-skilling of staff becomes paramount. What it does, is show the manner in which educational qualifications are used as the driver for (i) dividing workers, (ii) imposing differentiated working conditions, and (iii) as a narrative to legitimise a variety of employment practices that many Mozambicans felt were aimed at denying them opportunities so as to perpetually oppress them.

The argument below is an example of this point. Nice (Interview, July 2007), who had served in several other Barclays subsidiaries including Kenya, Zimbabwe and Tanzania and had only been in Mozambique six months at the time of this interview, stated that during his time at Banco Austral he observed that Mozambicans were not only uneducated and unskilled but that they had not been taught how to think.

It is shocking to find such poorly trained people in a skill-sensitive working environment like banking. I was shocked to find that these people were allowed to carry out such skill-contingent bank functions. Worse, they were let loose to interact with customers even though they know so little about customer service and relationship management. Even the few that were somewhat knowledgeable, they relied entirely on the unstructured on-the-job training which is a huge risk for any financial institution. There isn't a single local employee in this bank with an International Retail Banker Certification and no matter how much training they received, it would be hard for them to catch up to international standards. You must remember that these guys were not taught how to think, they were trained to only obey instruction and are not open to challenge. This is why my priority in this bank now is to get the people issues right (Nice, interview, July 2007).

However, Garcêz, (Interview, December 2006) stated that the situation with low levels of education was a general problem in all of Mozambique and many investors who embarked on setting up operations in Mozambique did so already fully aware of this situation.

Many investors take on these huge investment projects and promise to provide training and skills transfer to the local people and yet upon landing in Mozambique, they start to act as though they are surprised [at] the low levels of education. They start claiming that Mozambicans do not have skills but they only say this because they want to use it as a reason to justify why they bring expatriates to the country instead of using local people. Most of them, especially South Africans, do not like to put locals in important positions and prefer to bring their own people (Garcêz, interview, December 2006).

Gerard Hartman's company called 'Sage Payroll and Human Resources', offers human resources services and payroll solutions to companies operating in Africa including Mozambique. Hartman narrated his experience of serving South African companies in Mozambique during an IT Web interview (2015) with James Francis and explained the problems prevalent in South African companies operating in Mozambique. He stated that all the issues found in these companies are actually unique to South African big enterprises across the continent because other companies operating in Mozambique and across the continent, such as those owned by the Portuguese, French and Americans, do not experience these problems.

South African companies are notorious of having all white management teams in a pool of generally black local workers. Many of these managers have been business executives for years in South Africa and are used to the system of 'ja baas'²⁸. In the context of Mozambique, South Africans tend to demand 'ja bass' relations. They do not see the local guys as part of them and tend to put them down by saying they are uneducated and stupid. What I advise companies to do is understand their workers, understand the local environment and make the right networks locally. It is dangerous to operate as 'weekday warriors'²⁹ as most South Africans tend to do (Hartman, in IT Web Interview, July 2015).

As Hartman showed, 'weekday warriors' did not invest in their workforce; in fact, they were able to run complex business operations in companies where a majority of the workforce is poorly educated and generally unskilled because they simply imported the required skills from home (Hartman, in IT Web interview, July 2015).

²⁸ Afrikaans for 'yes boss', often used to emphasise occupational seniority and racial superiority on the part of the manager.

²⁹ 'Weekday warriors', according to Hartman (IT Web interview, 2015), are those South African expatriates who are not interested in integrating with the local people and in the case of Mozambique, they take full advantage of the geographic proximity and literally go home every weekend. When in Mozambique during the week, they visit spaces that are not frequented by the local people. During holidays they secure private resorts and generally keep to themselves.

Contrary to Hartman, Lemos and Scur (2014) argued that the practice of importing managerial skills instead of training local workers was actually not unique to South African-owned companies. A study of 108 manufacturing companies in Mozambique, according to Lemos and Scur (2014), revealed that many companies preferred to import managerial skills and those skills considered high-end while continuing to exploit and take advantage of the availability of cheap Mozambican labour. Due to the prevalence of this practice, Lemos and Scur (2014) argued, companies operating in Mozambique tended to score the lowest compared to companies operating in other countries when assessing the quality of their management practices. This is because the issue of improving the education and skills of the workforce, according to Lemons and Scur (2014), was considered an integral part of best management practices. Consequently, those companies who did not invest in the education, skills development and talent management of their workforce scored the lowest when assessing the quality of their management practice.

While ABSA identified employee wellness, effective communication, information sharing and human capital management as key tools for assessing best management practice across the ABSA Group (ABSA, 2006), none of these tools were extended to ABSA's Africa operations. This is because the performance of African operations was said to be insufficient to warrant such an investment (ABSA, 2006). As a result, none of these tools formed part of management practice at Banco Austral. Interviews with nine heads of department at Banco Austral revealed that many of the management practices used were decided upon by each individual manager as the bank did not have dedicated employee development programmes, despite having an employee development and training unit in the Human Resources department.

Even though Table 12 below shows that a number of employee development initiatives were used by each of the managers, none of them could provide a sensible explanation on how these were being implemented in practice. All 10 managers reported that they could not explain in detail how cross training was being implemented, for example. None of the six heads of department who reported that they promoted team work in their departments could explain how this was implemented in practice; instead, the head of Finance reported that team work was motivated through having an open-door policy. The head of Operations reported that she used a variety of team building initiatives but could not name one at that time. The head of Corporate banking reported that while team work was a desirable practice, the nature of bank work demanded stringent divisions between different banking segments and between workers. The head of Legal reported that team work was fostered through having regular meetings.

Table 12: Banco Austral Human Resource Practices

	Human Resource Management Techniques used	YES	No	Don't Know/ Did not answer
1	Cross-training for multiple jobs/multi-skilling	8	2	-
2	Team work	6	4	-
3	Personal valuing of workers	8	2	-
4	Mechanism of ensuring productivity and efficiency	7	2	1
5	Active management engagement in leadership and strategic planning	5	4	1
6	Encourage line supervisors to provide assistance and resources to workers	5	4	1

Aubrey Motambe (interview, December 2006), an IT specialist, explained that Mozambicans knew that ABSA did not care about them because there were no attempts to facilitate the opening of training opportunities. Motambe argued that in his view, this was part of the strategy to keep Mozambicans ignorant so that they could be locked in perpetually junior positions compared to their foreign colleagues.

We are being denied opportunities to be trained further in new banking systems. ABSA refuses to make investments in the training and development of skills for Mozambican workers because they want to bring their own people here. Managers also do not support us because they think very little of us and do not trust our capabilities despite the significant banking experience we have and the historical knowledge that we have about the bank (Motambe, interview, December 2006).

Indeed, Garcêz, (Interview, December 2006) confirmed that ABSA did not yet have a plan for correcting the wide-spread skills shortages and skills mismatch that its 2006 skills audit report attested to have identified. She stated that unlike Standard Bank, which conducted a skills audit to identify existing skills gaps so as to appropriately structure its training programmes, ABSA's skills audit was conducted only to demonstrate the shortage of skills so as to get a sense of the required expatriate expertise.

Standard Bank put a plan in place of recruiting local university graduates and poaching excellent employees from other banks and then providing training opportunities in derivatives and financial market associations as part of improving its systems in treasury and markets as well as encouraging the participation of local workers in money

market and risk management. These targeted learning areas are areas which, in Banco Austral, remained the domain for expatriates only. This is why we are constantly losing good employees to Standard Bank (Garcêz, interview, December 2006).

This marked a contradiction in Banco Austral's transformation agenda. The modernisation of the bank which was said to be one of the major and more urgent elements of change that ABSA was to introduce, was one-sided. It did not seem to include the transference of expert knowledge, material know-how and technological infrastructure. While a training programme was initiated in 2005, it was small-scale and remained extremely selective with a specific focus on IT and processing operations. Its selectivity meant only a few members of the bank, whose training was deemed to be more urgent because they were the only ones who could work with the new systems, qualified for training while the rest of the workforce remained excluded. Again, while the issue of having inherited a largely uneducated workforce was very real, it was unfortunately used as a narrative for justifying bigoted practices and for arbitrarily excluding the Mozambican workforce from certain jobs and from occupying certain spaces of the bank.

10.5. Symbolic Struggles and the Contradictions of Being and that of Belonging

Since the introduction of business segmentation and the resultant reorganisation of production demanded that operational divisions be strictly maintained, ABSA equally demanded that the divisions that were created between people be sustained against all odds. As a consequence, one of the key functions of the new surveillance system that was installed was to ensure that the social relations that ensued amongst employees did not result in undesired interaction between members of staff. This meant that only a controlled interaction of people was permitted so that only the correct relationships between workers could be developed.

As a result, the structure of social relations became conditioned by the configuration of these divisions, particularly their hierarchical ordering. As the segmentation of the labour process increasingly translated into the 'sectionalisation' of workers, the dynamics of power relations shifted accordingly. Workers with higher levels of education were considered the most skilled and therefore befitting to be positioned at the top of the bank's hierarchical structure. They commanded higher levels of power and their social interaction was restricted only to their own kind.

The more divided the workers were, the more they became confined to the specific sections of the hierarchical structure of both the physical space and the occupational positions of the bank. In a similar but macro sense, Bezuidenhout and Buhlungu (2016) used the concept of enclave to describe the spatial and political segregation amongst different levels of employees in the platinum mining industry. The spatial enclaving of Banco Austral workers meant some were excluded and others included in the physical occupation of spaces that had been appropriated as means of drawing distances between certain categories of workers and to instil relations of domination and subordination at the workplace.

With the balance of power tilted in their favour, it was easy for expatriates to position themselves as the dominant and most powerful group within the organisation. Through manipulating this power, expatriates were able to not only identify themselves as the dominant group but they also had capacity to get themselves recognised and accepted as such. They used the power and privileges granted to them to define the boundaries by which they could be set apart from the dominated group. It also meant that they had the prerogative to legitimise both the categorisation of other people and the properties used for such categorisation. In essence, they possessed the power to be and the power to deny others their sense of being.

This, for Bourdieu (1984), is what is at the heart of symbolic struggles between groups of people. The symbolism attached to these struggles is informed by the propensity of the struggle itself to produce effects which tend to disguise the very presence of the struggles so that they are not seen for what they are. They are not only struggles of being but also of seeing; they determine the balance of power in the workplace, dictate the nature of social arrangements and define the modes of distinguishing between people as part of regulating processes of seeing and of being.

In this sense, expatriates took charge of those processes of positioning and conditioning. In positioning, workers were forced into a realisation that there were certain spaces in the bank, both occupational and spatial, that were reserved for expatriates and therefore for whites. They were not only positioned as the dominated group but they were also positioned to accept their subordinate position within the bank. In conditioning, expatriates appropriated and redefined the meaning of being so as to impose their own thinking about what constituted an appropriate representation of the social world. It was a process of conditioning social reality as well as its representation by imposing their ideas on the subordinated and or dominated groups.

For example, many Mozambicans were labelled as ABSA-unfit because of the level of their education and their assumed level of skills. Being ABSA-unfit extended to a denial of trust worthiness and of belonging. This became the narrative used by expatriates to set themselves apart from the local workers, to classify Mozambicans as incompetent, undependable and, effectively, not worthy of being shown respect at the workplace. The head of the Operations department, Charmaine Lambert (Interview, December 2006), shared her experience with the so-called ABSA-unfit workers.

Workers here are a high-risk factor for ABSA because many of them are uneducated and do not understand the implication of their ignorance for the bank. I have over 123 employees spread across the eight divisions and many of them have not even completed their basic education. Those who pose the highest risk happen to be the least educated and are in divisions like the Cash Centre and Security and Transport. We rely on them to handle large amounts of hard cash which they have to move from one point to another but we cannot trust them because they have made such costly mistakes for the bank. The Cash Centre guys at times return from the rounds of collecting money from the ATMS and leave the cash bags in their drawers and not log it into the vault. Johannesburg gets notification of emptied ATMS but no vault logs on the systems for incoming cash and we have to bring in security personnel to resolve such things. This is why it is imperative that we put in place very stringent mechanisms of control such as tracking their movement in our cars via satellite. In today's banking industry, weak management controls are seen as a major risk factor; it is important to exercise staff management systems that mitigate against this risk (Lambert, interview, December 2006).

Similarly, Pauw (Interview, January 2014) reported that because of limited skills amongst the local employees, it was not possible for the bank to hire them into management and specialist positions as ABSA did not trust that Mozambicans had the capacity to do the job.

If you are running a bank, you need to minimise risk factors across business and operational points. This is why you must put in management and specialist positions people that you trust can actually do the job. Of course, we were forced to draw from ABSA for most of the people that we had at Banco Austral because we needed to build a globally competitive multinational bank. This is also why we felt it necessary to go beyond the continent and explore what France could offer, for example. I was sent to Mozambique to build a successful bank and I needed dynamic employees who could think, who were flexible enough and who understood the procedures and systems of banking in general and of ABSA in particular. You are never going to get that from the local guys because they refused to think and one was never able to depend on them (Pauw, 2014, interview).

Nice (Interview, July 2007) who boasted over 30 years of working as a senior banker and MD for Barclays Bank Africa concurred that the development of local talent in Africa was not necessarily a wise business decision because of the unresolved issues of trust in the continent as a whole.

In my experience and in the history of Barclays Bank, we do not hire the professionally unknown into senior executive roles. We do not gamble like that; you need to bring in candidates that can be trusted as senior executives in the first instances. You need to look inward from within yourselves and amongst your networks and then identify someone that you know has a 95 per cent chance of making a success of his job because 50 per cent is simply not good enough in this business and 50 per cent is what you are going to get amongst the best of these local workers in Africa (Nice, interview, July 2007).

The lack of trust at Banco Austral reinforced relations of differentiation and deepened the existing social distance between local workers and their expatriate managers. This subsequently generated a contradiction for the bank's transformation because by its very nature, bank work is built on trust and dependability. This means both trust and dependability must be demonstrated by both workers and managers. Indeed, this was confirmed by Nice (Interview, July 2006) when he argued that in introducing a new business model, ABSA's objective was to transform not only Banco Austral but also its people 'by creating a bank that people can trust'. While by 'people' emphasis is naturally placed on customers, bank employees are also the bank's 'people'. They need to be trusted by the bank in as much as they need to be able to trust in the bank.

The strained social relations between expatriates and local workers were exacerbated by various processes of transformation that directly translated into the exclusion of local workers from participating in certain activities of the bank. For example, Goosen (Interview, December 2006) reported that the Mozambican workers were denied the opportunity to work with the newly launched banking software, FLEXCUBE, because ABSA did not trust them with their advanced technologies.

Out of 20 staff members, I have 10 in hardware support and electronic banking support and the rest do administrative and secretarial work while others act as call centre agents in the security help desk. ABSA is concerned with security issues because technological banking systems are a high-risk factor that involves passwords and network security systems of the bank. The people here have been part of big corruption scandals; this is why all information technology aspects of the bank are directly managed by ABSA in Johannesburg. Every electronically informed operation in all of Banco Austral is coordinated from the head office in Johannesburg via satellite and unfortunately workers have not had much opportunity to work with and learn about the operating systems (Goosen, interview, December 2006).

Being denied access to certain workspaces of the bank and being prohibited from executing certain functions related to the description of the job not only impinged on the personal development of workers and frustrated their professional advancement, it also worked to deliberately deny workers the dignity derived from the stature accorded to bankers. The legacy of the colonial period - which ensure that the black workforce remained uneducated, unskilled and at the disposal of the white man as cheap labour - seemed to be reincarnated in Banco Austral. The habits of prejudiced thoughts and behaviour seemed to be firmly entrenched in the schemes of mannerism and in the dispositions of those expatriates who perpetuated such practices.

Given that several South African managers were made of the history of apartheid, the element of domination and racial oppression had come to inform their very principles of reality. It had also come to inform the means by which they comprehended and engaged with the social world around them. It is on such bases that Carlos Mello (Interview, November 2006), a Senior Official of the National Trade Union of Bank Employees (SNEB), argued that South Africans were renowned for attitudes and conduct of prejudice and oppression in Mozambique. According to Mello, this situation was not unique to Banco Austral; Mello (interview, November 2006) argued that as a trade union, they were aware that South Africans preferred to bring their own technicians, accountants, engineers and managing directors instead of employing Mozambicans. They brought these people from their mother-country as well as from various parts of Europe because they were able to trust them better than they could Mozambicans.

South Africans are different from Portuguese; they are not trusting, remain too distant and disconnected from the people and this is why they prefer to bring their own managers. Mozambicans are used to working with Portuguese bosses who tend to relate more closely to the workers; they are social and understand Mozambicans better than South Africans do. We have a double problem of trust with South Africans; they do not trust Mozambican workers with their money and they also do not trust them to do important work. Comparatively that they start to feel the real power that they have over Mozambicans (Mello, interview, November 2006).

According to Mello, South Africans discriminated against Mozambicans because the Mozambican system allowed them. He said that South African banks did not hire Mozambicans into senior management positions because they did not trust them.

All managers working in South African banks in Mozambique are recruited in South Africa, their conditions of employment aligned to South African labour law and their salaries negotiated according to salary scales of the South African labour market. This is why when they are deployed to poor countries like Mozambique, these managers get to think that they are very important. The gap between the junior workers and them becomes so big and their salaries become so inflated that they feel important. This is a much bigger issue, about 20 per cent of all bank employees are foreigners in this country and they are the ones doing the important work and earning the big salaries. They are the ones with the power in our banks but unfortunately this is not an issue for us to fight yet as a trade union because there are more urgent things to focus on right now. Besides, we do not want to be seen to be chasing away South African managers because, in fighting the cause for workers, it is important to stay close to the managers and make management understand that we are not their enemy. At the same time, the country needs investments and the government has to address these matters at much higher levels (Mello, interview, November 2006).

With the deepening of the divisions between workers as a result of the multiple forms of distance-drawing that were used at Banco Austral, Mozambicans increasingly felt betrayed by the ABSA promise. It is a promise that guaranteed all its staff members that 'the ABSA brand places emphasises on creating an ABSA identify that unifies, infuses and wholeness amongst its people' (ABSA, 2007). To Mozambicans, the experience of working for a subsidiary of ABSA directly led to an erosion of their sense of professional dignity and of belonging.

Contrary to Bourdieu's (1996c) argument that the historical lineage associated with bank work accords bank workers a sense of dignity and respect, the subordinated position of many Mozambican workers translated into submitting to the unjust and often arbitrarily exercised authority of their expatriate managers. Being excluded from important spaces of the bank in terms of both operation and occupation made Mozambican workers feel irrelevant hence they were unable to take pride in their work.

However, in workplace struggles, particularly in symbolic struggles, workers are not just subject to the forces of power that structure the nature of social relations and dictate the conditions of employment. As discussed in Chapter 5 of this thesis, workers are also agents of social change in their own right. The review of literature discussed in Chapter 4 of this thesis revealed that even though workers tended to operate from positions of limited power, depending on different national contexts, they did engage in various covert and overt forms of resistance to not only minimise the effects of domination and exploitation but to also win themselves small gains that restored their dignity and provided a sense of being.

Chapter 12 discusses a number of these resistance strategies in the context of Banco Austral and shows the way in which workers' resistance has contributed to the shaping of employment relations at Banco Austral. Instead of internalising the limits imposed upon them through differentiation and social distancing, many Mozambicans confronted those institutionalised systems of positioning and classification. By being allocated to certain occupational positions within the space of the firm so that the right distances could be drawn and the most exclusionary properties of difference be imposed, many Mozambican workers turned these properties of differentiation and classification on their heads by symbolically denying their legitimacy and redefining their meaning.

These struggles and their nature are neither new to Mozambicans nor to South Africa: as discussed in Chapter 4 of this thesis, employment relations in Mozambique have historically worked to ensure that a majority of the workers were legally frozen into a subordinate race, class and cultural position, not only in the workplace but also within broader society. Within a context of a largely unorganised labour force, workers' responses to these relations of domination and subordination have generally taken covert forms (Mtyingizana, 2005), as shall be seen in Chapter 12 of this thesis. The following chapters, Chapters 11 and 12, discuss the nature in which a hybridisation of employment practices from these different historical contexts, as result of ABSA's acquisition of Banco Austral, worked to inform the nature of employment relations in Banco Austral in the period 2006 to 2008.

10.6. Conclusion

This chapter has looked at the manner in which the provision of bank products and services was organised after the ABSA take-over at Banco Austral. Through the application of a modern business model, in the form of market segmentation, ABSA restructured Banco Austral and set up segmented business units with the aim of not only modernising the newly acquired subsidiary but also to improve its financial performance, attract major corporate accounts and improve the market profile of the bank. The change meant that old, ineffective and manual banking systems had to be replaced with a much more sophisticated banking technology called FLEXCUBE. This banking technology, which ran directly from the Johannesburg head office via satellite into Maputo, ushered in changes that had far reaching consequences for workers who were divided and inserted into differentiated business units to perform differentiated functions in accordance with their recognised skill and expertise.

The transformation of the labour process and the compartmentalisation of the workforce generated a number of contradictions which shaped and informed the nature of employment relations at Banco Austral. This chapter has discussed three specific areas through which these contradictions manifested. In the first contradiction, the manner in which the reorganisation of production led to a polarisation of the workforce at several levels is highlighted. The first level was informed by the demands of the back office and front office, divisions which required a strict division between workers, both in terms of function as well as in terms of the physical occupation of the bank, as discussed in detail in the next chapter.

The second level was informed by the fact that a majority of the back office workers were black so that another dimension of the divide between workers was a deeply racial one. The third and last level at which the workforce was polarised was at national level: many of the workers who occupied front office positions were white and South African while those in the back office tended to be black Mozambicans. These divisions played a major role in the development of employment relations that were largely characterised by differentiations between workers. The emphasised occupational distinctions gave way to spatial distinctions and a manufacturing of social distance between workers.

In the second contradiction, this chapter has shown how these workplace-produced properties of differentiation had not only been used to create distances between workers, such as degrees of skill and levels of education, but had also been used as instruments of domination in the workplace and the basis for the legitimisation of such domination. Within a context where ABSA had set itself to modernise the bank and address the issue of skills gap at Banco Austral, it was paradoxical that the very thing that the merger of the two banks was meant to improve became the very basis upon which ABSA managers justified the persistence of oppressive and exclusionary employment practices at Banco Austral.

The third and last contradiction discussed in this chapter relates to the symbolic struggles by which employment relations came to be characterised at Banco Austral. These were positioning and imposition struggles in which both workers and managers sought to appropriate and redefine the meaning of being so as to impose their own thinking about what constitutes an appropriate representation of the social world.

In addition to using education and skill as elements of differentiating between workers at Banco Austral, workers were also denied trust as part of creating social distance, further justifying the subordination of Mozambican workers from expatriates. The paradox, in this denial of a virtue that constitutes the very core of one's dignity, is that by its very nature, bank work is built on trust and dependability and black workers at Banco Austral were denied this as part of a symbolic distance drawing between the black Mozambicans and white expatriate workers. The next chapter provides a much more detailed account of these divisions so as to show how they played themselves out and shaped employment relations at Banco Austral.

CHAPTER 11: SOCIAL DISTANCE AND OFFICE STRUGGLES AT BANCO AUSTRAL

11.1. Introduction

Traditionally, a bank was considered a very special institution. As discussed in Chapter 6, banking services were provided for capitalists or as Fry et al (1996) put it, they were aimed at servicing special clients with money and who were worthy of bank service. Back then, bankers were special people by right and only needed to have acquired a senior secondary certificate to enter the world of banking. They then assumed ‘cradle to grave’ careers, which basically meant working for the same banking institution and working their way up the slow career ladder (Fry et al, 1996).

In today’s banking institutions, the cradle-to-grave careers have been surpassed by the emergence of high-flying graduate bankers. They are the banking world’s engineers in the form of sales executives, product consultants and Information Technology (IT) technicians. Today’s bankers are scientists in the form of mathematicians or quants, accountants, economists, commercial lawyers, taxation specialists, statisticians, and demographers, amongst others (Fry et al, 1999). Due to the massive payment systems that banks have to manage today and the level of risk associated with banking, most of these high-flyers engage in multiple, complex and important functions in the front office in total exclusion of multitudes of cradle-to-gravers who occupy, what Braverman (1974) called, ‘office sweat shops’ in the back office.

This chapter presents the back office and front divisions, it discusses the manner in which each of these divisions were configured at Banco Austral and shows that these divisions served as means of racially segregating the workplace. The configuration of the back office resembled a Taylorist organisation of production and was fundamentally distinct from the front office which resembled a Post-Fordist organisation of production. The difference in the organisation of work mirrored the traditional hierarchies that underpinned the capitalist labour process (Marx, 1945; Braverman, 1974) and, as this chapter shows, became exacerbated by the racial segregation of workspaces which worked to further polarise workers and entrenched social distance between them.

The chapter further shows that the existing social distance between workers remained deep-seated and became more durable because of the manner in which the flow of work was coordinated. At the same time however, it is shown in this chapter that this coordinated flow of work increasingly became bifurcated by the differentiated conditions of work which, in turn, led to the construction of a culture of elitism in the workplace. This cultural elitism manifested in four specific elements of cultural superiority identified in this study and which functioned as properties of cultural capital for some workers. Race, as a first element of cultural superiority, carried a higher volume of cultural capital and functioned as a primary form of identity at Banco Austral. This means, as part of an organisational practice, workers were primarily identified along racial lines and also used race as a primary form of differentiating themselves from their managers.

The second element of cultural superiority was derived from occupational positions: front office positions granted the bearer a particular status that functioned as a form of power and an element of cultural superiority compared to back office positions. The third element was that of life-style choices and the exclusivity that was attached to the chosen life-styles which, at Banco Austral, were used as an important element of drawing difference and entrenching social exclusion in the workplace. The fourth and last element of cultural superiority identified in this chapter was derived from the arbitrary managerial practices which favoured white workers and guaranteed them certain privileges as seen in the way in which the risk management strategy of Banco Austral was implemented.

11.2. The Colour of the ‘Chinese Wall’

The Chinese Wall allegory that is used to emphasise the stringency that is employed in the separation of back office and front office functions in banks is based on the idea of having long-lasting divisions that are required for keeping certain banking operations separate from others (King, 2003). The idea is to ensure that the operational boundaries that define the labour process in universal commercial banks are maintained against all odds given that universal banks engage in multiple banking services such as investment, retail, corporate and insurance banking. While the notion of having a Chinese wall is mere figurative bank speak, the need for separating the back office and the front office remained very real. It was part of the traditional practice of ensuring that investment functions were kept away from retail functions and dates as far back as 1933 following losses incurred from the volatile equity markets that precipitated the great depression of 1929.

The Glass-Steagall Banking Act of 1933 promulgated a complete separation of investment, commercial and insurance banking as part of restoring confidence in the banking system and prohibiting use of bank credit for speculation following the great depression (King, 2003). This meant that commercial banks whose core business was to accept deposits and issue loans could not underwrite deals or deal in securities. This was to avoid instances where bank staff could interchangeably engage in brokering and dealing activities and then have opportunities to access the settlement of instruments, the closing of deals and the processing of payments for deals.

Opportunities like these, when left unchecked, would be breeding ground for fraudulent conduct and irregular banking activities. For example, trades could be altered, payment instructions changed and revaluations doctored (King, 2003). With the deregulation of the financial and banking sector in 1999, many commercial banks who could engage in the provision of multiple banking services, like ABSA, had to ensure that the separation of functions was strictly maintained. It was therefore in the interest of the security of banks, and the banking sector as a whole, to prevent any possible conflict of interest between the back and the front office as well as prevent the settlement of unauthorised payments.

This separation of functions, according to King (2003), had implications for human resource departments which had to ensure that organisational restructuring was aligned to the demands of the different back office and front office business segments. They had to be set up as different business entities in terms of systems, control measures, reporting lines, staff and backup systems. All bank employees had to operate from different floors in terms of the physical and occupation spaces to ensure that only the correct professional and social relations were initiated and that support systems and networking forums were differentiated (King, 2003).

Even within the front office and amongst dealers and traders, these boundaries needed to be maintained. For example, the sharing of information between sales people and the dealers was prohibited; this included the sharing of computer codes for pricing. Likewise, salespeople were not to share deal closing information with the back office and the back office was to keep all settlement information from the front office (King, 2003). Due to the fact that the dealers carried the highest risk in the bank's operations, King (2003) argued that they operated with the utmost secrecy, inventing and using private codes and models to communicate amongst themselves when describing products and portfolios. This is a key security issue for the bank in terms of business advantage; it is aimed at controlling the risk associated with product

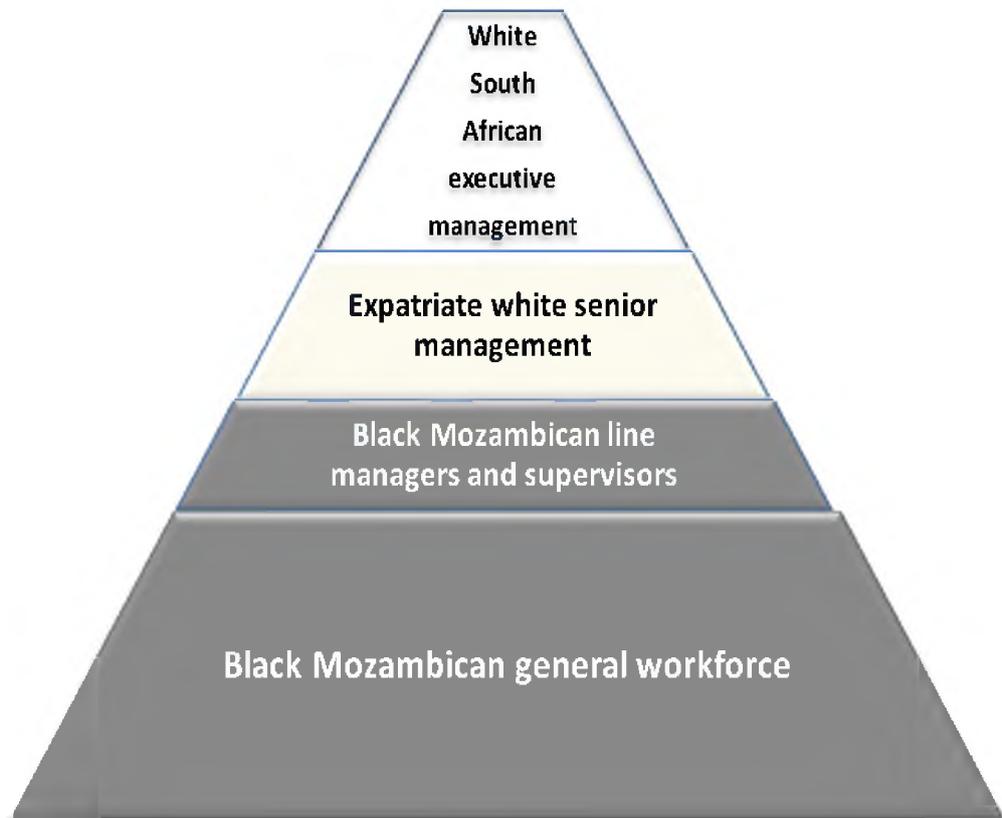
innovation and high-risk trading as well as to protect the bank's exclusive know-how which does not remain relevant for long because the world of trading remains fluid and changes very rapidly.

Again, due to the fact that dealers and traders are the least likely to stay with the same bank for long, the bank has an interest in constantly changing these communication codes to avoid language transfers to more rewarding competitors. Likewise, Banco Austral resembled the configuration of many universal banks and its organisational structure and worker-interaction emphasised these divisions. The issue of security was as much a concern in Banco Austral as it is for all banks across the globe. The drawing of the figurative Chinese wall at Banco Austral therefore should be contextualised within this history and seen as a common practice for many universal banks.

The most peculiar thing about the Chinese wall at Banco Austral however, was the fact that its Chinese Wall had a colour. On the one side, the back office side, the wall was coloured black because it was occupied only by black workers. On the other side, the front office side, the wall was coloured white as it was mainly occupied by white workers. The pyramid in Figure 7 below illustrates this picture.

The front office is reflected in the top slice of the pyramid. As the high-level decision-making arm of the bank, instructions and authority flowed from the front office to the middle office which is where decisions are implemented, monitored and then forwarded to the back office for processing. The middle office performed an intersecting role though with somewhat limited decision-making powers and a degree of authority over the back office. Middle office departments are Legal, Credit, Audit, and Forensics.

Figure 7: Banco Austral Front Office and Back Office Division



The racial differentiation reflected in Figure 7 above, is very similar to the one described by Burawoy (1972) in post-colonial Zambia in the early 70s and to the one described by von Holdt (2003) in post-apartheid South Africa more than 20 years later. As discussed throughout this thesis, the legacy of certain past practices, such as the racialised division of labour, continued to inform business practices and employment relations in post-colonial and post-socialist Mozambique. The fact that the Chinese wall completely keeps bank employees separate means that each group of the workforce faces different challenges and has different interests. It is these interests which shape the nature of workplace struggles on each side of the wall. It is, therefore, not useful to conceive of bank workers as a homogenous class that must be studied as such because bank workers occupy different positions within the hierarchical structure of the bank and these positions are intrinsically antagonistic. This means, the nature of the social relations that ensue from such workplaces are informed by fundamentally different sets of challenges that workers face as well as by the vastly different interests that workers have in workplace struggles.

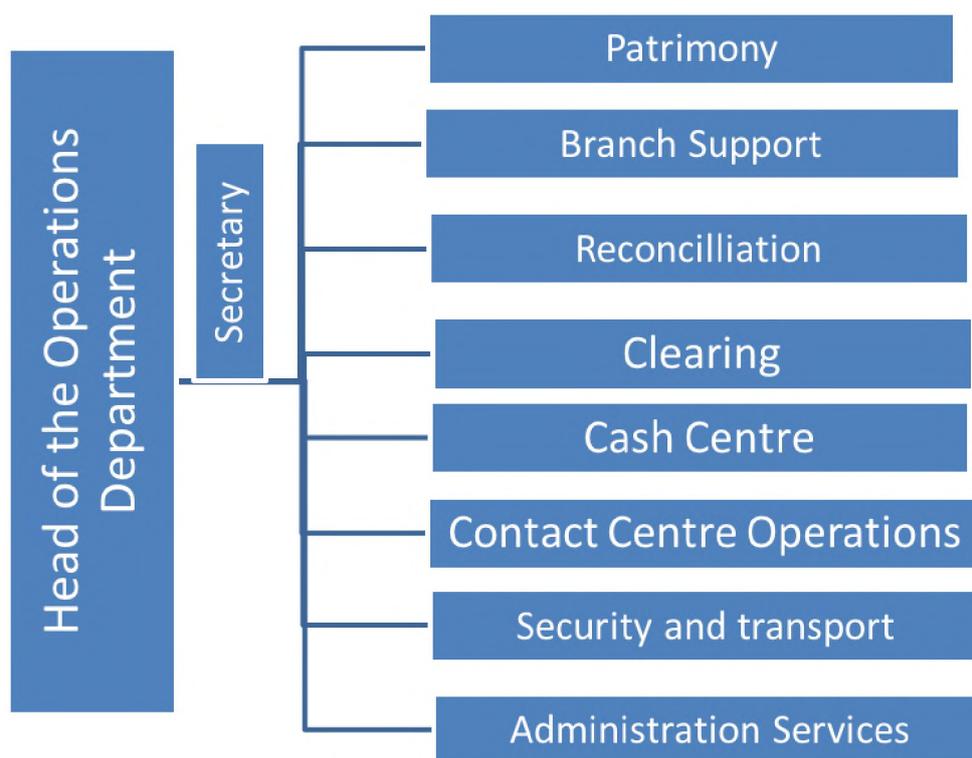
It is for this reason, therefore, that research must look at each segment of the workforce when analysing employment relations in banks and pay specific attention to the objectively contradictory positions that workers occupy on either side of the dividing wall. The following two sections look at the different configurations of the back office and the front office and unpack the labour process that informs each side of the wall to understand how the functions flow in an interwoven manner towards a single goal despite the divisions.

11.2.1. The Taylorisation of the Back Office: The Black Chinese Wall

The labour process of the back office resembles a Taylorist organisation of production and system of managerial control. Back office workers process massive amounts of information every single day and all days of the week. Even though there is no production line in the form of a conveyance belt, most familiar in manufacturing plants, teams of clerks, data capturers and bookkeepers occupy open-plan work stations to process and cycle paper-work within a specific time to meet specifically set targets under very rigid and vertically structured hierarchical management control.

Of the 704 total employees at Banco Austral, 549 formed part of the back office and were exclusively black Mozambicans. Many of these workers, at 426, were spread out in branches across the country while 123 were allocated in the Operations department at the Head Office. As a result, the Operations division was the biggest division in the Head Office: it was spread across the eight sections of the operational functions of the banks as detailed in Figure 8 below. The Operations department was also the one department in which a significant amount of research time was spent because the mode of observation was essentially participatory as necessitated by the complexity by which the different sections were organised as well as by the need to get a better understanding of the functions of each section and the challenges faced by the workers there.

Figure 8: Organogram of the Operations Department



As argued in Chapter 10, a majority of the workforce in the back office either had basic or secondary schooling with only a fraction that had any post-school or technical qualifications. As a result, back office workers were classified as unskilled and semi-skilled labour. Many of them, according to Ratilal Prakash (Interview, October 2006), were recruited to work in the bank as far back as 1977. Prakash is the Chairman of Moza Banco; he was also Governor of the Reserve Bank of Mozambique from 1981 to 1986 and later became a Minister of Finance. He explained the challenges that were faced back then as the state struggled to keep many sectors of the economy, including the banking sector, afloat.

With the mass exodus of the Portuguese in late 1974, there were lesser people in the banks every week to a point that some sections remained completely unmanned. More and more sections of the bank became empty and in 1977 we had to quickly recruit Mozambicans to fill these positions. First, we targeted those with post-school qualifications in any field but there were so few of them that we had to admit those with up to class 9. It was surprising to realise how few the numbers were. We were quickly forced to recruit from the 8th, the 7th and the 6th class until we decided anyone that could read and write and had basic numeracy could be trained and admitted into basic positions of the bank. It was through this that the idea of mass training for the banking sector was introduced. This is what had to be done to prevent the banks from shutting down. By 1979, banks were fully staffed (Prakash, interview, October 2006).

The prevalence of low levels of education made it difficult for workers to seek employment in other banks or in other formal employment sectors. As a result, several workers stayed with Banco Austral since 1979 when it was still BPD right up until retirement. Indeed, and as reflected in Table 13 below, the average tenure amongst the 43 interviewed workers at Banco Austral was 10 years. There were only three that reported to have been with the bank for less than five years.

Table 13: Banco Austral Employee Job Tenure

HOW LONG HAVE YOU BEEN AT YOUR CURRENT JOB					
LESS THAN 5 YEARS	6 TO 10 YEARS	11 TO 15 YEARS	16 TO 20 YEARS	21 YEARS AND OVER	DID NOT ANSWER
3	9	4	19	7	1

A large number of these workers executed operational functions which were broken down into several components and each component was executed under the strict supervision of the section supervisor who, in turn, reported to the divisional head. The divisional head reported to the Head of Operations who, in turn, was accountable to the Chief Operating Officer of Banco Austral. Due to the advances in information technology and automation which saw an advent of banking software and a further simplification of functions, section supervisors struggled to marry the newly redefined production targets together with the pace at which workers executed functions. The new technology dictated the execution of every function and, given that the execution of these technologically simplified tasks meant nothing more than just feeding figures to a computer programme, the pace and volume of work was accelerated to match real time demands of customers.

The flow of work changed accordingly because automation translated into faster, paperless and continuous flows of information. Volumes of transactions that needed to be conducted on a daily basis grew larger and targets were set to be completed within an even shorter space of time. Meanwhile, Banco Austral back office workers were either computer illiterate, too insecure to learn to use a computer or simply did not have access to one. Many computer systems were actually being installed during the time I spent at the bank conducting fieldwork. This means that the execution of tasks in the back office was effected through the two parallel systems, the electronic and manual processes.

For example, the Branch Support section shown in Figure 8 above consisted of five subsections and the challenges faced by each of the different teams in each of the five subsections differed due to the different operating systems used in each section. The team of the section assigned to provide branches with cheque account information still used cheque books and chequebook ledgers while the team of the section providing ATM support, responding to faults in card transactions, claims, card pins and stock control relied on the computerised system. Again, the team that dealt with overdrawn accounts and 3rd party payments of companies used both the manual and electronic systems and section supervisors needed to manoeuvre through these parallel systems to meet targets.

As a result of these parallel processing systems, line supervisors struggled to reach targets and, since targets were set by management in accordance with the dictates and projections of the new banking software programme, each day proved to be a big challenge because workers either worked with manual systems which were too slow or worked too slowly as they were not used to the new computers. Despite the fact that no training was provided to workers as part of migrating from the manual systems to the computerised systems, several managers still complained about the working pace of Mozambican workers.

For example, Willem Goosen, the head of Information Technology, complained that Mozambicans were too slow and did not prioritise deadlines.

It is hard to work with Mozambican workers because they have no drive; they do not prioritise their tasks; they come to work late, always. They do not place importance in their work and take very long lunch breaks, even up to two hours every day. As if that is not all, they still want to have tea time in between and they always knock off on time. They have no sense of urgency in anything they do; this is a time-luxury you cannot afford in a bank and specially in IT because you need to spend long hours on the computer learning and mastering systems (Goosen, interview, December 2006).

Fernando Madeira, the head of the Finance department reported to also struggle with his team's pace as well as their lack of initiative.

The pace of work is generally slow mainly because workers refuse to take initiative. They work purely and solely on the basis of instruction with every facet of their duties. In my department this becomes most difficult during the reporting period because no one will execute any task that is not part of the instruction no matter how logical it is for them to do so. They will wait for the instruction or for authorisation even if this is to the detriment of the bank. We have the second-largest footprint in Mozambique, our reporting tools are still being developed so we have to use both manual and electronic reporting systems. We are currently seeking the help of a company that will simplify things but right now it is really difficult to cover the financial reporting of 52 branches, link that to the broader ABSA Group reporting requirements as well as to the reporting

requirements of the Bank of Mozambique. Streamlining all reporting processes require[s] smart, intuitive, independent and self-driven finance people. I don't have that here; I have to run several different account roll-ups and produce different financial reports for different stakeholders and I get frustrated at times because the pace is too slow and there is no intuitive to learn new systems (Madeira, interview, December 2006).

It is important to note that complaints of this nature tended to be only directed at those long serving workers because, as Garcêz (interview, December 2006) argued, the newest members of the bank were generally more vibrant and dynamic compared to the old ones. This was because they were recruited from the university and carried a different approach to work. They joined the bank fully computer literate and were fluent in more than two languages (Garcêz, interview, December 2006). Mkhize (interview, January 2014) concurred that younger staff members were more open minded, had post-school training and generally came across as enthusiastic with an aura of fresh energy about them compared to the old ones.

Be that as it may, the inability to meet targets affected all workers including the Settlement and Clearance sections that provide settlement and clearance of trades for the front office and had to do so within a short turnaround time, with zero errors and precise calculations in every step. In breaking the functions of these sections, teams of clerks, administrators and bookkeepers had to be strictly organised. The one team focused on records and document verification, the other on security clearance, while others dealt with the execution of payment instructions. Despite these divisions and the fragmentation of the labour process, there remained a continued seamless intersection of different processes in the back office which were all coordinated into a single function that serviced the front office. Again, despite the need to maintain the spatial and occupation boundaries as well as the professional and social distances demanded of both the front and the back office, work flows held these two work spaces together in the same way the Chinese wall demanded their separation. The process of closing a deal is used in the section below as an example of this. It illustrates how the different fragments of the labour processes of the back office were seamlessly intersected with that of the front office while maintaining the required boundaries.

11.2.2. The Role of the Back Office in the Transaction Cycle of a Deal

Money Market dealing and trading are part of Treasury's core functions. They are about spotting currencies, buying them cheaper and later selling them for much higher prices. Traders convert investment decisions at the least cost point and exploit the profit between commodity price discrepancies. In a nutshell, the art of dealing and trading is about finding opportunities to make lots of money, in a very short period, using rapidly changing sources of information and doing so at the lowest cost possible.

The process of originating a deal lies with the front office and this process is discussed in the next section as the focus here is only the processes of the back office. As already argued, the back office generally provides administrative support to the front office and becomes involved in the transaction of a deal to process the administrative aspects of closing the deal. This involves very systematic, rule-driven processes within a controlled and procedurally inflexible environment. The transaction cycle of a deal begins with the front office originating a deal ticket, capturing the details of the deal into its computerised dealing programmes and, once completed, passes the deal ticket to the back office for final processing. In the back office, the deal ticket is received by a data capturer and entered into the back office system. This was done on an electronic process that replaces the manual deal ticket book and it involves feeding information to the readymade computer programme.

The data capturing process is significant because it also constitutes the first stages of the verification process. Consequently, the section supervisor has to ensure that all the data received from the front office is captured correctly. He or she has to ensure that all the necessary information has been provided to the back office in the correct sequence and that the payment instructions are captured accurately by the front office. A Trade Finance (TF) person from the front office is assigned to manage the communication flows with the back office. In cases where the section supervisor finds the information provided to be incomplete, the assigned TF is notified of information gaps and these are corrected accordingly.

At Banco Austral, there were six clerks assigned to the different stages of the verification process of each deal and they reported to shift supervisors who worked around the clock as back up support to the dealers, particularly in times of market volatility. These shift supervisors had to control every facet of the clerks' work; they had to quality assure each aspect and oversee the entire verification process prior to signing off and stamping the documents in authorising the next phase.

From the verification processes of the settlement section, the deal ticket is passed on to the reconciliation department where there is a team of 13 reconciliation clerks. None of the reconciliation clerks can process the deal ticket without the shift supervisor's signature and stamp. Reconciliation Clerks are responsible for reconciling Nostro accounts by confirming the details of all payments records against the balances that exist in the custodian bank and ascertaining that the details furnished by the investment manager match those of the custodian bank.

The reconciliation department works very closely with the credit department in initiating an analysis of the credit risk inherent in a prospective deal, implementing the Know Your Customer (KYC)³⁰ procedure and coordinating with middle office departments such as the Risk management and legal departments in checking the security IDs of the trade. The role of the middle office is discussed later in this chapter but it is important to show here the interconnectedness of functions in the different departments and within the different sections of each department. In working with the credit department, the reconciliation section has to ensure that the funds being traded were available and communicate this to the front office's TF person. Once funds had been confirmed, foreign currency conversions were recalculated to ensure accuracy before the payment instruction for the deal is executed. Thereafter, the payment instruction is forwarded to the credit department to verify the credit facility, the element of credit risk and the availability of funds for the settlement of payment. Once confirmed, the deal is then forwarded back to the clearance section for final processing and for communicating the clearance stage of the deal transaction to the front office.

This is an example of the kind of support that the back office provides and one which the front office needs in order to make money for the bank. As a result, there exists a degree of interdependence between these otherwise distinct workspaces. This interdependence demands an interconnection between people and a symmetrisation of functions which the dividing wall denies at all costs. For example, the completion of each of these back office processes discussed above depend on attaining signatures of line supervisors and section heads for quality assurance. Yet, Banco Austral managers used this supervisor authorisation requirement to

³⁰ The Know Your Customer (KYC) procedure is part of risk management which allows the bank to gather as much information as possible about the customer prior to concluding a deal. This will allow the bank to know what limits to impose, assess the prospective customer's propensity to repay the bank and set the repayment terms (Croxford et al, 2005).

ensure that divisions are maintained, productivity is increased, work is executed within a particular pace and that the general movement of workers is monitored at all times.

Several managers at Banco Austral admitted that the bank still needed to impose even tighter measures of control because whatever skill and knowledge that Mozambicans had, they could not be trusted in executing their functions independently and needed to be closely supervised at all times. Despite the crucial roles that back office workers played in providing support to the front office and generally in helping to make money for the bank, they were simply not trusted by their South African managers.

When the issue of exercising such stringent measures of control was raised during an interview with Nice (interview, July 2007), he explained that the reason Mozambican workers could not be trusted and needed to be closely monitored is because their ignorance and negligence was costing the bank a lot of money. As a result, Nice (interview, July 2007) argued, every year ABSA has to set aside large amounts of money towards improving security and upgrading systems of monitoring productivity and worker movement within the bank. Nice further reported that ABSA lost millions of dollars every year to what was explained as errors and or neglect.

Indeed, in 2008 alone, according to *Jornal Notícia* (30 April 2014), ABSA sustained a loss of over US\$40 Million to 'operational impairments and costs'. In 2013 this figure had been reduced to US\$20.1 Million following a close scrutiny on operational processes and worker control. In 2014, loss sustained, as a result of operational impairments, had gone down to just under US\$ 570 000 (*Jornal Notícia*, 30 April 2014) owing to increased worker control.

In addition to losing such large amounts of revenue to operational impairments, Banco Austral lost even more to corrupt practices and embezzlement by staff members. Given that Banco Austral did not really have proper systems of monitoring worker activity in the past, workers were able to collude and manipulate figures as well as illegally authorise excessively high payments. Despite the microscopic division of labour that has been implemented in more recent times, collusion between workers for fraudulent purposes continued to be a challenge for Banco Austral.

Over and above the biggest bank scandal to have happened in Mozambique, which involved the murder of Carlos Cardoso, workers at Banco Austral continued to defraud and steal from the bank. For example, in 2004, 17 bank workers were prosecuted for defrauding the bank an amount of US\$ 302 Million. Again in 2007, Banco Austral workers were implicated in an inside job in which the bank was robbed of US\$14 Million (*Agencia do Informação*, 2007). Clearly, the bank was in need of implementing drastic measures, as Lambert (interview, December 2006) argued below,

Do not get me wrong, Mozambicans are generally trustworthy but when it comes to money, I think one can say they are extremely naïve. I find it strange that they operate with such naivety and yet have been working in the bank for so long. They have to be constantly told about the many risks associated with being too casual, not working through systems and ignoring the new ways of doing things by sticking to that which they have always known. As the head of Operations, I am constantly under scrutiny because the front office loses massively large amounts of money due to these errors and I am often unable to explain these errors. This is why we need mechanisms to identify those that make the effort and improve and those that do not so we can minimise the risk factors. Even now, I am constantly teaching them about the dual mechanisms of work control, that of being cautious and systematic. For example, others just leave money unattended in their drawers instead of logging it into vaults and they know they are required by bank policy to use vaults (Lambert, interview, December 2006).

According to Lambert (interview, December 2006), the need for tightening systems of control in the bank meant that every manager had to devise plans of dealing with this challenge and in the absence of proper policies, managerial control became arbitrarily imposed. As back office workers remained subject to rule-driven processes that were controlled at every stage, front office workers were left to execute their work without any systems of control. As reflected in the following section which discusses the white side of the Chinese wall.

11.2.3. Post-Fordism in the Front Office: The Chinese Wall in White

The situation in the front office is different from the back office. The investment managers, sales executive, dealers and traders who make up the front office occupy autonomous work terminals or stations and work in a fast-paced, dynamic and highly autonomous environment compared to the back office. The configuration of the front office resembles a post-Fordist labour process in which front office workers execute multiple tasks, have full control of the pace and content of their work. The work environment in the front office is highly flexible, knowledge intensive and demands immediate feedback on a wide range of transactions involving huge amounts of money.

In addition to their multifunctional approach to work, front office workers take on a larger share of responsibility on every facet of their work due to the autonomous nature of their work. The level of responsibility centres on providing zero-defect and high-quality customised services that respond to the widely varying customer needs and preferences. Due to the competitive nature of the job, volumes of products need to be sold in real time and in line with the fast-changing conditions that inform customer demand and shape customer buying-power. For example, it is possible for an individual in the sales team to communicate with clients in marketing new securities while simultaneously conducting an analysis of market trends and in a few minutes, generate a supply and demand report on the spot to inform the marketing pitch which most times is telephonic. Again, an individual trader is able to simultaneously broker three trading deals using a telephone at one station, a facsimile at another as well as an online system.

According to Pauw (interview, January 2014),

In times of volatility, you bring an additional shirt to the office; you perspire from hard work and from an adrenalin rush that we all go through on the trading floor making tons of money for the bank. You have to chase deals and scan markets at lightning speeds. This is how bad it could get (Pauw, interview, January 2014).

Jan-Hendrick Niemann (Interview, December 2006) explained that in as much as the other colleagues in the bank think dealers are having it 'nice', theirs is a very stressful job, not only in ABSA but for all dealers across the banking sector.

By the time the bank starts operating at 9am, I would have been already three hours in the job. I have to have overnight news at the tip of my fingers and this is not just the local and global market trends and how the prices had changed overnight but we are also expected to do projections which, at times, depend on political issues that one has to be informed about. We are forever on line and on the telephone sharing views on the direction that economic events might push the markets. This is actually the best part of the job. The worst is at the end of the day when you have to compile an analysis of your day's trading activities and reflecting your profit and risk margin to Werner. That is tough; you see it in his face if you are a waste of ABSA's time and money. Werner is a king dealer and working with him means you are constantly under pressure to make money and lots of it every single day (Niemann, interview, December 2006).

In the quest for making money, front office workers have to analyse economic data from which they could predict market trends. This is the basis upon which they engage in business initiation. This requires talent for spotting opportunities, marketing products, inventing business solutions, managing the client-bank relationship and setting prices. On these bases, Pauw (interview, January 2014) argued that the most profitable activity of the bank is dealing in financial markets.

The global foreign exchange markets are the largest but also most liquid of all the traded financial markets. This is where we make our money. Between 2006 and mid 2007, the average daily turnover was up to 3.5 trillion US dollars. At the time, the Rand, which was the 15th most traded currency in the globe, rated number 5 amongst the emerging financial markets. We had a really good period then (Pauw, interview, January 2014).

Dealers at Banco Austral operated in several markets in different capacities. For example, there were bond and money market dealers trading in fixed interest instruments and their derivatives. Then there were equity and equity derivatives traders who dealt in instruments listed in the stock and futures exchanges around the world. Willem Cronje (interview, December 2006), one of the three Liquidity Management heads in the Treasury department explained the process of initiating a deal, which is discussed in the next section, and showed that contrary to back office processes which involved single-tasked functions by many workers located in different sections and only executing instructions under a section supervisor, their work involved many tasks. Again, the process of initiating a deal, which is used to explain back office functions in the previous section, is also used in this section to illustrate the point about the multidimensional and autonomous nature of front office work.

11.2.4. Initiating a Deal in the Front Office

Cronje (interview, December 2006) explained that dealing began with an interested investor or client who approaches the bank about a product or security that they would like to buy. It is in the dealer's interest to settle for the deal that would benefit the bank the most. In placing the order, the client detailed the price at which they would like to buy that security or in short, a buy order. Upon completing the order, the dealer forwards it to the Trade Finance person of the front office who would ensure that all the necessary documentation has been gathered and is forwarding to the back office for capturing and for further processing.

It is important that all the deal information is captured correctly as any errors in the recording of information might affect the execution prospects of the entire deal. This is why the work carried out in the back office is so important for the front office. Given that there were no monitoring mechanisms in the front office at Banco Austral, the front office tended to bypass the back office and have its own data processing people do the capturing. This breach of bank rules and regulations was explained by the front office as necessary due to lack of trust in the capacity of the back office and the need to have their deals processed by people who were able to cast a much sharper eye to detail and who could process all documents with a fine comb without costly mistakes.

Given that the front office was predominantly white and male dominated, it was easy to conceive of the situation as racially motivated. In other words, the lack of trust that prevailed took a racial form so that it was a case of white senior people who did not trust their black junior colleagues. Santiago do Armiro, a Credit Analyst in the Credit department admitted that there were several attempts where the front office completely bypassed the back office and that at other times they would even attempt to bypass the Credit department despite the fact that the Credit division was the very section that could make or break a deal.

It is not possible to bypass us in the same way that the Ops guys are being bypassed. Remember we are responsible for both the risk and credit management functions of the bank. There is absolutely no deal in transactions that [are] initiated without the approval of the Credit department and there is no trading that takes place without the Credit department's confirmation that the required credit is available. All sales and dealing transactions are informed by and depend on the credit line reports that the Credit department generates (Armiro, interview, January 2007).

Armiro explained that the prevalent practice of allowing the front office to bypass the back office is made possible by senior managers with questionable integrity or whose motive is informed by factors other than bank work. According to Armiro (Interview, January 2007), good managers tend to return deals captured by the front office and insist on the standard processes which require the capturing of the deal in the back office. As already argued, the Legal and Credit departments are considered middle office functions; they still provided support to the front office but do so from a position of authority compared to the back office and retain a degree of control in their work. It is only Credit department that can either approve or decline a deal if it is not satisfied with the processes or documentation presented to its analysts. It also has the prerogative to decide at what stage of the deal to involve the Legal department. As Armiro explained,

When we receive an order from the front office we perform an analysis of all presented information, do an 'FCC number-crunching'³¹ exercise as part of assessing the level of risk involved in the order, including the client's ability to pay. After this, a decision of whether the order is approved or not is made. If the order is not approved, it is returned to the back office. If it is approved, we advise the Trade Finance person managing the order and forward the order to Legal for drafting the terms and conditions of that order. As soon as we receive these from Legal, we run final checks to assess whether Legal has correctly structured the terms and conditions. Thereafter, we calculate and mark the limits the bank is able to make available for the order and advise the Trade Finance person managing the order. At this stage, the business component of the front office

³¹ FlexCube Corporate (FCC) software package created for ABSA Trade Services to execute electronic initiation of trading from order to authorisation.

drafts and releases a Letter of Credit (LC)³² based on the limits set by us. It is through this LC that the trading is concluded. Upon the maturing of the LC, the front office forwards the order to Ops in the back office for clearing and settlement (Armiro, interview, January 2007).

The situation of having such vastly different labour processes in the same bank was not unique to Banco Austral. In fact, this was the phenomenon in many commercial banks in many parts of the world. There were, however, several factors that made Banco Austral's case unique. The first was due to the autonomous nature of the front office. The second, related to the continued parallel use of manual and computerised processes and the third related to the forced disconnections between people and their social relations. With regards to the first factor, as Armiro (interview, January 2007) explained, the autonomous nature by which the front office workers carried their work was highly unusual and very risky.

The more the front office is left to run its own show, the more the bank loses money. What cripples big banks is not inefficiency, lack of strategy or incompetent workers. It is corrupt dealers and traders; we all know this and yet in this bank they have free will. The extent of job autonomy that is accorded to the front office guys causes harm to the bank and generates operational risk. Not having any form of supervision in your work, no matter how great you are, is risky especially when working with money. These guys started feeling very important and became very arrogant. They refused to attend general meetings and said the meetings were a waste of their time and no one went after them. They hardly adhere to systems and procedures and because of this, they feel they can boss everyone around (Armiro, interview, January 2007).

The second factor relates to the persistent use of manual processes parallel to the computerised systems because many back office workers were either computer illiterate or inadequately trained. Cecelia Mboti (interview, November 2006), a Credit Risk Analyst who had only been with Banco Austral for a year and a half, confirmed such challenges. Mboti studied in South Africa and started working for ABSA in Johannesburg before transferring to Mozambique after ABSA bought Banco Austral.

I was shocked to find the level of backwardness in Banco Austral systems: many colleagues did not have computers and relied on manual ledgers and punch card systems. No one in the controls and central bank liaison divisions had email accounts. When I arrived, there was only one computer for everyone in my section and even today

³² A Letter of Credit (LC) is a payment mechanism in the form of a commercial document which allows the securing of the terms of payment in trading to ensure that a transaction proceeds as planned. It is an irrevocable commitment by a bank that payment of a particular commodity will be paid pending the meeting of set bank criteria. Once all set terms have been met, the bank can then transfer funds. This is the matured stage of an LC.

we still do not have a photocopier and facsimile machine in our unit (Mbota, interview, November 2006).

The third and last factor relates to the forced disconnection of back office workers from the front office because front office workers refused to work or share information with the back office. In such a situation, knowledge transfer did not take place and the longer back office workers remained uninformed about the new processes, the further the front office workers identified themselves from back office workers.

The distance that was ultimately created somehow made many front office workers feel more important and in fact culturally superior to the back office. This study identified four elements of this cultural superiority and how it worked to not only differentiate the workforce but also led to the creation of relations of domination and subordination. These elements superiority were of an intellectual nature, of a racial nature, of an occupational as well as that of life-styles. The following section discusses the manner in which these elements of superiority played themselves out and worked to inform the nature of social relations at Banco Austral.

11.3. Constructing Cultural Elitism at Banco Austral

Sociology, specifically the sociology of economic production, according to Bourdieu (1984) has tended to set aside the subject of culture, its production and that which it produces as a none-central theme in studying and analysing the employment relationship. This is unfortunate, Bourdieu (1984) argued, because there is a very strong relationship between culture and one's position in the field of production. For example, the institutionalisation of culture, as expressed in educational qualifications, played a central role in the positioning politics of Banco Austral. It enabled the concealment of other markers of difference and acted as the primary force in the allocation of occupational positions within a hierarchically structured and racially differentiated Banco Austral in ways that worked to preserve and perpetuate relations of differentiation and domination, as shall be seen below.

As a result, members of the same firm, occupying the same physical space and wearing the same ABSA brand had become divided and differentiated in a myriad of ways. Even though everybody in the bank wore a tie and suit every day because this was what working in a bank demanded, not everyone was a banker at Banco Austral. Some remained bankers while others were seen as mere auxiliary workers. It was the profit-generating members of the bank in the front office who became ordained as bankers and thereby set aside as the socially distinct and culturally superior from the rest of the bank's workforce. Their consecration as the nobility of

the business world was objectified in their ability to make money for the bank, something that seemed to give them mystical powers, as the cultural elite, to either approve or deny others the right of passage as ABSA bankers.

This can be read in Pauw's (interview, January 2014) argument below.

Taking over Banco Austral was full of problems, mainly because the population there did not have a strong moral fibre. Their culture is not for the banking world because they protect each other to a fault and to the detriment of the bank. They don't see themselves as bankers and they are not accountable to the bank. Their culture is to see themselves as comrades or whatever they want to call that loyalty thing of theirs which they inherited from communism. With these guys, you are either in or out, there is no in-between. Their ways of doing things force you to exercise your choice of either being involved with them or being the enemy; there is no neutrality with these guys. But because I understood their situation and I knew that they had seen hardships, I tried to make others understand them too. Just because they do not drink where we drank it did not mean they are not people (Pauw, interview, January 2014).

It is by this elitist attitude that Banco Austral senior managers granted themselves the power to not only construct the meaning of culture but to also define and redefine its meaning. The power they derived from seeing themselves as the cultural superior enabled them to also impose their definition of culture upon others as a means of justifying the widespread practices of cultural and social exclusions in the bank. There was no other division within Banco Austral, other than the Treasury department, in which such practices were most glaring.

11.3.1. The Pulse of Elitism in the Treasury Department

In all banks, Treasury is generally regarded as the custodian of all cash and liquidity assets of a bank and at the time of undertaking this study, the Treasury department of Banco Austral was responsible for the domestic and international treasury proprietary dealing, cash and liquidity management, currency and interest rate risk management. It also acted as a centre of arbitrage and hedging activities of the bank, money market securities as well as some specific back office operations of the bank's financial market operations. The Treasury department, under Werner Pauw, was the real player of Banco Austral's front office. If the front office was a site of great porosity in which bankers were constantly improving the rate of profits, then the Treasury was the actual profit centre of the bank.

I was the pulse of that bank. It does not matter who says what to you, Treasury constitutes the bank's core function and it is the heart of any successful bank that knows what it is doing. All these other departments are just there to provide support and yes, an HR director will tell you that human resources and all those people oriented and soft issues are important but if you want to make money, you pay attention to and take care

of your Treasury guys. They are the people that will bring the bacon home. Treasury is about the liquidity of the bank; it is the core component that generates revenue and ensures the profitability of the bank (Pauw, interview, January 2014).

Indeed, taking care of the 'guys' in the front office was exactly what Banco Austral was about. Of all the activities of Treasury, according to Pauw (interview, January 2014), dealing and trading remained the most specialised fields in financial services and particularly in banking. As head of Treasury, Pauw was instrumental in the setting up of ABSA's very first dealing room back in 1969 as well as the dealing operations of Banco Austral, which he directed right from ABSA's take-over of Banco Austral in 2002 up to his official departure in 2008. A Chief Dealer himself, who was also a Chief Economist in the bank, a registered broker and dealer to the Mozambican stock exchange, Pauw remained the most important banker in Banco Austral till his departure (Pauw, 2014, interview).

As the most prestigious employees of Banco Austral, dealers and traders operated with the greatest job autonomy, trust, respect and support from the entire bank. Their activities were not subject to the same scrutiny as other bank officials and they enjoyed high salaries and carried a status of prestige. Arlindo Santos, a Clerical Market Liaison Officer in the Corporate Banking division, stated that the prestigious status that was enjoyed by officials in the Treasury department strained relations between the Mozambican workers and their white expatriate bosses.

There are more white workers coming into the bank and Mozambicans struggle with this because it means they will never have opportunities to occupy senior and high paying jobs in the bank. This is why many Mozambican workers are leaving this bank and going to work for Portuguese-owned banks. Even Standard Bank is better than this bank because at least they have training programmes for local workers to try and improve the skills (Santos, interview, December 2006).

This view was supported by many workers, for example, Tisha Gayiza (Interview, December 200), an Administrator in the Human Resources division who argued that the coming of South Africans to Mozambican brought racist practices to the bank.

I know that there are racial issues in this bank because South African whites struggle to integrate with black people in general. I have not been directly affected by it but all Mozambicans are unhappy about South Africans earning so much money. I heard that some people in the Treasury earn more than \$140 000 a year while senior Mozambicans do not even make \$40 000 a year. Earning so much money when others earn so little will of course make you feel important. These people look down on us; they think very little of us because they say we are unskilled, uneducated, lazy and untrustworthy. Mozambicans do not complain about these things because they understand that the boss

is the boss and you cannot start to question the things that they do and say (Gayiza, interview, December 2006).

Similarly, Carlos Crimeldo (Interview, December 2006), a Public Relations Officer in the Human Resources department explained that the issue of huge salary discrepancies within the bank was one of the major sources of discontent for workers.

Salaries are the main areas of concern; foreign workers are paid much more and this is agitating the workers and increasing the distrust between foreigners and locals as well as with workers and with managers. The working conditions are also different. When ABSA took over, people thought things would improve but people have since realised that this is not going to happen. Workers are uncertain about the future with the bank and others are leaving to join Standard Bank because Standard Bank respects Mozambicans (Crimeldo, interview, December 2006).

Of all bank employees who were involved in the execution of banking services, the lowest paid were tellers, front desk officers and junior clerks in the back office. In South Africa, this category of the workforce earned from R85 000 in 2006 to R129 000 in 2012 per annum while in Mozambique, the same category of workers only earned R33 000 per annum in 2012. The total remuneration packages for dealers in 2006 was at an average of R700 000 to R1000 000 and in 2012 these had changed to range between R850 000 and over R2 000 000 (Mkhize, interview, January 2014). Sedwell Bila (Interview, December 2006), an Administrator in the Human Resources department worked with an external company in improving the salary database of Banco Austral and implementing a new payroll software. He stated that the issue of unequal salaries was a major problem in the bank.

Every aspect of our work in this bank is fundamentally different to that of the expatriates. The difference in salary scales is the main area of concern for all workers. The salary packages for all expatriates are negotiated in South Africa in accordance with the South African labour market rate for the different positions. The salary packages of dealers are at global labour market scales because they say their skill is scarce. Because of this, the scales are tilted in favour of expatriates because South African salaries are already higher than those of Mozambique. For example, the minimum wage for bank workers in Mozambique who work 48 hours a week for 8 hours a day is an equivalent of R2 820 per month while an average salary of the lowest paid bank employee in South Africa, such as a bank teller, is over R5000 per month. Since we work for a South African bank, people think we are the highest paid and this is not true. Yes, Standard Bank pays the highest salaries but this is because it has a different business approach and because of this it is the best employer in Mozambique. They do not discriminate between local and expatriates and they train all local workers for senior positions (Bila, interview, December 2006).

Of the 43 interviewed workers, 34 said Standard Bank was the best employer in the sector. This is despite the fact that ABSA was rated as the ‘coolest bank’ and the number one employer in the banking sector across the Southern African region for six consecutive years since it took over Banco Austral in 2002 (ABSA, 2007). Some of the interviewed workers reported that they were planning to join Standard bank. Some mentioned that they had submitted employment applications there while others reported that they had been offered employment by Standard bank and were serving their notice periods with Banco Austral.

It would be interesting to examine the conditions of work at Standard bank and the nature of employment relations there so as to ascertain the extent to which what Standard bank offers differs from what ABSA offers. Interview respondents seem to view Standard bank as a better bank, perhaps it is delivering on what the ABSA brand promised but could not deliver. In its promise, ABSA (2007) claimed that it had been a leading financial institution in Southern Africa that gave its people contemporary relevance and a sense of belonging. Sadly, Mozambicans did not feel relevant and did not have a sense of belonging as some of them were declared ABSA unfit.

As ABSA (2007) boasted about the strength by which its brand was carried and the extent to which it set ABSA people apart from other bank workers, Mozambicans felt that those who were actually being set apart were local Mozambicans over South Africans. Yes, ABSA differentiated itself as a superior bank over all the banks including the ones that came before it (ABSA, 2007) and yet it was unable to use that superiority to unify the workforce at Banco Austral. In fact, as Mkhize (interview, January 2014) argued below, the ABSA brand had never been able to deal with the polarisation of the workforce from the very beginning.

According to Mkhize (interview, January 2014), the ABSA brand represented much more than contemporary relevance and superiority. It represented white privilege and Afrikaner money.

I have 17 years in this bank, I joined during the Allied days in 1997 and when ABSA was formed, the most successful campaign was the rebranding and introducing the ABSA brand. However, the same cannot be said of people. The biggest obstacle to progress back then was integrating the people who came from the different banks and trying to create a single file of workers who would start to see themselves as ABSA people. All the amalgamated banks came with different cultural profiles and the guys from *Volkskas* bank struggled the most with the issue of integration. *Volkskas* was the financial muscle of ABSA and it was a *broederbond* bank that abhorred racial equality. As a more financially successful bank, many *broeders* from *Volkskas* refused to be integrated and walked away with very lucrative retainer contracts. Of those that stayed, they were inserted into high paying executive positions that many were not even ready for. This made them even more arrogant and superior. After realising that the racial

issue was not going to [go] away, ABSA set up a Racial Integration Office whose resolution was to send many of these guys to the newly opened ABSA subsidiaries in the rest of Africa. Expanding operations to the continent was partly aimed at dealing with some of these issues which the new South Africa had no space for but which ABSA could not ignore. At the end of the day, what the *broeders* took to the continent was more than big salaries; it was privilege, and power. Money gave them privilege and power (Mkhize, interview, January 2014).

Within a post-colonial context of racial inequality, racial supremacy multiplied the privilege white workers had into many folds. The privilege, money and power that the ABSA expatriates took from ABSA to Banco Austral fuelled the segregation of people to an extent that it even infiltrated the realm of life styles as discussed below.

11.3.2. The Front Office and the Elite Life Styles of Bankers

The cultural elitism created in the workplace through the front office and back office divisions went beyond cultivating ennobling dispositions on the part of the front office workers: it permeated into the space of life styles. The workplace actively cultivated distinctive dispositions of taste on the part of the front office workers. As part of the ‘packs of the job’, front office workers had entertainment allowances, drove company-sponsored luxury SUVs and sports vehicles. They were invited to social activities like dinner parties and luncheons at the Polana and Avenida Hotels, Mozambique’s most popular five star hotels.

Only bankers played golf, went scuba-diving and sailing in the Bazaruto and Inhaca Islands, all in the name of entertaining clients and luring-in business for the bank. José Mussane, the head of the Legal department, explained that the issue of fancy life styles for front office workers was not unique to Banco Austral nor to the banking sector. He added that in general, when expatriates arrived in Mozambique, they were inserted within Mozambique’s social cosmology³³ in which everything had historically been and continued to be seen in black and white, irrespective of nationality.

Expatriates are generally white and when they arrive here, no matter the paucity of their backgrounds, as long as they are white, they are important in Mozambique. If you go through the employment contracts of expatriates or even in Standard Bank, you will be horrified at what South Africans, in particular, are doing to Mozambicans (Mussane, interview, July 2007).

³³ The social cosmology concept specifically relates to the nature of the prevailing, broader social relations in any given society. It includes the predominant views about the social world, the different positions occupied by different groups as in class, race and gender as well as the manner in which these intersect and shape the socio-political and cultural environments of that society.

Of the ten staff members in Mussane's department, five were lawyers. Of this five, two were South African nationals who were relatively new in the bank. Mussane (Interview, July 2007) reported that they had not taken their board exams in South Africa to qualify them as lawyers but in Banco Austral they were recruited at the level of Attorney and were paid more than the other senior lawyers who were of Portuguese descent.

In Banco Austral, all white expatriates, irrespective of education, seniority and level of expertise, are initially housed in five-star hotels when they arrive in Mozambique. Thereafter, they are moved to Sommerschields³⁴, get provided with health insurance for private health care while Mozambicans used public health care facilities. They are provided with chauffeured company cars while Mozambicans have to see to their own transportation even though it was ABSA that decided to remove the company bus service that the FRELIMO government had put in place for workers and which the Malaysians had supported. With all these benefits, expatriates still took home larger salaries with the lowest paid expatriate taking no less than US\$4000 per month (Mussane, interview, July 2007).

Picture 1: Sommerschield Gardens in Maputo, Mozambique



³⁴ Sommerschields Gardens is a small up-market suburb in Maputo. It is located close to the city and in the vicinity of the famous Costa do Sol. Its central location makes access to banks, restaurants, embassies, beachfront, the port and the airport easy. Sommerschields has beautiful views overlooking the bay and islands. Picture 1 provides a pictorial view of Sommerschields and Picture 2 reflects the cost of the houses there.

Picture 2: An Advert of a House in Sommerschields



**4 bedroom, 3 bathroom
House For Sale in
Sommerschild 1 -
Maputo City,
Mozambique:**

Only USD 920,000 or

Lease for USD 7, 984 pm



Source: Remex, 2008.

The front office was not only a socially exclusive workspace, it was also exclusively reserved for the elite. Amongst all members of the front office, Werner Pauw's Treasury staff occupied a predominantly white section covering the top two floors of Banco Austral's sixteen-storey head office building. Given that no other bank official was allowed in the dealing rooms other than the dealers, and since dealers were predominantly white, the dealing rooms or trading floors transformed into somewhat white spaces. It was no accident that these spaces happened to be the best floors of the building right at the top in the fourteenth and fifteenth floors with only an entertainment floor above them on the sixteenth floor. It was part of the manner in which privileged life-styles had come to form part of the conditions of work for some.

Having an entertainment floor that opened onto a roof-top terrace with a bar and a restaurant reserved only for certain groups of the workforce exorbitant salaries formed part of the privileged life-styles that the job offered in addition to other ordinary benefits. The physical occupation of the building for the not-so-privileged group of workers was of no consequence. From the ninth to the thirteenth floors, were departments that carried out other front office jobs as well as middle office jobs like the Credit, Legal, Forensic and Banking departments. The back office occupied the building from the eighth floor down to the second floor. Operations was on the eighth floor, Human Resources on the seventh floor, Forensic and Audit shared the same floor and Information Technology occupied the fifth floor. Thereafter, you had Compliance and the Resource Centre on the fourth floor, a Sick Bay and Care Centre on the third floor, and security personnel on the first and second floors.

Alice Mabota (Interview, October 2006), the President of Mozambique's Human Rights League, found such divisions to resonate with a general trend of favouring expatriate workers in Mozambique. She argued that expatriates lived better lives in Mozambique than they could ever dream of in their home countries.

When you are South African, Australia, Brazilian, American, Portuguese, Canadian or even Chinese, you simply live a better life in Mozambique because you are automatically assumed to be better than the locals. The systems make room for this, our government accommodates this, labour law is mute on this. Even the most educated workers, as long as they are Mozambicans, they get treated less compared to expatriates. Of the cases that have come before me from the banking sector, I have to say there aren't many, but of those that have been lodged with us, expatriates are paid ridiculously higher salaries than Mozambicans doing the same job. Think about having a basic annual salary of US\$450 000 and an additional variable pay of US\$340 000; you get employee benefits that include free furnished family accommodation, company cars, business-class fares to and from home for you and your spouse every six months, medical cover for private health care facility which includes helicopter evacuation in an event of serious injury or major illness. If you had all of these, would you not start thinking of every Mozambican, no matter how senior, as a possible servant? After all you can afford anyone, absolutely anyone in Mozambique (Mabota, interview, October 2006).

Mabote was reading these benefits from a document she said she could not share as it was part of a confidential dossier of a case before her. It was one of the many cases in Mozambique which reveal the nature and extent of white privilege that is extended to expatriate workers by virtue of being white and in most instances, South African. The following section discusses the extent to which such privileges stretched into the milieu of personal attributes.

11.4. White Privilege Extends to Risk Management Processes at Banco Austral

While the dealing room had the most prominent profile in the bank, Mr Petrus Balt (DoJ, 2002), the Executive Treasurer of the ABSA Group confirmed that it also happened to be the most vulnerable office in any bank as it is often targeted for fraudulent conduct. Giving testimony to the Commission of Enquiry set up by the Department of Justice (DoJ) in 2002 to investigate issues around the rapid depreciation of the exchange rate of the rand, Balt (DoJ, 2002) argued that dealers handled very large quantities of money which could cripple a bank in one bad transaction. According to Balt (DoJ, 2002), there was an average of US\$ 3 Billion being traded on the foreign exchange market every single day.

Despite the risks involved in handling such large amounts of money and given the autonomous working conditions of the dealers, the Commission (DoJ, 2002) revealed that the market within which the dealers operate remained unregulated and continued to be fertile ground for fraudulent conduct. Most concerning in the report was the fact that it was almost impossible to identify and prove any unethical conduct on the part of the dealers unless such conduct was blatantly obvious. Again, evidence presented to the Commission (DoJ, 2002) revealed that within this environment, the entire ABSA Group did not have mechanisms for curbing and controlling corruption and fraudulent conduct by its traders, thereby making the business of managing risk a difficult one.

Save for the strict front office and back office divisions and the recorded telephonic conversations between the dealers, there was no other mechanisms that the entire ABSA Group had put in place to minimise the fraudulent conduct of dealers (DoJ, 2002). Consequently, it remained very difficult to detect collusion and fraudulent activity in the trading environment. For Banco Austral, the situation was even more serious due to the absence of mechanisms of controlling and monitoring the activities of the dealers; the bank had become a hub of freedom and free reign for all in the Treasury department.

This is the context within which Banco Austral's risk management team operated. While the team tried to be a step ahead in managing the enterprise-wide risks which range from credit risk to business risk, underwriting risk and finally operational risk, the management of market risk was left solely to the regime of ethics. Market risk includes interest rate risks, liquidity risk and trading and investment risk and involves dealers and traders who work with investments and money market trading in the Treasury department.

The reliance on ethics to manage market risk was not unique to Banco Austral. As with other banks across the globe, dealers and traders were only required to sign a pledge of conduct that bound them to a specific system of ethical rules as decided upon by the Association *Cambiste Internationale* (ACI) and by the Financial Markets Association. This regime of ethics is known as the Model Code for International Code of Conduct and Practices for the Financial Markets³⁵. The Model Code is supported by the specific policy of each bank in member countries as well

³⁵ The Model Code was developed and adopted as a code of conduct and practice for those dealing and trading in financial markets. It was aimed at promoting best market practices and conduct by those involved in the financial markets. The first edition of the Model Code was launched in Paris in 2000 and was to be adopted by the entire global financial sector (ACI, 2009).

as by the Basel Committee's Core Principles on Banking Supervision³⁶ (ACI, 2009). It embodies a range of principles, norms of behaviour, values and behavioural codes by which all dealers and traders are bound. All that is required of dealers is to undergo training and sign a pledge of good conduct.

What was unique to Banco Austral was that it was not just the dealers and traders that had to be bound by the Model Code but it was all workers. This was despite the fact that Mozambique was not a member of the ACI and therefore did not have to abide by the ACI regulations. Werner Pauw was instrumental in introducing the Model Code to Banco Austral and he explained that it was important to introduce it in the manner that he did because Mozambique was a special case and workers in the bank had lost their moral fibre.

The issue of ethics was quite a huge one in Mozambique because it was unfortunately deeply intertwined with the Mozambicans' non-reception of South Africans, so that the business of risk management in a country like Mozambique could not be dealt by book alone but required some creativity. My knowledge of this industry, combined with my experience in the financial sector and specifically the Treasury, has taught me that ethics are key if one wants to run a profitable bank. But this is difficult in Africa. Mozambique is particularly challenging; it is a special case because workers there had lost their moral fibre and this is why I had to introduce the Code in the way that I did. I have to say, even though it made me very unpopular, it worked. At the time I understood that when you are an agent of change you need to explain to the public and anticipate the reaction that will come with that change. Working with Mozambicans was tough business; not only did I have to explain to them how money works but I also had to build their moral fibre and manage them with a strong hand and a soft heart because if you do not do that these guys get away with doing absolutely nothing. You have to understand that these people have a *laissez-faire* attitude to everything; they love life, love women, enjoy their drink and take the eating thing seriously. They are of this Latino culture, you know the Mexican and Portuguese way of life which is about *manhana*³⁷ (Pauw, interview, January 2014).

What is contradictory here is that Pauw, an active member of the ACI who served as Chairman of the Committee for Professionalism and was also Vice President for ACI: South Africa in 2009, found it to be perfectly legitimate to minimise market risk at Banco Austral by unethically promoting ethics. Instead of using the prescripts of the Model Code for what it was

³⁶The Basel Committee on Banking Supervision was established by the Central Bank Governors of the G10 countries following major financial losses by many financial institutions due to the breakdown of the Bretton Woods system in 1973. It was initially established as a committee on banking regulations and supervisory practices and was later renamed as the Basel Committee on Banking Supervision. Countries are represented on the committee by their central banks and the committee formulates supervisory standards and guidelines and recommends statements of best practice as means of encouraging convergence towards common standards. These are known as the Basel Committee core principles for effective banking supervision (Banking for International Settlements, 2006).

³⁷ *Manhana* means tomorrow; it implies that whatever it is, it can wait till tomorrow.

intended, which was the promotion of efficient market practices and encouraging the application of high standards of ethics and professionalism in dealing and trading practices, Pauw used it to promote unethical managerial practices. Back office workers who had no business with the Model Code were forced to sign a contract in which they pledged to be bound by the prescripts of a Code that they did not understand. This contract became an instrument for threatening and intimidating Mozambican workers whose interpretation of the purpose of the Code had nothing to do with the actual purpose for which the Code was designed.

Rebecca Baloyi (Interview, December 2006), a Social Security Administrator in the Human Resources department, reported that Mozambican employees were forced to sign a document that stipulated that they had read, understood and agreed to be bound by the terms of the Model Code even though no one understood anything about it.

Many people here understood that signing the Code meant everyone was bound to execute and complete all allocated tasks. Others thought it was about meeting targets because this was a problem in this bank. At the end of the day, the Code worked to improve productivity because backlogs were actually reduced. There were those who used the Code to justify the bank's policy against overtime pay when targets were not met. People read everything and anything in the Code (Baloyi, interview, December 2006).

During an interview with Nelda Myembe (Interview, December 2006), an Administrative Office in the Human Resources department responsible for Payroll Processing, she proved to have a completely different idea of what the Code was about and what its objectives were.

Mozambicans do not need a Code to tell us how to be good bankers; we already know that to be a bank employee you need to have a specific conduct. For example, we know that you must look presentable when working in a bank. This is what we learned from the Portuguese and not from the Code. In South African banks, you will find men without ties and others without jackets in meetings. You will find bank workers with dreadlocks but you will not see that from Mozambicans. Portuguese banks do not allow dreadlocks. You are taught to have a good dress sense, to respect yourself and authority, not to bring your culture and your tradition to the bank, only proper business etiquette. This Code is not necessary here. (Myembe, interview, December 2006).

However, the Code was necessary to Pauw because Mozambican employees, according to him, did not think. While the misunderstanding that workers had with regards to the meaning and purpose of the Model Code largely emanated from being misled by management, they were reinforced by limited guidance, lack of managerial support, language differences, and lack of training. Management continued to explain this misunderstanding as a consequence of worker's inability to think even though they were aware that it was being unethically enforced amongst back office workers. This rationalisation fed into the white manager's prejudiced

thinking about the capability of Mozambican workers or lack thereof. In the meantime, those upon whom the Model Code should have been imposed, the dealers and the traders, simply carried on with their day to day business and ignored the Model Code. Their habitus, as embodied in the disposition of privilege enabled them to ignore the Model Code and to be exempted from complying with several company regulations in general.

The element of market risk inherent in the work of the front office, and specifically the dealers was paradoxically made to reside with the black workers in the back office at Banco Austral. Black workers were forced to sign the Model Code because they were not trusted; trust in the ethical conduct of workers remained a privileged domain of white workers who earned it automatically without having to sign it off on any contract. White privilege constituted part of the perks of the job at Banco Austral while back office workers continued to be forced to adhere to the principles of a Model Code that they did not even understand.

This paradox presents two practical problems for the social relations at Banco Austral. The first is that management forced workers to a pledge which called for an application of attributes that could never be forced to have nor be forced to apply in their work. Trust and integrity are such attributes: they bring to the fore the issue of values and principles. It is, therefore, puzzling for Banco Austral's executive management to appeal to the workers' sense of integrity and moral rectitude, when such attributes were absent in management's treatment of them.

The second problem emanates from the issue of ethics, as a product of culture, ethics can only be required and even demanded from those considered to be capable of possessing such cultural attributes. In Banco Austral, the realm of ethics constituted a form of capital or a privilege that can only be possessed by white expatriates because it was only them that were considered capable of possessing such attributes. As already shown, many managers attested to the fact that Mozambicans were generally unethical, lacked moral fibre and could not be trusted. To them, the process of acquiring such attributes had nothing to do with physical and mental competence, nothing to do with the purity of one's conscience but had everything to do with socially constructed notions of ethics as a particular class of cultural goods that are accorded to one segment of the workforce in total exclusion of the other. As cultural goods, ethical conduct was considered a symbolic asset that accords symbolic power to those considered capable of possessing it. Brazen

Within a context where trust is used as a cultural good belonging only to the white members of the bank, Mozambican workers were construed as incapable of possessing such virtues. Investments in a cultural attribute such as ethical propriety was only made for those employees considered to have been schooled on the significance of ethics. It was extended as a symbol of cultural refinement, obtainable through the richness of their experiences and wisdom. This is why front office workers generally operated with such high degrees of autonomy. For them, there was a greater expectation of ethical behaviour on their part as employees occupying high-paying and senior positions within the bank. This expectation came with full understanding and acknowledgement from the bank's executives that such a virtue could not be demanded but requested.

11.5. Conclusion

This chapter has shown how the reorganisation of production at Banco Austral, which necessitated the setting up of differentiated business entities, led to the construction of a divided workforce with differentiated working conditions, systems of management and social relations. While the divisions between workers was primarily demanded by the differentiated functions of the back office and front office characteristic of bank work, the issue of education levels at Banco Austral, which tended to be lower for black Mozambican workers and higher for white expatriates, gave these divisions a racial character. Black workers occupied clerical and administrative positions in the back office while white workers occupied specialist and executive positions in the front office.

Given that even systems of management tended to differ, back office workers faced different sets of challenges and had different sets of interests compared to the front office. These were largely informed by the differentiated configuration of both divisions: the back office configuration resembled a monotonous Taylorist organisation of production with a highly regulated system of managerial control while the front office resembled a post-Fordist labour process characterised by autonomous, knowledge intensive and highly flexible conditions of work.

In the back office, management was constantly seeking measures of enhancing the control of the workforce in an attempt to enforce divisions, get the workers to work harder, faster and to meet the set deadlines. Three tiers of control characterised the management structure of the back office. With each section divided into several components of production, there were section supervisors who reported to divisional heads and who in turn reported to the head of department as part of quality assuring work, improving productivity and making sure that the workforce's productivity was enhanced accordingly. In the front office, there was virtually no system of monitoring the workforce or controlling their activities. What was key for the executive was how much money was being made for the bank each day. Pressured to generate profits, front office workers were more interested in strategies of increasing profits and staying ahead of the global foreign exchange flows. They increasingly saw their interests in the bank as fundamentally different to those of the back office.

This chapter has further shown how the structural positioning of workers within the hierarchical organisation of the firm also translated into a manufacturing of social distances between workers. The fact that the front office was a revenue-generating arm of the bank while the back office was seen as a cost-generating one impacted on social relations and led to the manufacturing of cultural elitism. In other words, the element of cultural superiority objectified in the ability to make money for the bank increasingly became the means through which several other layers of difference were created and the basis for the production of cultural elitism in the workplace. Front office workers, especially dealers and traders, saw themselves as occupationally, socially and culturally distinct from the rest of the workers at Banco Austral and increasingly identified themselves away from back office workers.

Of course workers in the back office did not look at themselves as total victims of the increased racial and occupational divisions that existed at Banco Austral. They did not passively succumb to the limits imposed upon them by the differentiation of people and the social distancing of whites from blacks. Instead of internalising the institutionalised systems of positioning and classification at Banco Austral, many Mozambicans confronted these by taking some of the properties of differentiation and classification and turned them on their heads by symbolically denying their legitimacy so that they too could be able to redefine their meaning. The following chapter, Chapter 12, discusses some of the strategies used by Mozambican workers in the back office to resist the impact of these exclusionary properties of difference. It further shows the manner in which the workers' resistance strategies have, over time, contributed to the shaping of employment relations at Banco Austral.

CHAPTER 12: WORKER RESPONSES AND THE CONSTRUCTION OF LABOUR RELATIONS AT BANCO AUSTRAL

12.1. Introduction

The previous chapters in this thesis have provided a broad overview of Banco Austral, its history, the organisational structure and the changes that have taken place including the reengineering of Banco Austral's business model. Discussion in these chapters has reflected on the implication that change has had on the resultant reorganisation of production and how such a change impacted on the social relations of workers and their managers as well as on the different segments of the workforce. Chapter 11, for example, specifically reveals the manner in which the configuration of the bank into distinct segments occupied by racially, nationally and cultural different workers not only exacerbated the racial segregation of the bank as a workspace but also worked to further polarise workers and entrench social distance between them.

In this chapter, the focus shifts to the concrete experiences of the workers in the back office of Banco Austral and provides an analysis of how these workers responded to the ABSA-takeover. It also elucidates the manner in which workers' experiences of change and their responses to it have shaped the nature of social relations and thereby informed the employment relationship at Banco Austral. The analysis is divided into three sections. The first section examines the manner in which the changes introduced to Banco Austral by ABSA managers affected back office workers. It puts the views of the workers at the centre of analysis and shows how these changes have impacted on the conditions of work as well as informed the perceptions of workers about their work experiences.

The second and third sections explore the nature and extent of worker-responses. In the second section, the focus is on the responses of organised labour and the role that *Sindicato Nacional do Empregados Bancários* (SNEB - National Trade Union of Bank Employees) played in representing the interests of the workers as well as influencing the nature of the employment relationship at Banco Austral. In the third section, focus shifts to the unorganised and unstructured responses of labour and examines the nature of these responses as well as the extent to which they have enabled workers to assert themselves, negotiate gains, resist oppression and basically manoeuvre the hierarchical power structures of the bank to advance their interests and ultimately influence the employment relationship.

12.2. Grappling with the Impact of Change in the Workplace

As already discussed, more than 80 per cent of the Banco Austral workforce was in the back office executing non-managerial functions. It is the experiences of this segment of the workforce that is referred to in this chapter. Many of these workers also happened to be the longest serving members of the bank whose experience of working for Banco Austral is marked by layers of change as Banco Austral underwent four specific processes of organisational overhaul. Since each of the four phases of organisational change were located within specific socio-political and historical contexts, Banco Austral was introduced to different labour regimes³⁸ as it moved from being a Portuguese colonial bank to being a people's bank under a socialist Mozambican state, then becoming a somewhat privately-owned capitalist oriented bank affiliated to Malaysia's SBB to finally operating as a largely private bank affiliated to ABSA.

With each of the above phases of change, workers have had to endure different processes of workplace structuring and socialisation. They were forced to adapt to a different labour process, insert themselves into a new work order, learn new sets of technologies and understand different managerial styles. Given that each of the four phases of change was informed by a labour regime specific to its socioeconomic and political context, workers had to undergo different processes of what Cohen (1991) calls workplace 'habituation'³⁹. This means they relived processes of workplace orientation aimed at legitimising oppressive and exploitative working conditions in each of the phases of change. Cohen's concept of habituation highlights the manner in which capital is able to manipulate the socioeconomic conditions of work to teach labour docility, divert hostility away from the labour process and decompose the basis of worker solidarity. It is similar to Burawoy's (1979) idea of voluntary servitude or his world-acclaimed 'manufacturing of consent'. It is however different to Bourdieu's concept of *habitus*

³⁸ Beckman and Sachikonye (2001) explain a labour regime as 'the complex of institutions, rules and practices through which relations between labour and capital are regulated both at the workplace as well as in society at large. It denotes the ways and means in which state and organized interests intervene and mediate in those relations' (Beckman and Sachikonye, 2001:9).

³⁹ Cohen (1991) uses the concept of habituation to refer to the process by which capital coerces and manipulates workers to accept a particular industrial work ethic that not only insists on the subordination of the interests of workers to that of capital but also induces patterns of obedience and servility on the part of the workers so that they are able to readily accept oppressive working conditions. The process of habituation according to Cohen (1991) takes two forms. The first is a process of exterior condition which involves overt moves by capital directed against labour. The second is interior determination which involves those elements of culture and ideology which become accepted and transmitted, or even generated by the workplace itself.

which is primarily constitutive of the cognitive or thought objects of agents that motivate and determine action (Bourdieu, 1989).

According to Cohen (1991) there are several mechanisms which employers use to habituate workers to consent to the demands of the production process and they include such things as wage manipulation, the application of technology to production and the manipulation of the labour process. In the case of Banco Austral, several workers revealed that the most challenging thing about the different changes that were taking place at the bank, besides having to learn new things all the time, was the deskilling the workforce. This was the biggest challenge that workers struggled with as they grappled with having to unlearn what they had already mastered.

Given that the introduction of new systems was never accompanied by large scale training initiatives, workers ended up having to battle on their own as they tried to understand how the new systems impacted on their work. For example, with each phase of change, a new management style was introduced, a different team of managers was brought to the bank and this was followed by a redesigning and reorganisation of the production process which translated into either redeployment, reassignment or even retrenchments as workers got shuffled around to meet the demands of change.

When banks undergo change, Walker (1893) argued that it is not the broader mechanisms of banking that are difficult to grasp because these are simple, based on the same logic across national systems and epochs and they hardly ever change. What does change, Walker (1893) argued, is the administrative function of banking which happen to be the most difficult change to bring about because administrative processes change all the time and do so with a fluidity that gets exacerbated by developments in information technology and in the rapid innovations in banking technology.

The fact that Banco Austral has seen so many phases of change means the ordinary processes of change that naturally affect the banking industry over time became multiplied for its workers. All 43 workers to whom interviews were administered listed the issue of constant change as one of the most troubling factors in the bank particularly because when new things were introduced they were often in the form of a complete rupture. Newly introduced practices did not build on existing knowledge and skills. In this way, the many years of experience that had enabled workers to master their functions were rendered irrelevant.

Janita Mogai, (Interview, January 2007) a Client Services Consultant in the Business Centre branch, had always struggled to identify with the organisational objectives of Banco Austral despite having worked there for more than 20 years. She attributed this struggle to the constant changes and the lack of direction that often came with the changes.

I have been working here for the past 23 years when the employer was the state and everything was decided by the state. We were treated equally then but that equality had its own problems. We were equally unskilled and equally received no training. We equally did not have a voice and equally received the same little salary. We did our best to learn and we really did improve with time. All that learning was taken away when the bank was sold to the Malaysians. All of a sudden, we did not belong, the bank was no longer BPD, it was Banco Austral and we had to start learning the ways of the Malaysians on our own. There were training plans that were put in place but to my knowledge, these plans were never implemented. We received no assistance with the management of change and we were forced to learn the Islamic principles of banking that were completely new to us. At times, these Islamic banking principles seemed to be in contrast with how we have always been doing banking. Then the South Africans arrived and removed all those systems, we had to start all over again and learn their ways. Even the technological improvements that the Malaysians implemented were removed by the South Africans and we are now using a completely new system. Many people have not been able to understand this system yet because we do not get training, but we are now told we need to change to Barclays ways and adopt the British systems where decisions are made in London. In this environment, you never get to be an expert; none of the many years of working here mean anything to the new managers because they see us as unskilled and ignorant. We have to learn new things all the time just to be able to keep our jobs (Mogai, interview, January 2007).

In trying to understand these different processes of change and explain the many effects of such change on their conditions of work, Banco Austral workers conceived of their work place as a '*situação de confusão*,' meaning the workplace had become a space of confusion. While *confusão* can be directly translated to mean 'confusion', for Banco Austral workers, it denotes a continuous state of uncertainty and panic induced by tumultuous chaos or lack of direction during each phase of change. Such an experience of the workplace, according to Lee (1996), can be very alienating for workers. The element of alienation for Lee (1996) emanates from a constant state of uncertainty to an extent that workers tend to lose their sense of purpose as a result of the constant changes.

The notion of alienation in the workplace was conceptualised by Marx (1867) to refer to a state of estrangement that workers experience in the workplace. Marx (1867) identified four types of alienation: alienation from the products of labour, from the labour process, from other workers and from one's very body and human potential (Marx, 1867). When workers' experience of the workplace simultaneously encompasses all these processes of alienation, as

is the case with Banco Austral, workers feel that the experience of work becomes that of assault to their very sense of self. It surpasses a state of not being in control and becomes an invasion of their cognitive realm, thereby affecting the way workers think about their sense of purpose in the workplace.

Zinae Siteo's (Interview, July 2007) argument illustrates this. After 21 years of service at Banco Austral, working as a Finance Administrator in the Finance department, Siteo found Banco Austral to be a really stressful workplace.

You get schizophrenia here, with the constant changes going on; you no longer have a grip of what is right and what is not. You strive to be better and work very hard to keep your job only to find that all you have learned and acquired by way of knowledge and skill for the last five years is no longer relevant. It becomes completely useless and you have to start all over again. It is as if you are removed from yourself in some strange and unexplainable way. You are always stressed about being rendered irrelevant. I have been doing this job for more than 20 years but they tell me I don't know anything, they say I am unskilled and uneducated. There are zero prospects for growing here. Instead of the managers being new to this bank, they use these changes to make us new so that our stay in the bank is that of mere survival and even then, we don't even know for how long (Siteo, interview, July 2007).

Albertinho Perez (Interview, December 2006), a Senior Lawyer in the Legal department concurs with the above sentiment. Though Perez was part of the middle office, he was one of the longest serving members of the workforce, having worked for Banco Austral for almost 26 years.

The changes that we have to keep up with are enough to drive you crazy. We cry and laugh at the same time because these emotions lose their meaning after years of working for this bank. The Malaysians drove us insane with the rapid-fire changes that completely disregarded the domestic laws of this country. All of a sudden, we were told that errors were unethical in Islamic banking because they were considered to be *mudarah* or a disservice to the bank, to workers and even to society. Islamic values were rapidly being interwoven in the way we were doing our work which was a new thing because during the time of the BPD, FRELIMO desisted any practice that promoted religious or cultural values over rationality and common sense. Now with the Malaysians it seemed as though we were going back in time and erasing what we had upheld as the right approach to work all these years. Of course, there are many Muslim people in Mozambique and in the bank and to these people, it was just business as usual but to us it was very confusing (Perez, interview, December 2006).

What Perez stated above is an example of an interior determination of habituation in which, Cohen (1991) argued, ideology, religion and moralism play important roles in work-orientation. Interior determination emphasises the presence of an attitude of complicity to oppression and exploitation, a sense of pride in one's work and in working hard. Bourdieu characterised such workplaces as neopaternalistic and argued that they are constitutive of

exploitative employment practices in which workers make both economic and psychological investments in their work and do so in ways that make them contribute to their own exploitation. Several workers indeed laboured hard, not so much to earn more but more to prove their relevance with every new set of managers that took over Banco Austral. Sadly, even that hard work did not amount to much in the face of change.

Parez (Interview, December 2006) revealed that no matter how much effort workers put in their work and in proving their worth to the bank, it still amounted to nothing to new managers who were dead-set on introducing the changes they wanted to see at Banco Austral.

Malaysian managers were given carte-blanche to do whatever they wanted and they destroyed many lives with their non-procedural retrenchments. They did not consider any of the labour laws with regards to retrenchments and there was no system in place. People were just enlisted for retrenchments for reasons that were not clear. When ABSA took over, things became worse; where we thought the Malaysians ignored the labour laws of our country, the ABSA guys could not be bothered even by us. In addition to ignoring labour laws, they ignore our presence, the work we have been doing and they just simply brought their own people. They had a dead-set agenda to change everything without even trying to understand what worked, what didn't, what could be enhanced and what kind of people we were as workers. I think they were kind of thrown off balance because we were not as backward they made us to be. The Malaysians made a lot of changes in a very short space of time. Yes, it was confusing and frustrating but some of these changes were good for the bank and should have been enhanced by ABSA but the ABSA people could not be bothered by these changes because they remained foreign to them, they had to do away with them, everything had to change. The ABSA people were not interested in what workers had to say, they did not care. They just wanted their change, they just wanted this thing of ABSA-fit (Parez, interview, December 2006)

Eric Mondlane, a Training Officer in the Human Resources department explained that while change is generally a good thing, at Banco Austral it had increasingly become associated with trauma. Many workers were afraid of change because all that change had done was take away people's jobs and deskilled many workers who were found to be unfit for the newly created job profiles. They did not have the necessary skill required by change. For example, Mondlane (Interview, December 2006) stated that the massive technological innovation introduced by the Malaysians resulted in major job losses.

From the new age ATMS, to banking operating systems, managerial techniques and systems of control, the change was all too much for many workers who had only relied on manual banking systems for more than 20 years.

The Malaysians found a lot of people to be of no use to them and retrenched them. When ABSA arrived, insecurity was rife, fear filled the air, everyone was tense and uncertain of the future. Workers were generally unhappy, they knew the meaning of change and they knew the nature of the Boers. Half of the able-bodied men of this country worked in South African mines, they experience the wrath of the Boers and they told stories to many who cared to listen. I will not lie to you: it was with utmost relief to learn last year that this bank will now be owned by the British. This is only because we believed and actually continue to believe that the British are better than the Boers but still we fear the change that they will make. Things have been running directly from Johannesburg, we are now told they will run systems directly from London and those who cannot speak English very well are terrified of losing their jobs (Mondlane, interview, December 2006).

Using descriptions like crazy, schizophrenia and trauma reflected the deep-seated feelings of discontent and a state of disillusionment that workers harboured; it is a choice of words used to express the way in which workers felt and experienced the workplace. It also revealed the level of toxicity inherent in certain working conditions which made workers feel like they were going crazy or were becoming schizophrenic. This is precisely what the notion of *confusão* attempts to capture: it denotes a state of helplessness generated by an experience of enduring extreme stress over a prolonged period.

Lee (1996) referred to this as 'workplace trauma' which he described as a state of being psychologically overwhelmed by a series of cumulative dramatic workplace stressors. These stressors include demeaning working conditions, employee and job mismatch, unclear job expectations, abusive supervisors, professional bullying, job insecurity and being given a task or a workload that is above your capability. According to Lee (1996), these stressors affect individual employees differently but they generally tend to minimise the productive potential of employees, erode the ability to think creatively and render workers unable to manage the introduction of new ways of working. These stressors end up being sources of trauma in instances where workers have less control of the stress generators, unable to make sense of a stressful situation due to its extremely confusing state or due to the prolongation of disorienting changes that occur in the workplace. This, according to Lee (1996), is particularly the case in workplaces where business processes are deadline-driven, have to meet certain levels of output quality and certain production targets.

The working environment at Banco Austral was clearly stressful but one could hardly speak of it as made up of powerless workers who had absolutely no control of any of the workplace stress generators. As discussed in Chapter 5, human beings, as rational social beings, are agents of their actions. They have the capacity to exercise free will and act independently to either resist or conform to a particular social order that exist as a result of socio-cultural, political or economic construction.

Similarly, workers, as parties to an employment relationship, possess this agency and have the propensity to resist the impact of exploitative and oppressive working conditions. In the context of post-colonial Africa, workers have been able to, on the one hand, individually engage in a variety of resistance strategies as means of escaping or minimising the impact of repressive labour regimes. On the other hand, workers have organised themselves into powerful labour movements whose struggles have tended to go beyond the workplace and above concerns of resisting economic exploitation. As Buhlungu (2010) argued, in post-colonial Africa labour movements have also acted as agents of both political liberation and as vehicles for promoting economic development and social reconstruction. The following sections discuss this agency and explore the ways in which Banco Austral workers have laboured at being agents of change.

12.3. Worker Resistance and the Persistent Legacy of the Past

The nature of labour protest, Cohen (1991) argued, has a dual logic. On the one hand, it expresses a logic of escape from the work situation and on the other, it expresses a logic of control over the labour process. The former is manifested in a variety of subtle individual acts of rebellion and passive rejection of the established order that tends to be concealed in what appears to be compliance. With regards to the latter, Cohen (1991) argued that it is manifested in easily observed and more complex patterns of group mobilisation such as unionisation or overt political activity. In between these logics, right at the centre and creating a bridge between the logic of control and the logic of escape is acts of sabotage. These, Cohen (1991) argued, constitute a form of industrial control that is largely a symbolic indicator of the worker's continued relevance and that in fact '... the worker is still the ultimate master of the machinery that he serves. It gains the worker respite from the monotonous rigours of factory labour' (Cohen, 1991:34).

Worker protest that centres on the logic of escape is discussed in the latter part of this section. The following section focuses on protest that centres on the logic of control with the primary objective of improving the bargaining position of labour vis-à-vis that of capital. While Cohen (1991) argued that the growing breadth and intensity of the informal and individualistic worker protest is often induced by the need to escape the dreadful conditions of work, and that these forms of protest tend to coalesce into more formal and organised collective struggle with the aim of gaining more control of the labour process, the historical experiences of labour in Mozambique presents a difference. It is a case that reverses the order Cohen speaks of because the evolution of a labour movement did not stem from below: rather it was imposed from above by the established order of the FRELIMO government.

However, as the challenges that faced trade unions mounted and became insurmountable, and as it became apparent that ambitions of contesting capital for more control of the labour process became more remote for labour, workers resorted to the more subtle and individualistic forms of protests to escape the situation of their work, even if this was just a temporary measure. It is for this reason that the discussion of worker resistance in Banco Austral is ordered in the format below, it begins with elucidating the role that the labour movement played in defending the interests of bank workers and specifically at Banco Austral and then move on to illuminate how workers have reacted to it and managed their work situation in the face of change.

12.3.1. The Contours of Collective Mobilisation at Banco Austral

Interestingly, the first trade union to emerge in Mozambique, according to Mafuleka (1994), was in 1933 with the Corporation for Commerce and Industry Employees Union. In 1950, the Bank Clerks Trade Union was established, though membership to both these trade unions was restricted to white employees only, particularly because the commerce and banking sector during the colonial era did not have any black employees. In an interview with the General Secretary of the Organisation of Mozambican Workers (*Organização dos Trabalhadores de Moçambique - OTM*), Mafuleka (1994) revealed that these two trade unions were consolidated to form the National Workers Union of Commerce, Bank and Insurance Industry (*Sindicato dos Trabalhadores do Comerciais, Banco e Indústria de Segurança - SINTCOBASE*) at the time when OTM was established in 1983.

In 1990, according to Mafuleka (1994), OTM declared its independence from the state and adopted a new constitution that emphasised the promotion of the fundamental citizens' rights in general and the rights of workers in particular. In 1992, following the signing of the General Peace Accord, Mozambique saw the relaxation of many authoritarian laws of the socialist government that previously did not permit trade union pluralism. During this phase, several rights granting trade union independence and autonomy were passed. Individual trade unions now had the right to become legal entities, exercise political and executive power without necessarily being affiliated to a trade union federation.

The trade unions that formed SINTCOBASE back in 1983 took the opportunity presented by the democratic dispensation and broke away from SINTCOBASE to form the new trade unions. This was the *Sindicato Nacional do Empregados Bancários - SNEB* (National Trade Union of Bank Employees) and *Sindicato Nacional dos Trabalhadores do Comércio, Seguros e Serviços - SINECOSSE* (National Trade Union of Commerce, Insurance and Services Workers). At the time of its formation, SNEB had a total of 3 803 members while SINECOSSE walked away with a majority of the membership at 9 3225 (Mtyingizana, 2005).

At the time of undertaking this study, SNEB was the organising trade union at Banco Austral and many Banco Austral workers were accordingly members of SNEB. In an interview with Carlos MMello (November, 2006), a Senior Official of SNEB, he reported that 54 per cent of the 6 000 bank employees were members of SNEB, though these numbers had dropped between 2001 and 2002 following massive retrenchments across the sector. Nonetheless, the membership for SNEB continued to grow as workers' sense of job security declined and new sets of problems emerged making workers realise that they needed a trade union to protect them in the face of massive retrenchments and growing job insecurities.

According to MMello (Interview, November 2006), SNEB was able to recruit over 1 096 members in 2005 alone and he was confident that, the time numbers would continue to grow and thereby strengthen the power of SNEB. Garcêz, (interview, December 2006) the head of the Human Resources department, confirmed that over 60 per cent of workers at Banco Austral were members of SNEB and that Banco Austral had signed a collective agreement with SNEB in 1997 when Banco Austral was formed and this agreement was still in force in 2006. Garcêz added that the signing of the collective agreement was an important trade-off for Banco Austral because the Malaysians, who had created Banco Austral after taking it over from the state when it was the people's bank, knew that according to the Mozambican labour law, no foreign

company would carry out staff retrenchments without consulting the trade union. By signing the recognition agreement with SNEB, Banco Austral did not only obtain the trade union's cooperation in executing massive staff retrenchment, the Malaysian managers also received the assistance of the trade union in managing and smoothing the retrenchments of over 600 workers at the time (Garcêz, interview, December 2006).

Signing a recognition agreement constituted an important mile stone for SNEB because, as Buhlungu (2010a) argued, having a recognition agreement for any union signals a state of gain. This state of gain, Buhlungu (2010a) added, emanates from the mere act of having a binding agreement with the employer and it grants workers certain rights that cannot be reversed. Furthermore, the recognition agreement enables trade unions to access the shop-floor and to attain several other basic rights, such as the right to elect a shop steward and the right to be able to represent workers in grievances and disciplinary cases (Buhlungu, 2010a).

In the case of Mozambique, however, one can hardly translate an act of signing a recognition agreement into a state of gain because, as reflected in the study I conducted (Mtyingizana, 2005) on trade unionism in Mozambique in the period 1994-2003, a large number of employers rarely complied with the terms of the recognition agreement signed between them and the unions. Indeed, 42 per cent of the 177 workers interviewed at the time concurred that they had experiences of managers who did not feel bound by the terms and conditions of union recognition agreements.

This position was also confirmed by the *Comissão Consultiva do Trabalho*⁴⁰ (Consultative Labour Commission) which reported that many employers did not bother complying with the union agreement to an extent that unions had become highly dependent on the goodwill of local managers without the capacity to weather the adverse consequences of redundancies, changes in recruitment and retention practices or even to protect their members who often got targeted and victimised for being active in the union (Mtyingizana, 2005).

⁴⁰ The Consultative Labour Commission is a tripartite negotiating forum that was established in 1994 to bring together representatives of the state, employers and unions.

The situation described above continued at Banco Austral right up to the time this study was undertaken. As reflected in Table 14 below, a majority of the interviewed workers did not feel that management complied with the terms and condition of the recognition agreement signed with SNEB. Garcêz (interview, December 2007) confirmed this in her argument.

The union agreement here is not worth the paper it is written on. SNEB does not know how to use it to serve its members. What is the point of them negotiating with management if management does not meet its end of the bargain? Workers are always left to the perils of racist managers here: they exploit and victimise them at will (Garcêz, interview, December 2006).

Table 14: Banco Austral Compliance with the Terms of the Recognition Agreement

Does management comply with the recognition agreement?	Not at all	To a small extent	To a significant extent	Entirely	Don't know
	33	-	-	4	6
Has there ever been a strike in your company in the last five years?	none	1	2-5	More than 5	Don't know
	43	-	-	-	-

Being unable to represent the interests of the workers is a sign of trade union weakness. While membership numbers, which SNEB also boasts about, do demonstrate the strength of a trade union, Buhlungu (2010a) argued that the real strength lies elsewhere; that consistent membership numbers might play a vital role in granting a trade union strength, but that the real test lies in the trade union's ability to mobilise workers on the shop-floor and exercise its influence to represent the interests of the workers against exploitative and repressive employers. From negotiating higher wages to handling workers' grievances and defending workers in disciplinary cases, the workplace, according to Buhlungu (2010a), remains the primary site at which trade union strength is tested because it is where unions get to exercise their influence the most.

Sadly however, Banco Austral workers, like other workers in many parts of Mozambique, did not feel that trade unions exercised any workplace influence. For example, the study that I conducted on trade unionism in Mozambique (Mtyingizana, 2005) revealed that despite the greater political independence that trade unions now enjoy, they remain unable to increase their impact at firm level.

From a total of 177 workers who were interviewed from different firms, 54 per cent reported that trade unions had very little to no influence in the workplace. This was the case at Banco Austral as well; as reflected in Table 15 below, there were workers who did not feel that unions had any influence at their workplace. The interviews conducted with workers in the earlier study between 2003 and 2004 (Mtyingizana, 2005) and those conducted for this study between 2006 and 2007 reveal that workers remained unhappy about the presence of unions in their workplaces because they felt unions had no influence on managerial decision-making whatsoever.

Table 15: Trade Union Influence at Banco Austral

Do you belong to a trade union?	Yes	No
	38	5
Proportion of workers who are union members in your department	0%	-
	1-10%	-
	11-25%	-
	26-50%	-
	51-75%	4
	76-100%	11
	Don't know	28
Level of trade union Influence in the bank	Increased	13
	Same	12
	Decreased	-
	No influence	15
	Other	-

What is interesting about Banco Austral however, is that while 15 of the 43 interviewed workers felt that trade union influence had decreased, there remained an equal proportion, at 12, of those who felt that trade union influence had not changed, that it was the same as when the Malaysians owned the bank. Again, and as reflected in Table 15 above, an equivalent number of workers, at 13, reported that trade union influence had increased. These findings reflect a state of divided opinion amongst workers which, in its self, is symptomatic of SNEB's weakness and shows the state of no confidence that workers harbour about SNEB's effectiveness. Members of strong trade unions, Cooper (2007) argued, are generally knowledgeable about the performance of the trade union at any given time because the union ensures that they remain involved in its activities. Workers are also actively integrated into the trade union's information-sharing and knowledge-generating structures and thereby remain confident about the effectiveness of the trade union in their workplaces.

Cooper's argument is echoed in Buhlungu (2010a) who contended that the knowledge that workers have about the operations of their union marks an important indicator of trade union strength because it shows the extent of the union's capacity to invest in its members. This capacity, Buhlungu (2010a) added, is reflected in the deliberate education and socialisation programmes that trade unions arrange for their members, especially new members who need to be informed of the culture, procedure, structure and general operations of their union. Buhlungu (2010a) contended that the process of educating and socialising members takes many forms including general meetings in which members are briefed about the operations of the union or in cadre meetings, workshops or seminars where a whole range of trade union matters are discussed. These workers would have no ambiguities about the effectiveness of the union as they would be able to delineate with great certainty the extent of the effectiveness of their union.

Sadly, SNEB members did not have this certainty; they did not have an adequate understanding of SNEB's effectiveness because, according to João Salomão Macachene (Interview, November 2006), SNEB's Administration and Finance Secretary, Mozambicans simply did not attend trade union meetings, and bank workers in particular distance themselves from trade union activities as a rule so that it becomes impossible to reach out to members.

Though workers understand that we are here to protect their rights they do not want to be seen involved in union matters. As a result, they do not attend meetings, they do not interact with our representatives, even those stationed in their banks. This is one of the challenges that we face as a union mainly because we are not yet equipped to go to workers, train them about their rights, inform them about our work. We are unable to

unite and conscientise workers and this is the main reason behind us not being able to engage in strike action for whatever reason. Elements of solidarity amongst our members in all the workplaces we represent are either very weak. Many workers continue to believe that we are just there to cause trouble, others feel we are there to spy on them on behalf of the managers while a majority continue to think of us as agents of the state deployed to identify and discipline dissenters; this is why they stay clear of our engagements (Macachene, interview, November 2006).

An example of the situation described by Macachene above is reflected in the workers responses below. On the one hand, there were workers who neither involved themselves in SNEB's activities nor bothered to know about its affairs, yet they had opinions about SNEB's influence at Banco Austral. Zebeldo Tinto (interview, January 2007), an Administrative Officer in the Credit department said: "I don't think they even know what they are doing, these unions do nothing for workers in this bank, they are just there for show".

Similarly, Dadinha Chilembe (Interview, January 2007), a Support Service Clerk in the Credit department, reported that she was uncertain about trade union influence in the bank because she did not really know exactly what trade unions were doing. Ernesto Paiva (interview, January 2007), a Relationship Manager in the VIP section of the Business Centre branch, responded that he did not know anything about the influence of SNEB because he knew nothing about trade union matters. Also in the Business Centre branch, Janita Mogai (Interview, January 2007), a Client Services Consultant, said she did not know anything about SNEB's influence because she preferred to stay away from union affairs and did not like union politics as well as the confusion that trade unions bring to workplaces.

On the other hand, there were those workers whose views about SNEB's influence were divided between a state of increased and decreased union influence. In between these two camps were workers who felt that union influence had not changed at Banco Austral since the ABSA takeover. Within the camp of those who believed SNEB's influence had increased is Zinae Siteo, a Financial Administrator in the Finance department who had been a trade union representative since SNEB signed a collective agreement with Banco Austral in 1997. When asked about the influence of SNEB, Siteo (Interview, July 2007) responded that trade union influence was increasing at Banco Austral: "The problem is not whether there is influence or not, the problem is that workers think trade unions don't know what they are doing and they associate them with trouble or with state politics".

Similarly, Carlos Crimeldo (Interview, December 2006), a Public Relations officer in the Human Resources department, agreed that SNEB's influence was increasing at Banco Austral,

Trade union influence has increased compared to the days of the BPD. When the Malaysians bought the bank, many changes made workers lose their jobs. When ABSA bought the bank, things became worse; workers started to realise that South African managers invented a lot of reasons to fire them and most times they do not even understand those reasons. This is why they realised that they needed the union. The union also understood the needs of the people at that time and helped many workers with issues of procedure when workers faced disciplinary or dismissal threats. This made workers to realise that the union was very important and was protecting them. ABSA managers also understood that the Mozambican government gives unions power and they respect this power and encourage good relations with unions because they recognise that the union is getting stronger and is having the influence. For example, the labour law states that no contracts of foreign workers can be renewed without the agreement of the union and when the workers tell the union that they do not like one manager because that manager is mistreating Mozambicans, the union can prevent the renewal of the contract of that manager by representing the views of the workers (Crimeldo, interview, December 2006).

Rebeca Baloyi, (Interview, December 2006) a Social Security officer in the Human Resources department also agreed that trade union influence was increasing at Banco Austral.

The problem here is not the unions, it is the workers. Their attitude is wrong, they are ignorant because they reject unions without even giving them a chance. They look at unions in the same way as the GD⁴¹s of the old FRELIMO and this is not what unions are about. Many workers are stuck in the past and their understanding of the role of trade unions is outdated. Unions are also not doing much to win the hearts of the workers; they do not always involve themselves with important issues that affect this bank but this does not mean they do not represent the workers. Today we have policies on HIV because the unions negotiated these for us. The unions also convinced ABSA to extend medical aid subsidies. They are now busy negotiating with ABSA to buy a staff bus, to increase life insurance and payments of accidents at work which we do not have in this bank. One of the things that we are telling the unions to fight for is the training of the workers because this is also a big thing here. I think if I can help you to understand the situation here, I can say unions negotiate nicely, they do not threaten to fight management like South African unions do. Mozambicans are not violent people; this is why unions try hard to convince management through good talks (Baloyi, interview, December 2006).

⁴¹ The DGs are the *Grupos Dinamizadores* (dynamising groups), according to Hoile (1989), which were set up to extend FRELIMO's political structure into every province and district of Mozambique and enforce state authority within Mozambican society. They were made up of ad hoc committees of eight to ten people and set up to prevent sabotage by the remaining settlers in factories, manage abandoned factories and to ensure the control of the workforce.

Tisha Gayiza, (Interview, December 2006) an Administrative Officer in the Human Resources department reported in a somewhat confused manner that trade union influence was definitely increasing and that such influence was reflected in the improved relations between managers and trade union representatives.

Since ABSA took over relations with unions have become really good. Every year ABSA gives awards to subsidiaries that have the best relations with the trade union across the ABSA Group and this year Banco Austral received the award amongst all other ABSA subsidiaries in Africa (Gayiza, 2006, interview).

Where Gayiza found good trade union/management relations to constitute an indicator of growing trade union influence, Sedwell Bila, (Interview, December 2006), an Administrative Officer in the Human Resource department, saw the good relations as a reflection of the union's reduced influence.

I am not happy with the irrelevance of the union at this bank. ABSA is trampling all over workers' rights and has an *amiga-amigo* (friendly) relationship with the union and the union people *sta amizar* (befriending) with management. When workers have problems the union never helps and workers always have to hire lawyers from outside even though the union has the means to help and protect the workers. The point is they don't, they don't care because their membership is guaranteed by the management that they are friends with. When there are any kinds of problems for the workers, unions are the first ones to accuse workers and to convince workers to take retrenchment packages or resign. When there are problems they do not try to find out what the problem is, instead they help management to deal with the workers as the managers wish. When there was a problem with the corrupt cheques, unions did not try to understand the level of corruption that existed and how it worked, they were just quick to help the managers to punish the workers that were being suspected of forging the cheques (Bila, interview, December 2006).

Nelda Nyemba (Interview, December 2006), an Administrative Officer in the Human Resources department is amongst those workers who felt that trade union influence had not changed in any way at Banco Austral since the ABSA take over.

The big problem here in Mozambique is that there is no trade union culture like the one you know in South Africa. Trade unions do not understand that they have to influence management decision in favour of workers. I have only seen them show up to make discussions about salaries and then you see them again at the end of year in staff parties. They do not have the same power as the GDs did during the days of independence. They do not have proper policies for defending the workers and they are the ones to make workers scared about showing any signs of militancy (Nyemba, interview, December 2006).

Benito Sesento (Interview, December 2006), a Technician in the IT department agreed with Nyemba above:

Unions are not doing enough; they are just there and this is why staff do not see the advantage of involving the unions when they have challenges. Unions need to increase their influence to benefit the workers because to just be there is not enough (Sesento, interview, December 2006).

Such varied views about SNEB's effectiveness at Banco Austral showed the extent to which SNEB was removed from the rank and file and points to a weakness in trade union leadership which in turn reduces the union's ability to make an impact at the workplace level. Building a strong and decisive leadership, Buhlungu (2010a) argued, constituted one of the most phenomenal successes of South African black unions in the 1980s; it was also the basis upon which a strong culture of resistance and activism was built amongst union members. Building an oppositional culture amongst workers served as the moral and ideological underpinning of activism and made it possible for many generations of workers to participate in the counterculture that was the anti-apartheid struggle (Buhlungu, 2010a).

Workers in Mozambique lacked this struggle ethos. A survey (Webster et al, 2005) of human resource practices conducted amongst 177 companies operating in Mozambique in the period 2003 and 2004 revealed that employment practices of the colonial and socialist periods centred on the repression of labour, a denial of worker rights, trade union rights and a prohibition of any form of resistance imbued workers with an ethos of anti-apposition. These historical periods produced a workforce whose attitude towards overt resistance remained timorous. This is confirmed in Machene's (Machene, 2006, interview) argument below,

Most of our members in these banks are the low level workers like tellers, clerks, cash in transit and security personnel, drivers and cleaners. These people do not have a proper understanding of what their rights are. Some do not even understand that the union is now independent and no longer an arm of the state so they just associate it with the government and stay away from it because they know how the government treated workers during the socialist times. The reason we are associated with government is due to being affiliated to the OTM⁴². Relations between OTM and SNEB are not necessarily bad but we do not like OTM's management of trade unions because they still operate with the mentality of the old regime. OTM does not know how to advance worker interests, how to unite workers, how to help unions unite. There is no way that OTM could ever assist a union in solidarity if that union needs to engage in strike action. It is still too close to the ruling party in its practice and politics but SNEB is moving

⁴² *Organização dos Trabalhadores de Moçambique* (Organisation of Mozambican Workers) was the only trade union federation permitted during the socialist period. It was created by the FRELIMO government to serve as a transmission belt for party/government control of workers (Mtyingizana, 2005).

away from that kind of thinking and we are being assisted by international organisations and governments such as Finland and we are also affiliated to UNI⁴³ and UNI is our main supporter (Machene, interview, December 2006).

The situation that Machene described above was actually neither unique to SNEB nor to many other trade unions in Mozambique. In fact, according to Buhlungu (2010b), it was a common phenomenon for many trade unions in post-colonial societies who found themselves having to renegotiate the terms of their existence post the liberation of their countries. This is because, Buhlungu (2010b) argued, the development of trade unionism in Africa and the discourse of their struggle have largely been shaped by the politics of national liberation. As a result, the politics of national liberation became a backdrop against which the organisational methods and mobilisation approaches of trade unions were formed including objectives behind the struggles and the strategies used to achieve those objectives.

In the case of Mozambique, the discourse of FRELIMO as a movement of national liberation primarily focused on rapid economic development and this discourse was influenced by a nationalist ideology of modernisation and nation building that saw democratic politics as an impediment to development. Consequently, as Gumende (1999) argued, the trade union movement that was created at post-independence was firmly subordinated to the ruling party and to its socio-political projects of development for Mozambique.

Under the federation body, OTM, FRELIMO created a trade union movement that only served as a transmission belt for party/government control over wage earners but also one that lined up docile support among wage earners for politically inspired programmes (Gumende, 1999). In this context, FRELIMO as a ruling party became the dominant voice that could speak on behalf of the oppressed, to borrow from Buhlungu (2010b). Under the leadership of a charismatic Samora Machel, who commanded the respect and support of the liberation movement and that of the Mozambican people, FRELIMO was the only legitimate custodian of liberation and the only vehicle through which freedom could be preserved and advanced.

Despite having proclaimed its independence from the FRELIMO government in 1990, the study on trade unionism in Mozambique conducted between 2003 and 2004 (Mtyingizana, 2005) showed that OTM continued to be criticised for being a government trade union and an executive branch of the ruling party. Its interests as a labour movement had to be deferred to

⁴³ The United Network International (UNI) is an international trade union federation for skills and services workers. It represents workers in more than 150 countries across the globe. UNI is based in Switzerland and has over 50 Global Agreements with multinational companies aimed at setting fair labour standards around the world (www.uniglobalunion.org).

the interests of the ruling party as an agent of national liberation. It was for this reason, as Gumende (1999) argued, that OTM could not participate in any industrial strike action or be seen to be supporting or encouraging its members to engage in any form of protest because FRELIMO considered such acts as counter revolutionary acts that aimed to subvert the established order.

Despite the repressive and authoritarian environment within which Mozambican trade unions operated, the shared experiences of repression and exploitation that workers endured generated a sense of togetherness and led to a construction of a common identity which workers used to either redirect or renegotiate the terms of the conditions of their work. As already argued in Chapter 4 of this thesis, even in the most repressive forms of labour control in a labour coercive economy, workers are able to wage resistance of one form or the other to minimise the impact of repressive and exploitative working conditions. These forms are discussed below in the context of Banco Austral.

12.3.2. Worker Resistance and the Construction of a Bom Rapaz Culture at Banco Austral

Worker protest that centres on the logic of escape, particularly in labour coercive economies, according to van Onselen (1976), consist of forms of resistance that are less dramatic, do not involve heightened levels of consciousness or outright demonstrations. They are mainly attempts by workers to avoid the exploitative and oppressive workplace practices that often arose during contracted periods of employment. With the tight control of the employment situation that is often imposed in labour coercive economies, it is inconceivable to think of fighting for control of any kind, let alone of the labour process. As van Onselen (1976) showed, it is virtually impossible for workers to organise as they are not permitted to be involved in organisations, attend meetings, draw up petitions or engage in strike actions. As a result, patterns of resistance that centre on the logic of escape are sought in the nook and crannies of the day to day situation of workers.

Though van Onselen specifically studied the labour situation of African miners in Southern Africa, his work continues to bear relevance to the working situation of many men and women in different sectors of the economy working in different organisations across the continent more than three decades later.

In the case of Banco Austral, as discussed in Chapters 4 and 8 of this thesis, workers were subjected to an extremely authoritarian management style of the socialist state at the time when the bank was BPD. Workers were not permitted to belong to trade unions. In fact, the establishment of independent trade unions was not permitted as workers were organised into production councils under the strict eye of the dynamism groups.

Similarly, the changeover to Banco Austral under Malaysian managers, who introduced into Banco Austral practices of Islamic banking institutions, brought a new strand of worker control and one that strictly adhered to the letter of the Islamic law. Workers were required to adhere to the ethical and religious prescripts of the '*Qur'an*' which demanded the following; a higher level of morality as per the teachings of prophet Muhammad, the channelling of effort to achieve noble goals at work such as the betterment of others instead of one's self and going beyond self-interest and personal benefit (Tamele, 2006).

SBB did not tolerate any form of resistance and, given that the Malaysian government remained actively involved in the operations of the bank, the running of the bank resembled that of a public-sector organisation. As Wan Azmi and Madden (2014) argued, SBB remained a private bank with a public-sector culture. Managerial authority was supreme and followed the Islamic Financial Services Board (IFSB) guidelines of good governance which promote worker-obedience, prohibit self-interest and avoids instability. At the same time, workers received intensive training as part of encouraging them to readily and willingly accept change. These methods were also accompanied by an intensive investment in surveillance technology which monitored worker movement and working pace in addition to securing the property of the bank against theft and corruption (Wan Azmi and Madden, 2014).

These experiences became important learning platforms for Banco Austral workers who increasingly realised that direct or overt resistance of rule and authority under such despotic forms of worker control only worked to exacerbate problems. As a result, various covert strategies were devised and put in place to cushion the impact of change and at times to redirect the pace and extent of the process of implementing change.

The experience of working for ABSA in Mozambique necessitated workers to invoke these strategies and to adapt them in ways that enabled them to not only intercept the impact of the different styles of management that ABSA managers brought to Banco Austral but to also mitigate the negative impact of the overall change that ABSA introduced to their workplace. The most noticeable of these strategies is feigned obsequiousness by workers with the aim of

ingratiating themselves to their superiors, at one level, so as to win small gains and short-lived escape from harsh working conditions.

At another level, feigned obsequiousness served to conceal a number of actions aimed at sabotaging the bank. These included acting stupid, deliberately being clumsy, intentionally displaying lack of skill or comprehension so as to slow down productivity and thereby reduce the profit margins of the bank while simultaneously avoiding confrontation. In this study, I use the concept of '*bom rapaz*' to encapsulate a distinctive repertoire of mediating the most despotic forms of management control in the workplace.

Loosely translated from Portuguese, '*bom rapaz*' means 'good boy'. According to Penvenne (1995), it was used by the Portuguese colonists for the habituation of a small group of Africans working in offices doing clerical work such as typing, filing, basic bookkeeping and organised the payroll of railway and port offices. The day to day struggles of these workers, Penvenne (1995) argued, were closely related to the racist practices of the Portuguese who refused to enlist any African workers to middle and upper-level office jobs as well as into management positions into which they were more than adequately qualified. The struggles of these workers were different to the struggles of workers who were subjected to *Xibalo* (slave labour) and because they refused to be *assimilados*, they were considered the *indigena* elite. They settled into jobs that were irrelevant to their education. The Portuguese, Penvenne (1995) argued, called them 'good boys' because of the remarkable patience and perseverance by which they continued to do their work despite the repressive and accumulated disadvantages of racism, language differentiation and cultural prejudice.

By calling them *bom rapaz* the Portuguese emphasised the subordination of the African worker to the white race and to colonial rule. The *rapaz* (boy) aspect meant that African men were mere boys in eyes of their colonial masters. However, they were the good ones (*bom*) in that they were disciplined and hardworking compared to the lazy, unproductive and inferior rural *Xibalo* workers. *Bom Rapazes* were obedient and respectful Africans; they were always punctual, always cheerful, never confrontational, forever willing and never contrary.

Under Portuguese colonial rule, a *bom rapaz* was always willing and available to train their uneducated and unskilled white counterparts with the full understanding that after the training, the trainee would soon be promoted to being their boss. A *bom rapaz* never arrived late or left early and even though they were doing office work and had education, they had to understand

that by their nature as *bom rapaz*, they were also expected to sweep, serve and clean when called upon to do so (Penvenne, 1995).

In post-independent Mozambique, the colonial legacy of *bom rapaz* which ensured the subordination of workers to the authority of the state, lived on. Though FRELIMO liberated Mozambique from colonial Portugal, many practices of the colonial period continued to influence the nature of change in post-independent Mozambique. Pitcher (2002) coined this kind of change '*transformative preservation*' to denote patterns of past practices that ensured state control, subordination of workers and a prohibition of any forms of resistance, which remained embedded in present developments.

Despite FRELIMO's proclamation in the country's constitution that the power belonged to the workers and to the peasants, Hanlon (1984) argued that Samora Machel remained suspicious of workers. He felt all workers had to be kept under regular check because their ambition for higher wages and better working conditions made them opportunists who would not think twice about aiding the Portuguese war effort in return for such favours. Hanlon (1984) added that FRELIMO feared facing a situation similar to the one presented by the rise of the independent trade union Solidarity in communist Poland, hence it was important to postpone the creation of a trade union and ensure the suppression of all forms of worker-protest. The production councils were subsequently set up as a major instrument for combatting worker 'indiscipline' and to raise productivity. They ensured the active and effective participation of workers in the planning and control of production and in solving problems (Hanlon, 1984) under the watchful eye of the GDs.

The concept of GDs was an adaptation of Portuguese colonial practices in which the police played a political role as counter-insurgency agents. Despite the practice of GDs being banned in Portugal in 1974, the practice continued in Mozambique and was used by the FRELIMO government to serve the same purpose it served under Portuguese colonial rule, that of being the state's intelligence apparatus for political surveillance and control. Through these efforts, FRELIMO was able to line up docile and obedient workers who did not question the rule of the party and who demonstrated trust in FRELIMO's project of societal development, the post-independence *bom rapazes*.

Banco Austral workers were made of this history. Of course, the notion of a *bom rapaz* became redefined to fit the challenges of the time and to manage the demands of the job, negotiate relationships, define and redefine the meaning of relationships as well as respond to pressures of managerial control. As a result, Banco Austral did not just have *bom rapazes* but had *bom rapaz astuciado* (meaning of a cunning type) who were able to conceal their true thoughts and feelings about their work and about their work situation. They presented images or demeanours of themselves that were in line with the expectations that their managers had of them. These included being seen as good employees who were proud of their work, who were satisfied with the conditions of their work and who were always willing to go the extra mile. Being a *bom rapaz* required workers to study the manager's habits and dispositions so that the moulding of a *bom rapaz* on their part resonated with the character of the manager that the act aimed to please through deceit. To be able to master the art of being a *bom rapaz* required consistency and patience.

Arlindo Santos (Interview, December 2006), a Clerical Marketing Liaison Officer who had been with Banco Austral since the ABSA take over and had been given an opportunity to work at two different ABSA branches in Johannesburg as part of his training, argued that the nature of the prevailing social relations at Banco Austral required workers to be creative and think on their toes to manage the situation.

To survive in this place, you need to be versatile enough to accommodate the Boers, the French, the English and the Portuguese in terms of culture and language. It pays to invest time and study these people so that you can beat them at their own game. South Africans are not the same as the Portuguese and it is of no use to keep comparing them as some workers do. The Boers demand recognition as the bosses, they impose their authority against all odds and so you have to subordinate yourself to their authority and be good then they will be off your case. You need to show that you understand the power dynamics between blacks and whites and that you know your place then you will have no trouble with the Boers. The Boers love to see us as their servants and get excited when you drop a few Afrikaans phrases from time to time to show that you are trying to be good; they like that a lot. Unfortunately, not all workers agree with this plan, Mozambicans are stubborn and tend to show off their assimilated Portuguese orientation. They think it is superior to the Boer way of life, this is why they directly reject the Boers' way of doing things in favour of the Portuguese. I think this is stupid. When the Boers want to "braai" meat and drink beer, Mozambicans want to "grill" fish and drink wine. When the Boers watch their sport and make noise, Mozambicans send vibes of displeasure at what they consider rowdy conduct. So, you can imagine the confusion in the bank. Each group thinks their way of life is better than the other group but a good employee know that the Boers are the bosses and need to be treated as such because if you don't then they will use other means to make you feel excluded and not part of the ABSA family and that is not good for anyone (Santos, interview, December 2006).

While some workers played the *bom rapaz* card to bring themselves closer to their managers and thereby win themselves a few favours and preferential treatment, as Santos describes above, others played it for the opposite reasons. They wanted to keep the manager as far away as possible. Keeping the manager away meant the *bom rapaz* card had to be turned on its head, instead of being the manager's best employee, workers played into the stereotypes that their managers had of them, that of them as stupid, docile and lazy.

In her study of the Chinese women factory workers, Pun Ngai (2005) best captures this stereotype as the 'socialist habitus'. She contends that Hong Kong managers constantly complained about the lack of *jinzheng yishi* (competitive edge required for survival in capitalist societies) amongst Chinese workers. They blamed this lack of *jinzheng yishi* on the legacy of the socialist system that produced lazy, uncompetitive, uneducated, entitled and 'red' workers with 'common rice bowl' practices of the past socialist history.

If the socialist habitus in Chinese workers was a consequence of their carrying the evils of their past socialist history, Mozambicans received a double blow, for their history produced not only a socialist habitus but also a colonial habitus. Indeed, several South African managers interviewed complained about the challenges they faced in trying to educate the local workers who did not seem to grasp even the most basic of instructions as their socialist habitus remained as solid as iron. It is this habitus that workers turned on its head as they became *bom rapazes*. Since their managers considered them to be lazy, unthinking, slow and unambitious, several workers set themselves up to live up to this stereotype to win themselves some free time in the job and get away with doing less work.

Acting stupid involved pretending not to understand English, being generally slow with everything, taking an instruction and not executing it correctly or optimally while simultaneously demonstrating complete respect for managerial authority and white supremacy. This way, workers were able to convince managers that they were not a threat and therefore unlikely to challenge their autocratic managerial practices. The fact that they did not seem too bright in the eyes of management also meant that managers were quite relaxed around workers and this opened avenues for workers to identify opportunities for engaging in more serious acts of sabotage. Indeed, several interviewed managers expressed frustration at workers who did not seem to understand basic and simple instructions, did not always see the negative impact of their negligence and never felt any sense of urgency with regards to the execution of tasks.

Allan Moreland, the head of Corporate Banking, shared his frustrations at this during an interview. As if what he was explaining to me was not enough, Moreland (Interview, July 2007), stood up from his chair and called one of his employees by his first name to illustrate the point about Mozambicans being lazy to think.

“João!” he called out

“*Sim Patrao?*” (Yes Boss)

“*venha aqui*” (come here)

João appeared at the doorway but did not enter the office. He stood with his hands behind his back in an almost saluting position. The ‘boss’ then turned to me and said

Look at this, did I not call him? Now he is still standing by the door awaiting yet another instruction that he should come in. I am losing working time with this. You see how quietly he is standing? At times when I am very busy and I call someone for something, they just walk in quietly and stand there in that way. If you do not look up and see that he is there, you will wait for ever and he will stand there forever. So we are forced to improvise here (Moreland, interview, July 2007).

Moreland continued to elaborate on his point, expressing his frustration at having to work with ‘these people’ for another three to five minutes. This whole time João was still standing by the door in the same way without moving and listening to all the talk that his ‘boss’ was having about him. It was only after his ‘boss’ had finished talking that João was gestured away by hand without being looked at again and he disappeared.

What João had just done was reassure the manager of the prevailing respect that he had for his authority while at the same time taking pleasure at seeing how easy it was to frustrate the manager and basically cause him stress by doing nothing at all. His *bom rapaz* act in this instance concealed the power inherent in João’s conduct, that of peacefully causing the agitation of the manager.

Bourdieu (2000c) referred to this power as a symbolic force that can be exercised on the body without any physical constraints. Its effective use, Bourdieu (2000c) added, rests on the presence of previously constituted dispositions which can be triggered by a particular conduct. The conduct itself has to be part of symbolic action exercised invisibly and insidiously.

The act of a *bom rapaz* therefore became this trigger: it sprang out of a previously constituted disposition of racial prejudice on the part of white managers. It reawakened their condescending thoughts and reactivated the disdain that they harboured about black workers.

The repressive and authoritarian labour regimes of the colonial and socialist governments in Mozambique may have produced a habitus of docility amongst workers so that the nature of employment relations within a market economy of a democratic Mozambique appears to be less antagonistic. At the same time however, workers have been able to appropriate the historically constituted notion of themselves as a docile workforce and turned it into a resource or a form of capital inscribed in the concept of *bom rapaz*. With this capital, workers have been able to turn the habitus of docility on its head and use it as a resource to not only cope with repression and exploitation but to be able to also strike back in very strategic ways.

As revealed during an interview with Pauw (Interview, January 2014), these strategies varied in nature and level of impact.

I know that a majority of the workers were angry at us over the staff retrenchments we had to implement. They simply refused to acknowledge the fact that ABSA had to put in over US\$60 million just to get the operational mechanisms running. They remained angry and refused to accept ABSA managers as their leaders and this is why they were so careless with everything. They did not regard the bank as their own and though many of them are really not that bright, they are not stupid. They like to act as if these acts of carelessness are due to being stupid, they basically instil a culture of carelessness in your head so that you think they are stupid. This worked with many managers but not with me, I could see through their tricks (Pauw, interview, January 2014).

Indeed, as discussed in the previous chapters, ABSA lost large sums of money through acts of negligence by workers. In other instances, workers simply refused to meet the set productivity targets by pretending to be negligent or pretending to not understand instructions. They deliberately worked slowly so as to hurt the bank's productivity, what Frederick Taylor referred to as 'soldering'. They were deliberately negligent so as to lose money for the bank in one way or the other. As Lambert (interview, December 2006) argued in the previous chapter, some workers in the Operations division simply ignored working through set systems such as not logging money into vaults and leaving large amounts of money in their drawers

Unlike most managers, Pauw (Interview, January 2014) argued that he was able to see through these worker tactics and understood it as a way of getting back at management. He added that despite having imported state-of-the-art surveillance systems, ABSA did not have full control of the bank and it seemed workers were always a step ahead of the ABSA managers.

We had major control challenges especially at branch level. There were some branches in which we had zero control and had to shut them down due to the rate at which we were losing money. I have a specific security detail over and above the security service provided by the security company and yet many times I have come to the head office in the middle of the night to find that the door was unlocked. When you question the security, they act stupid. At one point, we had to bring in helicopters from Johannesburg because the entire bank's system was shut down only to find that the cleaning ladies had put their mops over the satellite dish in a manner that just killed the entire system. For some reason, the cleaning ladies decided to hang their mops there on that day, why? They did not steal anything, they knew the loss we incurred just by that act. On another occasion, during a power outage in the middle of the night, the generator did not kick-in and I was awoken by Johannesburg because they could not pick up any of the bank's system signals. On arrival at the office, I found that the generator was not working. I had to ask-in big favours to get a new generator brought in and installed immediately. The next day, we found that there was nothing wrong with the old generator, it just needed water. The technician who was assigned specifically to maintain generators said he did not know that. He did not know that he had to put water in the generator, what is that? I mean there were thousand such stories and yes, I agree that there are some good workers who don't get involved in such things but even these ones stand in solidarity, they don't talk. Branches get robbed too frequently and when you examine the circumstances of the robbery you can easily tell that it was an inside job but no one ever talks no matter what you do. You can't even suspect anyone because these guys are very strategic at covering up and you cannot get a single word out of them. I say that is not stupidity, it is a very smart tactic if you ask me (Pauw, interview, January 2014).

The instances described by Pauw above, can be construed as acts of sabotage which workers executed as part of getting back at management, as Pauw stated. They could also be seen as acts of claiming a degree of ownership of the proceeds of the bank even if such proceeds are not for their direct gain. For example, when one considers the fact that between 2004 and 2014 ABSA had lost close to a billion US dollars to fraud, negligence and operational errors, it can hardly be said that these worker-tactics are ineffective.

It is important to take into account that what workers conceived as an advantage did not necessarily lead to their personal gain. The loss sustained by the bank constituted sufficient gain for workers as what was important was taking from the bank what the bank refused to give to workers.

Namborete Manghezi, a Technician in the IT department, revealed during an interview (Interview, December 2006) that workers always found and used to their advantage all sorts of loopholes in the management of the bank.

Mozambique has five major banks and their systems are run locally unlike ABSA who prefers to run systems from Johannesburg. It does not make any business sense to me that when there is a breakdown of communication in the north of Mozambique, for example, the Maputo headquarters has to call Johannesburg to intervene. Some problems really require onsite-solutions because it is very costly to control everything from Johannesburg. At times Johannesburg will instruct you telephonically to do things that you know how to do and they give you wrong advice but even if I know that instruction is wrong I will execute it anyway and they will deal with the costs of that mistake and that is not my problem (Manghezi, interview, December 2006).

Pauw (Interview, January 2014) reported that the inability to impose control at all levels meant that at times he had to resort to personally doing random security walk-ins and on-the-spot counting of cash against transactions of the day. While this was to the detriment of customer service, it had become necessary due to the rate of carelessness which was bleeding the bank dry. In some instances, Pauw added, workers took part in direct bank robberies while others facilitated robberies by acting as inside resource to robbers.

In one other occasion, the bank received large sums of cash deposits from several branches as it was a tobacco harvesting season. In that week, I received a call that the safe in one of the branches was on fire; it was set alight by these guys but no one talked. For days we questioned and cross-examined everyone in the branch but none of them talked. I knew the burning safe had no money, I knew they walked away with the bank's money but I could not prove it. Irrespective, I had no other option but to fire all of them at once. These guys are very loyal to each other as comrades or whatever they call themselves. With them you are either in or out, you cannot be in between or exercise your choice not to be involved as an individual employee (Pauw, interview, January 2014).

What Pauw describes above is an instance in which workers used their social capital and unite as Mozambicans and as branch workers against management. Uniting as an unbreakable unit demonstrated a degree of power which workers used to their advantage. The volume and weight of their social capital in certain instances was such that it unseated many ABSA managers in the bank. In concurrence, Mkhize (Interview, January 2014), added that working with Mozambican employees completely took managers out of their comfort zone and required that they be constantly on their toes. He said during his time at the bank he was able to observe that social relations between workers tended to be stronger than any employee-friendly structural arrangements that the bank put in place.

I have seen them go all out for their own. They stand behind each other no matter the consequence. They will protect each other, hide information from management and generally keep you out. In a strange way, workers still retain a degree of control within the bank. We honestly do not control everything (Mkhize, interview, January 2014).

Mkhize's argument above resents a clear instance in which workers see themselves as agents of change and act accordingly as opposed to being passive powerless agents. Moreland also revealed the struggle that managers faced in trying to work with a close-knit workforce that was neither aggressive nor confrontational but who consistently acted outside the prescripts of business etiquette that ABSA was ceaselessly trying to instil in Banco Austral.

It does not matter how many times you speak to them, they don't understand. I have been embarrassed so many times by these guys not pitching in meetings or arriving late and seeing nothing wrong with it. We try to teach them about time, that we don't operate on the African clock and that we make our money by the second of each minute of global time. Sometimes you want to teach them how the clock works but because you know that they understand how the clock works you resort to pleading with them to arrive on time and to do their work on time. Even that does not work with these guys (Moreland, interview, July 2007).

There were many instances that were observed, upon joining different groups of workers out to lunch, in which workers deliberately took long lunches and wore themselves out from eating heavy meals and drinking odourless liquors from a nearby restaurant. Initially, the heavy eating and what can be conceived as drinking during working hours did not make sense. It later transpired that it was a necessary activity for workers to get back to the office completely worn out and absolutely unproductive for the rest of the afternoon. Some workers drove home during lunch and this took a good hour to go and return to the office. At home, they were served a freshly cooked full meal, followed by a digestive liquor, then a nap and upon waking up, have an espresso coffee. The heaviest meal was *feijoada com todos* (bean stew with everything) or *feijoada brasileira* (Brazilian bean stew). When a bean stew has everything, it includes different meat portions like pork, pork sausage (specifically *chouriço*), beef and chicken, mixed with different types of vegetables like carrots, cabbage, green beans and peppers. It would be served on rice with a special *peri-peri* sauce. The liquors were specific digestives like *aguardente branca* (white brandy) or *aguardente de cana* (cane brandy or a specific Brazilian rum called *cachaça*).

Garcêz (Interview, December 2006), reported that the issue of long lunches was a serious problem for Banco Austral. It was an old practice that workers simply did not wish to part with. Garcêz added that what management wanted was not always synergised with what workers wanted because the relationship between them was largely characterised by racial disparities which always generated feelings of distrust on both parties. She added that,

Mozambicans are not trusted by South Africans and most problems arise as a result of this. One of the most frustrating things is the issue of time which Mozambicans refuse to acknowledge as a problem and managers cry about it all the time. Workers have no sense of urgency; the bank is experiencing an extraordinarily high rate of worker absenteeism which South Africans are not used to. Workers do not clock-in on time and at the same time, when it is lunch time they are very quick to drop everything and go to lunch and take very long lunches. Some of them take up to 2-hour lunches. It is very embarrassing particularly when they have meetings and workers do not pitch in time so that the managers always have to remind workers that they have to stop working with a BMT (black man time) and start to learn the GMT (global man time). Even when workers are sent on training courses to teach them about time management, they either arrive late or not pitch at all. Despite numerous interventions, the situation has not improved much and it is largely because most of the workers here are in the bank for many years and refuse to change (Garcêz, interview, December 2006).

Workers did not really take the GMT issue seriously and often teased each other about it. For example, when inviting each other to lunch, workers would teasingly say “Are you joining us for BMT today?” to which another would respond “No I am doing GMT today” or “Yes I am on BMT today”. Other workers took offense to this and really despised being referred to as BMTs and often complained bitterly about it. Another interesting outcome of playing the *bom rapaz* card was that of keeping foreigners out without engaging in any forms of overt hostility towards them. Pierre Chevalier, a French expatriate occupying a specialised middle management positions in corporate banking, did catch on with the workers’ *bom rapaz* act.

Working with Mozambicans is hard. I find it particularly hard to motivate them to work harder, faster and meet deadlines because they have built their own work ethos which is hard to penetrate and impossible to change. While many of them are generally honest people with proper mannerism, some of them remain difficult to read and understand because they are not open to being analysed. They give you this overly polite mannerism of themselves as good men and women but when you come down hard on them, they make you look like the bad guy. I noticed that this business of being overly polite is actually an act, a means of drawing boundaries between us and them. I don’t know how to explain this to you, you see they pretend a lot and hide this pretence by just being polite towards us. But of course you can see even with their pretence that they do not like us. Their politeness is the kind that makes you feel that you are not welcome in their country because they are never free, they are always rigid, formal and they are consistent in this (Chevalier, interview, July 2007).

Indeed, this argument was also confirmed by Mkhize (Interview, January 2014) who stated that in his observation, he found that Mozambicans use their history with colonial Portuguese to not only claim both the spacial and occupational spaces of the bank but to also deliberately identify themselves away from the British, French and South African expatriates. The fact that workers increasingly identified themselves away from South Africa and South Africans could be argued to be a direct consequence of the way in which workers have experienced relations of distinction and differentiation which have traditionally characterised the managerial practices of the South African executive. For example, throughout the interview with Pauw, he constantly referred to Mozambicans in ways that distanced them from him. Using such terms as ‘the population’, ‘the locals’, ‘these people’ when referring to workers, pointed to a prevalence of a culture of distinction in which managers made no attempts to create a culture of inclusiveness and common identity within the bank.

12.4. Conclusion

This chapter has shown how the different phases of change that have taken place at Banco Austral have affected workers and informed the nature of social relations there. From having to adapt to different managerial styles to learning, unlearning and relearning different labour processes that were introduced during each phase of changes, workers at Banco Austral were thrown into states of disarray. The constant changes not only worked to alienate workers from their own labour power but also led to processes of deskilling as each phase of change rendered workers unskilled and unknowing. As this situation generated heightened levels of uncertainty amongst workers with regards to their future in the bank, it also increased levels of job insecurity and multiplied levels of distrust between workers and their managers.

On face value, the nature of the employment relationship at Banco Austral appeared to be characterised by uncontested repression of workers as workers seemed to have tacitly accepted their own domination and internalised what Bourdieu (2005) called ‘a sense of one’s place’. The idea of internalising a sense of one’s place presupposes a practical and symbolic recognition of one’s position within the social space of the bank. It illuminates the degree of acceptance amongst workers with regards to their placement in the hierarchical structure of the bank, a placement which also governs the manner in which workers should behave in the workplace.

This is a sense that gets generated when analysis only focuses on the role of formal and organised labour in an employment relationship. A close attention to the more subtle patterns of behaviour amongst workers and between workers and their managers, as this chapter has done, shows a different picture. This picture does not present workers as docile and helpless agents in the employment relations; rather, it lays bare the different resources and opportunities available to labour which are used as leverage to not only cope with repression in the workplace but to also influence the strategic direction of the firm in advancing or protecting the interests of workers.

The notion of *bom rapaz astúciado* highlights this point: it is a means of not only understanding the schemes of thought that managers have about the workers but it is also about the workers' appropriation of such views and use of them against managers in a variety of ways. From direct acts of sabotage, to manipulating, confusing and frustrating managers, workers have shown the employment relationship at Banco Austral is far from being cooperative. The absence of an overtly adversarial relationship between workers and their managers does not presuppose an uncontested acceptance of exploitation and repression on the part of labour. Rather, it is a call for employing different tools of analysing the employment relationship and recognising that all parties are in possession of different forms of capital which can be used in different ways to advance interest, introduce change or preserve the status quo depending on the balance of power amongst the contending agents.

**CHAPTER 13:
A TAPESTRY OF HISTORIES: THE MAKING OF EMPLOYMENT RELATIONS
AT BANCO AUSTRAL**

13.1. Introduction

On the face of it, it would appear that the findings of this study confirm the thesis that South African companies investing in the continent are driven by an ambition to be a regional hegemon. As discussed in Chapter 3, the regional hegemon thesis sees South African companies in the continent, and specifically in the region, as neo-imperialists who are bent on using their economic strength to dominate and subordinate the rest of the region to the needs of the South African economy.

Where South African companies are said to be transferring best practices, advancing technologies and improving the conditions of work for the local in the countries in which they invest, several Banco Austral workers confirmed otherwise. Many attested that there was no transfer of technology into their workplace by South Africa's ABSA. They confirmed that instead of transferring best practices and managerial know-how, ABSA managers brought with them managerial practices characteristic of the South African apartheid workplace regime that remained dominated by racially despotic managerial authority. Many workers interviewed at Banco Austral reported that the experience of working in a South African-owned bank under the authoritarian managerial style of South Africans only enacted painful memories of *Xibalo* and brought misery to many families as a result of the massive job losses imposed through retrenchments and non-renewal of contracts.

These testimonies bring one to conclude that the impact of South African business expansion on the employment relations of Banco Austral worked to introduce racism in the workplace, exploit cheap African labour while simultaneously advancing South Africa's ambitions to subordinate the region to its political and economic domination. However, such a conclusion would not only be too simplistic but it would constitute a superficial analysis. For, as Magubane (1988) argued, there can be no adequate analysis of the situation of African workers without revisiting the historical conditions of different epochs that gave rise to the subordination of black labour to white capital, the overall racial division of labour and the racial stratification of broader society.

Therefore, addressing the research question at hand requires much more than delineating the manner in which ABSA's ownership of Banco Austral impacted on the development of employment relations there. It requires research to lay bare several other external factors that have impinged on the employment relationship at Banco Austral, many of which are a direct outcome of a series of historical processes that have been unfolding, being reshaped and changing over time.

13.2. A Tapestry of Starkly Divergent Historical Paths Converge at Banco Austral

Several studies (see Hyman, 1975; Burawoy, 1985; Cohen, 1991) on labour and labour relations have highlighted the significance of going beyond the economics of labour relations and, as Burawoy (1985) argued, explicitly including its politics. This is because the very nature of organising work produces and reproduces particular social relations that are intrinsic to the politics that inform and regulate the employment relationship. Similarly, Hyman (1975) and Cohen (1991), who criticised the conventional industrial relations approaches to understanding labour relations, argued that there tends to be a glaring neglect of the political and social aspects in many labour relations studies. This, they argued, leads to the world of work being separated from the politics that inform its nature, the ideologies that shape workplace struggles and the societies that inform the character of these struggles.

Despite the profound contribution that scholars like Burawoy (1979; 1985) and Hyman (1975) have made, their emphasis on the political, ideological and social moments that remain inherent in the employment relations has resulted into a neglect of one other equally significant moment that remains intrinsic to the employment relationship, the historical moment. This is not to say that the role of history as an analytically important tool has completely been neglected in these studies. In fact, Burawoy (1985) explicitly shows the significance of contextualising studies of labour within their historical milieus and he highlights the historical role played by working classes in societies. Sadly, however, Burawoy (1985) located the significance of history outside the production process in the same way that Hyman (1975) and Cohen (1991) did.

This is why analysis in this study has consistently emphasised the significant role of history, not only as a context for locating analyses of social phenomena but also as a critical variable of analysis. What is key to this study is seeing history as an evolutionary process that is constituted of diverse pathways, all of which directly impact, in very specific and distinct ways, on the continuously unfolding nature of employment relations. It looks at the interests of the

actors as direct products of earlier histories that become shaped by the individual experiences of the actors as well as by their view of the social world as it continues to orient present interest.

This study has examined the life of a bank with many histories: from a colonial history under the authoritarian control of the Portuguese government 1960 to 1975, to a history of an independent Mozambique under an authoritarian socialist government of the FRELIMO party from 1975 to 1987. Then again from a history of transitional liberalisation in 1987 and gradual move towards private control which coincided with a full embracing of a liberal market economy and a democratisation of society in 1994. Finally, the bank moved from public control to the control of a privately-owned Malaysian bank in 1997 only to once again change control and end up owned by ABSA in 2002.

The making of employment relations at Banco Austral is therefore an outcome of an assemblage of these historical moments. It is also an outcome of other diversely constituted historical pathways and contexts, all of which have diversely configured socio-economic realities, political systems and culturally distinct practices and threads of thought. Despite the divergent configuration of these histories, there remained mannerisms, ways of being, schemes of thought, dispositions of aspirations, expectations and interests which converge and culminate into one history, the history of Banco Austral.

This is why it becomes difficult to speak of the expansion of South African business as a single source of influence that may have shaped the nature of employment relations in subsidiaries abroad. Instead, this study has shown that the nature of employment relations found in Banco Austral must be understood as an interplay of multi-fold historical concatenations. As the findings in Chapters 8 to 12 have shown, it is not sweeping generalities and their overreliance on overarching historical trends that will illuminate the manner in which ABSA's acquisition of Banco Austral has shaped the nature of employment relations there. Rather, as Weber (1922) argued, it is the trans-epochal, trans-cultural and multi-fold configurations of history that will shed light on the distinctiveness of Banco Austral as a case study as well as on how the historically homogenous or historically diverse patterns of social action, interwoven into a complex web of power relations, play themselves out in shaping the employment relationship of Banco Austral.

The discussion in Chapter 10 illustrates this point. It shows that even though ABSA introduced changes to Banco Austral with the aim of turning the bank around and transforming it into a modern, profitable and reputable financial institution, it was not the modernisation of the bank that transpired. The fact that ABSA managers had a different idea of what modernising the bank entailed, reflected the different historical trajectories that shaped their thinking, thoughts which remained fundamentally different to that of Mozambican workers.

The transformation that took place at Banco Austral did not lead to a fundamental maximisation of the profit margins of the bank; if anything, it resulted in huge losses involving large amounts of money, the safety of which the bank could not ensure. What ultimately transpired from ABSA's attempts at turning Banco Austral around, was an interplay of contradictory factors which served as sources of influence on the nature of the social relations that later emerged in the bank.

These contradictions discussed in Chapter 10 capture the manner in which Banco Austral's history has been configured, it shows several context-specific strands that have emanated from diverse backgrounds, all of which have been pulled together as a constellation of histories to construct a singular and yet context-specific history of Banco Austral. For example, the contradiction generated by an act of separating workers into those considered ABSA-fit and those seen as ABSA-unfit illuminates a fundamental difference in thinking about the social world. This difference is also context-bound, it is informed by multiple historical experiences that have all come together to inform the direction and future of Banco Austral.

This separation of workers was rationalised, by ABSA managers, as part of the need to reorganise production and introduce new ways of doing bank work. This was said to be critical for improving the productivity of the bank. Workers were categorised, some were told that they were good, others were told that they were better while the rest occupied a black hole and declared useless to ABSA. Instead of improving productivity, the reorganisation of the labour process further polarised the workforce. It demoralised those seen as ABSA-unfit and caused them to find very creative ways of slowing the pace of work, underperforming and basically not caring about the financial stability of the bank. After all, those who managed the bank had also showed not to care about them.

The reorganisation of production and the creation of divisions in the bank saw many Mozambican workers, despite occupying the same physical space in the bank as their Afrikaner managers and other white expatriates, identifying themselves away from their white colleagues. They imposed self-restraint with regards to the physical occupation of certain spaces of the bank because these were known as white spaces or spaces for white managers. Two intercepting historical moments are used in this thesis to explain the rationalisation of these divisions by the Afrikaner managers and their acceptance by Mozambicans to a point that they were internalised as the ABSA way of doing things.

The first moment considers the historical conditions of the dominated. It looks at the manner in which the structuring of their working world, which was informed by relations of differentiation and exclusion, had progressively inscribed in their minds that within the larger scheme of things, they needed to 'know their place'. The second moment considers the historically constituted cognitive structures of the dominant. It unpacks the manner in which their thinking, as shaped by their historical socio-political conditions, saw good reason in separating workers into those who belonged and those who did not belong.

13.2.1. Revisiting the Historical Conditions of the Dominated

The history of the social reality of many Mozambican workers, as discussed in detail in Chapters 4 and 8, has largely been that of not only adhering to the limits being imposed by a particular ordering of society but it has also involved the structuring of the mind to accept these limits, of course to certain degrees.

The emphasis made in this thesis is that the act of accepting limits and that of imposing self-constraint by workers should not be conceived as confirmations of docility. Instead, it should be understood as, in borrowing from Durkheim (1912), a particular form of logical conformity. According to Durkheim, logical conformity relates to the development of certain necessary categories of thought that individuals impose on themselves to serve a particular social purpose. It gives rise to a shared logic, a particular way of comprehending the social world and accepting its limits for as long as the authority of the established order that gave rise to them continues to draw from its power sources to maintain its legitimacy.

Penvenne's (1995) study of the conditions of African workers under Portuguese colonial rule in Mozambique illustrates this. It shows how the fate of many working men lay in accepting a particular point of view about themselves in line with the demands of the established order of

the time. In negotiating the limits imposed upon them, these men accepted a notion of themselves as '*bom rapazes*' or good boys. As discussed in Chapter 12, being a good boy under the colonial rule of the Portuguese had its own logic. Irrespective of performance in the workplace, all those considered good boys were able to secure relatively good employment and be rewarded with excellent work records.

A work record was important, it was a form of passport that guaranteed your greatness from one employer to another without ever having to prove your worth. This record meant a lot of things, it guaranteed the employer that you readily uphold one's position as an inferior native in the face of white superiority. It confirmed the 'native's readiness to be available and to be at the service of your white superiors at all times. It confirmed that such availability extended to being ready to execute any instruction at the pleasure of any white manager including sweeping, making tea, running errands, etc.

At the same time, however, being a good boy promised other things. It promised higher paying jobs, access to senior positions and most importantly, it granted African workers access to two most valuable resources: an 'invisibility' coat and time. Being a good boy shielded workers from the many day to day challenges that other workers, who were not seen as good boys, faced. Good boys could be used by other workers to carry out certain tasks on their behalf because they could easily get away with playing dumb and act as though it was a mistake. White managers were much quicker to accept the 'errors' of good boys as genuine, for they were known for their outstandingly good character. They could easily be invisible in the ever-watchful eyes of the white managers.

Good boys, Penvenne (1995) argued, understood their place within the unequal and racially structured workplace. They were not about to question their position within the system because 'that is just the way things are' and they were well aware of the cost of challenging 'the way of things'. To be seen to be accepting their position within the hierarchically structured workplace that is informed by relations of domination and subordination, workers earned themselves time. They moved away from the spotlight and managed to quietly navigate the system, find opportunities, identify and understand loopholes within the system as well as study the personality types of managers and how to press their 'buttons'. So, when Banco Austral workers accepted their positions, they could have been doing so as a shield to conceal something much bigger than mere conformity.

13.2.2. Revisiting the Structuring Structures of the Dominant

The pressure to separate workers and divide them into those who belonged and those who did not belong to ABSA could be understood as a symptom of the deeply seated structures of prejudiced thought on the part of ABSA managers. It revealed the historical fact about the Afrikaner managers at ABSA and their conception of the workplace as a homopolar field of positions in which black people must perpetually occupy positions that were completely polarised from those of whites in every possible manner. Such a comprehension of the workplace enabled white workers, irrespective of social status and level of education, to conceive of themselves as belonging to homologous positions as bosses, managers, figures of authority and members of the dominant class.

As reflected in Chapters 10 and 11, ABSA managers thought the way they did because, according to Mafeje (1988), Afrikaner capitalists knew no other way of thinking. This is why it is important to also locate the findings of this study within the historical reality of the Afrikaner capitalists in South Africa which, as Mafeje (1988) argued, has always been fundamentally different from the reality of other South Africans. It had its roots, according to Mafeje (1988), in the evolution of the history of the Afrikaner in South Africa. A history that is intrinsically about the affirmation of Afrikaner ideology which was largely aimed at ensuring the exclusive existence of the *volk*.

A closer look into this history further revealed that many of the ABSA managers who promulgated the division of workers into ABSA-fit and ABSA-unfit categories were indeed 'brothers' of the *volk* who had been with ABSA as far back as the times of the *Volkskas* bank. The *Volkskas* bank was one of the largest of the amalgamated banks that created ABSA. It was a Broederbond bank, specifically established in 1933 as a people's bank. The people being the Afrikaner *volk*. Its key function, according to O'Meara (1983), was to coordinate the capital resources of all Afrikaners and convert them into productive capital. *Volkskas* bank was also tasked with advancing the nationalist project of *Afrikanerdom* and supporting the entrepreneurial aspirations of Afrikaners.

In exploiting the Afrikaner sentiment of the time, Patterson (1957) argued that the *Volkskas* bank referred to itself as the only real South African bank with a specific function of financing the agricultural cooperatives of the Afrikaners. According to O'Meara (1983: 163) the *Volkskas* bank was also to play another important role. It was to influence the state to do the following:

- (i) Regulate the market in favour of and in protection of domestic Afrikaner industry.

- (ii) Ensure the complete segregation of races.
- (iii) Use Afrikaner capital to secure the position of the Afrikaner as the employer of cheap black labour.
- (iv) Intensify the exploitation of African labour as an inferior race placed by God to be in perpetual service of the Afrikaners as hewers of wood, drawers of water and adherents to proper conduct as servants of their Afrikaner masters.

This is a history by which ABSA was made but the manner in which it plays itself out in present day ABSA is subject to other influences, whether external or internal. At the same time, it is equally useful to view this history as the history that created ABSA and from which apartheid was born, so as to understand how it gave rise to practices and habits of thought that have continued to influence the thinking and the practices of present day Banco Austral managers. For example, Magubane (1988) draws our attention to the fact that the thinking of many Afrikaner managers in Afrikaner-owned institutions under Apartheid South Africa was informed by specifically cultivated ideologies of the supremacy of the *volk*. Afrikaner capitalists were specifically socialised into 'Afrikaner behaviour' and directly nurtured over centuries as exploiters of African labour.

This behaviour or manner of being, according to O'Meara (1983), was specifically moulded under a Calvinist ethos and seen as a calling for all Afrikaners. It was handed down from one generation of Afrikaner exploiters to another specifically with the aim of influencing the thinking of many future Afrikaner capitalists. This is why this particular history, for Magubane (1988), should form an integral part of sociological analysis. Precisely because this history cannot be easily forgotten and because it has become an integral part of the construction of a particular identity of the whole *volk*, it must be revisited in contemporary analysis so as to lay bare the means by which it plays itself out as a historical source of influence in present-day Afrikaner-owned enterprises.

Magubane (1988) argued that the history of the making of the Afrikaner capitalist is a history that remains deeply entrenched in forms of unequal power relations between the Afrikaner capitalist and African labour. This thesis holds that historical construction of social relations between Afrikaner managers and African workers cannot be looked at as a static process. Influences of the past must always be contextualised within present-day opportunities and challenges. They should not be analysed as remnants of the past that have remained frozen in a particular epoch and capable of fully transcending from one epoch into another unabated in

the same manner as Pitcher's (2002) preservative transformation thesis suggests. The argument posed in this thesis is that history is a complex process that weaves together a set of multi-causal constellations of social actions that must each be taken into account when analysing the social world.

Although Pitcher's (2002) concept of preservative transformation is attractive and makes the point of seeing the present through a historical lens, it does not help us understand what it is that empirically gets preserved in social transformation and how such preservation can help us analyse so complex a social phenomenon as labour relations. Weber (1922) urged sociologists to use history as a starting point to explaining the present and in identifying possible schemes of analysing our social reality. In this vein, present situations can be seen as artefacts of history; they may be looked at as a repeat of something that has already happened before. At the same time, however, the sociological lens through which the social reality is being studied must be able to identify and illuminate the degrees of difference and elements of homogeneity that emerge from the parallels of history.

Chapters 11 and 12 illustrate this point and show that even though Mozambique, like countries elsewhere on the continent, remains a society inscribed with a legacy of colonialism that infiltrated every dimension of the social space including the cultural, social, economic and political. Mozambicans as social agents, draw their own meaning from such historical legacies. They use their understanding of a particular situation as an important arsenal to retain a degree of control of their social world, no matter how little. Their historical experiences of colonialism and socialism do not become defining moments: rather they are overturned and redefined in order to make sense of the world they inhabit today. They are used to understand the total volume of opportunities at their disposal, the limits that the current context imposes and the extent to which their history can be used to negotiate and tilt the balance of forces of the present situation in their favour.

This is why Magubane (1988) also argued that sociological analysis must constantly revisit the history of the African workers and reflect on the impact that the development of Afrikaner capitalism had on them so as to better understand how the situation of African workers today differs in time and nature. For Magubane (1988), despite the fact that the development of Afrikaner capitalism ensured a perpetual state of the ultra-exploitation of African workers who remained locked in a life of poverty, powerlessness and ultimately subordinated to the wealthy and powerful Afrikaner capitalists, the degrees of exploitation and the context-specific

situations vary. The differences lie in, and in turn, produce a multitude of contradictions which play themselves out in society and in the workplace.

It is these contradictions that this thesis has highlighted as central in analysing the employment relations of Banco Austral. These contradictions constitute the distinctiveness of the social reality of Banco Austral which lies between different histories of different epochs. The final point of this thesis is that an understanding of the forces of influence that impinge on the development of employment relations must be located within a tapestry of histories.

13.3. Homogenous Histories and Divergent Futures

At the risk of being repetitive, and in line with Weber's (1922) argument that sociological enquiry must be able to rely on historical patterns so as to spot the different developmental stages of a particular historical trajectory, this thesis has focused on showing several properties of distinction that prevailed at Banco Austral and how such distinctions worked to inform and shape the employment relationship. In exposing these properties of distinction, it transpires that the different histories that made Banco Austral were as divergent as they were homogenous. One thing that is certain, their convergence at Banco Austral marked a development of another pendulum, another phase of change, another episode in the creation of the future of the bank.

For example, where ABSA, as a parent firm, is made of a history of apartheid, Banco Austral as a subsidiary was made of a similar but equally distinct history. As reflected in Chapter 8, it is a double history that involved, in the first phase, an amalgamation of colonial Portuguese banks at the time of Mozambique's independence which led to the creation of BPD, a people's bank. Both the BPD and *Volkscas* bank were created as the people's banks; they were both created to support and provide capital injection to the agricultural cooperatives that were seen as important vehicles for a nationalist project of the advancement of the 'people'. Yet, despite such similar historical trajectories, the outcome has been starkly divergent. In the case of South Africa, *Volkscas* bank was instrumental in the creation of the Afrikaner's *volkskapitalisme*. In the case of Mozambique, the BPD was instrumental in the creation of a Socialism of a Marxist-Leninist kind.

Again, despite the divergent paths into which the homogenous historical trajectories of these banks culminated, there were further paths of homogeneity that became cultivated by developments in history. These developments saw *Volkscas* bank and the socialism of the BPD come to an end. In 1991, *Volkscas* bank became ABSA. Three years later, the year 1994 ushered in an era of democratisation for both South African and Mozambique. This was a new

dawn for both countries and one that was taking place within a context of rapid technological innovations, faster communication flows and accelerated processes of globalisation across the world. All these changes introduced different dimensions to work: they modified workplace relations and altered the nature of social relations between the men and women who were made of the histories of these banks.

For both ABSA and the BPD, the democratic dispensation somehow coincided with revelations of major corruption scandals that erupted at both banks but with diverse consequences. The alleged embezzlement of billions of Rands by ABSA, according to van Vuuren (2006), gave ABSA a major leap as one of the biggest banks in South Africa while the alleged embezzlement of millions of US Dollars by the BPD, according to Hanlon (2002), nearly brought the BPD to its knees. Three years into democracy, the BPD became Banco Austral and five years later, Banco Austral became a member of ABSA.

Despite all the changes that both banks have gone through in their national contexts, it would be too simplistic to argue that the present employment relations at Banco Austral are made of remnants of this past. What this study has shown, and in following Bourdieu (2005), is that rather than analyse history as a linear and inevitable process, it is advisable to conceive of it as being made up of many threads, all of which connect in different ways in accordance with the different economic, political, social and cultural conditions of the period being studied.

Although this is a history that has greatly influenced the nature of social relations at the point of production in Banco Austral, it does not constitute an overarching historical paradigm from which the nature of social relations and the resultant employment relations at Banco Austral must be understood. The social relations of workers and managers at Banco Austral are not informed by one history, as already argued above: they are an outcome of an interplay of a multitude of histories, a tapestry of historical and patterned social actions that is interwoven into constellations of norms and values and life styles and all of which coalesce into a history of the bank under study.

The future is unknown but beyond this study, Banco Austral is no more. In the middle of undertaking this study in 2007, Banco Austral underwent yet another phase of change. It was bought out by Barclays bank and its name changed to Barclays Bank Mozambique (BBM). Operations became centralised and ran directly from London. As several English expatriates arrived to join BBM, many Afrikaner managers had left the bank and soon thereafter many more followed. In 2012, the Mail and Guardian (December 6, 2012) reported that ABSA was

acquiring a 95.8 % stake of the BBM shares and in March 2016, ABSA became once again the parent firm of the wholly owned subsidiary of Barclays Africa which includes Mozambique and Botswana.

13.4. An Overture for the New Approach

Instead of a conclusion, this chapter presents itself as an overture, a prelude to several other studies that must be conducted to continue investigating the impact of South African business in the region and on the continent. As the findings of this study have shown, it is important to question the assumption that in studying cross-country labour relations, there would be a homogenous pattern that gets followed so that A impacts on B and the outcome becomes C. This study has shown that the history of Mozambique presents as much diversity to the study as it draws homogeneity where the history of its relationship with South Africa is concerned.

Of course, a similar study in Angola will have very different outcomes because the manner in which South African managers, who are now more racially diverse compared to the time when this study was undertaken, will interact very differently with Angolans and within a context of Angolan history, politics and culture. As this chapter has repeatedly argued, much depends on the history, on the context and on many other factors that may have not been relevant in the Mozambican context but may become so in another context.

Of course, to be able to do justice to any study about social relations requires the researcher to engage in an ethnographic immersion, to be able to understand both the spoken and unspoken languages, and to be able to read coded languages and messages conveyed by body movements in relation to the line of enquiry being administered. Ethnography requires time and patience; it requires resilience and basically being able to drink where everyone else drinks to build trust, for trust is a very delicate thing. As one of the respondents once said: *‘Ser capaz de fazer o dinheiro para outra pessoa, enquanto você não tem nada mesmo, isso diz muito sobre a sua personalidade’* which when translated means, ‘When one is able to make money for somebody else while they themselves have nothing, that very act conveys a lot about that person’s personality’.

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APPENDICES

Appendix A: Interviews with bank workers not cited in the text (Not their real names)

Branch Polana

Batome, Moseis. Teller, Polana Branch. Banco Austral. Interview, January 2007.

Dule, Salvador. Teller, Polana Branch. Banco Austral. Interview, January 2007.

Business Centre Branch

Jose, Francisco. Relationship Manager, Business Centre. Banco Austral. Interview, January 2007.

Manuel, Felizberto. Relationship Manager. Business Centre. Banco Austral. Interview, January 2007.

Credit Department

Cuamba, Elvis. Support Clerk, Credit. Banco Austral. Interview, December 2006.

Carlos, Amelia. Credit Card Support Clerk, Credit. Banco Austral. Interview, December 2006.

Finance

Mohati, Luisa. Administrator, Finance. Banco Austral. Interview, July 2007.

Human Resources

Antonio, Jili. Payroll Clerk, Human Resources. Banco Austral. Interview, December 2006.

Marucula, Andreas. Payroll Supervisor, Human Resources. Banco Austral. Interview, December 2006.

Information Technology

Mochanga, Augusto. Technician, IT. Banco Austral. Interview, December 2006.

Guambe, Rosa. Technician, IT. Banco Austral. Interview, December 2006.

Simbini, Veronica. Technician, IT. Banco Austral. Interview, December 2006.

Operations

Coambe, Celso. Head of Security, Operations. Banco Austral. Interview, December 2006.

Macamo, Gemise. Administrator, Operations. Banco Austral. Interview, December 2006.

Xigare, Alberto. Reconciliation Clerk, Operations. Banco Austral. Interview, December 2006.

Jeremias, Salvador. Security Guard, Operations. Banco Austral. Interview, December 2006.

Manhisa, Angelica. Reconciliations Supervisor, Operations. Banco Austral. Interview, December 2006.

Appendix B: A Sample of the Banco Austral newsletter printed and circulated in 2006 from May to September

NEWSLETTER DO BANCO AUSTRAL

Rumos



Editorial



No âmbito da nossa meta de satisfação dos nossos clientes e com intuito de fidelizar e responder a demanda de várias de empresas públicas que pagam os salários dos seus funcionários no Banco Austral resolveu-se preencher a

oportunidade oferecida pelo mercado, criando-se o Crédito Flexível.

O Crédito Flexível foi lançado em Janeiro de 2006 e está a ter o sucesso desejado uma vez que a procura tem sido sempre crescente.

Contribuição da Direcção de Crédito do Mês de Março de 2006

No Departamento de Crédito e Risco, durante o mês de Março houve vários acontecimentos importantes a assinalar, nomeadamente a simplificação e informatização do processo de análise e decisão do crédito flexível, levado a cabo por iniciativa muito valiosa de alguns gestores deste Departamento, o qual culminou com a redução do tempo que outrora era consumido na análise de um pedido de crédito flexível. Em contra-partida, houve aumento de produtividade no âmbito deste tipo de crédito.

Além disso, houve vários encontros de confraternização com a participação de todos os colaboradores deste departamento e a habitual "fatia de bolo" e; um refrigerante, proporcionando alguns momentos de convivência entre os colaboradores, no meio do também habitual elevado ritmo de trabalho diário.

Saiba que...

Direcção de Operações e Infra-estruturas

Marques Langa



A Direcção de Operação e Infra-estruturas, é composta por vários sectores estratégicos do Banco Austral, sendo um dos quais responsável pelo processamento mensal de salário de empresas privadas e instituições do Estado.

Todos os meses, é processado uma média de 245 salários (Relatório de Fevereiro de 2006). A maior parte destes

salários é enviado pelas Agências através de e-mail para esta unidade orgânica e alguns chegam via diskette.

O período com maior afluxo de salários começa mais ou menos nos dias 20/22 de cada mês e prolonga-se aproximadamente até dia 5 do mês seguinte.

Para responder positivamente a este afluxo, durante aquele



Banco Austral

Membro do Absa

período, os técnicos afectos ao sector de salários, têm trabalhado até fora das horas normais de expediente, incluindo fins-de-semana. Depois deste período, o maior afluxo de salários cessa, e aparece esporadicamente um e outro salário e/ou algumas regularizações para serem efectuadas.

Além de processamento de salários de empresas e instituições do estado, também são efectuados débitos directos das empresas

privadas tais como: a MCell, Vodacom, TV Cabo e Intra, Lda.

Estão colocados no sector de processamento de salários os técnicos: Mariamo Ussene, Olinda Macie e Daniel Muchanga sendo a responsável pelas autorizações deste tipo de operação, a senhora Josefina Mondlane.

No âmbito do contrato de prestação de serviços acordado pelo BAU e pelo Ministério das Finanças/Ministério do trabalho, no

princípio do mês de Março, a Direcção de Operações foi envolvida num trabalho de produção de 12.000 cheques para o pagamento aos regressados da Ex-RDA.

Assim, vários técnicos foram chamados para darem o seu contributo na preparação e envio dos cheques ao Ministério do Trabalho, para este fazer chegar aos seus legítimos beneficiários.

Serviço de Formação

Gracinda Tivane

A Direcção dos Recursos Humanos através do Serviço de Formação e Desenvolvimento está direccionada à formação e desenvolvimento dos trabalhadores, criando condições para que estes aumentem os seus conhecimentos através da aprendizagem e troca de experiências de trabalho de forma a melhorar a performance das Agências e melhorar a imagem do Banco Austral e em particular do Serviço prestado ao cliente.

1. Acções de formação:

Operações de Marketing, produtos e serviços do Banco Austral ao serviço do cliente

Esta acção teve como essência permitir que os trabalhadores do "Front-office" mais concretamente a figura do CIS, tenham maior conhecimento e domínio dos produtos e serviços para melhor informar o cliente e contribuir para melhor divulgação e venda de produtos e serviços do Banco Austral.

Para além das técnicas de apresentação de produtos e serviços do Banco da área de Operações Passivas e Activas, foram igualmente abordadas questões relacionadas com produtos e serviços de operações com o exterior e moeda estrangeira, alguns aspectos da lei cambial e da abertura de contas de residentes e não residentes, para particulares, empresas e instituições do estado.

Foram formados 50 CIS e 8 Caixas da Zona Sul, 20 CIS na Zona Centro e 12 na Zona Norte perfazendo um total de 82 CIS formados a nível de todo Banco.

Operações Bancárias e Risco Operacional

Está em curso na Zona Sul e estender-se-á para as Zonas Centro e Norte nos meses de Maio e Junho. Esta acção tem como objectivo melhorar a prevenção de riscos operacionais e fraudes bem como diminuir os processos disciplinares.

Nesta formação está incluída a análise da principal legislação do uso de cheque, ordens de serviço e circulares da área de operações, abordagem dos principais erros comuns em todos os balcões, suas causas consequências e medidas correctivas, bem como o reportório dos principais tipos de fraude e respectivas acções de prevenção.

Prevê-se a formação de 196 (cento e noventa e seis) caixas da Zona Sul, 29 (vinte e nove) da Zona Centro e 23 (vinte e três) da Zona Norte, totalizando 248 Caixas formados nesta área.

Formação de Educadores de Pares Para o Programa do HIV-SIDA

A Direcção de Recursos Humanos através do Serviço de Formação e Desenvolvimento negociou um financiamento com fundos do Banco Mundial via Conselho Nacional de Combate ao SIDA e a Austral Consultores para difusão do programa de prevenção e combate ao

HIV/SIDA em todas as Unidades Orgânicas do Banco Austral.

O projecto consistirá na formação de pelo menos um educador em cada Unidade Orgânica, que estará habilitado em matérias de HIV-SIDA, para prestar assistência informativa necessária aos restantes trabalhadores.

Estudo do Impacto de Cursos Realizados

O Serviço de Formação tem promovido estudos do impacto dos cursos 90 (noventa) dias após a sua realização. É neste contexto que para os diferentes estudos de impacto realizados no ano de 2005, destaca-se o inquérito realizado aos clientes em algumas agências da Zona Sul, onde estes expressaram a sua satisfação quanto a melhoria do serviço de atendimento no Banco Austral em relação a um dos seus imediatos concorrentes.

Tolerância Zero

Terroristas Financeiros

Isabel Lubrino

A utilização do sistema financeiro para transações ilícitas tem registado um crescimento acentuado a nível mundial e os transtornos são incalculáveis. Existem listas de indivíduos ou países com os quais o Banco Austral não deve estabelecer

transacções.

Todas as áreas operativas do Banco no processo de abertura de contas cheque e ou realização de transacções externas ou mesmo ocasionais deverão consultar informações sobre o cliente à Direcção de Crédito, e só depois

desta confirmar, é que a operação pode ser efectuada.

Atenção! A falta de consulta poderá induzir o Banco a realizar operações com países ou indivíduos classificados na lista negra.

Aconteceu

Reunião com os Clientes "Business breakfast"

No âmbito da estratégia de aproximação entre os Clientes do Banco Austral e a Direcção do mesmo, o Banco organizou a 9 de Maio de 2006, no Hotel VIP,

um pequeno almoço de negócios "business breakfast", que teve como objectivo, informar e esclarecer questões da actualidade Económica em Moçambique nomeadamente:

- Impacto da inflação nas Taxas de Juro e Impacto na Moeda,
- Previsão Económica Sobre Taxas de Juro, Moeda e Inflação.

Tivemos como convidado principal e orador, o Economista Dr. Luís Magaço que falou e explicou claramente as questões sobre a

actualidade Económica no nosso País.

Estiveram presentes 90% dos nossos clientes corporate e todos os Directores Executivos do Banco que se mostraram bastante satisfeitos com o tema e com a explanação do Dr. Luís Magaço.

Esta reunião ajudou a esclarecer algumas dúvidas pontuais e serviu para aproximar e fortalecer a relação existente entre os clientes-Banco.

A Direcção de Marketing conta fazer esta reunião mais vezes pois os seus objectivos são vários e de extrema importância, terminando na sua maioria com um resultado positivo.

Movimento de Colaboradores

Saídas de colaboradores - Janeiro a Março

Nome	Colocação	Mês
Suzana Zimba	Direcção de Operações	Janeiro
Adriano Maiamba	Agência da Mocimboa da Praia	Janeiro
Cecília Maossa	Agência de Lichinga	Janeiro
Derek de Villers	Direcção de Crédito e Risco	Fevereiro
Gilda Massarongo	Direcção de Controle Financeiro	Fevereiro
Paula Chimene	Agência da Av. F. de Magalhães	Fevereiro
Américo Júnior	Centro de Negócios	Fevereiro
Ana Maria Lopes	Agência de Mocuba	Fevereiro
Verónica Zambeze	Agência da Av. de Angola	Março

Admissões - Janeiro a Março

Nome	Colocação	Mês
Sabú Fernandes Estefasse	Agência do Songo	Janeiro
Agnelo Laisse	Business Risk Officer	Fevereiro
Glanna Alexandre Reis	Direcção de Crédito e Risco	Março
Rachel Enoque	Direcção de Crédito e Risco	Março

Em nome da gráfica que faz a concepção e impressão do RUMOS a Direcção de Marketing pede sinceras desculpas pelo engano cometido na edição número 1 de 2006 no Texto Movimentação de colaboradores

Dicas

Chamadas telefónicas

O que fazer quando se recebe uma chamada por engano ou cujo assunto não nos compete responder. Não se deve ignorar a chamada, mas sim, ouvir atentamente o que o emissor tem a dizer e respondê-lo que irá transferir a chamada à pessoa a quem compete responder tal assunto.

Caso a pessoa não nos atenda, ou não a encontremos, voltamos a falar com o emissor que está em linha a espera e informamos-lhe que, infelizmente a pessoa se encontra ocupada, ou ausente mas, que ele pode deixar recado e o contacto para que a pessoa a quem compete resolver o assunto, possa mais tarde telefonar-lhe de volta.

Espaço Aberto

Este espaço é seu! Estamos abertos para publicar a sua contribuição através do envio de correspondência para o Departamento de Marketing e Comunicação, Edifício sede, Av. 25 de Setembro, n.º 1184, 14.º andar, pelo fax número 258 21 431696 ou pelo e-mail – jchilusse@teledata.mz

Atenção! As contribuições devem ser enviadas até o dia 10 de cada Mês. Participe!



Actualização de dados no DRH

Caros colegas,

Para melhor controle da ficha pessoal, solicita-se a actualização dos dados pessoais sempre que os mesmos forem alterados. São necessários respectivamente: Endereço de Residência, estado civil, n.º de filhos, n.º de B.I. e nível académico.

Estes dados deverão ser enviados ao DRH à atenção do Sr. João Funsamo, no 11.º andar, edifício Sede.

ANEDOTAS

O cão

O dono de um talho foi surpreendido pela entrada dum cão dentro da loja.

Ele enxotou-o mas o cão voltou logo de seguida.

Novamente ele tentou espantá-lo mas reparou que o cão trazia um bilhete na boca.

Ele pegou o bilhete e leu:
- Pode mandar-me 12 salsichas e uma pema de carneiro, por favor?

O cão trazia também dinheiro na boca, uma nota de 50 euros.

Ele pegou no dinheiro, pôs as salsichas e a pema de carneiro num saco e colocou-o na boca do cão.

O talhante ficou realmente impressionado e como já estava na hora, decidiu fechar a loja e seguir o cão.

Este começou a descer a rua e quando chegou ao cruzamento depositou o saco no chão, pulou e carregou no botão para fechar o sinal.

Esperou pacientemente com o saco

na boca que o sinal fechasse e pudesse atravessar.

Atravessou a rua e caminhou até uma paragem de autocarro, sempre com o talhante a segui-lo. Na paragem, o cão olhou para o painel dos horários e sentou-se no banco, esperando o autocarro.

Quando um autocarro chegou o cão foi até à frente para conferir o número e voltou para o seu lugar.

Outro autocarro chegou e ele tomou a olhar, viu que aquele era o número certo e entrou.

O talhante, boquiaberto, seguiu o cão.

Mais adiante o cão levantou-se, ficou em pé nas duas patas traseiras e carregou no botão para mandar parar o autocarro, tudo isso com as compras ainda na boca.

O talhante e o cão foram caminhando pela rua quando o cão parou à porta de uma casa e pôs as compras no passeio.

Então virou-se um pouco, correu e atirou-se contra a porta. Tomou a fazer o mesmo mas ninguém respondeu.

Então contornou a casa, pulou um muro baixo, foi até à janela e começou a bater com a cabeça no vidro várias vezes. Caminhou de volta para a porta e, de repente, um tipo enorme abriu a porta e começou a espancar o bicho.

O talhante correu até ao homem e impediu-o dizendo:

- "Deus do céu homem, o que é que você está a fazer? O seu cão é um génio!"

O homem respondeu:
- "Um génio?? Esta já é a segunda vez esta semana que este estúpido se esquece da chave!"

Moral da história:

Podem continuar a exceder as expectativas mas, aos olhos daqueles que te avaliam, isso estará sempre abaixo do esperado...

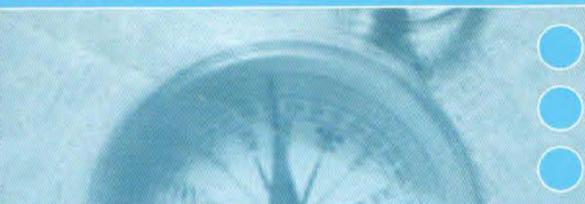


Banco Austral

Membro do Absa

NEWSLETTER DO BANCO AUSTRAL

Rumos



Editorial

Com o intuito de aumentar os lucros e quantidade de contas poupança, o Banco Austral está neste momento a apostar no aumento de juros nas contas poupança onde, como todos sabemos, os juros são pagos mensalmente.

Aproveitemos esta oportunidade para informar aos nossos familiares, amigos, conhecidos e a alguns clientes que não tenham acesso aos meios de comunicação. Quanto maior for o saldo na conta, maiores serão os juros pagos.

Vejam o nosso anúncio no Jornal Notícias, durante o Mês de Julho.

Saiba que...

Direcção de Operações – Sector de ATM's

Fátima Cunha

Qual é o papel deste Sector no funcionamento do Banco?



O sector de ATM's com 2 trabalhadoras – Fátima e Áurea, lideradas por uma directora, responde pelo controle e fornecimento de Cartões de débito Visa-Electron, Cartões Cash-Passport e Hologramas em todo o País.

Este Sector também é responsável pelo reembolso de valores não dispensados pelas ATM's por erro de sistema, falhas na comunicação, fecho repentino da ATM por falta de energia ou mau funcionamento, falha mecânica, etc.

Também compete a este sector dar apoio às Agências no que respeita a visualização da actividade dos Cartões supramencionados, caso haja necessidade de fazer alguma investigação aprofundada acerca de uma determinada transação reclamada pelo cliente.



Banco Austral

Membro do Absa

Pequena Biografia

Quem é Willem Goosen



Meu nome é William Goosen. Nasci em Pretória, África do Sul onde também fiz os meus estudos. Nos últimos 12 anos trabalhei em Tecnologia de informação para o Banco Absa em Johannesburg. Em 2001 fui enviado para Tanzania, Dar es Saalam, para trabalhar como Director de Informática para o National Bank of Commerce onde o Absa é o maior accionista

desde 1999. Vivi em Tanzania até 2005.

Mudei-me para Maputo em Janeiro de 2006 e agora estou a trabalhar para o Banco Austral como Director de Informática.

Enquanto trabalhava em Tanzania, os últimos lugares que visitei durante as minhas férias foram o Serengeti, Monte Kilimanjaro e a Ilha de Zanzibar.

- **O que é que o inspira?**

Desafios.

- **O que faz nos tempos livres?**

O meu passatempo favorito é a pesca submarina e o desporto é claro.

Também gosto de viajar pelo continente Africano. A diversidade do continente é maravilhosa e, Maputo é o espelho disso.

Em Maputo, pode-se divertir de várias maneiras, mergulhando, fazendo snorkelling, pescando etc. Por outro lado, existem os Parques Nacionais a um passo da porta, sem esquecer claro, dos invernos amenos.

A leitura é outro passatempo de que gosto, especialmente os romances de Wilbur Smith. De qualquer modo, o tempo para leitura é demasiado limitado e, enquanto estiver em Maputo passarei a maior parte do meu tempo livre fazendo passeios turísticos por Moçambique, aprendendo o máximo que puder

sobre ele.

O meu conselho aos turistas do mundo inteiro que pensam em viajar para este País é: façam-no! Não se irão arrepender. Quanto a mim, não vejo a hora de explorar a beleza deste país isto, sem mencionar os camarões e o prego no pão que se encontra em todos os bons restaurantes.

Qual é o seu Restaurante predilecto?

A minha marisqueira preferida é o Restaurante Costa do Sol do qual tenho o privilégio de viver perto.

- **Existe algum lugar que admira?**

O meu edifício preferido na Cidade de Maputo... Que pergunta....*Banco Austral* na Av. 25 de Setembro.

Estou muito grato pela oportunidade que me concederam de trabalhar em Maputo e ao mesmo tempo de aumentar o meu conhecimento em relação ao país em primeira mão, e ainda puder aprender a falar português.

Estas foram breves palavras do William Goosen, actual Director do Banco Austral, que nos deu a conhecer um pouco de si; e, é com muito gosto que o recebemos de braços abertos no Banco Austral e em Maputo-Moçambique, nosso lindo país.

Tolerância Zero

Direcção de Inspecção

Benvinda Honwana

Linha Verde

Com o intuito de facultar informações susceptíveis de ocasionar prejuízos ou afectar a imagem do Banco Austral, a Direcção de Inspeção introduziu para os trabalhadores, a Linha Verde.

A Direcção de Inspeção incentiva a todos os trabalhadores do BAU a utilizar a LINHA VERDE para qualquer tipo de incidentes acima mencionados, garantindo que todas as denúncias serão tratadas ao nível desta Direcção com o máximo sigilo, de modo a preservar a identidade dos trabalhadores.

Caro colega participe na divulgação da LINHA

VERDE junto dos clientes, trabalhadores e todos os interessados em fazer chegar a sua mensagem em prol de melhor servir aos que procuram os nossos serviços.

Vamos todos combater a fraude, o roubo, o suborno e corrupção no nosso meio de trabalho.

Contactos:

LINHA VERDE: Celular nº. 82 326 5530

E-mail: reclamacoes@bancoaustral.co.mz

Aconteceu

Conferência de Gestão – Two way Communication

Nos dias 3 a 5 de Maio de 2006 a Direcção da Área Bancária junto com o Departamento de Formação organizaram uma conferência intitulada "Two Way Communication" para discutir factores de vária ordem no funcionamento e comunicação entre as Agências e a Sede, tais como:

- Risco e Operações Domésticas (Lei de Cheque e seu regulamento)
- Risco inerente ao Branqueamento de capitais
- Participaram todos os Gerentes, alguns chefes e alguns Directores Executivos do BAU.

- Risco e Operações com o Exterior (Lei

Movimento de Colaboradores

Admissões - Abril a Maio

Nome	Colocação	Mês
Sinéio da Cruz	Direcção de Operações	Abril
João Carlos Baptista	Direcção de Inspeção	Abril
Dércio Francisco	Direcção de Área Bancária	Maio
Vydía Modi	Direcção de serviços Jurídicos	Maio
Célia Amaral	Direcção de Serviços Jurídicos	Maio
Flávio Condula	Direcção de Auditoria	Junho
Ana David Francisco	Agência de Chimoio	Junho
Wilson Agostinho	Agência de Quelimane	Abril

Saídas - Abril a Maio

Nome	Colocação	Mês
Mário Franque	Aposentado	Maio

Transferências - Abril a Maio

Nome	Colocação	Mês
Dina Sheila	Agência 24 de Julho - Direcção de Operações	Maio
Daniel Muchanga	Direcção de Operações - Agência Guerra Popular	Maio
Aida S. Macuacua	Agência Mao-Tse-Tung - Direcção de Auditoria	Maio
Albino Manhique	Agência Av. de Angola - Direcção de Inspeção	Maio
Carlos Manhamanha	Agência 25 de setembro - Agência Mao-Tse-Tung	Maio
Novela	Agência de Xipamanine - Agência 25 de Setembro	Maio
Felisberto Mafundza	Agência de Xai-Xai - Agência Av. de Angola	Maio

Dicas

Material de publicidade

Em casos de falta de brochuras nas Agências deve-se guardar os porta-brochuras vazios para que não estejam expostos estando vazios, porque dão mau aspecto aos balcões e má imagem ao Banco Austral no geral. Em relação aos posters colocados nas vitrines ou paredes das Agências, deve-se limpar as molduras onde os mesmos estão inseridos e exigir que os responsáveis pela limpeza os deixem sempre direitos e não inclinados ou tortos como têm sido deixados.

Espaço Aberto

Este espaço é seu! Estamos abertos para publicar a sua contribuição através do envio de correspondência para o Departamento de Marketing e Comunicação, Edifício sede, Av. 25 de Setembro, n° 1184, 14° andar, pelo fax número 258 21 431696 ou pelo e-mail – jchilusse@teledata.mz

Atenção! As contribuições devem ser enviadas até o dia 10 de cada Mês. Participe!



Actualização de dados no DRH

Caros colegas,

Para melhor controle da ficha pessoal, solicita-se a actualização dos dados pessoais sempre que os mesmos forem alterados. São necessários respectivamente: Endereço de Residência, estado civil, n° de filhos, n° de B.I. e nível académico.

Estes dados deverão ser enviados ao DRH à atenção do Sr. João Funzamo, no 11°. andar, edifício Sede.

ANEDOTAS

Psiquiatra e a Dupla Personalidade

O paciente chega ao psiquiatra, tímido e cabisbaixo:
- Doutor, eu tenho dupla personalidade.
- Esquenta não, meu filho. Senta aí e vamos conversar os quatro....

Paciente chega ao médico e se queixa

- Doutor, estou com dor aqui do lado direito da barriga e meus olhos

ficaram amarelados!

O médico responde:

- Muito bem, e o sr. bebe?

- Obrigado! Eu aceito uma dosezinha!

Advogados e a Testemunha

O advogado:

- E a que distância o senhor se encontrava da cena do crime?

A testemunha:

- A 25,78 metros.

O advogado:

- E como pode saber isso com tanta precisão?

A testemunha:

- Eu voltei ao local e medi, porque tinha certeza de que algum advogado idiota ia fazer esta pergunta.

O Primeiro Cliente

Um Recém-formado advogado aluga uma sala para montar seu escritório. Já está tudo pronto:

Micro-computador, aparelho de fax, mesas, etc... Só está aguardando a Cia telefônica instalar a nova linha, quando entra no escritório um senhor o aguarda.

Rapidamente o jovem advogado pensa: Vou fingir que estou fechando um negócio para impressionar o meu primeiro

cliente!

-Por favor senhor, aguarde só um instante! -diz..

E fingindo falar ao telefone. . .

-Sim senhor, eu entendo. Sim, muito obrigado. Mandarei meu mensageiro urgente até aí buscar os documentos!

Nisso o senhor que está aguardando diz:

-Senhor só um minuto de sua atenção.

-Só mais um instante, por favor -diz o advogado fechando a boca do telefone.

E continua.

-Sim, pois não, qualquer problema estou às ordens. Bom dia!

-Pois não... -diz ao senhor que está aguardando.

-Eu sou da Cia. telefônica... Vim ligar seu telefone !



Banco Austral

Membro do Absa

NEWSLETTER DO BANCO AUSTRAL

Rumos



Editorial

Código de Conduta Recursos Humanos

A conduta ética profissional significa que o pessoal deverá aderir aos padrões de comportamento definidos em todas as decisões e acções empresariais.

O Código Bancário também estabelece que os membros devem "agir com uma integridade e honestidade firme, com vista a promover confiança em nós, individualmente e como sector de actividade"

Aderir ao Código de Conduta irá ajudar ao Banco Austral a alcançar a sua visão, estratégia e o seu propósito, assim como, irá também ajudar, aos trabalhadores do Banco Austral, a viver os valores deste mesmo Banco.

Os trabalhadores e outro pessoal abrangido por esta política, devem utilizar todos os recursos disponíveis, conhecimento, experiência e discernimento para o benefício dos parceiros do Banco Austral. Os trabalhadores, tal como os parceiros, devem servir os clientes com delicadeza, cuidado e competência profissional, respeitando os objectivos, decisões e sigilo dos clientes.

Uma das nossas metas mais importantes,

é manter a reputação da solidariedade e confiança, tendo em mente a nossa responsabilidade social e empresarial que procura resultados de forma profissional, honesta, fiel, legal e transparente.

Reputamos qualquer atitude guiada por preconceitos relativos à origem, raça, religião, classe social, sexo, cor, incapacidade física, HIV e qualquer outra forma de discriminação.

O Banco Austral, reconhece e recompensa o bom desempenho, identificando e corrigindo ao mesmo tempo, desempenho abaixo da média ou deficiente; promove e compromete-se à conduta ética e honesta incluindo tratamento ético em conflitos de interesse nas relações pessoais e profissionais;

Os funcionários assumem as suas responsabilidades:

- exercendo as suas tarefas com zelo, honestidade, eficiência, competência, cuidado e integridade. Sempre respeitando as crenças, princípios e pontos de vista de colegas, clientes e fornecedores dentro do contexto de práticas sãs de negócio e governação;

- não comprometendo as suas posições de confiança ou não abusando das suas autoridades e / ou facilidades conferidas pelo

Banco Austral, para satisfação dos seus próprios interesses, de familiares ou amigos;

- não agindo de forma a desacreditar o Banco Austral ou de uma forma que constitua ou tenha potencial para constituir conflitos de interesses.

- evitando conflitos de interesses e comunicando qualquer tratamento que possa sugerir a existência de um conflito desta natureza;

- tomando todas as medidas possíveis para preservar a confidencialidade de informações restritas relativas ao Banco ou aos seus clientes, informação essa obtida ou criada na execução das suas tarefas;

- evitando qualquer acção que possa directa ou indirectamente ter influência fraudulenta, coerciva, manipulativa ou deturpada para os auditores independentes, induzindo-lhes a elaborar demonstrações financeiras enganosas do Banco;

- evitando nepotismo
- declarando formalmente todas as cortesias de negócio, presentes ou gratificações monetárias de 2.000.000,00 MT para diante, que tenham sido oferecidos e aceites, para fins de arquivo de informação.

Saiba que...

Direcção de Operações – Compensação

Benjamin Mourana



O Serviço de Compensação do Banco Austral, subordina-se a Direcção de Operações e Infra-estruturas. É composto por 14 colaboradores, que desempenham funções de Gestor, Supervisor, Reconciliação e Operadores.

Este Serviço lida-se com

meios de pagamentos interbancários via CEL e STF "RTFT" que envolvem transferências e cheques em moeda nacional e externa. A compensação de Maputo, centraliza todas as operações de Compensação a nível Nacional. Envolve também qualquer



Banco Austral

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valor movimentado de, e; para outros Bancos por meio de sistema Flexcube do Banco Austral e da terminal do Banco de Moçambique "Sap"; onde são enviados diariamente os valores transacionados nas Agências, assim como a recepção da informação vinda de outros bancos, que é diariamente distribuída via Fax para dezanove Agências centralizadoras de Compensação a nível Nacional.

Pequena Autobiografia Quem é Allan Moreland



Sou Allan Moreland e estou empregado no Banco Austral como Corporate Banker.

Meu contrato de trabalho iniciou a 1 de Dezembro de 2004, como Director do Corporate Banking. Uma das minhas responsabilidades em conjunto com os meus colegas,

nomeadamente a Jane Grob, Zito de Souza e Faizal Daúde, é a expansão da carteira de clientes corporate do Banco. Também sou responsável pela Direcção de Marketing e Comunicação, na qual a Jónia Chilusse é a Assistente.

Nasci em 1947 numa pequena cidade na África do Sul onde também concluí os meus estudos. Por conseguinte, na minha juventude aventurei-me na carreira bancária em 1967 e tenho sido banqueiro desde aí, até então. Comecei a trabalhar com o Barclays Bank

e depois passei para o Absa Bank e então, Barclays Bank!

Antes de chegar a Maputo, Moçambique passei quase 5 anos trabalhando para o National Bank of Commerce em Dar Es Salaam, Tanzania contratado pelo Absa

Bank.

Quais são os seus desafios?

O meu desafio é tentar falar Português! Esta muito complicado (ou difícil?) ...Risos...

Fale-nos um pouco da sua família.

Sou casado a 34 anos com uma Linda mulher de nome Ansie, temos 2 filhos, ambos doutorados e, adultos suficientemente para tomar conta das suas próprias vidas!

Seus hobbies

Sou um amante ferrenho de desportos! Os meus desportos favoritos são os desportos motorizados e o futebol. Adoro snorkelling. A costa Moçambicana tem muitos lugares excelentes para fazer snorkelling e para mergulho.

O que nos diz da comida Moçambicana?

Bém... quanto a comida ... Maputo tem uma boa variedade de restaurantes e eu adoro mariscos, principalmente quando acompanhado de cerveja 2M.

Tolerância Zero

Compliance/Direcção de Inspecção

Benvinda Honwana Djalala

Prevenção detenção de ocorrências de prejuízos não comerciais.

No âmbito do trabalho de prevenção e detenção de ocorrências de prejuízos não comerciais, a Direcção de Inspecção, exorta a todos os colaboradores desta instituição a participar todas as irregularidades decorrentes de incumprimentos de normas e ou procedimentos que encobrem fraudes.

Vamos fazer uma abordagem sobre a cobrança de comissão; Por exemplo, no acto da cobrança de comissão de prestação de serviços, os Gestores a vários níveis (Supervisor, Tesoureiro, Gerente Administrativo, Gerente), tem a missão de analisar, verificar minuciosamente se as contas movimentadas estão em conformi-

dade com o regulado, sob pena de validar transacções cujos proveitos são desviados e lançados nas contas dos trabalhadores e ou terceiros.

É muito importante que cada Gestor vele pelo cumprimento das normas e ou procedimentos, e que não verga pela alteração individual das normas estabelecidas com o argumento de que a sua Agência tem muito movimento, e está desprovido de meios humanos e que não é possível confirmar os documentos físicos com os registos dos mapas produzidos ao longo do dia.

Caro Gestor, contribua no combate de crime organizado na sua Agência/Unidade e proporcione ambiente de trabalho com segurança, no seio do seu colectivo, minimizando o risco.

Aconteceu

Direcção de Crédito e Risco
Jacinto Tembe



O Departamento de Crédito e Risco, foi privilegiado durante o mês de Julho.

Pedro Simango um dos membros deste departamento, foi enviado pelo Banco para o Victoria Falls no Zimbabwe para participar numa conferência sobre o Risco de Crédito, organizada pelo Barclays do qual o Banco Austral SA, como é de conhecimento de todos, é agora membro.

A Conferência teve a duração de 4 dias e estiveram presentes 22 profissionais cuja maioria representava os

países da África Austral.

Nesta conferência, foram discutidos assuntos relativos as experiências dos profissionais de crédito e risco a nível do Barclays, do Absa e dos seus Bancos membros.

De referir que, os assuntos discutidos foram muito proveitosos, e os mesmos irão contribuir substancialmente para a melhor gestão e produtividade do nosso departamento e consequentemente contribuir também, para a minimização do risco para o Banco.

Movimento de Colaboradores

Saídas - Junho a Julho

Nome	Função	Colocação Actual
Gerald Jordaan	Administrador Delegado	Término de Contrato
Fernando Caetano João	Servente	Término de Contrato
Antónia Azevedo Rafael	CIS	Falecida

Admissões - Junho a Julho

Nome	Função
Hermenegildo Vasco Manhiça	Jardineiro
Adelino Chinguvu	CIS

Transferências - Junho a Julho

Nome	Colocação Actual	Proveniência
Lorena D. B. Mauluquela	Ag. Arcadas	Direcção de Serviços Jurídicos
Fátima Bacar	Ag. Arcadas	Ag. Moçambique
Mapanga	Ag. Av. De Moçambique	Ag. Alto Maé
Alzira Tembe	Ag. Alto Maé	Ag. Malhangalene

Dicas

Material de economato

O material usado nos balcões para operações bancárias como talões de levantamento ou depósitos, e canetas usadas pelos clientes devem ser sempre requisitados antes de acabarem e repostos logo que os anteriores acabem, não deve haver intervalos prolongados sem material de uso diário para os clientes.

Para terminar dizer que cada um de nós deve tratar o seu escritório ou local de trabalho como trata a sua própria casa, mantendo-a limpa, arrumada e organizada.

Astral/Humor

Quanto ao comportamento astral, não deve deixar que os problemas acabem com o seu bom humor interferindo no trabalho e claro, não transfira nem deixe transparecer a sua má disposição para os colegas de trabalho e muito menos para o cliente.

Deve-se manter sempre uma boa disposição desde que se entra no serviço, deixando de fora os problemas para que não afectem negativamente o ambiente no local de trabalho.

Espaço Aberto

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Atenção! As contribuições devem ser enviadas até o dia 10 de cada Mês. Participe!



Actualização de dados no DRH

Caros colegas,

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ANEDOTAS

Pensamento do Mês

Fácil é ser colega, fazer companhia a alguém e; dizer o que ele deseja ouvir. Difícil é ser amigo para todas as horas e dizer sempre a verdade quando for preciso e; com confiança no que diz.

Entre a professora e os alunos

A professora de Matemática intimidava os alunos:

-Por este andar, ides ficar, ao fim do ano, com uma recordação feia...

-Não nos diga que vai deixar-nos a sua fotografia?! – pergunta um aluno do aluno fundo da sala.

Polícia para todo o serviço...

Enquanto tomava nota de uma ocorrência de vandalismo numa escola primária, fui interrompido por uma menina de seis anos que olhava fixamente para o meu uniforme.

Perguntou-me:

- O senhor é polícia?

- Sim. - E continuei a escrever.

- A minha mãe disse-me que se alguma vez eu precisasse de ajuda eu deveria ir ter sempre com um

polícia. É verdade?

- Sim.

- ... Bem - disse enquanto me estendia o pé - podia apertar-me os atacadores, por favor?!

Carta de uma mãe Alentejana para um filho que está na Bósnia

Mé querido filho:

Escrevo-te algumas linhas apenas pra saberes que tou viva. Estou-te a escrever devagar, pois sei que não sabes lêr depressa.

Nã vás reconhecer a nossa casa quando voltares, pois nós mudamos. Temos uma máquina de lavar roupa, mas nã trabalha muito bem, a semana passada pus lá catorze camisas, puxei a corrente e nunca mais as vi.

Acerca do tê pai, ele arranhou um bom emprego, tem 1500 homens debaixo dele, pois agora está cortando a relva do cemitério.

A magana da tua irmã Maria teve bebé esta semana, mas sabes, eu nã consegui saber sé menino ou menina, portanto nã sei sês tio ó tia. A tê ti Patricio afogou-se a semana

passada num depósito de vinho, lá na adega cuprativa, alguns compadris tentaram salvá-lo mas sabes, ele lutou bravamente contra eles. O corpo foi cremado mas levou três dias pra apagar o incêndio.

Na quinta-feira fui ao médico e o tê pai foi comigo. O médico pôs-me um pequeno tubo na boca e disse-me pra nã falar durante dez minutos. Atã nã sabes que o tê pai ofereceu-se logo pra comprar o tubo ao médico.

Esta semana só chveu duas vezes. Na primeira vez chveu durante três dias e na segunda durante quatro dias. Na segunda féra teve tanto vento que uma das galinhas pôs o mesmo ovo quatro vezes.

Recebemos uma carta do cangalhero que informava que se o último pagamento do enterro da tua avó nã fôr fêto no prazo de sete dias, devolvem-na.

Olha mé filho cuida-te.

Nã te esqueças de beber muito lête todas as nôtes, antes de interrares os comos na fronha.



Banco Austral

Membro do Absa

NEWSLETTER DO BANCO AUSTRAL

Rumos



Editorial

Reconhecimento

É com muito orgulho que a Direcção de Recursos Humanos congratula os funcionários da Agência de Boane no geral e os funcionários da Agência Centro de Negócios em especial aos Senhores: Amaldo Mosse, Maria Salomé Vaz e Maimuna Aziza; pelo seu profissionalismo, esforço e dedicação sem igual.

A CITRUM do Umbeluzi congratula a equipe de trabalho destas agências e expressa o seu mais sentido reconhecimento pela atitude dos funcionários acima mencionados.

Parabéns às Agências Centro de Negócios e Boane.

Enquanto isso, no Banco Austral zona Centro, a Agência de Chimoio participou na Gala Provincial de Personalidades 2005/06.

Esta Gala é alusiva ao 1º. Mandato

da Governação do Governo da Província de Chimoio.

A Agência de Chimoio ganhou com distinção o primeiro lugar como melhor Banco da Província tendo recebido um Certificado de Honra pelo seu desempenho e profissionalismo ao longo do ano 2005/2006.

Parabéns à equipe de trabalho da Agência de Chimoio.

Saiba que...

Direcção de Banca e Retalho

Serviços de Atendimento ao Cliente

Sara Laisse



Os serviços de atendimento ao cliente funcionam na DBR - Direcção da Banca e Retalho. Correspondem ao que se pode chamar de coração do

negócio na área da banca electrónica, por terem os seus serviços em funcionamento, 24 horas por dia.

Esse período de funcionamento deve-se ao

facto de os cartões de crédito e de débito serem um meio de pagamento internacional, que demanda assistência aos clientes do BAU que estejam a usar os seus cartões fora e dentro do país, bem como assessoria à cartões de outros bancos (nacionais ou estrangeiros), em transações com seus cartões, tanto nas POSs como em ATMs.

Esses serviços estão subdivididos em três pequenas secções, nomeadamente: "atendimento ao cliente", "controlo de fraude

em cartões de crédito e em comerciantes" e "atribuição de códigos de autorização em transações com cartões de crédito".

A primeira secção é assistida por um técnico que facilita a resolução e encaminhamento das solicitações de clientes portadores de cartões de crédito ou de débito e comerciantes usuários de POSs.

A segunda é composta por um técnico, encarregue de fazer a avaliação de transações realizadas com cartões de crédito, de modo a determinar se são ou não



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indiciadas de fraude".

A terceira, na qual trabalham sete colaboradores, presta assistência na atribuição de códigos de autorização em cartões de crédito que por algum motivo não possam ser realizados por via electrónica. Nesse sector, faz-se também o bloqueio de cartões de débito e de crédito que deverá ser realizado de imediato, em caso de

perda ou de roubo de cartões ou de transacções ilícitas, por forma a minimizar possíveis perdas. O sector assiste, também, os comerciantes do BAU na normalização de problemas em POS. Esta secção é a que funciona sem interrupção.

As secções acabadas de referir têm a supervisão de um chefe de serviços que para além de coordenar as activi-

dades, colabora no enquadramento dos procedimentos a serem usados em cartões de crédito, no BAU, de acordo com os preceitos da VISA e representa o Banco Austral no Fórum Moçambicano de Fraude com cartões de crédito. Este serviço é igualmente membro do GAPAP "Grupo de Apoio Para Assuntos de Pagamento," coordenado pelo Banco de Moçambique, onde busca normas e procedimentos que são posteriormente implementados a nível do BAU. Neste momento está em preparação o lançamento do cheque com ZIP de segurança a nível Nacional.

Este serviço é igualmente membro do GAPAP "Grupo de Apoio Para Assuntos de Pagamento," coordenado pelo Banco de Moçambique, onde busca normas e procedimentos que são posteriormente implementados a nível do BAU. Neste momento está em preparação o lançamento do cheque com ZIP de segurança a nível Nacional.

Pequena Autobiografia

Hilário Chopop



Quem é Hilário Chopop?

Sou casado e tenho quatro meninas virtuosas. Cada um de nós, pai, mãe e filhas, faz o melhor de si para que a nossa família seja uma comunidade de doação, oração e adoração, onde cada membro semeia e colhe amor, recebe afecto e encorajamento para enfrentar

com ousadia os desafios da vida.

Confesso-me devedor da minha família, porque nela encontro razões para continuar a peleja da vida.

Entrei para a Banca, em 1976, no então Instituto de Crédito de Moçambique, Agência de Chókwe, Distrito do Limpopo, Província de Gaza, donde sou originário.

Na Agência do Chókwe exerci várias funções, tendo ascendido à categoria de Tesoureiro Adjunto. De 1979 a 1981 cumpri o Serviço Militar Obrigatório, na Direcção de Relações Internacionais do Ministério de Defesa Nacional.

Depois do cumprimento do serviço militar, regressei para o então Banco Popular de Desenvolvimento, tendo desempenhado inúmeras actividades, destacando-se as de técnico de estatística, técnico de controlo e supervisão de empréstimos financiados por instituições multilaterais de crédito, Membro do Conselho de Administração da Banknet,

Lda - Redes Bancárias, Director do Gabinete do Presidente do Banco, Director da Direcção de Organização e Informática e de Director da Direcção de Informática.

Estou na Auditoria desde de 2001 e, actualmente, exerço as funções de Director.

Ao longo da minha carreira, tirei vários cursos de Inglês, por necessidades profissionais, e viajei bastante, quer no país, quer no estrangeiro.

Sou Licenciado em Informática, pela Universidade Eduardo Mondlane e graduado Técnico de Contas, pelo Instituto Comercial de Maputo.

Gosto de literatura universal: o de música suave. Dedico tanto tempo quanto possível à leitura de temas diversos.

Sou um bom garfo, mas aprecio sobretudo mariscos. Adoro o encanto das praias e o enlevo de alma que nelas sinto é deveras indescritível.

Tolerância Zero

Compliance

Isabel Lubrino

Nesta edição vamos resumir os aspectos da Política da Denúncia Protegida e procedimentos

O objectivo da política é de criar uma cultura, a qual facilitará a denúncia da informação pelos trabalhadores, relacionada com uma conduta criminal ou outra conduta irregular no local de trabalho, de maneira responsável e de forma a facultar protecção contra quaisquer represálias como resultado dessa denúncia.

A política procura apoiar os procedimentos, nos termos dos quais os trabalhadores que divulguem informações sobre condutas impróprias, ilícitas, ou corruptas por parte da entidade empregadora ou seus colegas, são protegidos contra danos profissionais.

A este respeito, as responsabilidades da direcção, relativamente aos denunciadores, podem ser resumidas ao seguinte:

Impedir que os trabalhadores fiquem sujeitos a qualquer acção disciplinar injusta, de serem despedidos, suspensos, despromovidos, assediados ou intimidados;

Impedir que os trabalhadores sejam transferidos contra a sua vontade, ou lhes ser recusada a transferência ou promoção;

Impedir que os trabalhadores sejam sujeitos a um termo,

condição de contratação ou reforma o qual é alterado ou mantido para sua desvantagem;

Impedir que seja recusado aos trabalhadores uma carta de referências, ou que lhes seja atribuída uma carta de referências desfavorável, pela sua entidade empregadora;

impedir que seja recusado aos trabalhadores a nomeação para qualquer emprego, profissão ou cargo;

Impedir que os trabalhadores sejam ameaçados com qualquer das acções acima mencionadas; e

Impedir que os trabalhadores sejam adversamente afectados no que diz respeito ao seu emprego, profissão ou cargo, incluindo oportunidades de emprego e segurança no trabalho; pelo facto de terem feito uma denúncia protegida.

Como procedimento:

O trabalhador deverá enviar a denúncia, por escrito através de um envelope timbrado, selado para o endereço do Compliance, depositando na caixa de denúncia disponível na Sede e Agências.

O trabalhador poderá alternativamente enviar as denúncias para:

E-mail: absa@tip-offs.com ou ainda www.tip-offs.com.

Aconteceu

Banco Austral continua na Luta contra a Malária

No âmbito do seu projecto de responsabilidade social, o Banco Austral, do Grupo ABSA, procedeu à oferta de material de protecção e de prevenção à malária, à organização "Roll Back Malaria", em cerimónia realizada no dia 23 de Agosto de 2006, na sede do Banco Austral.

No material oferecido constam redes mosquiteiras e equipamento para fumigar ou desinfectar áreas contaminadas, para prevenir a circulação de mosquitos. Entre o equipamento, destaca-se redes mosquiteiras, vestuário, botas de cabedal para campo, máscaras de protecção e luvas de borracha.

Esta doação é avaliada em cerca de 152 milhões de Meticals.

No ano passado, o Banco Austral fez a entrega à organização «Roll Back Malaria» de mil redes mosquiteiras tratadas e de cinco equipamentos completos de fumigação, avaliados em cerca de 138 milhões de meticals.

A «Roll Back Malaria» é uma instituição internacional, criada em Moçambique sob os auspícios do Ministério da Saúde e da OMS – Organização Mundial da Saúde, no dia 3 de Outubro de 2002.

Ela é presidida pelo Bispo anglicano D. Dinis Sengulane e da mesma fazem parte numerosas personalidades da sociedade civil, entre religiosos, políticos e jornalistas.

Movimento de Colaboradores

Saídas - Agosto a Setembro de 2006

Nome	Função
Arsénio Mucavele	Tesoureiro
Edmundo Sumburane	Gestor adm
Dinis Paulo Manuel	Caixa
Marcelina Loforte	Caixa
Belmiro Miguel	CIS

Admissões - Agosto a Setembro de 2006

Nome	Agência
Lorena Denise	Arcadas
Sofia Carimo Aliace	SAJ
Francisco Nelton Júlio	Agência de Chimoió
Josua Mallerbe	Sede

Transferências - Agosto a Setembro de 2006

Nome	Colocação Actual	Proveniência
Isac Francisco Muianga	Cash Center	Agência Av. De Moçambique
Helena Caclida José	Agência do Alto Maé	Agência Malhangalene
Claudia Mabone	Agência Centro de Negócios	Agência Guerra Popular
Nilza Paunde	Direcção dos Serviços Jurídicos	Área Financeira

Dicas

Prezados leitores,

Nas edições nº. 3 e 4 do RUMOS, falamos sobre o modo como devemos expor o material publicitário e quando colocar e retirar AVISOS nas nossas Agências.

Por se ter verificado pouca ou quase nenhuma correcção por parte das Agências, no que respeita a organização da imagem das mesmas vejo-me obrigado a reiterar o assunto da colocação de AVISOS nas portas/vitrines das Agências.

Os avisos devem ser colados 1

dia antes ou no próprio dia em que a acção inicia e mantê-los colados apenas pelo período de acção do assunto nele mencionado, isto é; devem ser retirados um dia após a data em que expiram.

Devem ser colocados no vidro da porta de entrada da Agência. Devem ser colados no meio do vidro da porta e direitinho mais ao menos a uma altura de uma pessoa de altura média, para que os clientes possam ler sem dificuldades.

Tirar todos os papeis colados nas

portas e vitrines das Agência e deixar sempre lá somente o horário de serviço.

Os autocolantes sobre serviços de ATMs colam-se unicamente nas portas/vitrines das salas de ATMs. Estes devem ser também colados no meio do vidro da porta e direitinho mais ao menos a uma altura de uma pessoa de altura média.

Enquanto não houver brochuras para expor, por favor retirem os porta brochuras vazios e guardem-nos em local seguro para futura utilização.

Espaço Aberto

Este espaço é seu! Estamos abertos para publicar a sua contribuição através do envio de correspondência para o Departamento de Marketing e Comunicação, Edifício sede, Av. 25 de Setembro, n.º 1184, 14.º andar, pelo fax número 258 21 431696 ou pelo e-mail – joniac@bancoaustral.co.mz

Atenção! As contribuições devem ser enviadas até o dia 10 de cada Mês. Participe!



Actualização de dados no DRH

Caros colegas,

Para melhor controle da ficha pessoal, solicita-se a actualização dos dados pessoais sempre que os mesmos forem alterados. São necessários respectivamente: Endereço de Residência, estado civil, n.º de filhos, n.º de B.I. e nível académico.

Estes dados deverão ser enviados ao DRH à atenção do Sr. João Funsamo, no 11.º andar, edifício Sede.

ANEDOTAS

História Interessante

As três Peneiras

Flora ansiosa por contar ao seu amigo Chico uma grande novidade que ouvira, foi logo dizendo:

- *Você nem imagina o que me contaram a respeito da...*

Nem chegou a terminar a frase, porque Chico aparteu:

- Espere um pouco, Flora. O que vai me contar já passou pelas três peneiras?

- *Peneiras?! Que peneiras, Chico?*

- A primeira é a da verdade. Tem certeza de que esse fato é absolutamente verdadeiro?

- *Não, como posso? O que sei foi o que me contaram, mas eu acho que...*

- Então, a sua história já vazou na primeira peneira. Vamos a Segunda, que é a da bondade. O que vai me contar

é alguma coisa que gostaria de que os outros dissessem a seu respeito?

- *Claro que não! Deus me livre!*

- Então, essa história vazou na segunda peneira. Vamos ver na terceira, que é a da necessidade. Você acha mesmo necessário contar-me esse fato ou mesmo passá-lo adiante?

- *Não, Chico. Passando nestas peneiras vi que não sobrou nada mesmo do que eu te ia contar.*

Pensamento do Mês

Moral da História

Já pensaram como as pessoas seriam mais felizes se todos usassem sempre essas três peneiras?

Da próxima vez que surgir um boato por aí, passem-no

nas três peneiras antes de obedecer ao impulso de passá-lo adiante.

Extraído por Samuel Cuna

Agradecimentos

A Direcção de Marketing e Comunicação vem por este meio agradecer a todos os funcionários que tem contribuído incondicionalmente, com informação e artigos para o melhoramento do Newsletter do Banco Austral, o nosso RUMOS.

Agradecimentos especiais vão aos Srs.:

- Samuel Cuna
- Isabel Lubrino
- Benvinda Honwana
- Lilla Gurreiro e sua equipa de trabalho (Direcção de Crédito)
- Rosalina Mahazule



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