THE PSYCHOSOCIAL COMPONENT OF AN OPERATIONAL RISK MANAGEMENT MODEL: RISKY BUSINESS IN TANZANIA

by

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DECLARATION

I, Annelize van Niekerk, student number 32615981, declare that **THE PSYCHOSOCIAL COMPONENT OF AN OPERATIONAL RISK MANAGEMENT MODEL: RISKY BUSINESS IN TANZANIA** is my own work, and that all the sources that I have used or have quoted from have been indicated and are acknowledged by means of complete references.

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> *"I will instruct you and teach you in the way you should go; I will counsel you and watch over you".* Psalm 32:8

My gratitude towards you God, knows no boundaries. You have blessed me in so many ways on this journey with your endless guidance, grace and love. You have been my rock and protector. Thank you for enabling me to hear your voice. I am deeply humbled and will forever be your servant and child.

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ABSTRACT

The utilisation of an operational risk management (ORM) model is one of the compulsory activities during mergers and acquisitions in the financial sector. However, the implementation of such a model is often not as effective as intended. A cause of this might be situated in human behaviour and the influence of cultural differences, especially during cross-border business. This study determined how Tanzanians perceive risk, and identified the psychosocial components that affected the implementation of an ORM model in a target organisation in Tanzania. This resulted in the development of a conceptual framework, which integrated these psychosocial components into a theoretical psychosocial model of OR management.

This qualitative study was situated within the hermeneutic phenomenology research paradigm. During the research, 35 semi-structured in-depth interviews were conducted, providing rich data. Participants were selected by means of criterion sampling. Most of the interviews sessions were conducted with one participant present. However, some of the interview sessions involved two or three participants resulting in a total of 46 participants being interviewed. Data were analysed using the hermeneutic circle, and incorporated content analysis.

The findings of the study are of value to both the fields of psychology (social and organisational psychology) and OR management. Engaging in cross-border business is in itself a ‘risky’ business. Identifying the psychosocial components and incorporating them into ORM models, enables organisations to implement their ORM models more effectively (Renn, 2008). The theoretical model developed as a result of this research enables industrial and organisational psychologists and OR managers to manage growth initiatives, such as cross-border mergers and acquisitions in the financial industry, more accurately. Industrial and organisational psychologists and risk managers will consequently understand better how psychosocial components shape people and this will enable them to adapt their management approach accordingly.

LIST OF ABBREVIATIONS

AMA	Advanced Measurement Approach
ATM	Automated Teller Machines
BCBS	Basel Committee on Banking Supervision
BIA	Basic Indicator Approach
BIS	Bank of International Settlements
BOT	Bank of Tanzania
CEO	Chief Executive Officer
c.o.b.	Close of Business
EFT	Electronic Funds Transfer
Exco	Executive Committee
FICA	Financial Intelligence Centre Act
HR	Human Resources
IOR	Institute of Operational Risk
IMF	International Monetary Fund
JD-R	Job Demands-Resources
MD	Managing Director
OR	Operational Risk
ORM	Operational Risk Management
POS	Point of Sale
RCM	Risk Control Measure
ROE	Return on Equity
SA	South Africa
SACCO	Savings and Credit Cooperative Organisation
SACCOS	Savings and Credit Cooperative Organisations
STA	Standardised Measurement Approach
TBA	Tanzanian Bankers Association
Unisa	University of South Africa
VAT	Value-Added Tax

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CHAPTER 1: INTRODUCTION TO THE RESEARCH

1.1 INTRODUCTION

In Chapter 1 I present the background and rationale for this research, the problem statement and the aims of the research. The foundational perspectives and paradigm perspectives are conveyed in more detail. This chapter also summarises the contributions made by this study to both the fields of industrial and organisational (IO) psychology and risk management. Lastly, this chapter concludes with a layout of the chapters to follow.

1.2 BACKGROUND AND RATIONALE OF THE RESEARCH

Globalisation of business has accelerated significantly over the last few decades. The African continent has been identified by numerous organisations (Gbadamosi, 2013; Kodongo, Natto & Biekpe, 2015) worldwide as a continent with much potential for development, and has subsequently been incorporated into their expansion strategies. This includes organisations in the financial sector (Kodongo et al, 2015).

Alarmingly, research data point to a 55% to 77% failure of mergers and acquisitions, despite organisations following traditional due diligence processes (Spedding & Rose, 2008). Organisations considering expanding into other countries, therefore might perceive it to be quite a risky business. The financial sector regards risk management as a vital component to be managed, especially so when engaging in cross-border business.

The term ‘risk’ is utilised to express the uncertainty surrounding outcomes as a result of certain activities or actions of people (Spedding & Rose, 2008; Tarantino & Cernauskas, 2011). Raghavan (2003) and Renn (2008), define ‘risk’ as an undesirable, or sometimes even desirable, state of reality as a result of human behaviour present in all spheres of life, including economic, social and psychological components, and which is associated with insecurity. Such risk can be transformed if primary human behaviour can be influenced or changed towards a more desired point (Renn, 2008).

Within the financial sector, risk is categorised, amongst others, into credit risk, market risk and operational risk (Basel Committee on Banking Supervision [BCBS], 2001; Raghavan, 2003). The BCBS (2001, p. 2) defines operational risk as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events". Organisations revert to OR management, which incorporates well-known and established practices that have worked for them in their own environments (Arnoldi 2009). However, with OR management, organisations appear to face quite a few challenges on own soil, and even more so on foreign soil (Young, 2006) which can result in:

- a collapse of internal and external controls and corporate governance leading to error;
- an increase in internal and external fraud;
- a collapse of employment practices and workplace safety;
- a compromise on the interest of the financial institution;
- business disruption and system failures; and
- a collapse of execution, delivery and process management (Bessis, 2015; Raghavan, 2003; Van Greuning & Brajovic Bratanovic, 2009).

Since the late 1980s, specific attention has been given to the introduction and implementation of an ORM model during any such expansion initiatives (Schomer, 2006; Young, 2006). From a transactional point of view, such organisations tend to focus all their attention towards the 'hard' challenges, such as infrastructure, and return on investment. In the process, these organisations neglect to pay sufficient attention to the 'softer' challenges, such as those situated in human behaviour and influenced by cultural differences. This raises the question of what the risk involved in such inattentive - or maybe uninformed - practices is, and how this influences their success.

The availability of a receptive organisational culture towards accommodating the concept and practice of OR management appears to be vital (Martin, 2010; Spedding & Rose, 2008). During a merger or acquisition, two or more different organisational cultures need to become one in order to form a new culture. However, it often happens that a conflicting position arises in which the ORM practices proposed by the majority stakeholders are not aligned to the value systems and customs of the minority stakeholders (Cummings & Worley, 2015; Seo & Sharon Hill, 2005).

1.2.1 Risk management as my companion

Life is risky! Every day, everything we do, or not do, has an element of risk in it. With this section, it is therefore my intention to manage some of the risk associated with this research, for myself, the participants and the reader, through giving a natural account of how this research unfolded and of my involvement as researcher in this process. Apart from the reader gaining a better understanding of the research, credibility will be established through providing a detailed, chronological account of the research process followed.

During this research journey I had to make many decisions which in turn informed my actions. In this section I will attempt to report on the most significant decisions made and the resulting actions through giving an account of how risk management became my companion in this research journey and subsequently the empirical research journey itself.

Since the early days of my career, I was confronted with various risks associated with the field of human resource management. These risks not only involved human resource (HR) processes and procedures, but also human behaviour dynamics. I soon realised that, in order to manage processes and procedures towards obtaining an organisation's strategic goals effectively, one has to pay careful attention to the behaviour of the people who need to develop and implement such processes and procedures. People become the vehicle which steers the implementation of these processes and procedures through their actions towards achieving organisational goals and success. This is where my interest in industrial and organisational psychology was born, and this resulted in me completing my honours degree.

As a HR co-ordinator in the banking industry and later HR and risk manager in the production industry, I was often faced with high-risk situations varying in nature. The common denominator in all the situations proved to be the behaviour of the people involved in such situations. Understanding these behaviours and effectively channelling or managing them towards obtaining the goals of the organisations proved to be a great challenge - not only to me, but to every person involved in managing employees. I became interested and wanted to understand human behaviour within an organisational context better, and decided to study human behaviour in the place of work. As a result, I obtained my master's degree in Industrial and Organisational Psychology, and also successfully applied for an academic position at the University of South Africa (Unisa) in the Department of Industrial and Organisational Psychology.

Towards the end of my first year at Unisa, I heard about an international banking conference with the focus on risk management. One of the streams attended to during this conference, was capacity building through talent and performance management. This was in line with my previous experience as an HR manager and, more specifically, the risk management element associated with managing human talent and performance as well as my work as lecturer. I therefore applied to attend this conference, and obtained the necessary approval and funds.

At the conference, I was surrounded by risk management specialists from all over the world. When introduced to some of them, I often had to answer the question of what someone from Industrial and Organisational Psychology was doing at a risk management conference. My answer to them consistently pointed to the fact that people are most probably the most important key resource during the management of risk and most often underestimated and not effectively utilised. During day two of the conference, I engaged in conversation with the OR manager for Africa of a financial institution in South Africa. Like most of the other conference delegates, he was quite intrigued by someone from industrial and organisational psychology attending the conference. Once I had explained the inter-relatedness between risk management and industrial and organisational psychology, he started telling me about the challenges they face in their African operations specific to the implementation of an ORM model after they had acquired majority shares in other financial institutions. This financial institution expanded their business into Africa, and more specifically Tanzania, as they identified it as an emerging market with good prospects, within which they can grow their business.

We then ventured into a discussion in which we considered the influence psychosocial components could potentially have on South African financial institution's struggle to implement the ORM model effectively. During this discussion, he quickly came to realise that not enough is known about these psychosocial components and subsequently the components are not incorporated into their model. This could therefore be one of the factors hampering effective implementation. We then started talking about the possibility of conducting a research project in which the aim would be to identify the psychosocial components. When I returned to work, I shared my experience with the chair of my department and we immediately agreed that the research needs to be conducted and so the research journey began.

In this study, the research problem was derived from the personal experience of an OR manager and his struggle to get an ORM model implemented in his organisation's subsidiary in Tanzania. I aimed to look at current research in order to understand the research problem better, as well as to set parameters with regard to the research question (Kaniki, 2006). I also conducted a theoretical review with the purpose of investigating theoretical developments in the field of risk and more specifically OR management within the two disciplinary fields of Psychology and Economic and Management Sciences. It was then that I realised how complex the implementation of an ORM framework was and even more so within a cross-border initiative, due to the unique diversities present in such a system. As an industrial and organisational psychologist I also realised the effect behaviour could have on the successful implementation of any business initiative. After I had conducted a review of literature and theories, I soon realised that sufficient research has not yet been conducted to explore the psychosocial factors which affect the implementation of an ORM model fully, and thus I identified the need to conduct this research.

The following sections provide a summary of literature related to the field of risk and OR management. This includes the components involved in OR management and more specifically those components related to human behaviour and thus the psychosocial components.

1.2.2 Social, cultural and behavioural components in risk

Risk management partially falls within the field of psychology. In other words, risk management relates to how we understand our world, what we perceive as risk and how we make sense of that risk in order to deal with it effectively. According to Zhu and Huang (2007, p. 41), people have varying attitudes towards, and behavioural modes which they employ in dealing with, aspects such as rules, status, power, time, communicating, thinking and interpersonal relations. These psychosocial components similarly have an impact on the behaviour of all stakeholders involved in an organisation (Cech, 2009; Renn, 2008). According to Sacek (2012), these components warrant special attention due to the risk they pose to the potential success of an organisation. Cultural integration is therefore needed to integrate values and behavioural modes (such as emotions) in this newly formed organisation, with a view to preventing potential conflict (Sacek, 2012; Zhu & Huang, 2007).

To date, various risk approaches or frameworks have been developed to explore the social constructs related to risk management. These include, but are not limited to, the framework of social amplification of risk (Breakwell, 2007); the post-modern perspective (Dean, 1999); the cultural theory approach (Adams, 1995; Lupton & Tulloch, 2002) and the systems theory approach (Luhmann, 1993).

The social amplification of risk framework aims to explain risk perceptions and social responses to risks (Kasperson, Kasperson, Pidgeon & Slovic, 2003). Using the framework, it is possible to hypothesise that, during an adverse event such as a merger, the social and economic impact can be measured according to the interaction that occurs between various psychological, social, cultural and organisational processes. In other words, employees perceive a situation to be risky and react to that situation by informing others around them. This, in turn, triggers additional reactions and subsequently amplifies the situation, resulting in any required change being hindered and risks not being managed.

Even though risk is not at the centre of the post-modern perspective, it forms part of the drive to impose behavioural, moral and cognitive norms onto others, with the aim of gaining power and manipulating them (Renn, 2008). Therefore, through the process of rationalisation, risk is disguised and framed as a more acceptable way of obtaining conformity (Dean, 1999). In the case of a merger – which is characterised by change, uncertainty and even fear – the rationalisation is that the more "competent" organisation will make the right decisions, which will result in employees adopting a level of complacency and, in doing so, imbuing the "competent" organisation with more power (Renn, 2018).

The cultural theory of risk views risk as a social construct formulated by those who live in a specific society, since it represents their values and shared interests (Adams, 1995; Lupton & Tulloch, 2002). During a merger, risk policies become the basis on which risk employees present their definitions and views of risk to others, and impose those views on them (Renn, 2008.)

The systems theory approach recognises risk as being socially constructed and interrelated to numerous self-organising systems (Renn, 2008). According to Luhmann (1993), these systems create and define their own reality and how their members see the world. To function optimally, such systems are orderly, structured, and develop their own means of interacting with the rest of the world, so as to satisfy their unique, special needs. Even though systems can provide objective knowledge of the world in which they function, Luhmann (1990) warns against their accuracy as the outcome is not only dependent on the action of a single system, but numerous other systems.

According to Renn (2008), a possible or selected action can have either positive or negative consequences, which then constitute a risk. Different cultures have different ideas of what constitutes a risk. Nevertheless, regardless of these differences, risk is usually determined based on evidence and values (Renn, 2008). Renn's (2008, p. 3) risk governance framework proposes that risk has physical and social dimensions, and that the assessment of such dimensions constitutes a mental model. Such a model is based on "observations and perceptions or social constructions of the world that can be justified by logical reasoning or can be verified by comparisons with what actually happens". According to Van Niekerk, Geldenhuys, Levin, May, and Moalusi (2012), the psychosocial components that affect OR management in an organisation are primarily influenced by four aspects, namely culture, relationships, motivation and behavioural indicators (see Figure 1.1).

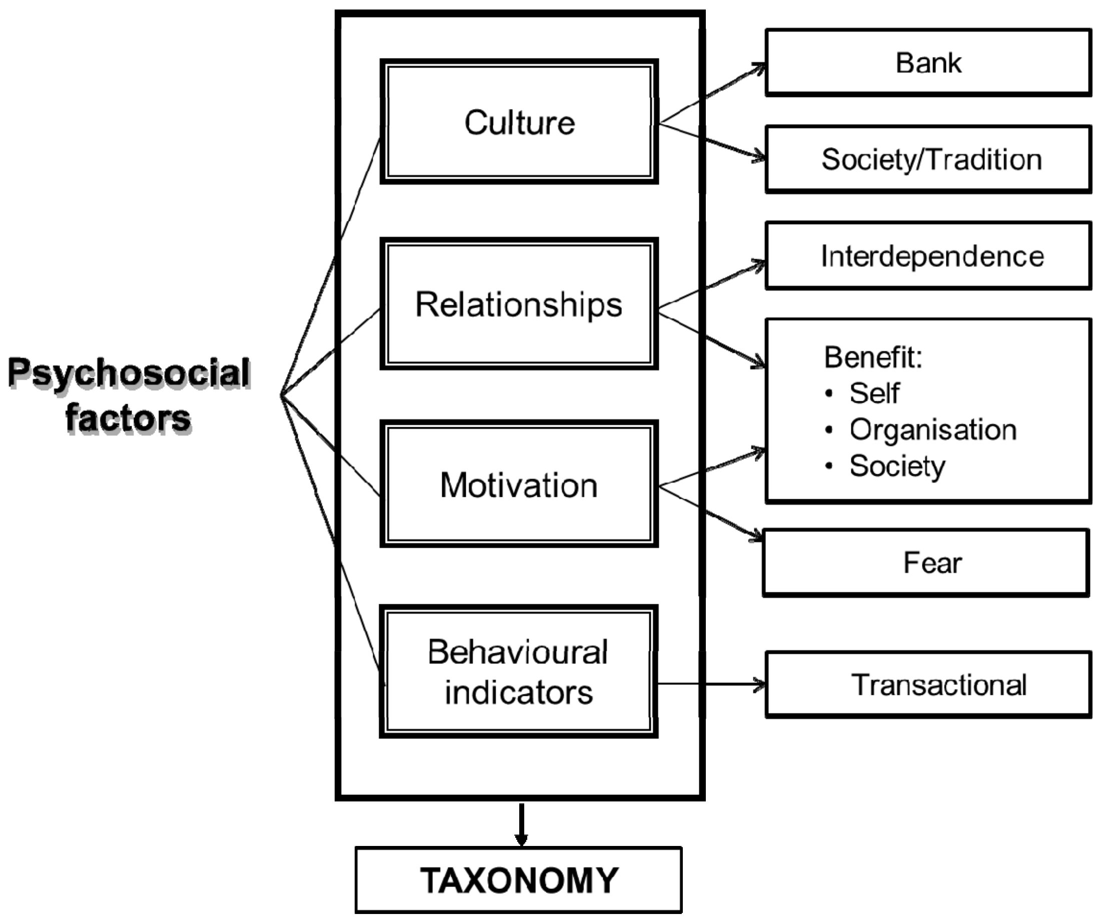


Figure 1.1 Aspects influencing psychosocial components (Van Niekerk et al., 2012)

According to the theories and frameworks discussed above, it is evident that risk is socially constructed through people's thoughts, perceptions, relationships, motivation, values and actions, as well as their culture. Therefore, Renn's (2008) proposed risk governance framework and the four aspects influencing psychosocial components (see Figure 1.1) seems relevant to this study, which aims to better understand how Tanzanians perceive risk. That understanding will assist in identifying which psychosocial components affect the ORM model implementation.

Culture is viewed from a societal and organisational level. From a cultural point of view, we make sense of risk at an emotional level (Smith, Mackie & Claypool, 2015). The construct of culture originates from within the field of social psychology (Chiu & Hong, 2006; Smith et al., 2015). It later also emerged as a construct applied within the context of business and the workplace, referred to as 'organisational culture' (see Smircich, 1983) and thus falls within the domain and field of industrial and organisational psychology (Martins & Martins, 2010). But what is culture and how do people make sense of OR management from a cultural point of view? Hofstede (1994, p. 1) defines culture as:

> … collective programming of a kind which distinguishes the member of one category of people from another – the category of people can be a nation, region or ethnic group, women versus men, old versus young, a social class, a profession or occupation, a type of business, a work organisation or part of it, or even a family.

People's view of risk is subject to how they process behavioural indicators and perceptions, shaped by how they reason logically, their individual experiences, social communication and cultural traditions (Renn, 2008). From a psychosocial position, which incorporates culture, individuals are involved in systems of interpersonal relationships, organisations and social systems, which all have an influence on one another. Within group dynamics, the group has an influence on conscious processes and subsequently the group's noticeable behaviour (Cilliers & Koortzen, 1997). Therefore, such experience influences the emotions and behaviour of the group member. The above highlights the importance of paying specific attention to social, cultural and behavioural components impacting on OR management.

1.2.3 Risk and operational risk management

Kungwani (2014, p. 83) defines risk as the “potential of losing something of value, weighed against the potential to gain something of value” or “the intentional interaction with uncertainty”. As stated earlier, Raghavan (2003) and Renn (2008) define risk as an undesirable or even desirable state of reality associated with insecurity, which is a result of human behaviour being present in all spheres of life, including the economic, social and psychological components.

Within the world of business, and in accordance with the *Business Dictionary* (2017), risk can be defined as “a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through pre-emptive action”. The *Business Dictionary* (2017) further defines financial risk as “the probability that an actual return on an investment will be lower than the expected return” and proposes that financial risk be divided into the following categories: basic; capital; country; default; delivery; economic; exchange rate; interest rate; liquidity; operations; payment system; political; refinancing; reinvestment; settlement; sovereign and underwriting risk. These categories are in line with the views of the BCBS and Raghavan (2003), as stated previously.

The focus of this study is on operational risk, and more specifically OR management. The *Business Dictionary* (2017) defines operational risk as the “probability of loss occurring from the internal inadequacies of an organisation or a breakdown in its controls, operations, or procedures”. Similarly, the BCBS (2001, p. 2) defines operational risk as “the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events”. Even though organisations in the financial sector (and more specifically banks) are allowed to adopt their own definition of OR management, it is required that the minimum elements present in the BCBS definition be included (BCBS, 2001). To control operational risk, organisations revert to OR management, which is a cyclical process focused on assessing risk, making decisions related to the assessed risk, and subsequently implementing risk controls (such as an ORM model) which result in risk acceptance, mitigation or avoidance (Young, 2006).

However, it is necessary to have a close look at what exactly operational risk is all about. In June 2004, the BCBS issued recommendations on banking laws and regulations, specific to operational risk in the form of Basel II (BCBSa, 2004), with the aim of protecting the international financial system in the event of a major bank or a series of banks collapsing. Basel II attempted this through setting up risk and capital management requirements that should protect banks in their lending and investment practices (BCBSa, 2004). The first pillar deals with maintenance of regulatory capital, and within this pillar, three different approaches can be followed during OR management, i.e. basic indicator approach (BIA), standardised measurement approach (STA) or the internal measurement approach, also known as the advanced measurement approach (AMA). Many financial institutions have since implemented this accord into their ORM models as best practice.

The BCBS furthermore issued a list of 25 core principles to be used towards effective banking supervision, the aim being to identify regulatory and supervisory shortcomings and setting priorities to address them (BCBS, 2006). Principle 15 deals specifically with operational risk and reads as follows:

> Principle 15 – Operational risk: Supervisors must be satisfied that banks have in place risk management policies and processes to identify, assess, monitor and control/mitigate operational risk. These policies and processes should be commensurate with the size and complexity of the bank.

1.2.4 Psychosocial components in operational risk management

During mergers and acquisitions, especially so across borders/transnational, Spedding and Rose (2008) propose a risk model in which cultural due diligence is conducted and during which operational and behavioural data are collected within 12 domains, including key business drivers, infrastructure and leadership/management practices. Specific attention should be given to the human behaviour element as risk management processes are, after all, implemented by people.

According to the Institute of Operational Risk (IOR, 2010), once a risk and control assessment has been conducted, risk indicators should be selected. Such risk indicators should be relevant, measurable, predictive, easy to monitor, auditable and comparable (IOR, 2010). Examples of risk indicators can include staff turnover (resultant from employee fraud, processing errors); external fraud; system failures; and client, product and business practices (IOR, 2010; Young, 2006). The indicators should also incorporate the findings of a cultural due diligence to ensure that the necessary improvements are implemented.

1.2.5 Psychosocial components in operational risk management in Tanzania

Africa is divided into four regions: northern, western, southern and eastern. All the countries on the continent are regarded as developing states, yet some are more developed than others (Young, 2008). According to the International Monetary Fund (IMF, 2017), five of the fastest-growing economies in the world are located in sub-Saharan Africa. Along with northern Africa, countries south of the Sahara are among the fastest-developing in Africa (IMF, 2017). According to Tehulu (2013), East Africa seems to be the least developed region, but investors are showing renewed interest in developing countries such as Tanzania, with Rwanda, Kenya and Ethiopia already showing positive signs of growth (The Lawyer, 2016). This upsurge can be ascribed to investments in infrastructure, political and economic reforms, as well as diversified trade links with the Middle East, India and the rest of Africa.

Yet, to attract foreign investment and boost economic growth, African countries have acknowledged the need for effective corporate governance (Armstrong, 2003; Rossouw, 2005). According to the United Nations Economic Commission for Africa (Uneca, 2002), to ensure good governance an environment must be created which is free of corruption, transparent, encourages private sector development and growth, and ensures institutional development and effectiveness. Unfortunately, Africa faces many challenges in its quest for sound corporate governance – something which deters investors. Such challenges include, but are not limited to, ineffective regulatory frameworks and a lack of transparency, accountability, responsibility and integrity (Rossouw, 2005). This scenario necessitates effective risk management, in an attempt to reassure investors of the soundness of their investments (Young, 2008). To this end, many African countries (Ghana, Kenya, Malawi, Mauritius, Nigeria, South Africa, Tanzania, Uganda, Zimbabwe and Zambia) have published codes of corporate governance based on international standards – a development driven mostly by the private sector and professional bodies (Nganga, Jain & Artivor, 2003; Young, 2008, p. 603).

During a merger and acquisition, operational risk becomes a key component of managing the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events (BCBS, 2001). Despite OR management being a fairly new discipline on the African continent, many countries seem to embrace OR management as it is incorporated into organisational management structures (Young, 2008, p. 601).

Tanzania, located within the East African region, is one of the countries which has embraced corporate governance and, subsequently, OR management (Magali, 2013a; Rossouw, 2005; Young, 2008). According to Fulgence (2014), Tanzania has shown its commitment to improved corporate governance through the development of a Tanzanian national code of corporate governance and the implementation of related guidelines in the banking sector (e.g., an operational risk management model). In doing so, values such as transparency, accountability, responsibility and integrity are displayed. In the context of this study, identifying the risk indicators (see section 1.2.4) present in Tanzanian operations will enable the development and implementation of effective risk management policies and procedures appropriate to that unique context, and as prescribed by Principle 15 (BCBS, 2006).

It is clear from the above that OR management is very complex in nature. Risk practitioners and users of risk management services agree that human components are probably the most significant critical success factor towards effective risk management (Hilson & Murray-Webster, 2007). Yet, during the discussion with the OR manager operating in Tanzania, it became clear that knowledge of these human or psychosocial components appeared to be lacking in both those environments

(Levin, Van Niekerk, & Geldenhuys, 2012; Van Niekerk et al., 2012). Therefore, in an attempt to enhance the effective implementation of ORM models such as Basel II, financial institutions should emphasise the need to consider human behaviour as a potential risk and work towards finding ways in which this factor can be incorporated into current practices such as AMA. Acknowledging the need to work with psychosocial components within an ORM model, in the form of a theoretical model, would enhance the likelihood of a sustainable and effective ORM model in future, especially so in cross-border business.

Mergers and acquisitions are complex, and in order to understand this phenomenon better, Stahl et al. (2013) propose further interdisciplinary research to address the many issues that arise from such a venture, such as OR management and the psychology behind it. Therefore, based on literature and the Tanzanian case mentioned above, psychosocial components have not been identified sufficiently and subsequently have not been incorporated into existing ORM models aimed to be used in cases where organisations merge.

1.3 PROBLEM STATEMENT

The introduction and implementation of an ORM model is one of the mandatory activities during any organic or inorganic growth initiative (Young, 2006). The ORM model is by its nature dependent upon a receptive organisational culture, which allows for change and is also accommodating of the concept and practice of risk management. It is known that there are different cultural (country and/or organisational) attitudes and responses towards change. Similar differences have been observed towards the concept and practice of risk and OR management; yet the reasons for it and the specific nature thereof have not been described in specific terms.

The following practical example might illustrate this problem. In Tanzania, a South African organisation merged with and acquired majority shareholding within a Tanzanian financial institution. The cultures of these two financial institutions had to merge and form a new culture. The focus during this acquisition was predominantly on the ‘hard’ issues, such as implementing an ORM model. Important ‘soft issues’ or components, such as aligning value systems and customs, were not sufficiently considered (Levin, Van Niekerk, & Geldenhuys, 2012; Van Niekerk et al., 2012).

Unfortunately, the implementation of this ORM model was not perceived to be as effective as was anticipated. There appeared to be differences between the parent company and its subsidiary. Examples provided of the differences were the rate of adoption of the new ORM model, the effectiveness of the model once it had been adopted and the extent to which the new model was able to change and adapt spontaneously to changes in the environment (a signal that the model was embedded and 'alive').

Top management soon realised that the behaviour of the employees involved in the risk management function appeared to affect the effective implementation of this ORM model negatively. With the awareness of the risk contained in the behaviour of the employees of the subsidiary, the parent organisation became increasingly aware of the differences that existed between the two organisations, particularly with regards to the social and cultural environments in which they functioned. Subsequently, and in mutual agreement with the subsidiary, the management of the parent organisation decided to identify the psychosocial components, which included culture, which had an influence on the effective implementation of an ORM model. This is where this research started and the research team entered.

Compared to the South African individualistic culture, Tanzanians appear to have a traditional collectivist culture (Dennehy, 2015; Van Niekerk et al., 2012). Hofstede (1994) defines collectivism as subordination of personal interest of the goals of the larger group, with an emphasis on sharing, cooperation, group harmony, concern with group welfare and hostility to out-group members. The collectivism and individualism continuum is regarded as one of the best ways to measure value differences across cultures, and subsequently the psychosocial components (Schwartz, 2014; Taras et al., 2014; Triandis, Kashima, Shimanda, & Villareal, 1986).

Within the African collectivist culture, boundaries between the self and other, or the private and communal sphere, are porous and can easily be penetrated (Okeke, Draguns, Sheku, & Allen, 1999; Olausson, Strafström & Svedin, 2009). Such porous boundaries have an effect on motivation and consequently the behaviour of people within relationships and the organisation. In light of the above, including the previous example illustrating the dilemma faced in Tanzania, it is therefore proposed that OR management consider and incorporate the 'African' collectivistic contribution towards designing and implementing a sustainable ORM model during cross-border business in Africa.

Ample research seems to be available on socio-cultural and human behavioural problems experienced during a merger and acquisition and even during cross-border initiatives (Sacek, 2012; Sinkovics, Zagelmeyer, & Kusstatscher, 2011; Zhu & Huang, 2007). However, previous research specific to identifying the gaps during the implementation of an ORM model during a cross-border merger is wanting and could not be traced, especially so in the Tanzanian context. Available former research however appears to have predominantly focused on the strategic and financial factors contributing to the success of mergers and acquisitions; yet, it ignored the non-financial factors, such as the socio-cultural and human behavioural issues (Stahl et al., 2013; Viegas-Pires, 2013; Weber & Tarba, 2013). Having a clear idea of what the psychosocial components are during the implementation of an ORM model in cross-border business and developing a psychosocial model, will enable the development of a more robust ORM model that will effectively address the 'people' component as emphasised by the BCBS's (2001) definition of OR management (see section 1.2). Researchers point to the important influence psychosocial components have on OR management (Renn, 2008; Young, 2006). Therefore, what remains is to identify these specific psychosocial components that affect the implementation of ORM models during cross-border business (Renn, 2008; Schomer, 2006; Stahl & Voigt, 2008).

Consequently, the present research addressed the following three questions.

- How do Tanzanians perceive risk?
- What are the psychosocial components that affect the implementation of an ORM model?
- Considering the findings of the first two questions, can the psychosocial components be used effectively in the development of a theoretical model that incorporates the answers to the first two questions?

1.4 AIMS OF THE RESEARCH

This section discusses the general aim and specific aims of this research in line with the research question.

1.4.1 General aim of this research study

The general aim of this study was to identify the psychosocial components that affect or influence the implementation of an ORM model in a target organisation in Tanzania. These components were described in theoretical terms and in terms of specific examples in the organisation selected for the study, e.g. observed examples of the component and effect on the risk and control environment in the particular organisation. Furthermore, by means of the theoretical psychosocial model of OR management, this aims to propose that proper consideration of the components as part of an integration activity leads to a reduced risk of failure of a new OR model implementation and enhances the likelihood of a sustainable and effective ORM model in the longer term.

1.4.2 Specific aims of the study

In light of the above argument, the specific empirical aims of this study were to:

- determine how Tanzanian’s perceive risk;

- identify the psychosocial components that affect the implementation of an ORM model; and
- construct a theoretical model that integrates psychosocial components and related theory into an ORM model for implementation in Tanzania.

1.4.3 Secondary aims of the study

In analysing the data collected during this research project, I aspired to contribute to the current body of knowledge, aiming towards guiding OR managers to incorporate psychosocial components in their ORM models in cross-border countries. I believe increased knowledge of the psychosocial components relating to risk management leads to the design of a more effective ORM model, such as designed by this research. Knowledge of these psychosocial components furthermore affects the effective implementation of such a model, because risk managers can now understand the way in which people behave and act during ORM model implementation better. From an organisational psychology point of view, having insight into the psychosocial components can assist the industrial and organisational psychologist or HR practitioner to understand human behaviour better and subsequently to facilitate the process of organisational change more effectively.

1.5 FOUNDATIONAL PERSPECTIVE

I agree with Creswell (2009) and am of the opinion that the direction a researcher takes when designing a research study is informed by his or her foundational perspective. My foundational perspective is based on how I as the researcher position my research within a specific disciplinary relationship and philosophy of science. My foundational perspective was furthermore influenced by the purpose of this research, following a qualitative research strategy and how theory would be constructed. In the following section, I will expand on my perspective with regard to all the above-mentioned constructs in order to describe the foundational perspective that I adopted for this research.

1.5.1 Disciplinary relationship

Organisational behaviour is a functional behavioural discipline, and therefore a multidisciplinary approach was followed with this study (Mullins, 2010; Odendaal & Roodt, 2010a). Areas of overlap can be found in three main disciplines, namely anthropology, sociology and psychology.

Anthropology is the study of humankind in the context of a society, and focuses specifically on the cultural and environmental system and its values, beliefs and attitudes (Mullins, 2010; Odendaal & Roodt, 2010a). The work conducted by anthropologists is of great value to organisations as it assists them to understand the differences between national cultures and subsequently the culture and environment within the organisation better (Jordan, 2013; Odendaal & Roodt, 2010a).

Sociologists study human behaviour within the social structures of collectives, such as communities and organisations, to determine the effect individuals and groups on one another (Delamater, 2003; Mullins, 2010). Social psychologists combine sociology and psychology and focus their research on how people influence one another. Over the last few years, a great deal of time was spent on investigating change, trust, as well as measuring, understanding and changing people's attitudes and communication patterns, conflict and power (Odendaal & Roodt, 2010b).

This research is also positioned in the field of psychology. Psychology is defined as the scientific study of human behaviour (Schweigert, 2012) and encompasses quite a few areas of specialisation, such as education, clinical, counselling and industrial psychology. The present research was situated within the field of psychology and contributes specifically to the category of industrial psychology, or better known in business as 'industrial and organisational psychology' (Schreuder & Coetzee, 2010). Industrial and organisational psychology is the scientific study of human behaviour in the place of work (Cascio & Aguinis, 2011). Industrial and organisational psychologists apply psychological theories and scientific research methods towards explaining and enhancing effective human behaviour, cognition and wellbeing in the place of work (Schreuder & Coetzee, 2010). Within organisational psychology, the focus is on how organisations influence employee attitudes and behaviours, including social and group influences on behaviour (Schreuder & Coetzee, 2010). The specialisation field of industrial and organisational psychology is also demarcated in various sub-fields, namely career psychology, personnel psychology, psychological assessment and organisational psychology. The present study falls within the sub-field of organisational psychology.

The fields of organisational behaviour and organisational development are specialist areas within organisational psychology, and apply directly to this research. Organisational behaviour has as its focus the study of individual and group behaviour, as well as patterns of structure within the context of an organisation, with the aim of optimising the performance and efficiency of organisations (Mullins, 2010, p. 3; Smith, Farmer, & Yellowley, 2012, p. 2). Organisational development moves one step further by improving our understanding of organisational behaviour, through continuously developing adaptive organisations striving towards sustainable effectiveness, which necessitates incorporating a planned and systematic change approach (Brown, 2014; Mullins, 2010). This approach should also consider the influence of the external environment on the organisation. As emphasised by Smith et al. (2012, p. 7):

> Organisations often conduct business within a local, national and global environment and developments within the demographics and population, as well as societal changes, impacts on the organisation.

This is in line with the aims of this study as indicated earlier.

1.5.2 Qualitative research approach

The purpose of this study was to explain and describe the participants' lived experiences, through identifying the psychosocial components that affected the implementation of an ORM model in Tanzania and within the complex circumstances surrounding the process. From the initial conceptualisation of the study it was evident that a behavioural phenomenon in the place of work would be studied, namely psychosocial components. Qualitative research follows a broad approach towards studying social phenomena in an interactive and humanistic manner and focusing on the context in which the phenomenon occurs (Durrheim, 2006; Marshall & Rossman, 2006; Miles & Huberman, 1994). According to Howitt and Cramer (2008), qualitative research further focuses on describing the qualities and/or characteristics of the data being studied with the aim of providing a clear understanding of the topic being explored.

Applying a qualitative research approach furthermore enabled me as researcher to address business objectives relating to OR management by applying a technique that did not depend on numerical measures, but rather focused on explaining and describing the true inner meanings of the phenomenon being studied (Zikmund, Babin, Carr & Griffin, 2013). I therefore deemed the qualitative research approach to be the most appropriate strategy to follow for the purpose of this study. The qualitative research approach was furthermore in line with my own ontological and epistemological beliefs about exploring the internal subjective experiences of people and the relationship between me as observer and the knowledge I have obtained in the process and subsequently in constructing theory.

1.5.3 Philosophy of science

Philosophy of science represents the conceptual foundation from which a researcher embarks on a journey to obtain new knowledge (Creswell, 2009; Ponterotto, 2005). The researcher's thinking and practice - and in this study, my own thinking and practice - are informed by beliefs and assumptions along four dimensions: ontology, epistemology, axiology and methodology.

Firstly, **ontological** assumptions' refers to the nature of the research to be studied with the aim of getting to learn more about this reality (Babbie, 2008; Terre Blanche & Durrheim, 2006). The ontological nature of this study was situated in exploring the internal and subjective realities of the participants involved in and affected by OR management in Tanzania.

Secondly, **epistemological'** assumption refers to statements about the study and acquisition of knowledge, as well as the nature of the relationship between the researcher and the knowledge to be known (Babbie, 2008; Ponterotto, 2005; Terre

Blanche & Durrheim, 2006). According to Kafle (2011, p. 194), epistemology rests on the belief that knowledge can be obtained by the researcher through subjective experience and insight. Therefore, during the research process of obtaining subjective knowledge and insight into the world of OR management in Tanzania, the epistemological relationship between the researchers and the participants were empathetic in nature. A team of researchers were involved in the data collection process and will be discussed in more detail in section 2.3.1. Through establishing this empathetic relationship with the participants, the researchers were able to gain the participants' trust. This created the opportunity and desire for participants to want to share their knowledge and insights into how they perceived risk and experienced the world of OR management in the bank and in Tanzania. My subjective experience gained during the data collection phase gave me significant insight into the data whilst analysing it. My involvement with Tanzania and its people both socially and within the day-to-day operations of the financial institution, was valuable. This experience and insight assisted me greatly to gain the necessary knowledge and insight into better understanding this unique context and the world of OR management in Tanzania.

Thirdly, **axiological** assumptions are based on the value theory and include the values of the researcher as part of the process of generating knowledge (Kafle, 2011; Mertens, 2010). Such values will inform the set standard applied during the appraisal of the ontological and epistemological assertions (Kafle, 2011). The axiological assumptions informing this study were therefore situated in the process of social participation between the researchers and the participants who shared their experiences. Therefore, finding a cooperative balance between the documented behaviour and statements of the participants involved in OR management and my own behaviour as informed by my values and dictated through my hierarchal role as researcher (Hills & Mullett, 2000). During the data collection and analysis processes, I purposefully positioned myself as a person not knowing anything and who wished to learn and gain insight into the lived experience and reality of my participants.

Lastly, the **methodological** assumptions refer to the practical methods used by the researcher to conduct the research (Terre Blanche & Durrheim, 2006). The research methodology will be discussed in more detail in Chapter 2.

In the process of integrating the ontological, epistemological, axiological and methodological assumptions into this research study, theory had to be constructed. The construction of theory occurs while on a journey to understand the world we engage with better, as is assumed by the social constructivists (Creswell, 2009). Therefore not only obtaining a better understanding of the subjective reality as constructed by people, but also the context within which this person lives and work. In Tanzania, this context includes the historical and socio-cultural setting of the participants involved in this research (Creswell, 2009; Terre Blanche, Kelly, & Durrheim, 2006).

1.6 THE PARADIGM PERSPECTIVE

The practice of a researcher is informed by a certain worldview, also referred to as a paradigm or approach (Creswell, 2009). An approach can also be explained as the basic, philosophical worldview of a researcher, which guides the researcher's action (Creswell, 2009; Guba, 1990). Neuman (2007, p. 41) describes a paradigm as "an integrated set of assumptions, beliefs, models of doing good research, and techniques for gathering and analysing data. It organises core ideas, theoretical models, and research methods". Therefore, a research paradigm is an instrument used by the researcher to assist in the process of gaining a better understanding and explanation to the social phenomena being studied (Creswell, 2009; Saunders, Lewis, & Thornhill, 2009). Subsequently, I demarcated this research project through incorporating ontological, epistemological, methodological and axiological assumptions, as previously discussed (see section 1.5.3). I adopted hermeneutic phenomenology (see Laverty, 2003) as the research paradigm and the foundation of the methodological perspective was informed by the contingency approach (see Ivancevich, Konopaske & Matteson, 2014). In the next section, hermeneutic phenomenology is discussed in more detail with reference to its ontological, epistemological, axiological and methodological assumptions.

1.6.1 Hermeneutic phenomenological paradigm

The purpose of this research was to gain an in-depth understanding of how risk is perceived in Tanzania and to determine the psychosocial components involved in the implementation of an ORM model. More specifically, this research focused on developing a theoretical model that integrates psychosocial components into an ORM model for implementation in Tanzania. Subsequently, with this research I wanted to gain an in-depth understanding of how the role players who were involved in the implementation of an ORM model experienced this process. My aim was to understand this subjectively lived phenomenon better by interviewing these role players and noting their experiences and then interpreting these experiences. I therefore adopted an inter-subjective or interactional epistemological stance toward that truth or reality (Terre Blanche, Kelly et al., 2006). I positioned this empirical research within the hermeneutic phenomenology research paradigm with its prominence on experience and interpretation of the lived phenomenon (Henning, Van Rensburg & Smit, 2005; Smith, 2008).

Phenomenology originated from the work of Edmund Husserl who emphasised the importance of consciousness and that lived experiences are socio-psychologically constructed within multiple realities (Caputo, 1984; Kafle, 2011). Thus, phenomenological research is essentially concerned with meaning and it seeks to comprehend social members' definitions and understanding of situations. The phenomenological paradigm aims to produce explanatory analysis that provides rich and deep descriptions and interpretive understanding of social phenomena (Henning et al., 2005; Kafle, 2011), for example OR management. According to Spiegelberg and Schuhmann (1994), phenomenology has a philosophical basis that includes the method of investigation and the detection of phenomena. Phenomenology relies on personal accounts, and it positions the researcher as primary instrument through the collection and analysis of data (Creswell, 2009; Terre Blanche, Durrheim et al., 2006).

A disciple of Edmund Husserl, Martin Heidegger moved towards forming a new school called 'hermeneutic phenomenology' (Kafle, 2011). For Heidegger, phenomenological investigation was intrinsically hermeneutic (Caputo, 1984). In hermeneutics, the researcher focuses on the interpretation of a specific phenomenon or experience with the aim to understand this phenomenon or experience better (Caputo, 1984; Kafle, 2011).

The ontological assumption of hermeneutic phenomenology situates itself in the process of detecting hidden meaning, which may be intentional or expressive, in the form of textual analysis, which takes into account the socio-cultural and historic influences of inquiry (Hutton, 2009). Agreeing with Laverty (2003), I believe multiple realties exist, which may be created by the person holding the knowledge. Therefore, the **ontological** assumptions made in this study are that all people are unique and subsequently that all people experience life in different ways. This experience is further informed by the person's own expectations and behaviour, as well as his or her social environment. The reality and experience of the people involved in risk management are therefore unique and informed by their expectations and subsequent psychosocial behaviour.

The epistemological assumption of hermeneutic phenomenology is that knowledge can be explored through textual analysis, and what is hidden within such analysis (Hutton, 2009). Textual analysis considers the subjective experience and insight of the researcher and the participants, as well as the sociocultural influences present (Hutton, 2009; Kafle, 2011). The **epistemological** assumptions made in this study are that a person's truth is subjective and that knowledge is bound by that person's context. The sociocultural environment informs this idea of the truth and knowledge. According to Laverty (2003), a relationship therefore forms between the knower, i.e. me as the researcher, and what is known, i.e. the knowledge I acquired from the participants pertaining to the psychosocial components which influence the effective implementation of an ORM model.

According to Annells (1996) and Cole and Avison (2007), the **axiological** assumptions of hermeneutic phenomenology is to interpret human behaviour better through a process of evaluating the behaviour of others against one's own behaviour as informed by one's values. Subsequently, it was important for me as the researcher to consider my own sociocultural background and values, and the effect thereof on the insight gained from the participants' voices and the subsequent findings.

As the nature of hermeneutic phenomenology is interpretive (Kafle, 2011), with the focus on the experience and the intentional or expressive meaning given to it by a person, the **methodological** assumption needs to be insightful, open-minded and receptive to language (Henning et al., 2005; Laverty, 2003; Smith, 2008). Kafle (2011) suggests a few methodological guidelines when doing hermeneutic phenomenological research. This includes the use of purposive sampling, interviews as data collection method, and the application of the hermeneutic circle during data analysis (see Spanos, 1976). Kelly (2006b, p. 355) refers to the hermeneutical circle, which proposes that when interpreting text, "the meaning of the parts should be considered in relation to the meaning of the whole, which in itself can only be understood in respect of its constituent parts". The hermeneutic circle is thus characterised through a process in which the meanings of particular experiences and their relation to the meanings of themes are reflected in a coherent collection of themes of experiences (Kelly, 2006b). The quality of the research and its trustworthiness can be evaluated against credibility, transferability, dependability and confirmability (Guba & Lincoln, 1999). Hermeneutic phenomenology also gives high regard to ethics, and consideration should be given to practices such as researcher bias, privacy, informed consent, confidentiality, sharing findings with research participants.

In using hermeneutic phenomenology as the paradigm for this research, the aim was that the reader would be able to understand the interpretation and experience of phenomena better (Caputo, 1984; Kafle, 2011), as subjectively experienced by role players in the field of OR management in Tanzania.

1.7 CONSTRUCTING THEORY

Conducting research in the hermeneutic phenomenological paradigm enables a researcher to obtain a better understanding of a person's 'ways of being-in-the-world' (Dreyfus, 1991) instead of necessarily generating theory that could be used to predict or generalise around a specific phenomenon (Crist & Tanner, 2003). Creswell

(2009) proposes theory to be an interconnected set of constructs, which suggests relationships between constructs, and which are presented in such a manner that theory provides a better understanding of a specific phenomenon. This is in line with the widely accepted definition of theory of Kerlinger (1973) as:

> A set of interrelated concepts, definitions and propositions that present a systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena.

The construction of theory may occur at an abstract, conceptual and empirical level (Marshall & Rossman, 2006). Theory is developed through deductive reasoning at an abstract and conceptual level and through inductive reasoning at the empirical level, according to Zikmund et al. (2013). This research study was therefore both inductive and deductive. This study was firstly deductive, as when I embarked on this research journey, I believed that I, as an industrial and organisational psychologist, already had some knowledge of psychosocial theory (Zikmund et al., 2013). According to Henstrand (2015), being mindful of and consistently using theory during the research process, improve the standing of qualitative research. Secondly, this study was also inductive as it aimed to construct, from the data collected a theoretical model (Creswell, 2009) that would integrate the psychosocial components into an ORM model. Therefore, no presumptions were made, but propositions were rather generated from the data to construct theory about the psychosocial components impacting on ORM implementation (Kafle, 2011; Marecek, 2003).

1.7.1 The deductive reasoning approach

The construction of theory was a continuous process from the moment I started thinking of the research and planning the design and methodology (Marshall & Rossman, 2006). The theory-building process started when a better understanding of the constructs to be worked with had to be obtained. As a result of this process, Figure 1.1 (see above) was developed to portray the researcher's views. During the data analysis and interpretation phase, I continued exploring theory to compare the findings of this research with findings of previous research to consider variances or comparisons and to determine how this research could potentially contribute to the field of psychosocial components embedded in ORM implementation (Mvundla, 2000).

As proposed by Kaniki (2006), theory can be reviewed and presented as a project on its own. Alternatively, it could form part of the larger empirical study. According to Heidegger's hermeneutic phenomenology, "pre-understanding is not something a person can step outside of or put aside, as it is understood as already being with us in the world" (Heidegger, 1962). As theory was developed and is presented throughout all the stages of this research, I chose to use it from time to time in the narratives. I therefore decided not to include separate chapters on psychosocial and risk management theory, but rather to intertwine theory with the results and interpretation thereof and with the conceptualisation of the new theory and model. This approach enabled me to incorporate and synthesise (Kaniki, 2006) the masses of available literature into the findings and subsequently constructing theory (Schweigert, 2012). This approach might be viewed by some as avant-garde (Mouton, 2001); however, I believe it enhances the quality and authenticity of this specific research (Garratt, 2003; Trafford & Leshem, 2008).

1.7.2 The inductive reasoning approach

Inductive reasoning moves from observing a specific phenomenon to a point where a conclusion can be drawn based on that specific phenomenon (Babbie, 2008; Delport & De Vos, 2006). Within Heidegger's hermeneutic phenomenology, the focus is on "the situated meaning of a human in the world" (Heidegger, 1962). Hermeneutic phenomenology furthermore holds the premise according to (Heidegger, 1962) that "meaning is found as we are constructed by the world while at the same time we are constructing this world from our own background and experiences". Gadamer, a student of Heidegger, additionally proposed that understanding and interpretation are inevitably linked with each other and that the process of interpretation is continuously progressive and therefore never complete (Annells, 1996).

Reinforcing Heideggers modern hermeneutics approach of understanding a phenomenon through interpretation, articulation and laying it out, the hermeneutic circles was applied as a mechanism to enable a thorough study of all the constructions present in this phenomenon and to unify them (Annells, 1996). During the interpretation of what has been observed in the data and towards drawing conclusions, I followed an interactive process working with the participants' narratives, the researchers' notes compiled whilst in Tanzania, my own field notes and notes I made as thoughts entered my mind during the data analysis phase. During the advanced stage of data analysis, I incorporated theoretical perspectives on the constructs with which I was working, again attempting to interconnect psychosocial and risk management theory with the results and interpretation thereof and with the conceptualisation of the new theory and model (Kaniki, 2006).

1.7.2.1 Abductive reasoning

Even though hermeneutic phenomenology is classified as post-modernist, in which the aim is rather to seek understanding than build theory, it is also a constructivist paradigm of inquiry (Guba, 1990; Guba & Lincoln, 1994). Building on Martin Heidegger's approach of interpreting, articulating and laying out meaning, Charles Peirce's theory of scientific inferences becomes applicable (Rennie, 2012). This theory entails abduction, theorematic deduction and induction. According to Peirce (1966), after imagining a phenomenon, an abduction is made through which we may make certain surprise findings. As researchers we then theorematically deduce the findings to assess the abduction, where after we start collecting data in order to make certain inductions. This process runs in a cycle which will continue progressively until it reaches a point of approximating truth (Rennie, 2012; Tursman, 1987).

According to Rennie (2012), within hermeneutic phenomenology the conceptualisation of meaning is not merely about understanding – understanding in itself is explanatory. Thus, considering Peirce's theory of scientific inference and the hermeneutic circle, a continuous process of abduction, theorematic deduction and induction is followed methodologically, towards a point where stability is reached. At that point, the researcher's interpretation of the data results in the conceptualisation of a new theory, which is when the enquiry is brought to a close and the hermeneutic circle is exited (Rennie, 2012). In such a qualitative study, abduction is not merely the development of a hypothesis, but it also becomes a process in which theory is developed (Kelle, 1995; Rennie, 2012; Richardson & Kramer, 2006). It can therefore be concluded that even though grounded theory is at the forefront of developing theory, it is not the only qualitative research method through which theory can be constructed (Kelle, 1995; Rennie, 2012; Richardson & Kramer, 2006). As Rennie (2012, p. 391) proposes:

> The idea that extant theory can be used in the development of theory is accommodated because reducing and conceptualising the meaning of text allows for drawing on knowledge of any kind, including prior theory, so long as doing so is in keeping with the development of new understandings rather than merely the confirmation of old ones.

1.7.3 How I managed theory in this study

In line with the qualitative research approach, I started exploring theory in this study through following a broad and open-ended approach and then going in-depth into the theory, concentrating on the specifics (Choy, 2014; Durrheim, 2004; Marshall & Rossman, 1995). I also followed inquiry steps true to the hermeneutic phenomenological paradigm with the aim of identifying and obtaining a clear understanding of the multiple constructions present in the psychosocial components that affect or influence the implementation of an ORM model, and to harmonise them (Annells, 1996).

Constructing a theoretical model, which integrates psychosocial components and related theory into an ORM model for implementation in Tanzania, was one of the specific aims of this study. According to Creswell (2009), the aim of a theoretical model is to combine and compare theory with the obtained propositions derived from the study. Mouton and Marais (1990, as cited in De Vos, 2006b, p. 35) however state that a theoretical model consists of scientific statements which provide typologies, models and theories. A **typology** has as its purpose to classify or categorise, whilst a **model** aims to discover or explore relationships between concepts, and a theory classifies and discovers with the aim to understand or explain concepts better (De

Vos, 2006b). A complex theoretical model was therefore derived from this study, incorporating both theory and modelling with the aim of integrating the identified psychosocial components and their related theories into a more comprehensive psychosocial model of OR management.

1.8 CONTRIBUTIONS OF THIS STUDY

The findings of this research study are of value to the fields of industrial and organisational psychology and OR management. Engaging in cross-border business is in itself a 'risky' business. Identifying the psychosocial components and incorporating them into ORM models, enables organisations to implement their ORM models effectively (Renn, 2008).

The psychosocial model developed as a result of this research would enable industrial and organisational psychologists and risk managers to manage growth initiatives such as cross-border mergers and acquisitions in the financial industry more accurately than I currently the case. Africa is a diverse continent filled with a mixture of cultures, races and genders. In business, and lately also in society, people are faced with First World views and Third World views, which both need to be both incorporated and accommodated in everyday life. Many people find this to be a challenge and struggle to understand or interpret this phenomenon effectively, especially in business, and to adjust their behaviour appropriately. This qualitative study was focused on assisting industrial and organisational psychologists and risk managers to understanding better how psychosocial components shape people and influence their behaviour, and these also comprise the focus on the resultant psychosocial model. This should enable the more effective adaptation of the industrial and organisational psychologists and risks managers approach to accommodate differences and to assist in operationalising risk management practices, frameworks and models better.

Quantitative research methodologies have been used for many decades in the fields of social science, human science and business research (Creswell, 2009; Martins & Martins, 2015). In comparison to the vast number of methods available within the quantitative research methodology, qualitative research methodology is still developing its form and constituent (Martins & Martins, 2015), especially so in the organisational and business contexts within Africa (Rogelberg & Brooks-Laber, 2008; Schurink, 2003). The present study was situated within the field of industrial and organisational psychology, and followed a qualitative research approach within the hermeneutic phenomenological paradigm. Therefore, with this study, I aimed to make a methodological contribution to the study of human behaviour within African organisations and within the context of OR management. With this research, a further methodological contribution is made in that this research combined the hermeneutic circle and Tesch's eight-step content analysis (see Tesch, 1990) within the inter-disciplinary contexts of industrial and organisational psychology and OR management.

1.9 CHAPTER LAY-OUT

In Chapter 2, a detailed discussion is provided of the research design and methodology followed towards effecting the empirical part of the research. Emphasis is placed on how the researcher obtained entry into the research setting and how relationships were established with the organisation and its employees. The approaches followed to collect and analyse the data are explained. Finally, the strategies employed to ensure good-quality data, as well as all the precautions taken to confirm an ethical study are clarified.

Chapters 3 to 5, account for the three main themes that were the result of the data collected and represented in the findings derived from the analysis of this data. These chapters furthermore integrate the theory constructed through the incorporation of literature. Three main themes are presented in the three chapters namely:

- Chapter 3: History, culture and climate;
- Chapter 4: Diversity management; and
- Chapter 5: Transactional fundamentals.

Chapter 6 concludes this study by presenting a deeper level of understanding of the psychosocial components that should form part of an ORM model. In this chapter, a new ORM model is presented, grounded in the data collected, and incorporating the psychosocial components necessary towards implementing OR management in organisations effectively. This chapter concludes with recommendations pertaining to further research.

1.10 CHAPTER SUMMARY

Chapter 1 provided the background and motivation for this research project. This chapter furthermore clarified the research problem and aims of the research. The foundational perspective and the paradigm perspective were discussed in detail. Lastly, this chapter concluded with the contribution of this study and the chapter lay-out of this thesis.

CHAPTER 2: RESEARCH DESIGN AND METHODOLOGY

In this chapter, the research design and methodology used to conduct the empirical part of the research will be discussed. The research setting within risk management in Tanzania will be presented and the research participants will be introduced. Furthermore, the process of data collection and analysis within hermeneutic phenomenology will be illuminated. Finally, attention will be given to the process followed to ensure quality data and ethical compliance.

2.1 BACKGROUND AND RESEARCH SETTING

This research project had its origin with the ORM function of a financial institution in Tanzania. Tanzania, like many other African countries, is well known for its historically strong socialist system (see Friedland & Rosberg, 1964). However, the Tanzanian society has slowly but surely been moving away from the socialist system and changed their focus towards a market-driven economy (Bwana & Mwakujonga, 2013). Since 1991, the Tanzanian government has made significant improvements to their financial sector, which include amongst others the dismantling of a state-dominated banking sector, thus abandoning the concept of *Ujaama* (Swahili word meaning ‘extended family’, ‘brotherhood’ or ‘socialism’) and aiming towards establishing an efficient and competitive financial sector (Simpasa, 2011; Yona & Inanga, 2014a). New financial policies support growth in the private financial sector with the establishment of various private institutions, as well as the subsequent establishment of an international Tanzanian financial system, attracting various international investors (Simpasa, 2011; Yona & Inanga, 2014b). One such an investor was a South African financial institution, which acquired one of Tanzania’ financial institutions as a subsidiary.

At the time of the acquisition, the Tanzanian government regulated their financial industry through their local model. This model was not in line with international best practice, especially relating to OR management, as introduced by the BCBS during 2006. The parent organisation, on the other hand, had already conformed to the requirements and guidelines as provided in the more advanced Basel III model (see BCBS, 2011) in their South African operations. The Basel II Accord (see BCBS,

2003) contains measures which enhance OR management through the introduction of specific methodologies (Chisasa & Young, 2013). Even though the host regulator in Tanzania had not yet adopted a model such as Basel II, top management of both financial institutions agreed that the Basel II ORM model should be adopted as part of their active risk management strategy and become best practice. This specific ORM model is compliant with the advanced measurement approach for operational risk under Basel II (AMA) (BCBS, 2011).

I was joined in Tanzania by a team of qualitative researchers to collect the necessary data for this research project. In Tanzania, we visited people involved in OR management within various divisions of the financial institutions, including the head office as well as a number of branches. These data collection visits also included the Tanzanian Central Bank, as well as senior OR managers from the head office of another financial institution based in Tanzania. Our visits were extended to some of the local market places and restaurants with the aim of exploring the Tanzanian culture further and to experience, first-hand, the way in which they work with risk management on a more social basis.

2.2 RESEARCH DESIGN

Selltiz, Jahoda, Deutsch, and Cook (1965, p. 50) describe research design as “the arrangement of conditions and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. This is supported by Zikmund et al. (2013) who view the research design as a framework that assists the researcher in meeting the objective of the study and solving the problem at hand. Research design is all about designing a map that would allow the researcher to follow a systematic process in order to discover more about a specific research problem (Rugg & Petre, 2007). Subsequently, a research design should provide the researcher with a specific plan as to how he or she should go about answering the research question (Durrheim, 2006; Selltiz et al., 1965). This research map should include the assumptions or worldview of the researcher, the research strategies as well as the specific methods to be used in collecting and analysing the data (Creswell, 2009) (see Figure 2.1).

RESEARCH DESIGN AND STRATEGY:

Qualitative approach and hermeneutic phenomenological research strategy (Creswell, 2009).

METHOD:

The techniques and procedures used to conduct the empirical study.

Objectives: The general aims of this study, were to identify the psychosocial components, which affect or influence the implementation of an ORM model in a target organisation in Tanzania, and to construct a theoretical model that gives proper consideration to these psychosocial components as part of an integration activity. This will lead to a reduced risk of failure of a new OR model implementation and will enhance the likelihood of a sustainable and effective ORM model in the long term.

Participants: 46 participants involved in OR management.

Data collection: 35 semi-structured in-depth interviews were conducted. However, some interviews were conducted with one participant present whilst other interview sessions involved two or three participants resulting in a total of 46 participants being interviewed.

Data analysis: Data were analysed using the hermeneutic circle to connect the parts to the whole. I then incorporated qualitative content analysis in accordance with Tesch's descriptive methods of open coding, through establishing common themes, sub-themes, categories and properties with relevant descriptions.

Findings, conclusions and recommendations: Identifying the psychosocial components, developing a conceptual framework and finally a psychosocial model of OR management as a result of this research enables industrial and organisational psychologists and OR managers to manage growth initiatives, such as cross-border mergers and acquisitions in the financial industry, more accurately. This model will enable a better understanding of how psychosocial components shape people, which will enable them to adapt their risk management approach accordingly.

Figure 2.1 Conceptual map of the research design, strategy and method

Durrheim (2006) proposes three stages to the research process, incorporating five steps. The **first stage** is the planning stage, which includes the activities of defining the research question and designing the research. The **second stage** is the execution stage in which the data are collected and then analysed. The **third stage** is the publication stage, which mainly occurs through the activity of compiling a research report.

A research design should be compiled in such a way that the trustworthiness of the research findings are completely exploited (Creswell, 2009). In order to ensure trustworthiness, four dimensions were considered when the research design of this study was planned, namely the research purpose, the paradigm informing the research, the research context, and the research techniques applied during data collection and analysis (Durrheim, 2006).

It is also important to consider the purpose of the study when planning the research design as this will enable the collection of appropriate data in order to solve the research problem (Zikmund et al., 2013). Subsequently, I reminded myself of the purposes of the study, which were:

- to gain knowledge and understanding of how risk is perceived and how this perception influences behaviour in the identified organisation;
- to identify the psychosocial components, which affect the implementation of an ORM model; and
- to construct a theoretical model, which integrates psychosocial components into an ORM model.

Given the purpose of the study it was evident that an in-depth analysis was necessary, in which case the use of a qualitative approach was most appropriate (Durrheim, 2004; Marshall & Rossman, 1995). According to Choy (2014, p. 101), the strength of qualitative research is situated in its stance towards homogeneous exploration, its ability to raise more issues through broad and open-ended inquiry and its understanding of behaviours of values, beliefs and assumptions.

Focusing on the narratives of the people involved, enabled an understanding of the organisation together with all its endeavours and the environment within which all this happened and what it meant to the people. Therefore, I positioned this research within the hermeneutic phenomenology research paradigm to understand the participants experience and interpretation of their lived phenomenon, in this context of risk management (Henning, Van Rensburg & Smit, 2005; Smith, 2008).

When first planning this research and its design, specific thoughts and questions came to mind as I realised the research would be done in an international setting. Therefore, as proposed by Stephens (2009), I considered the context and culture of the financial institution, Tanzania and its people, getting sufficient access into the organisation and to the right people, the potential barrier of language, the identity of me as researcher and those of my co-researchers, and the possibility of producing valid and reliable research.

Gaining sufficient access into the financial institution and forging open, strong relationships with the key role players were high priorities. I realised the value of these key role players who not only helped me understand the context of Tanzania and the financial institution better, but who also granted me access to participants and other resources I required. Subsequently a large amount of time was spent in consultation and discussion with these role players. These role players will be discussed in more detail later in this chapter under entrée and establishing researcher roles (see section 2.3.1).

Language was an initial concern as a total of 129 languages are spoken in Tanzania, and English is spoken by the ethnic minorities only (Ethnologue, 2014). It was therefore important to determine whether collecting data in English would influence the quality of the data. Once again, the role players, especially those from Tanzania, played a valuable role by advising and guiding us on how to overcome the language barrier and putting measures in place, such as obtaining the services of translators, to ensure correct understanding is enabled between the interviewers and interviewees.

I also had to consider the cultural differences between the South African researchers and the Tanzanian participants. Fortunately, both countries are well known for their rich cultural diversity, and thus the researchers were knowledgeable enough to cope with these differences.

I also realised forming researcher identity is important as the research team would enter the research context as outsiders. Although this research was conducted in Tanzania, it is on the same continent as South Africa, namely Africa, which gave the researcher and the participants a shared identity. Guthrie (1980) reminds us that researchers come from all over the world; yet, they remain part of a community of scholars. Stephens (2009) also warns against over-exaggerating one's experience as researcher in another country compared to what one would have encountered in your home country. To guide against over-exaggeration, the research team engaged in regular reflection on their experiences. Tanzanian role players participated in some of these reflective discussions to assist the researchers in assessing their Tanzanian experiences.

2.3 THE RESEARCH METHOD

In this section, the structuring of the research process is discussed in more detail in terms of the techniques and procedures used to conduct the empirical study. Descriptions are provided on the research strategy, research setting and the entrée and researcher roles, sampling, data collection methods, recording of the data, data analyses, and strategies employed to ensure data quality, ethical considerations and reporting are discussed.

2.3.1 How I managed literature in this study

As I engaged in the review of literature, and in line with the qualitative research approach, I explored literature starting with a broad, open-ended approach then making it more specific and in-depth (Choy, 2014, Durrheim, 2004). This also allowed me to stay true to the hermeneutic phenomenological paradigm as I was able to gain a clear understanding of the specific construct I was working with at the time (Annells, 1996). Therefore, I started with a review of theoretical developments in the field of risk management and then proceeded to focus on ORM. I approached this review from both an IOP and risk management perspective. My review initially focused on the social, cultural and behavioural components present when working with risk. I then intensified my review of these components specific to the area of ORM. Initially, I did not restrict my search to only South African or Tanzanian related studies. My aim was to firstly to engage with literature presenting research results on studies within this field, irrespective of continent or country. Thereafter, I concentrated on available literature of studies conducted on the African continent and more specifically South Africa and Tanzania. I did however review and incorporate literature into this study, which is true to Swahili literature, written by Swahili speaking authors, yet presented in in English, such as Julius Nyerere.

2.3.2 Entrée and establishing researcher roles

Once the need for the research had been established, various meetings and consultations took place over a period of seven months. The role players involved in these meetings comprised my four co-researchers, a few senior representatives (at middle, senior and executive level) from both the Tanzanian and South African offices of the financial institution and myself. I assumed the role of project manager and coordinator of this research. The meetings and consultations with all the role players enabled the demarcation of the research scope, and extensive planning was done regarding the research design and methodology to be used. As a result, a detailed proposal was drafted and submitted to the financial institution’s Head of Risk: Africa. Based on this proposal, permission was obtained to continue with the research, and so I gained entrée into the financial institution with the final consent of the financial institution’s Head of Risk: Africa.

A team of five researchers, employed as academics from the University of South Africa (Unisa) were identified to assist with the data collection. Each researcher was selected based on his or her extensive experience in conducting research within the field of qualitative research and specifically within the paradigm of hermeneutic phenomenology (Creswell, 2009; Richter & Tyeku, 2006). All five researchers had extensive experience in utilising the interview as a data collection method. Consideration was given to the diversity of the researchers to include various ages, genders and races in this group (see Stephens, 2009). Table 2.1 presents the profiles of the researchers according to their age, gender, race and qualification.

Table 2.1 Researchers profiles

Researcher	Age	Gender	Race	Qualification
Researcher 1	47	Male	African	Masters degree
Researcher 2	41	Female	Coloured	PhD
Researcher 3	33	Female	White	PhD
Researcher 4	51	Male	White	PhD
Researcher 5	34	Female	White	Masters degree

As the five researchers were all based in South Africa, it was necessary for us to be supported by a team of employees working for the financial institution in Tanzania. I established contact with an influential employee (a Tanzanian) in the ORM team based at the head office of the financial institution and right hand to the Head of Risk: Tanzania. She was well respected within the financial institution, and thus connected and informed about everything that related to risk management in the organisation and its branches. We established a good relationship and she provided me with all the information and knowledge I needed to plan this project. She also assisted me in putting together a support team who acted as informants during our visit (see Stephens, 2009). This support team assisted with arrangements, such as sharing of background information and aims of the study with the participants, obtaining participants' informed consent, scheduling the interviews with the participants and arranging for interpreters where necessary. The support team members also often participated in the interviews as they were all involved in risk management and could contribute to the discussion. The presence of the support team members during the interviews were experienced as instrumental towards forming rapport with the participant and establishing a comfortable environment in which the participants felt at ease and where confusion or misunderstanding could be clarified (Stephens, 2009)

Upon arriving in Tanzania, the research team had an initial meeting with the representative and the Head of Risk: Tanzania. We clarified all the necessary logistical arrangements and were introduced to the support team members. Prior to the interviews and during the course of the day, the research team often met to discuss who would be the most appropriate researchers to conduct the interviews with specific participants, giving consideration to amongst others race, gender and seniority. In these meetings, consideration was also given to whether a specific interview should be conducted by one interviewer or perhaps by a pair or by a triad of interviewers. As we arrived to conduct an interview, we were often surprised to find more than one participant present and willing to participate. As group interviews are often used by researchers as it allows saving time and money (Bryman & Bell, 2015), and as the researchers were well qualified and experienced in conducting interviews, this method was deemed ethical to use. It also enabled different lenses, through which data could be collected. During these meetings, the research team also shared their experiences, observations, preconceptions and notes taken during the interviews and these discussions were recorded as researcher notes and considered during the data analysis (refer to Annexure A). Whilst in Tanzania, we also made time to experience the culture through visiting various market places and restaurants, and engaged in enlightening conversations with Tanzanians. I truly believe these meetings and exploratory visits enabled me in particular, as well as the research team, to get closer to the reality of risk within the social and cultural realm of Tanzania.

2.3.3 Unit of analysis

The unit of analysis was the focus of a study by Durrheim (2006), and can refer to an individual, a group, an organisation, or object, a phenomenon, process or event which forms part of the study (Babbie, 2008; Fouché & De Vos, 2006; Mouton, 2001). As the unit of analysis has a direct influence on sample selection, data collection and data analysis, selection thereof happens by design early during the problem identification stage (Durrheim, 2006; Fouché & De Vos, 2006). In this study, the unit of analysis identified were individuals, the OR managers.

2.3.4 Sampling

The process of sample selection within qualitative research should be done with the research problem and question in mind, thus purposefully selecting the participants (Creswell, 2009). Therefore, in this study, criterion-based sampling, also known as purposive sampling was used. During criterion-based sampling, participants are purposefully selected for theoretical reasons as they can be regarded as good examples of the phenomenon (Durrheim, 2006). Participants are therefore selected because they have specific known characteristics, relating to aspects such as their experience, roles they fulfilled and behaviour they displayed within the context of the research topic (Ritchie, Lewis, Elam, Tennant & Rahim, 2014). The participants selected for this study had particular features or characteristics relating to OR management and were also part of the Tanzanian culture (see Ritchie, Lewis, & Elam, 2003). Most of the participants have also been directly involved in the implementation of the entire ORM model. Therefore, this sample was well represented in terms of the subject matter at hand and all its related aspects within the Tanzanian culture and financial industry.

In qualitative research, the focus is not so much on the quantity and measurement of a specific phenomenon, but rather on the qualities that define a phenomenon (Eatough, 2012). As Ritchie et al. (2003, p. 83-84) declare, "… there will be many hundreds of 'bites' of information from each unit of data collection". Qualitative studies produce richly detailed data and therefore sample sizes can be small (Henning et al., 2005) in order to do justice to all the 'bites' of information collected. As suggested by Ritchie et al. (2003), I included diversity in the sample in order to allow for adequate exploration of the characteristics of the key criteria of this study. This included interviewing 46 participants involved in OR management. Of the 46 participants, 44 were employed across various levels within the financial institution's head office and branches in Tanzania. The other two participants were members of executive management at other Tanzanian financial institutions. These two members were included as part of the research design and in order to obtain insight from within a different financial organisational context in Tanzania (Zoogah & Beugré, 2013). Of the 44 employed within the financial institution, two of the participants were on secondment from South Africa, whilst the other 42 were from Tanzania itself. Employees had to have a basic proficiency in understanding and speaking English, as the interviews were conducted in English. The number of years' experience in OR management also varied between the participants. Some obtained their experience in Tanzania, whilst others gained exposure in this field abroad. Some participants joined the financial institution before the implementation of the ORM model, whilst others joined whilst the implementation process was under way. Table 2.2 provides a brief breakdown of the number of participations, their position/job level and institutional relationship.

Table 2.2 Position/job level of participants from contributing institutions

Position/Job Level	Institution	Number of participants
Risk management employees	Subsidiary head office	32
Senior management	Subsidiary head office	4
Members of the executive committee	Subsidiary head office	2
Managers	Subsidiary branches	6
Members of the executive committee	Other financial institutions	2

Table 2.3 presents the representation of participants according to race, gender and institutional relationship. The participants were represented by three Whites and 43 Africans, 27 males and 19 females.

Table 2.3 Participants in accordance to race and gender

Participant number	Race	Gender	Institution	Identifier
Participant 1	African	Male	Subsidiary head office	Participant 1AMHO
Participant 2	African	Female	Subsidiary head office	Participant 2AFHO
Participant 3	African	Female	Subsidiary head office	Participant 3AFHO
Participant 4	White	Male	Subsidiary head office	Participant 4WMHO
Participant 5	African	Male	Subsidiary head office	Participant 5AMHO
Participant 6	White	Male	Subsidiary head office	Participant 6WMHO

Participant 7	African	Female	Subsidiary head office	Participant 7AFHO
Participant 8	African	Male	Subsidiary head office	Participant 8AMHO
Participant 9	African	Female	Subsidiary head office	Participant 9AFHO
Participant 10	African	Male	Subsidiary branches	Participant 10AMB
Participant 11	African	Female	Subsidiary head office	Participant 11AFHO
Participant 12	African	Female	Subsidiary head office	Participant 12AFHO
Participant 13	African	Male	Subsidiary head office	Participant 13AMHO
Participant 14	African	Female	Subsidiary branches	Participant 14AFB
Participant 15	African	Male	Subsidiary head office	Participant 15AMHO
Participant 16	African	Male	Subsidiary branches	Participant 16AMB
Participant 17	African	Male	Subsidiary head office	Participant 17AMHO
Participant 18	African	Male	Subsidiary head office	Participant 18AMHO
Participant 19	African	Female	Subsidiary branches	Participant 19AFB
Participant 20	African	Female	Subsidiary head office	Participant 20AFHO
Participant 21	African	Female	Subsidiary branches	Participant 21AFB
Participant 22	African	Female	Subsidiary head office	Participant 22AFHO
Participant 23	African	Male	Subsidiary head office	Participant 23AMHO
Participant 24	African	Male	Subsidiary branches	Participant 24AMB
Participant 25	African	Male	Subsidiary head office	Participant 25AMHO
Participant 26	African	Female	Subsidiary head office	Participant 26AFHO
Participant 27	African	Male	Subsidiary head office	Participant 27AMHO
Participant 28	African	Female	Subsidiary head office	Participant 28AFHO
Participant 29	African	Male	Subsidiary head office	Participant 29AMHO
Participant 30	White	Male	Subsidiary head office	Participant 30WMHO
Participant 31	African	Male	Subsidiary head office	Participant 31AMHO
Participant 32	African	Male	Subsidiary head office	Participant 32AMHO
Participant 33	African	Female	Subsidiary head office	Participant 33AFHO
Participant 34	African	Male	Subsidiary head office	Participant 34AMHO
Participant 35	African	Female	Subsidiary head office	Participant 35AFHO
Participant 36	African	Male	Other financial institutions	Participant 36AMO
Participant 37	African	Female	Subsidiary head office	Participant 37AFHO

Participant 38	African	Male	Subsidiary head office	Participant 38AMHO
Participant 39	African	Male	Subsidiary head office	Participant 39AMHO
Participant 40	African	Male	Subsidiary head office	Participant 40AMHO
Participant 41	African	Male	Subsidiary head office	PartiParticipant 41AMHO
Participant 42	African	Female	Subsidiary head office	Participant 42AFHO
Participant 43	African	Male	Subsidiary head office	Participant 43AMHO
Participant 44	African	Female	Subsidiary head office	Participant 44AFHO
Participant 45	African	Female	Subsidiary head office	Participant 45AFHO
Participant 46	African	Male	Other financial institutions	Participant 46AMO

2.3.5 Data collection methods

The focus of hermeneutic phenomenology is on a person's experience of a phenomenon and the meaning given to it (Eatough, 2012). Therefore, it was believed that the participants could impart their experience best when asked to do so in their own words and through conducting extensive individual reflective interviews (Henning et al., 2005; Kafle, 2011). Therefore, semi-structured in-depth interviews provided rich data and permitted the researcher to attain a comprehensive representation of the participants' beliefs about, or experience of their specific culture (De Vos et al., 2002). Galletta (2013, p. 24) concurs and believes semi-structured interviews holds within them a repertoire of possibilities as it enables the researcher to explore the participants experience of a specific phenomenon through obtaining a complete story or narrative from the participant. According to Galletta (2013, p. 24) one of the advantages of semi-structured interviews lies within its ability to pay specific attention to the participants lived experience whilst also speaking to theoretically driven variables of interest. In line with the hermeneutic phenomenological research paradigm (see Cohen, Kahn & Steeves, 2000), the semi-structured in-depth interview technique was used. Some interviews were conducted with one participant present whilst 11 interview sessions involved two participants resulting in a total of 46 participants being interviewed. The individual interviews provided insight into the subjective experience of the participants, whilst through the group interviews understanding was gained into the intersubjective experiences of a community of participants (Henning et al., 2005; Kelly, 2006b, p. 304). The group interviews therefore enabled a better understanding of the differences amongst participants who might have previously been regarded as a homogeneous group in their current context, yet their respective experiences of risk management are different (Kelly, 2006b, p. 304)

A semi-structured interview guide was used and consisted of nine open-ended questions (see Annexure B). The nine interview questions were developed by the research team in line with the objectives of this study, in order to answer the research questions. The research team was also informed by the model reflecting those aspects influencing psychosocial components, as developed by Van Niekerk et al. (2012) (see Figure 1.1) and the initial literature review conducted while drafting the nine open-ended questions. As this study was exploratory in nature, this semi-structured interview guide allowed the researchers to stay focused on the purpose of this research; yet, it also allowed flexibility and created the opportunity to collect data in accordance with the hermeneutic phenomenology methodology (Creswell, 2009; Marshall & Rossman, 2006). The semi-structured interviews focused on the lived meanings of each participant and how these guided their actions and interactions with the phenomenon of OR management (Marshall & Rossman, 2006).

The interviews were conducted in a conversational tone and participants were often encouraged by the researchers nodding their heads or making remarks such as “say more” or “uh-huh” (Kelly, 2006a; Packer, 2011). Researchers also asked for clarification where necessary when a participant used words or made statements, which were not clear in meaning (King & Horrocks, 2010). If a question was not answered sufficiently or when more detail was required, the researchers would explore further by making use of probing (Breakwell, 2012a; Creswell, 2009; Kelly, 2006a). As stated earlier in this section, translators were utilised to ensure interviewers and interviewees understood each other correctly and were therefore present during all the interviews. Additionally, a local support team together with the translators assisted the researchers in the clarification and probing processes to ensure the participants were clearly understood.

In light of all the above, I also gave consideration to the researcher as instrument during the data collection process and the potential for interviewer bias (Schweigert, 2012; Zikmund et al., 2013). As mentioned earlier (see section 2.2), the research team met regularly before and after interviews. During these meetings, the researchers spoke about their own opinions and possible bias, and in doing so, became mindful not to allow these into the interviews. I also deliberated the religious and cultural context within Tanzania with the research team prior to the interviews, and incorporated inputs from the financial institution's Head of Risk: Tanzania. This information was used to allocate researchers to participants, and so ensured that there was no overstepping of any religious or cultural boundaries (Stephens, 2009). The researchers were furthermore cognisant of the importance to appear neutral during the interviews and to create an environment where the participants felt safe to share whatever they deemed to be important (Breakwell, 2012a; Zikmund et al., 2013). During the interviews, the co-researchers and I focused on letting the participants feel safe to share their experiences with us by listening attentively to what they were saying and acknowledging their reality. During the interviews, we often shared our understanding of what had just been said with the participants to obtain confirmation or to ensure whether we had understood it correctly. All the above enabled the researchers to control the potential influence of interviewer bias during the interviews.

Through the semi-structured interviews, the researchers were able to collect rich data and gain insight into the participants' beliefs and experiences of their specific culture and their experience of risk, and more specifically, OR management (Greeff, 2006). Subsequently, throughout the data collection process, I regularly reflected on the process and content of the interviews with the research team, as well as the richness of the data. During the research team's regular meetings before and after interviews, the researchers discussed their interview experiences as well as what the interviewees had shared. As suggested by Kelly (2006c), when the research team reached a point where they intuitively knew the data had sufficiently explored the phenomenon being studied and they believed that data saturation had been achieved. The team could furthermore confirm data saturation when they were of the opinion they had reached a stage where sub-themes and themes were continuously repeating themselves and adding further participants would not lead to new insights

(Henning et al., 2005; Kelly, 2006c; Ritchie et al., 2003). At that stage, the research team reached a decision to suspend sampling and the collection of further data.

2.3.5.1 My personal experience of the interview

In the various roles during my career, I have conducted hundreds of interviews over the last few years. This included conducting interviews with people from different cultural backgrounds, ages and genders, as well as people from different socio-economic settings, and even a few foreigners from neighbouring countries, such as Botswana and Mozambique. This was however the first time I had visited Tanzania and engaged with its people and cultures and had to conduct interviews with some of its citizens.

My first impression of Dar es Salaam was that of a typical African capital. Streets were very busy and jam-packed with cars and people and vendors setting up shop very close to the curb of the road. Initially, the traffic seemed chaotic but one soon realised it is ‘organised chaos’ where every motorist, cyclist or pedestrian knew exactly what the rules were and how to get where they needed to be. However, it was quite a contrast to what I am used to in large South African cities such as Johannesburg, which also carries vast amounts of traffic, but where the travellers seem to move more synchronised and with more order.

When we reached the financial institution’s head office we were ushered through a back entrance and as we entered, we immediately attracted attention from the security officials. As we moved through the building, I got the sense that every employee working there knew we had arrived as we stood out like a sore thumb. As people passed us they greeted us in a friendly manner, but it was quite clear they were suspicious as to what our business was in their company and country. During our visit, we were granted access to a small meeting room with no windows where we regularly met in-between interviews to plan our next interviews and discuss our interview experiences and observations. The interviews were conducted in various settings, ranging from people’s offices, to boardrooms or meeting rooms, and even in some of the branches in the city and in others more towards the outskirts of the city.

I felt very safe conducting the first few interviews with the rest of the research team. I also felt this afforded us the opportunity to share our diverse experiences thoroughly during the interviews, together with our observations and thoughts, and in doing so, we were made aware of our possible bias and how to deal with it before the next interview started. I believe this also assisted us later when we had to decide how we should split up as a group and conduct interviews in twos, or threes or even sometimes alone.

In the interviews where I was involved, I experienced most of the interviewees as very friendly and willing to share as much as possible of their experiences and knowledge of the topic. One interviewee I met at the head office was very sceptical when we were initially introduced and I patiently spent a lot of time at the beginning of the interview answering all his questions and putting him at ease about the purpose of the interview and what the data would be used for. When he was assured, I experienced how he started trusting me as the interview progressed and this was also evident in the richness of the data he shared with me. With another sceptical employee, I was not so successful. More or less 15 minutes into the interview, I had to make a decision to end the interview. After attempting to set her at ease and answering her initial questions, she agreed that we could continue with the interview, but failed to understand what I was asking her, even though the translator attempted her best to explain. I suspected she was faking her lack of understanding, and chose to use it as a defence against the interview questions and the possible risk for her to be participating.

When I visited the branches, I had a very interesting interaction with one of the branch managers. He was very friendly and warm towards me when we were introduced; yet, during the interview, he was reluctant to give relevant answers to the questions I asked. I would ask a next question and he would continuously fall back onto a previous answer he had given and which did not address the question I had asked, only to be interrupted time and again by one of his colleagues. I felt as if I was intruding in his space and I also felt that, even though he tried to create the impression that he was cooperating and that he wanted to participate, he seemed to be operational in managing his own risk as participant to this research, through creating distractions to deter me from really getting insight into his experience of OR management.

My experience in conducting these interviews and of engaging with the Tanzanians was extremely positive and fulfilling. The regular discussions I had with my fellow researchers also allowed me to become more aware of possible bias as they all experienced theirs and I had to deal with my own bias. Together we explored how our bias could be of benefit to us as interviewers as well as how it might hinder us and in doing so, we increased our awareness and ability to deal with it. In instances where I was perhaps not aware of my own bias, some of my colleagues were in a position to point it out to me and through dialogue assisted me to work with it.

2.3.5.2 Recording of data

As a digital recorder aids the researcher to obtain a detailed record of the interview, all interviews were digitally recorded using high-quality recorders (Breakwell, 2012a; Greeff, 2006). Before the interview commenced, permission was obtained from the participant for the interview to be recorded and the participant was also notified that the researcher would be taking notes during the interview (Creswell, 2009; Kelly, 2006a). Using a digital recorder enabled the researchers to focus on the process and content during the interview (Greeff, 2006). As already mentioned, the researchers regularly reflected on the interviews and their observations during the data collection process and between interviews. These conversations were also digitally recorded.

The researchers also took detailed notes during and after the interviews to reflect on during the data processing and data analysis phases. These notes included researcher observations and preconceptions (see Annexure A) (Greeff, 2006).

The services of an independent, professional transcriber who had significant experience in transcribing interviews for research purposes, was utilised. All the recordings were transcribed in detail and verbatim to allow for more accurate interpretation and access to exact quotations (Alvesson, 2011; De Vos, 2006a).

The transcriptions were securely stored as both hard copy and password protected electronic version on an access-controlled laptop. The hard copy was kept as a back-up to the electronic copy in case the electronic copy became corrupted. Having electronic access to all the data, made it easy to retrieve notes, interviews or parts of interviews and identify patterns during the data analysis phase (Dey, 1993; Marshall & Rossman, 2006; Richards, 2009). The transcriptions will be stored on the researcher's access-controlled laptop at UNISA for a period of five years, where after it will be destroyed.

2.3.6 Data analysis

Directly after the qualitative data were collected, the parent organisation requested a draft report in the form of an executive summary, which provided a preliminary report of some of the social, cultural and behavioural components which seems to have an influence on the effective implementation of an ORM framework. In order to compile this preliminary report, a primary analysis had to be conducted of the data. This primary analysis was not conducted in line with the aims of this research project and did not comply with the design and methodological approach prescribed by this study. As a result, the primary analysis of the data was not used for the purpose of this study.

Therefore, after the qualitative data had been collected and analysed to an extent, further analysis was regarded as secondary data analysis. Secondary data can be an important source as it enables the researcher to explore new perspectives hidden in existing data through working with elements of the data that have not been analysed fully (Lewis, 2003). Researchers such as Hammersley (1997) and Mauthner, Parry and Backett-Millburn (1998) however warn that a researcher's distance from the original context in which the data were produced should be considered as a limitation. With this study, the possibility of such a limitation was ruled out as I was the primary researcher of the secondary data. As primary researcher, I was in the privileged position to be in possession of an intuitive element and strategic relationship with the data, which enabled me to engage with this secondary data in a unique manner (Mauthner et al., 1998). In this position as primary analyst, I was able to create types of reflexivity, and knowledge and insights, which were typically not obtainable to secondary analysts due to their distance and less strategic relationship with the data (Irwin & Winterton, 2012).

Within the hermeneutic phenomenological paradigm, the focus of this study was to obtain the spoken word of people involved in the implementation of OR management and to understand their experiences through the messages they wished to communicate. In order to work through the 454 pages of data obtained from the 35 interviews, conducted with the 46 participants, and in line with the purpose of this research, I chose to utilise a combination of data analysis methodology, namely the hermeneutic circle and Tesch's eight-step content analysis.

According to Stephens (2009), understanding the relationship between interpretation and context is vital when analysing data. This is in line with the hermeneutic circle (see Spanos, 1976) which relates to connecting the parts to the whole; thus, the research findings are primarily interpreted from their original context (Cole & Avison, 2007; Kelly, 2006b; Stephens, 2009). Context not only includes the external research setting, but also the interior of the researcher, which includes aspects such as experience and our own language, which represents our social reality (Stephens, 2009, p. 15). As a researcher, I acknowledged the importance of having to be aware of my internal self and how this might influence my analysis and interpretation of the data. This is also referred to as 'bracketing'. Bracketing originates from phenomenology, and is an attempt to bracket the researcher's own preconceived philosophies about a topic and to assist the researcher to forget for a moment about reality as known by him or her (Creswell, 2009; Packer, 2011). However, according to Lowes and Prowse (2001), within hermeneutic phenomenology the researcher does not have to bracket his or her own preconceptions as this paradigm acknowledges the researcher to be inextricably situated in his or her world. Therefore, within this research, it was important for me as researcher to acknowledge any assumptions that might affect the process of data collection, data analysis and interpretation of the findings (Crist & Tanner, 2003).

This process overlapped with the more detailed and thorough procedures followed by content analysis. According to Neuman (2007, p. 227), content analysis is a technique used to gather and analyse the content of text, which includes the spoken word of people or any message that can be communicated. Content analysis assisted me as researcher to scrutinise the participants' behaviours, thoughts and feelings (Breakwell, 2012b). Through content analysis, I established common themes, sub-themes, categories and properties (i.e. aspects which relate to the categories) once the textual data had been collected and interpreted systematically (Breakwell, 2012b; Eatough, 2012). As with phenomenological analysis, I gave equal value to all statements, then listed the meaning units, after which I clustered them into themes and then developed descriptions (Moustakas, 1994). I incorporated the eight steps as prescribed by Tesch (1990) in between the coding and description or theme setting steps of content analysis (Creswell, 2009) to ensure thorough data analysis and applied it as follows:

- Step 1 – preparing the data: I had the recordings transcribed and organised the field notes.
- Step 2 – obtaining an overview: I carefully read the interviews to obtain a holistic view and background. I read with the intention of remembering and even memorising some of the content. As ideas and thoughts started forming in my mind, I began making notes in the margins of the transcriptions as well as on a separate notepad when necessary.
- Step 3 – allocating open codes: I then chose an interview and read it whilst searching for switches being made from one topic to another. At that stage, the focus was on topics rather than on content. I continuously asked myself, "What is this about?". At first I tried to forget about "What is said?". I then wrote the topics in the margin and continued this process with all the interviews.
- Step 4 – generating categories and themes: I then drafted a spread-sheet with a column per interview and made a list of all the topics that appeared in the various interviews (see Annexure C). Comparisons were then sought between interviews and indicated in the spread-sheet. Similar categories were then clustered together as themes. Another spread-sheet was designed with three columns, namely major themes, unique themes and leftovers (see Annexure D). Themes which appeared most often, were clustered as **major** themes. Those themes that appeared unique and which were referred to by most

participants, yet which seemed significant to the topic were clustered under **unique** themes. The **leftover** themes were then allocated to the leftovers column. All the themes were integrated into the findings and reported on where I deemed them to fit in appropriately.

- Step 5 – coding continues: The themes were all coded and I then went back to the transcriptions and coded all the relevant parts. Whilst doing this, I still kept an eye open for possible new themes. During this entire process, I continued making notes as ideas formed.
- Step 6 – describing themes: Descriptions were then allocated to each theme. I then repeated the spread-sheet with three columns, categorising the themes as major themes, unique themes and leftovers. The content of the themes were considered carefully to eliminate possible duplications. All themes belonging together were then mapped to a category. Codes were then allocated to each category and subsequently all the interviews were coded.
- Step 7 – interrelating themes or categories: Keeping my research questions and aims in mind, I identified and summarised the content of each theme and category. Specific focus was placed on similarities, uniqueness, messiness or contradiction and information that appeared to be missing.
- Step 8 – interpretation: In this last step, attention was given to whether the theme could be crystallised into research outputs. This organising system was also used to assist me in structuring the flow of my discussion on the findings.

These eight steps enabled me as researcher to obtain firstly a holistic picture of the scope of the data, which included the context in which the data was collected as well as the data itself, thereby contextualising the themes and categories (Breakwell, 2012b). Therefore, the data collected was analysed according to the detailed content analysis approach based on Tesch's (1990) eight steps as this enabled the analysis of the content of the text (Babbie & Mouton, 2001; Neuman, 2007).

The hermeneutic circle also formed part of the data analysis process to complement the use of the content analysis approach and the hermeneutic phenomenological paradigm of this study (Laverty, 2003). The hermeneutic circle is a system of circular movements between the holistic meaning of the text and its distinct parts, where the researcher continuously moves between listening and reading, doing reflective writing and expanding the interpretation (Kelly, 2006b; Laverty, 2003; Stephens, 2009). Therefore within the hermeneutic circle and hermeneutic phenomenology, the researcher is free to search spontaneously for themes in the data through coding and providing a written interpretive account of the phenomenon up to the point where a coherent unit can be formed again (Cole & Avison, 2007; Kelly, 2006b). Therefore, in line with content analysis, my focus was on interpreting the theme as and how it appeared as well as the frequency with which this theme seemed to appear in the text (Spencer, Ritchie, & O'Connor, 2003). My aim was further to determine the importance of a theme in relation to the number of times it appeared in the various interviews. My focus was furthermore on identifying relationships between the various categories and themes, and to reason the positioning of some of the data. I then searched for clarity about how certain social processes and phenomena in the data results in one category illuminating another and thus fitting the data into logical patterns (Henning et al., 2005). Utilising content analysis, the hermeneutic circle and Tesch's eight steps enabled me to build a strong inquiry into a vast amount of data (Henning et al., 2005).

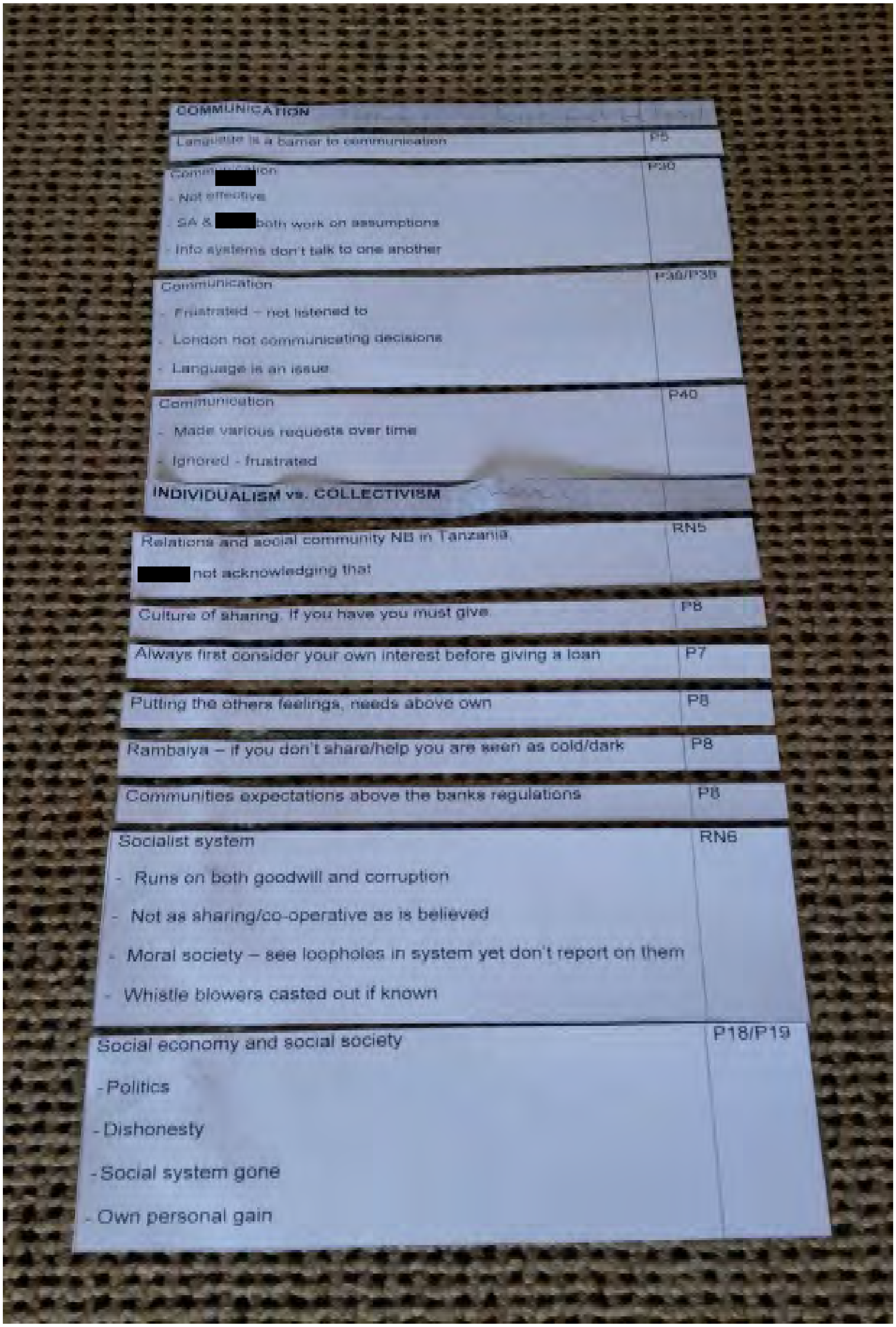
A computer was used to transcribe the recordings, and I used a laptop to make notes on the transcripts, edit and write up the findings. As researcher, I wanted to get as close as possible to the data to satisfy my curiosity and remain sensitive to the participants' voices. I therefore opted not to utilise a data analysis software package, but rather to work directly with the data using both hard copies and electronic copies. This allowed me abundant contact as I could page through the interviews and run searches on key words and constructs, ensuring I do not miss anything. In many instances, the context in which the key words were situated was scrutinised to ensure accurate interpretation of what the participant intended to say. This process assisted me in gaining an in-depth understanding of the data and to verify my understanding of what was meant by the participant (Henning et al., 2005).

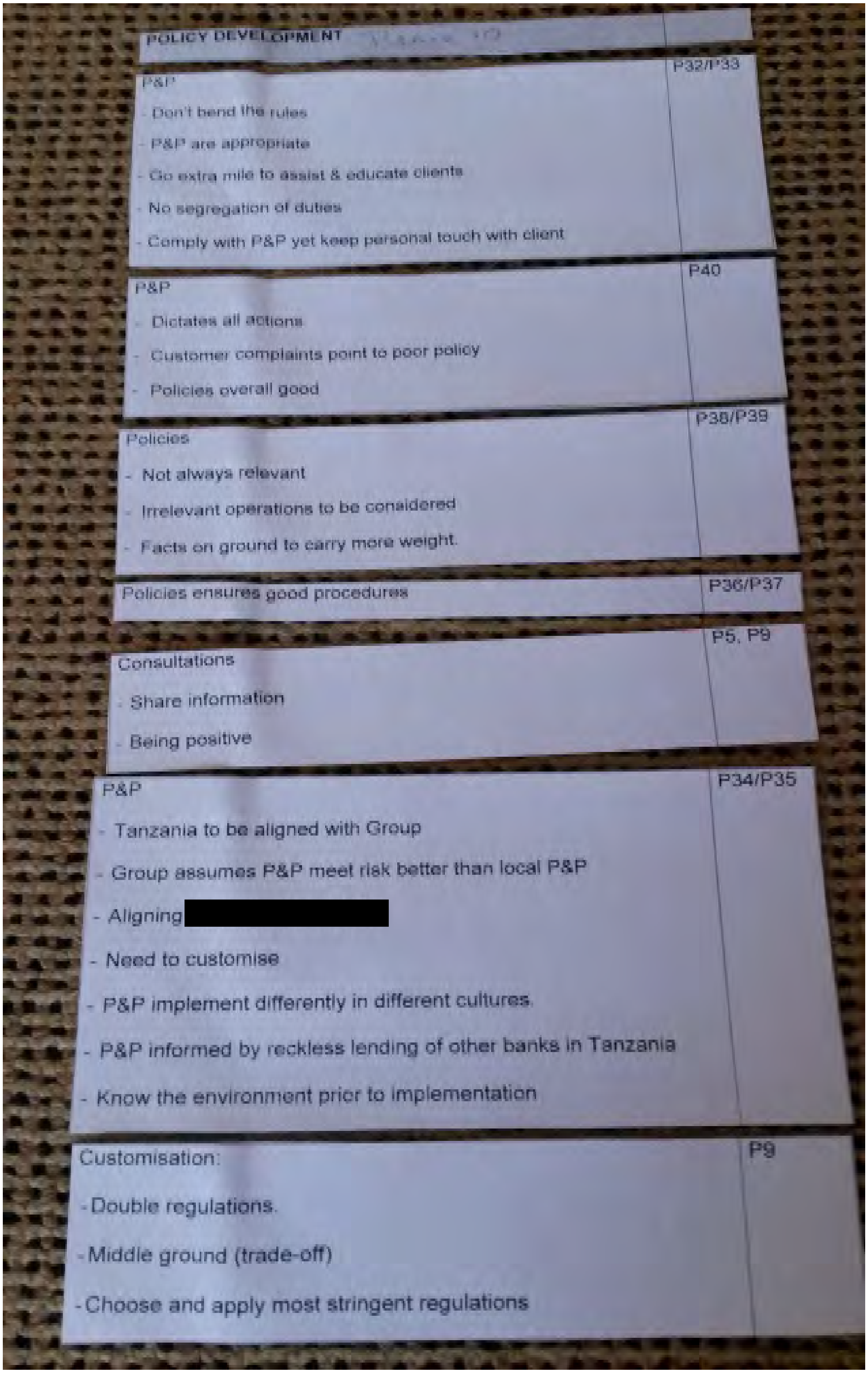
It was important for me to listen to all the voices of the participants to ensure nothing was lost or not heard. As I was not involved as interviewer in all the interviews, it was also important to emerge myself into the transcripts of each and every interview conducted. Furthermore, as English was not the first language of the participants, I found the manner in which participants expressed themselves or constructed their responses to be not always in line with the rules of the English language. Making use of qualitative data analysis software such as Atlas.ti was not a consideration for me. I had to read and re-read text continuously and carefully to make sure I understood and clearly comprehended what the participants wanted to say or intended saying. During the interviews, clarifying questions were often asked when what a participant said and the meaning thereof were not clear to the interviewer. I therefore also had to consider these clarifying questions and the subsequent responses continuously before I could make an appropriate interpretation of the meaning of the text.

It was of utmost importance for me to ensure that the data collected were rigorously analysed and that all the possible categories and themes were identified. Working through the voices of 46 participants and the six sets of researcher notes taken during the data collection phase proved to be quite a challenging and exhausting task. Due to the vast amount of data, it took me much longer than I initially anticipated to work through steps two to six of the data analysis phase namely obtaining an overview, allocating codes, generating categories and themes, continuing with the coding and describing the themes. I continuously had to refer back and forth and often had to stop to refocus and reflect on whether I was still consistent in following the correct process as was prescribed by each step. Figure 2.2 illustrates how I initially followed a manual approach to allocate themes and their related aspects to categories.

2.3.6.1 My personal experience of the data analysis

I experienced a great amount of excitement when I realised I had reached the point in my research where I could start engaging with the data through the data analysis. Simultaneously, I also experienced some anxiety when I opened all the files from the transcriber and realised with how much data I was faced. I knew I had other options, such as only working with some of the interviews to a point where I could conclude I had reached data saturation, but instinctively I knew I wanted to and had to work with every single word each participant had shared. During the data collection phase, I realised how many participants shared their feelings of being ignored and not heard, and I wanted to ensure this does not happen again, even though their voices would be anonymous.





POLICY DEVELOPMENT	
P&P - Don't bend the rules - P&P are appropriate - Go extra mile to assist & educate clients - No segregation of duties - Comply with P&P yet keep personal touch with client	P32/P33
P&P - Dictates all actions - Customer complaints point to poor policy - Policies overall good	P40
Policies - Not always relevant - Irrelevant operations to be considered - Facts on ground to carry more weight.	P38/P39
Policies ensures good procedures	P36/P37
Consultations - Share information - Being positive	P5, P9
P&P - Tanzania to be aligned with Group - Group assumes P&P meet risk better than local P&P - Aligning [redacted] - Need to customise - P&P implement differently in different cultures. - P&P informed by reckless lending of other banks in Tanzania - Know the environment prior to implementation	P34/P35
Customisation: - Double regulations. - Middle ground (trade-off) - Choose and apply most stringent regulations	P9

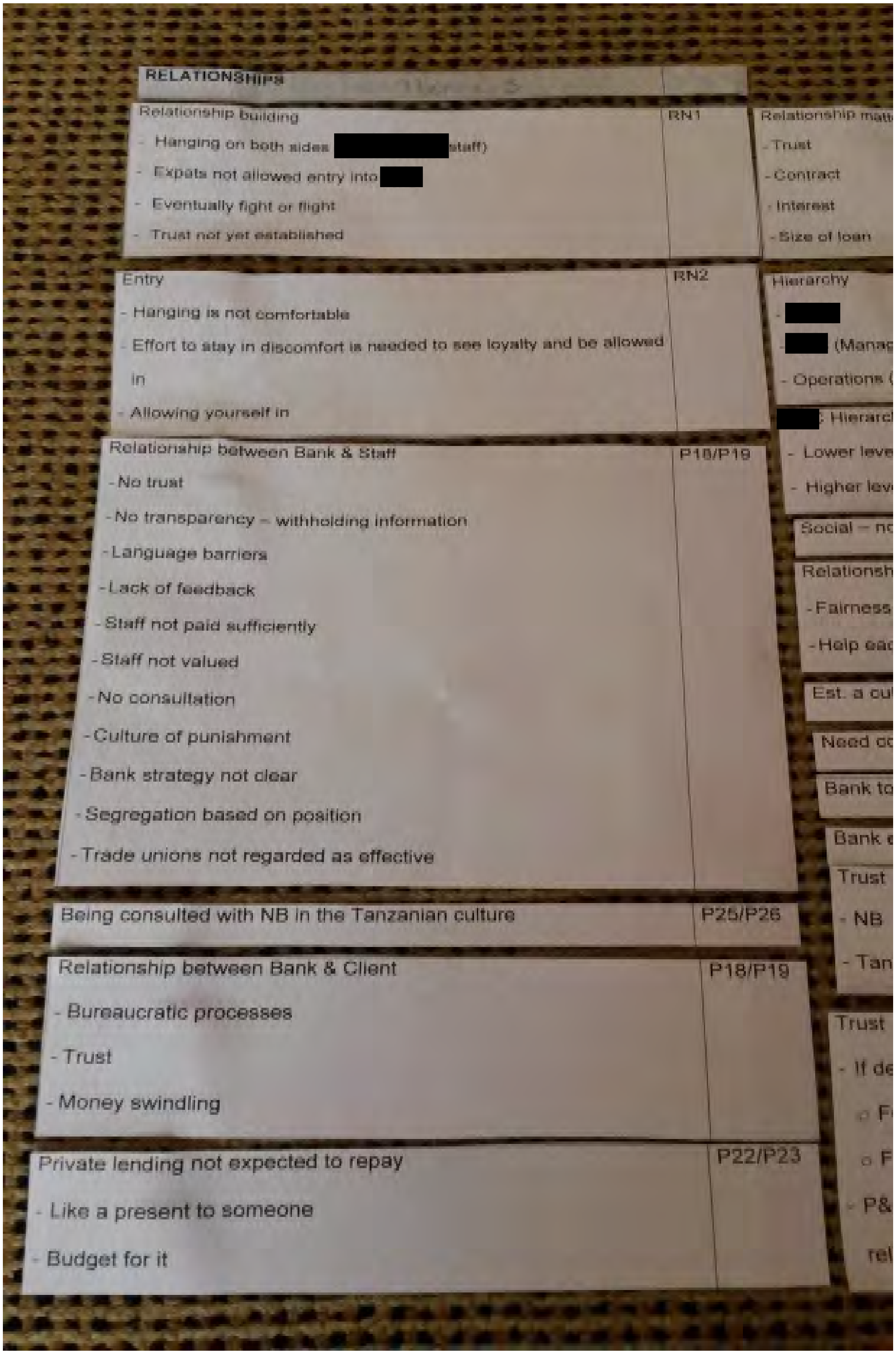


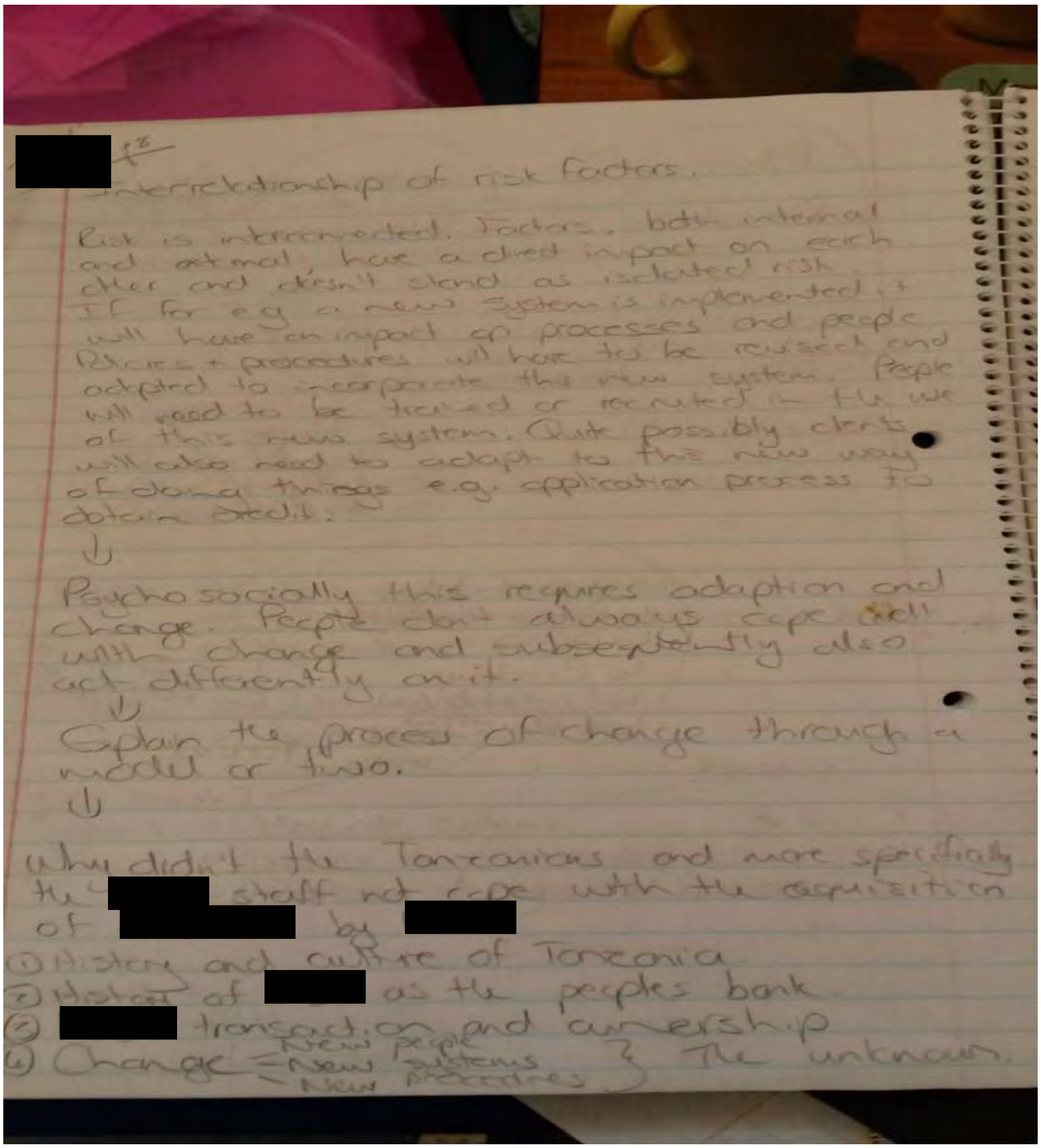
Figure 2.2 Illustration of the initial manual allocation of themes to categories.

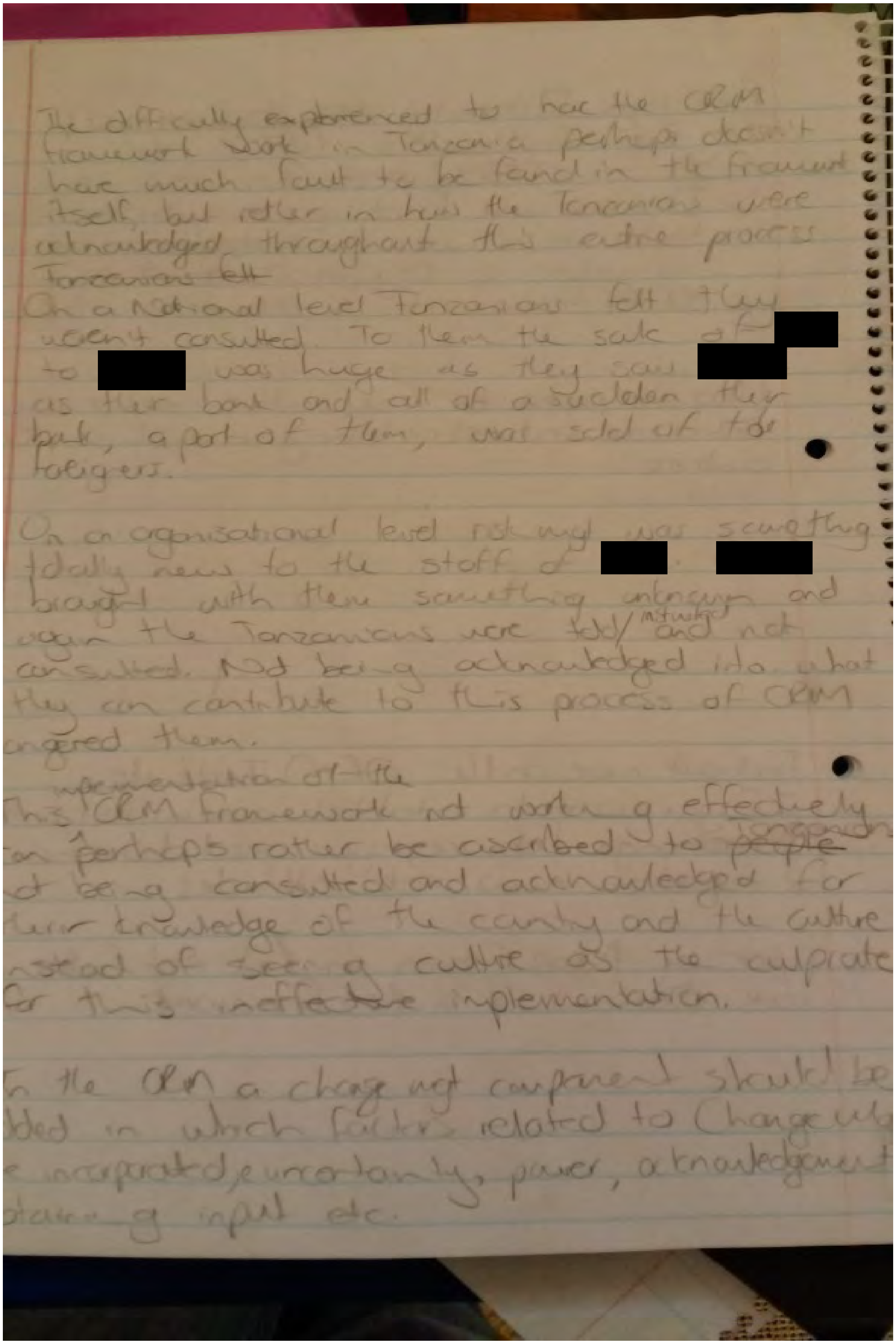
Initially, I thought of using an application such as Atlas.ti to assist with organising the data but I also had a sense that I wanted to feel the data in my hands and be able to reference between transcriptions as I advanced in the data analysis proses. Therefore, I chose to print hard copies of all the interviews, and I started working with spreadsheets to order everything. Working with hard copies of the transcriptions proved to be very valuable as it afforded me the opportunity to make ample notes, and I could easily cluster similar properties and ultimately categories together, to form the sub-themes and themes eventually. Many of these notes proved to be valuable later when I started constructing propositions and even assisted in formulating potential recommendations for the theoretical model I aimed to develop, recommendations for organisational practices, as well as future research. The spreadsheets I designed also enabled me to trace quickly which participants shared the same thoughts and experiences, and this enabled me to start organising the categories, sub-themes and themes. The spreadsheets further enabled me to refer back to the interviews and find the exact word of each participant speaking about a specific component, and to be able to substantiate my findings with verbatim quotes.

Due to the vastness of the data and its rich content, I sometimes felt quite overwhelmed. I had much to work with and many thoughts with which to deal and of which I had to make sense. Some days I would just put the transcriptions and spreadsheets aside and sit down to work with these thoughts and all the feelings I was experiencing at that moment. I often chose to record these feelings in a personal journal to lighten the mental burden I felt I was carrying somehow. This also proved to be quite a lonely journey. Colleagues, friends and family asked me how I was doing, but I soon realised I could not convey to them the magnitude of the work I was dealing with, even though some of them are researchers themselves. This resulted in me withdrawing to some extent and directing conversations away from the people around me and my thesis. I found it easier to channel my energy rather into the voices of the participants and ensuring my interpretation of their experiences was true to them and that I really understood the meaning of their words.

I can confirm with certainty that the data analysis proved be a long journey taking place over almost two years. Even though it felt like running a marathon, I can gratefully confirm I believe I succeeded in being consistent in following a rigorous and stringent process throughout to ensure I deliver a research project of high quality. I believe I present here a true interpretation and clear understanding of all the participants' voices and through them have been able to construct propositions and ultimately a theoretical model that would assist in managing operational risk more effectively.

During the data analysis, I also made notes, such as can be seen in Figure 2.3, as I reflected on the data or when I gained certain insights. I continuously referred to these notes as I reported on the findings.




The difficulty experienced to have the CRM framework work in Tanzania perhaps doesn't have much fault to be found in the framework itself, but rather in how the Tanzanians were acknowledged throughout this entire process ~~Tanzanians felt~~

On a National level Tanzanians felt they weren't consulted. To them the sale of [redacted] to [redacted] was huge as they saw [redacted] as their bank and all of a sudden their bank, a part of them, was sold of to foreigners.

On an organisational level risk mgt was something totally new to the staff of [redacted] [redacted] brought with them something unknown and again the Tanzanians were told/ instructed and not consulted. Not being acknowledged into what they can contribute to this process of CRM angered them.

This CRM framework not working effectively implementation of the can perhaps rather be ascribed to ~~people~~ Tanzanians not being consulted and acknowledged for their knowledge of the country and the culture instead of seeing culture as the culprate for this ineffective implementation.

In the CRM a change mgt component should be added in which factors related to Change will be incorporated, e.g. uncertainty, power, acknowledgement, sharing input etc.

Figure 2.3 Researcher data analysis reflection notes

2.3.7 Theoretical saturation

As I embarked on this project, I had mixed feelings and levels of confidence with regard to my skills, knowledge and experience. Even though I am an industrial and organisational psychologist – thus a behavioural specialist – with experience in OR management, I had no previous experience in the field of operational risk management within the financial sector. Furthermore, being a South African and living in a diverse social and cultural context such as South Africa, I did not have any knowledge about the social, cultural or economic climate found in Tanzania.

I therefore felt it necessary to engage with literature to prepare myself for this new journey and to gain some knowledge on the context I was entering as a researcher. As was discussed in Chapter 1, during the deductive reasoning process, I developed Figure 1.1 to give me momentum to conduct this research. My focus then moved towards research design and methodology literature and later back to literature on the topic being studied.

As I reached Step 6 of the data analysis, describing the themes, I realised I had to pause the data analysis for a while and refer back to literature. In the literature, I again considered the requirements as prescribed by the Basel III accord as well as various ORM models, but in particular one that was developed by Young (2006) who referred to the people factor involved in OR management. I also explored literature on organisational psychology and social and cultural aspects. This assisted me in the conceptual process of naming and describing the themes, sub-themes, categories and related properties as they emerged during the data analysis.

As this study was inter-disciplinary in nature it was very important for me to name and describe the data in a manner that is familiar to the audience for whom this is intended. The engagement with literature furthermore assisted me in identifying the underlying relationships between some of the themes. As a result, I was able to integrate the findings, report on them and conceptualise the new model. A more detailed discussion was provided in section 1.7.

2.3.8 Strategies to ensure a quality research project

As proposed by Durrheim (2006), the present research was structured within an iterative design to comply with the requirements of a sound qualitative study. An iterative design attempts to present numerous realities based on the perspectives of a diverse group of participants (Durrheim, 2006), namely people involved in OR management across all levels in the organisation and in Tanzania.

Plager (1994, p. 77) presents three factors which contributes to the rigour of a hermeneutic phenomenological study, namely: the reflective nature of interpretive work, the involved and time-consuming need for studying participants in their everyday lived experience, and the demanding commitment involved in interpreting the text. Rigour is situated within the methodology and practices followed during a study (Ezzy, 2013; Kelly, 2006c; Lincoln & Guba, 1985). A comprehensive account of the validity, reliability and transferability of the various phases of the research method is provided (see 2.3.7.1, 2.3.7.2, 2.3.7.3 and 2.3.7.4) (Henning et al., 2005; Neuman, 2007). This comprehensive account provides a theoretical framework in accordance to which the methodological approach followed is explained (Oliver, 2011) In following this approach rigour is achieved as the research design applied in this study is well articulated and enables replication (Oliver, 2011). I furthermore provide extracts from the data collected to ensure an accurate presentation of the voices of the participants and to assist the reader in deciding whether the findings of this study could be transferred to his or her context, as recommended by Henning et al. (2005).

In order to ensure quality within a hermeneutic phenomenological study, Van Manen (1997) directs the researcher towards four rigorous criteria:

- positioning of the researcher in the world of the research participants and their stories;
- strength of the text to convincingly represent the meanings of the research participants convincingly through their stories;

- richness, which refers to the visual quality of the text as it describes the perceived meanings of the told stories; and
- depth, which relates to the ability of the research text to penetrate deep down and express the best of the intentions of the participants.

Stephens (2009) also proposes that, when researching in international settings, the researcher to be able to 'stand back' and consider the research topic, methodology and design, as well as the role of the researcher critically. Therefore, as researcher I continuously stood back in order to conduct dialogue with the topic, to reassess the research method and design, and to reconsider my position as researcher to ensure critical, reflexive enquiry and a sound, high-quality study (De Vos, 2006a).

When evaluating the quality of a study, consideration is usually given to the validity and reliability thereof. However, in qualitative research, the concept of trustworthiness is applied to appraise the quality of the study and to determine its truthfulness (Lincoln & Guba, 1985). In this study, and as suggested by most of the sources quoted above, four criteria were used to ensure the trustworthiness of this study, namely triangulation, transferability, confirmability and dependability (Ezzy, 2013; Kelly, 2006c; Lincoln & Guba, 1985).

2.3.8.1 Triangulation

Triangulation refers to a process where one's own position is checked against those of others to obtain multiple perspectives (Kelly, 2006c). In this study, investigator triangulation was applied in three ways. Firstly, in the context of this study, five researchers were utilised to collect the data, and I continuously collaborated with them on the entire data collection process, which eliminated the potential effect of the researcher on the research context (Kelly, 2006c; Merriam, 1991). Secondly, after the interviews, the five researchers collaborated with the support team members who were present during these interviews to obtain their perspective on the researchers understanding of what the participants shared to ensure credibility (Kelly, 2006c). Thirdly, in line with the Tesch model of data analysis (see Tesch, 1990), I also obtained the services of two independent co-coders for the coding of the first ten interviews (Creswell, 2009). This enabled me to obtain an overview of the data and to establish my own dependability as data analyst (Silverman, 2013). Whilst I applied Tesch's model of data analysis (Creswell, 2009; Tesch, 1990), the independent co-coders applied framework analysis (Srivastava & Thomson, 2009). I then compared the two sets of codes and found a significant overlap (see Annexure E). The triangulation process of the data analysis methods assisted me in establishing multiple perspectives towards confirming the credibility of my coding and to enhance the rigour as it meant I could confirm that similar results had been obtained by two coders who each followed a different data analysis methodology (Finlay, 2006; Lincoln & Guba, 1985).

2.3.8.2 Transferability

Once the findings of a research project can be transferred to another context, transferability has been established (Kelly, 2006c). In qualitative research, the transferability of data is often found to be problematic (De Vos, 2006a). The purpose of the present study was to gain in-depth knowledge of the experience of OR managers in Tanzania. Therefore, through giving a detailed account of the theoretical and empirical framework followed, this study can be duplicated by other researchers within another context to determine its transferability (De Vos, 2006a; Mouton & Marais, 1996). Rigour is ensured through providing a detailed description of the sample, as well as an account of how the sample was drawn. Rigour is further ensured in that the researchers notes made during data collection on their experiences, observations and preoccupations are presented in Annexure A, together with the semi-structured interview guide (see Annexure B), which both enables duplication. The Verbatim quotations are also presented in the findings section of this thesis to portray an accurate presentation of the participants' voices and to enable the reader or other researchers to decide whether the findings of this study are transferable to another context (Henning et al., 2005).

2.3.8.3 Confirmability

Confirmability refers to the ability of another researcher to confirm the findings of one's study (De Vos, 2006a; Marshall & Rossman, 2006). According to Lincoln and

Guba (1985), if another researcher can identify with or make sense of the interpretation and logic of the researcher, confirmability was achieved. My process of interpretation began during the data collection phase and continued throughout the literature review stage. As discussed earlier, after most of the interviews, the five researchers confirmed their understanding of what the participants shared in the interviews by collaborating with the support team members to ensure their interpretation and logic applied is credible (Kelly, 2006c). During this process, I ensured rigour through both reading the transcriptions and listening to the transcriptions. This process accelerated as I combined my own logic with the steps of the chosen data analysis methodology towards analysing the data, generating understanding and finally writing up the findings and designing the model. In order to enhance the rigour of this study, a list of the topics which emerged through step 4 of the data analysis is presented in Annexure C and Annexure D presents these topics as they were grouped into major themes, unique themes and left overs. As Kelly (2006c, p. 372) points out, "interpretation proceeds until the last word is written". I furthermore kept detailed records of all the interviews, researcher notes and the data analysis process followed and these will be made available to other researchers for examination in order to establish confirmability.

2.3.8.4 Dependability

Dependability refers to the variability of the phenomenon being studied, as well as the design of the study (De Vos, 2006a). As emphasised by Marshall and Rossman (2006), the social world is continuously under construction, which in turn could cause problems should a study be replicated. As the study progresses, researchers might increase their insight into the phenomenon being studied, whilst the participants' real life situations change. Therefore, in this study, great care was taken to increase the dependability of the study by ensuring a well-described research design and methodology. As mentioned earlier, the services of independent co-coders were obtained in the initial stages of data analysis with the purpose of ensuring credible coding, in conjunction with Tesch's model of data analysis and open descriptive method of coding (Creswell, 2009; Tesch, 1990).

2.3.9 Ethical considerations

In psychological research, as with the hermeneutic phenomenology paradigm, great emphasises is placed on the importance of ethical conduct during research, as the participants are human beings. In this study, great care was taken to address ethical issues, and the researchers utilised the guidelines provided by the American Psychological Association and the Health Professions Council of South Africa. This is discussed in more detail below.

2.3.9.1 Ethical clearance

After presenting and defending my proposed research at departmental and college level, I obtained ethical clearance from the Unisa to continue with the research. I also obtained ethical clearance from the both the Head of Risk: Tanzania as well as the Head of Risk: Africa in South Africa to conduct this research.

2.3.9.2 Informed consent

Prior to the study, the participants were verbally informed of the nature and purpose of this research, as well as of what would be required of them, after which they were asked to give their informed consent to participate (see Annexure F) (Kafle, 2011; Schweigert, 2012). Before commencement of the interview, participants were again reminded of the purpose of the research, and they were given the opportunity to clarify any issues of which they might still have been concerned. Participants were again reminded that their participation was voluntary and that they could withdraw from the interview at any stage, should they wish to do so.

2.3.9.3 Privacy, anonymity and confidentiality

The privacy of participants was protected, because they had the right to decide which personal information they wished to share with the researcher (Strydom, 2006a). Privacy was further ensured by conducting the interviews in private. When we arrived at some of the interviews we found more than one participant ready to participate in the interview. This caught us somewhat off-guard and as a result we did not at the time act upon it. As we did not plan for group interviews we did not include the matter of partial confidentiality in the informed consent form as participants could speak about what was said and by whom. Upon reflection after the data collection, I realised the importance and it proofed to be a great learning opportunity for me as researcher. Information given during the interviews was recorded anonymously and therefore the participants cannot be identified. The transcriber also agreed to protect the privacy and anonymity of the participants, while typing up the interviews and to keep the recordings and transcriptions secure. During the information gathering, analysis and reporting phases, the names of participants were replaced by numbers (Neuman, 2007), which also ensured confidentiality. The organisational identity was also protected through removing the name of the organisation and using instead just ‘financial institution’. Confidentiality was further ensured as only the researchers had access to the data collected. The electronic data were securely stored with passwords and the hard copies were stored at a private secured facility to which only I had access.

2.3.9.4 Beneficence

‘Beneficence’ refers to the potential benefit the research would have for the participants (Wassenaar, 2006). This includes weighing up the potential risk of the research against the benefits for both individual, organisation and society at large, as found in the findings. The researchers were sensitive towards not asking questions in the interviews that might be political in nature or cause discomfort from a cultural and social point of view. Care was also taken to respect the time and availability of participants and all the role players involved. The aim of this study was to construct a theoretical model, which integrated psychosocial components into an ORM model for implementation in cross-border business, accordingly bringing comfort to the individuals involved in OR management and subsequently benefiting individuals, organisations and the community at large (Strydom, 2006b). Therefore, the findings of this study and the subsequent model developed as a result of this research will be shared with the participants involved in this study. It will also be published in accredited academic journals and in doing so, be made available to the ORM fraternity at large. These accredited academic journals can include, but are not restricted to, the Journal of Business and Psychology, South African Journal of

Economic and Management Sciences, Academy of Management Review and International Journal of Human Resource Management.

2.3.9.5 Nonmaleficence

Nonmaleficence includes both the principles of not causing the participants any harm as well as that of ensuring no wrongs have been done towards the participants (Wassenaar, 2006). Following the process of transition the participants already underwent as a result of both the acquisition and implementation of the ORM model, it was very important for all five researchers to protect the participants from any possible harm or wrongdoing during the data collection process. Each researcher took care during the interviews to ensure the participants were comfortable and not stressed. The researchers adopted a non-judgemental and non-blaming stance with genuine curiosity and interest in the lived experiences of the participants whilst conducting the interviews. Throughout the interviews, the research team, assisted by the support team, were available to provide distressed participants with counselling or debriefing should they need it (Cascio & Aguinis, 2011). Fortunately, no instances occurred in which counselling or debriefing was necessary. I furthermore took great care to ensure that no harm and wrongdoing was done towards the participants during the analysis and interpretation of the data as well as the writing up of the findings, by firstly, protecting their privacy and anonymity and secondly, ensuring I stay true to their voice and the real meaning of their words and the subsequent experiences they shared.

2.3.10 Writing the research report

Neuman (2012) describes a research report as a means through which a researcher communicates research methodology and findings to others. In writing the research report, I chose to provide a descriptive account of the phenomenon of risk management and how the participants portrayed their experiences of this phenomenon within their specific daily work context (Delport & Fouché, 2006). Therefore, meaning was given by rearranging, examining and discussing the textual data of the interviews in a way that conveyed an authentic voice, or which remained true to the original understandings of the people interviewed (Merriam, 2009;

Neuman, 2007). According to Neuman (2012, p. 371), “a good research report mixes abstract ideas and concrete examples”. I therefore chose to give lengthy verbatim accounts of the participants’ voices sometimes to portray the true meaning of their experiences of the phenomenon. I also periodically generalised and abstracted ideas. Participants are identified through their participant number, race, gender and institutional relationship. A for African and W for White indicates race. F for female and M for male indicates gender. Institutional relationship is indicated with HO for subsidiary head office, B for subsidiary branches and O for other financial institutions. For example, Participant 1AMHO represents Participant 1, who is an African male from the subsidiary head office.

My aim as researcher was to translate the data in such a way that it would be understandable to other people. The interpretation was done by following three stages (Creswell, 2009). The first-order interpretation contained the motives, personal reasons and points of view of the participants. The second-order interpretation included the point that, although the researcher aims to get very close to the participants, he or she remains an ‘outsider’ looking in. Lastly, the third-order interpretation represented my own understanding in a way that enabled communication to people who are further away from the original data source, through the propositions presented in the last chapter and subsequently the theoretical model, which integrates the psychosocial components and related theory into an ORM model for implementation in Tanzania.

2.3.11 Conceptualising themes, sub-themes, categories and properties

In Chapters 3 to 5 I present one of the conceptualised themes, that is:

Theme 1 – history, organisational culture and climate shape behaviour: two worlds;
Theme 2 – diversity management: bridging differences towards managing risk; and
Theme 3 – transactional fundamentals inform behavioural indicators of risk.

In total, three themes, eight sub-themes, 19 categories and 47 properties emerged from the data. In each chapter, I will present these conceptualised themes with their subsequent sub-themes. Sub-themes will be presented through their relevant categories and the subsequent properties of each category as well as through presenting verbatim quotes from the data, whilst incorporating my own interpretation and thoughts, as well as relevant theory. As discussed in Chapter 1, this approach enabled me to construct theory, by incorporating and synthesising the masses of available literature into the findings (Kaniki, 2006; Schweigert, 2012). I agree with Eisenhardt (2002) that comparing findings with existing literature is an important step towards constructing theory and so affording me as researcher the opportunity of presenting my understanding of the data in a conceptual manner. At the end of each findings chapter, I also present each theme in the form of a visually conceptualisation model. These all relate back to the theoretical psychosocial model of OR management, which is presented in Chapter 6.

2.3.12 Theoretical model construction

As I worked through the eight steps of Tesch's (1990) content analysis within the framework of the hermeneutic circle, and by following an interactive process, I started with the development of initial propositions and in essence the construction of the theoretical model. I started to report the findings in the three findings chapters. Thereafter I started engaging with literature related to the constructs present in each chapter and presented the theory with the aim of further conceptualising the constructs. After I had finished each of the three findings chapters –presenting the three main themes intertwined with psychosocial and risk management theory – I started with a higher process of abstraction and interpretation (Creswell, 2009; De Vos, 2006b; Kaniki, 2006) to integrate the psychosocial components and their related theories into a comprehensive psychosocial model of OR management. During this process, I compiled various visual conceptualisations of the themes and the psychosocial constructs that emerged from the data, and combined it with the essence of a typical ORM model. My aim was to present a holistic account through a theoretical, yet visual model, of the multiple perspectives that emerged through the data and literature (Creswell, 2009).

2.4 CHAPTER SUMMARY

In this chapter, I have provided an overview of the research background and setting and the research design. A comprehensive description was provided of the research process I followed by providing a detailed outline of the research design. This chapter furthermore described how the research report was written and concluded with the conceptualisation of the themes, sub-themes, categories and properties.

CHAPTER 3 – HISTORY, CULTURE AND CLIMATE

3.1 HISTORY, ORGANISATIONAL CULTURE AND CLIMATE SHAPE BEHAVIOUR: TWO WORLDS

> Those who cannot remember the past are condemned to repeat it. (Santayana, 1905, p. 82)

The *Oxford Dictionary* (2017) defines history as “the study of past events, particularly in human affairs” or “the whole series of past events connected with someone or something”. Within an academic discipline researchers often use history to study past events, with the aim of finding patterns of cause and effect to gain a clearer perspective on problems experienced in the present (Evans, 2001; Munslow, 2001; Tosh, 2015). Such studies can focus on specific contexts such as political history, the history of religion, or social, cultural, environmental and business history, to name but a few. Within the context of this study, political, social, cultural and business history seem particularly relevant.

Political history explores political events and movements, and focuses on how leadership and power influence societies and relationships (Wiener, 1973). In the Tanzanian context, Julius Nyerere’s tenure is a good example of this type of leadership. Social history, on the other hand, studies people’s lived experiences of the past, and considers topics such as gender relations, personal relationships and socio-political history (Stearns, 1994). Trevelyan (1978, p. i) believes social history to be the bridge between economic and political history: “Without social history, economic history is barren and political history unintelligible.” Fulbrook (2005, p. 17) views social history as “history with the people put back in”. Within the African context – particularly in the case of this Tanzanian study – people form an integral part of the social and political history.

During the late 1980s and early 1990s, cultural history became more prominent and challenged social history with its emphasis on language, beliefs and assumptions, and the causal role of these factors in group behaviour (Hunt & Bonnell, 1999).

Cultural history explores people's interpretations of the historical experiences they have lived within their social, cultural and political milieus, and within the boundaries of a particular group (Arcangeli, 2011; Burke, 2004). In the context of Tanzania, the *Ujamaa* principle, as introduced by Julius Nyerere, upholds the boundaries of such social, cultural and political milieus by presenting people's lived experiences through history. (For more on the *Ujamaa* principle, see later.)

Lastly, business history explores the history of organisations; their strategies and regulations, how they maintain labour relations, as well as the influence or control which they exert on society (Amatori & Jones, 2003). Africa has an ancient history in trade and economic activity. Unfortunately, much of its economic and business growth has been hindered by past influences such as slavery, European colonisation, drought, poverty, governance deficiencies, mismanagement and corruption (Baten, 2016; Collins & Burns, 2007).

Culture, which is a socially constructed phenomenon (Ng & Ng, 2014), emerged as an important construct in this study, and therefore requires further exploration and conceptualisation. The *Cambridge Dictionary* (2017) defines culture as "the way of life, especially the general customs and beliefs, of a particular group of people at a particular time". As discussed in chapter one of this study, Hofstede (1994, p. 1) presents a more expansive definition of culture as

> collective programming of a kind which distinguishes the member of one category of people from another – the category of people can be a nation, region or ethnic group, women versus men, old versus young, a social class, a profession or occupation, a type of business, a work organisation or part of it, or even a family.

Even though the construct of culture originated from within the field of social psychology (Chiu & Hong, 2006; Smith et al., 2015), it overlaps with the domain and field of industrial and organisational psychology (Martins & Martins, 2010) having emerged, over time, as organisational culture in the context of business and within organisations (see Smircich, 1983). This concept implies bringing together a person's culture (as it originated from its social roots) and an organisational culture.

According to Schein (2004), organisational culture emerged as a construct in the workplace to refer to "the climate and practices that organisations develop around their handling of people, or to the espoused values and credo of an organisation". Brown (2014) defines organisational culture as "a system of shared meaning" which includes elements such as language, how employees behave and interact with one another, as well as their attitudes, feelings and values. Therefore, functional cultural norms are established to regulate employee behaviour towards achieving organisational goals. According to Brown (2014), such cultural norms can also be dysfunctional, if they impede organisations from accomplishing their goals.

Moving from organisational culture (which focuses more on an organisational level) to organisational climate allows for a better understanding (on an individual level) of employees' perceptions of the organisation's policies, procedures and practices which regulate their behaviour (Dastmalchian et al., 2015; Ng & Ng, 2014). According to Denison (1996), organisational climate refers to the study of behavioural patterns within the workplace. These behaviours are affected by organisational and external variables which influence both employee and organisational performance (Dastmalchian et al., 2015). Evidently, organisational climate is a complex construct which should be interrogated according to its various layers. These layers include, amongst others, a climate of risk management, whistleblowing, employee relations and customer service (Dastmalchian et al., 2015; Michelli & Near, 1985; Schneider, Bowen, Ehrhart & Holcombe, 2000).

In theme one, the focus lies within exploring the effect of both the historical culture of Tanzania, the organisational culture of the business, as well as the organisational climate and the influence thereof on the behaviour of the people involved in risk management. Three sub-themes emerged, namely **historical culture embedded in society through tradition**, **organisational culture influences behaviour**, and **the organisational climate as a social system** (see Table 3.1). These three sub-themes, their related categories and the properties of each of these categories are explored in more detail in sections 3.1.1–3.1.3. In this chapter, participants' responses are presented. These responses are all presented verbatim and unedited.

Table 3.1 Theme 1

THEME 1 – Historical and organisational culture shape behaviour: two worlds		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
Historical culture embedded in society through tradition	The Tanzanian culture and history	• Local history • Socio-cultural formation • Cooperative economics • Cash-based economy • Informal financial culture
	History of the banking sector in Tanzania	• Liberation of the banking sector: a process of change and relevance • Formalising risk management
Organisational culture influences behaviour	Disconnect: perceptions, assumptions and expectations	• Perceptions and assumptions • Stories
	Values and norms embedded in organisational culture	• Interpersonal relationships • Communal relationships
	Establishing structures and boundaries	• Organisational structure and control
The organisational climate: a social system	Psychologically rewarding experience	• Sense of belonging • Impacting on organisational success • Reward system
	Relational interaction towards a trust relationship	• Aligning personal values and organisational culture • Participative decision-making and sharing of knowledge

3.1.1 Historical culture embedded in society through tradition

Karenga (2010, p. 1) articulates the African culture as follows:

> Our culture provides us with an ethos we must honour in both thought and practice. By ethos, we mean a people's self-understanding as well as its self-presentation in the world through its thought and practice […] It is above all a cultural challenge. For culture is here defined as the totality of thought and practice by which a people creates itself, celebrates, sustains and develops itself and introduces itself to history and humanity.

The importance of tradition is emphasised in most African societies (Ranger, 2010; Zoogah & Beugré, 2013). Yet, such traditions might be regionally distinctive and are operationalised within a specific context to varying degrees through norms and values (Gulliver, 2004). In a society, tradition is typically used by certain groups, ruling aristocracies and chiefs, as well as elders, as a mechanism to establish norms, which they then primarily use to dominate others and gain control over them (Ranger, 2010).

As in African societies and their traditional culture, organisations are also a social entity, which forms and operates according to its own unique culture. Most people from central, eastern (Tanzania) and southern Africa choose to work in accordance with the principles of group solidarity and relationship building in their interactions with one another – socially and in an organisational setting (Newenham-Kahindi, 2009). During this interaction, culture is used as an instrument to prescribe appropriate behaviour, by providing employees with a system of shared meaning through norms and values (Brown, 2014; Potgieter, 2016). Even though African organisations often adopt Western structures, traditional elements of culture remain present in their organisational culture systems (Zoogah & Beugré, 2013). During a merger and acquisition, employees interact with one another through social processes in which cultural elements are transmitted (Sacek, 2012). This socialisation facilitates orientation and serves to convey behavioural patterns, values and beliefs, as embedded in cultural elements, and can also be conveyed through stories stating principles and ethics, to ensure responsible management and healthy labour relations (Newenham-Kahindi, 2009; Zhu & Huang, 2007; Zoogah & Beugré, 2013). The effectiveness of transmitting these cultural elements has to be questioned within the African context – and more specifically that of Tanzania – if one considers the findings of studies conducted by Kiggundu (1989) and Mapunda (2013). Both authors found African organisations in Tanzania to be lacking clear mission statements, a sense of direction or purpose, as well as clear results and objectives – all of which are the outcomes of effectively transmitting the abovementioned aspects through culturally embedded socialisation.

Consideration will be given within the first sub-theme of the **historical culture embedded in society through tradition**, and two primary categories which emerged, namely the Tanzanian culture and history, and, more specifically, the history of the banking sector in Tanzania. These two categories as well as their properties are discussed in 3.1.1.1 together with literature related to these constructs.

3.1.1.1 The Tanzanian culture and history

The Tanzanian history and culture emerged as a strong category in this research, and incorporates five properties, namely the local history of Tanzania, the socio-cultural formation, the concepts of cooperative economics, a cash-based economy and the informal financial culture. When considering the Tanzanian culture and history, it is important to note its complex and diverse nature. There is a great deal to be learned from the socio-cultural formation of this country and how it influences and even sometimes dictates behaviour. The Tanzanian economy functions according to the principle of *Ujamaa,* which is also referred to as 'cooperative economics' (see Nyerere, 1968). Ujamaa villages is an example of this socialist concept and used to develop the Tanzanian economy especially in the rural areas and within the agricultural environment, yet this concept also displayed capitalist characteristics in practice (Lofchie, 2014; O'Neill & Mustafa, 1990).

Participants portrayed a somewhat intricate picture of the diverse cultures, tribes and languages found in Tanzania. Participant 8AMHO elucidated that Tanzania appears to have approximately 130 different cultural tribes and more or less 120 different languages are spoken. However, “Swahili is our national language.”

Participant 13AMHO further explained that the problems encountered as a result of the large number of cultural tribes and languages, were addressed under the leadership of President Julius Nyerere, and unity was achieved through the establishment of one common language, Swahili. President Nyerere’s vision of African socialism, also known as *Ujamaa* (see Nyerere, 1968), appeared to have united chiefdoms and kingdoms and created an environment in which regrouping and collectivism were encouraged. As Participant 12AFHO asserted, “That’s why we don’t have chiefdoms; we don’t have kingdoms”. Swahili united Tanzanians and tribal issues no longer appeared to be significant. Participant 13AMHO explained this union as –

> We have this Swahili language all people and actually I can stay with somebody working together closely or communicating for even a year or two years or three years without knowing the ethnic group, the tribe the person is coming from. It’s not like Kenya for instance. The tribe comes first and then other things follow. For here [Tanzania], it is not an issue. The tribe issue.

Everyone speaks Swahili as a first language, and then have a native language dependent on where they were born. Participant 8AMHO indicated,

> [A]utomatically you’ll speak Swahili and then you have your native language. Which most of the time, you speak in the village. But if you are born and raised here, like my dad speaks a different language, my mother speaks different language. I was born and raised in Dar es Salaam, so I speak Swahili and English. I understand a little bit of language from each parent but I don’t speak them fluently.

For some Tanzanians, English might be a second language, if born and raised in Dar es Salaam, but for most English appears to be a third language. Participant 18AMHO indicated, “English, for some of us, is a third language.” Participant

38AMHO agreed and reminded us “remember, we have a language problem, we speak Swahili. English is not our first tongue. English, for some of us, is a third language.”

As explained by the above participants, Swahili became the first language of most Tanzanians, especially those situated in the bigger cities such as Dar es Salaam. To most, English is only a third language, perhaps a second language if located in the larger centres. From a socio-economic point of view, wanting to conduct business with international organisations or even with cross-border acquisitions and not being well versed in the English language, appeared to be becoming a barrier.

In an attempt to eliminate possible barriers, such as language, as well as threats to national cohesion and to overcome economic disparity, President Julius Nyerere introduced the concept of *Ujamaa* in Tanzania during the 1960s to 1970s (Fouéré, 2014; Kumssa & Jones, 2015). *Ujamaa* is a Swahili word referring to ‘extended family’ and proclaims a person to only become a person through the people or community (Kumssa & Jones, 2015; Pratt, 1999). The concept of *Ujamaa* was introduced in President Nyerere’s Arusha Declaration (see Nyerere, 1977), which outlined his vision for the development of Africa and which also formed the foundation for African socialism (Nyerere, 1968; Pratt, 1999).

President Nyerere attempted to bridge the gap created by the diverse number of cultures, tribes and languages in Tanzania with his *Ujamaa* and to establish a close unity between not only Tanzanians, but all of Africa. In *Ujamaa – essays on socialism,* Nyerere (1968, p. 12) explains this as follows:

> We, in Africa, have no more need of being ‘converted’ to socialism than we have of being ‘taught’ democracy. We are rooted in our own past—in the traditional society, which produced us. Modern African socialism can draw from its traditional heritage the recognition of ‘society’ as an extension of the basic family unit. But we can no longer confine the idea of the social family within the limits of the tribe, nor, indeed, of the nation. For no true African socialist can look at a line drawn on a map and say, ‘The people on this side of that line are my brothers, but those who happen to

> live in the other side of it can have no claim on me'; every individual on this continent is his brother.
>
> It was in the struggle to break the grip of colonialism that we learnt the need for unity. We came to recognize the same socialist attitude of mind which, in the tribal day, gave to every individual the security that comes of belonging to a widely extended family, must be preserved within the still wider society of the nation. Our recognition of the family to which we all belong must be extended yet further—beyond the tribe, the community, the nation, and even the continent—to embrace the whole society of mankind. This is the only logical conclusion for true socialism.

Reading and pondering on the words of President Nyerere, one gets a sense of the strong socio-cultural formation present in Tanzania. Participant 38AMHO appeared to agree and spoke at length about the socio-cultural formation. Participant 38AMHO was of the opinion that, "unlike many other places, Tanzania has a very strong culture […] But also, in a group, where we come from, I think there's some kind of social fabric that we are connected". Matters are dealt with in a group or community, which includes the extended family. According to Participant 38AMHO, people take care of one another and share each other's issues,

> We don't have a funeral benefit here. When you have a wedding you contribute, people contribute, support each other. When you have a problem with all of those extended families – which I'm sure some of us will know – you need support.

Not being part of the group or community leaves a Tanzanian fragile and appears to be greatly feared. Participant 38AMHO emphasised the importance of not being alienated from the group which supports you by saying,

> so much so that it's difficult for you to disappear in the group because you know, being alienated especially if you're fragile, if you need that support. So you cannot afford it [alienation], you need support; you can't afford it unless you're really stupid. So really, that puts people together.

The above appears to fit in well with Tanzania's national slogan of *Uhuru n Umoja* (Swahili), which means 'Freedom and Unity'. Encapsulated in this unity are the concepts of collectivism and extended self. These two concepts point towards the extension society becomes of the basic family unit. Participant 22AFHO explained, "Because the way our culture is, we have a lot of extended family and you're always expected to kind of take care of each other." Participant 36AMO described how taking care of each other is structured into their life through the act of sharing, "we have so many issues which we share in as a community. It can be a funeral; it can be a wedding; it can be something." Participant 36AMO further pointed to how he perceived the African way of doing things to be different from the rest of the world by stating,

> Like the issue, of course, in mind people say, 'that man or that family or the husband and wife' […] you [non-Africans] create some sort of an island, isolated lifestyle […] we as Africans, as in most of the tribes, share when there's some sort of happiness or something, that's a death or whatever.

Within this socio-cultural formation, the breaking down of relationships appeared to be a real fear. This fear of being cast out of the community and other spheres of life should you 'blow the whistle' on someone who engages in wrongful acts appeared to be quite discouraging. Participant 3AFHO explained this fear as follows:

> Actually the culture itself is the fear that is within an individual. Ok. He sees something which is not right being done, but he feels telling somebody that there is somebody doing something wrong, you know. Fear in the sense that: If I talk about this person, maybe I will be chased out of the work and I don't have a place where I should go. Fear about breaking down the relationship with that particular person that he has lived for quite some time. Fear about now going back to the public and him being said, 'Ha, you know that is the guy who went and mentioned my name to this people'. You know, because Tanzanians are people that have lived together, doing things together. That is the culture and that

> confidence of coming up front and holding one's head and saying what is not right that is not there. And when you don't have that in peoples mind, the risk becomes very difficult to manage.

According to Participant 3AFHO, the community prefers to deal with wrongful acts in a particular manner. The first preference appears to be to deal with the person or the problem within the boundaries of the community, perhaps to contain the possible effect it could have on the community, for e.g. if the person who acted wrongfully should be dismissed from his or her job and the community ends up having to support such person and his or her family financially. Participant 3AFHO stated,

> OK. Where somebody has not done the right thing. Now here is somebody who went and spoke something about somebody – the question would have come now, they can go back and question him: Why didn't you tell us, so that we can call him and tell him instead of making him loose his job, you know. Now this guy does not have a job, he has got a wife, he has got a kid, he doesn't have food. He is now suffering because of you.

Participant 21AFB explained how people acting wrongfully used to be dealt with in the past, and explained how it is done of late.

> I've been working for years and what I see, the way people regard risk in the office, it's only now that people are taking the office as their own; but taking on the culture the way it used to be, people used to be ashamed of telling somebody that no, what you are doing is not good, or if I see somebody doing something bad I won't come out and say it. We used to hide these guys. It used to be a culture. If you talk of somebody's bad thing they would call you 'big mouth' or something like that. People used to hide things. It became so much so that it looks like a culture. I mean, if you see an element of risk somewhere, you shouted about it or you whistle-blow on something people will say, 'hey, look at her, she couldn't even keep quiet, hey, she's big mouth, oh, she's not friendly, look now

> what she's said – she's exposed so-and-so but although what that person was doing was risk to the organisation.

Some participants reported on a more unethical manner in which influential people would protect their children who acted wrongfully, through abusing the social system. Participant 38AMHO said, "the social system is being used in some ways to perpetuate this fraud and corruption. I think that's exactly what it is. [B]lood is thicker than water with respect to your son". Participant 39AMHO agreed and explained the following with an example:

> [I]f somebody steals here and then his father or her father knows somebody from the government, that father of that guy who stole, will talk to the guy in the government to tell the BPP or the police to make sure not reprimanding my son or my daughter or make sure that file disappears or something like that.

However, society also appears to deal with wrongful acts quite harshly should this act be of harm to the community or if the person committing this act is not part of the community or a specific group. Participant 3AFHO explained by saying,

> You can feel how somebody is, how somebody feels about somebody not doing the right things. I am just giving you the where we are now. Because if you are caught a thief on the street, they will run after you, they will beat you, they will kill you and sometimes they will even burn you.

Progress appears to have been made on whether to report something you have seen or not. In the past, whistle-blowing could have placed you at the receiving end of reprimands and judgement as was stated by Participant 21AFB,

> If you appear to be good, you used to create enemies rather than […] you see, 'hey, look at her'. For example, you're a manager or just a normal staff, she sees something and she whistle-blows, comes and tells the manager this and this, even some of the managers wouldn't even […]

> ‘hey, why are you saying that? If you see it why don’t you keep quiet?’ That’s what it used to be and it almost became a culture.

Recently, this appeared to have changed, and Participant 21AFB said,

> [N]ow people are coming up, people are getting brave, people are speaking because of exposure, people have travelled, we mingled with people, people would like to call a spade a spade in a soft voice, but it’s a spade. Call a spoon a spoon, in a softer way, not harassing somebody but it remains a spade.

Participant 3AFHO agreed and was of the opinion that of late, whistle-blowing worked especially so if it is done anonymously, “whistle-blowing works because you don’t mention your name […] and nobody knows who did it. Then it’s ok.”

According to Milanzi (1997), the importance of ethics in business and to ensure a profitable organisation have been regarded as important elements in Eastern and Southern Africa for many years. According to Jackson (2011, p. 214), colonialism came into Africa with the aim of modernising Africa and to replace traditional authority, which is based on kinship and consensus of the collective, with an authoritarian authority, focused on colonist power. A commitment towards this authoritarian authority stayed with the elite and nationalist African leaders long after the colonialists left, consequently exploiting Africa and its resources (Jackson, 2011). The concept of business ethics is emphasised in the context of the African Renaissance (see Asante, 2007). As Jackson (2011, p. 222) points out, if the West perceives “African commercial organisations as inefficient, government organisations as unaccountable, and institutions generally weak and not able to support a liberal, modern economy”, change is needed. Within the African Renaissance, Africans are urged to act responsibly and to collaborate towards establishing a unified front against fraud and unethical business practices (Gichure, 2000; Iya, 1999). Alternatively, fraud or unethical business practices will hinder Africans in their quest to improve their quality of life through growing the economy (Milanzi, 1997).

According to Gichure (2000, p. 242), the occurrence of fraud in Africa could be attributed to the many social, political and economic problems experienced on this continent. As a result, a person's most important aim is sometimes to look after him- or herself and his or her immediate family first, thereafter the tribe, community and the country. In Tanzania corruption seemed to escalate from the late 1970's up to inauguration of President Mkapa in 1995. President Mkapa appointed a commission under the leadership of Judge Wariobe with the task of investigating the extend of corruption in Tanzania. As a result of the findings of this commission President Mkapa aimed to improve ethical standards through refining the legal system and laws and developing codes of conduct. President Mkapa also attempted to address corruption from a ministerial to civil servant level, unfortunately with not much success (Wangwe & Van Arkadie, 2000). Furthermore, the establishment of market-controlled economies in the early 1980s challenged the social values and beliefs, and according to Milanzi (1997), resulted in the demise of Tanzanian socialism or *Ujamaa*. The introduction of a cash economy in Africa have resulted in many values being dictated by the need for status and comfort enabled by material wealth, as well as the thirst to have access to modern technology (Gichure, 2000). As a result, the need for new ethical standards arose and consequently anti-corruption bodies were created and new codes of conduct drafted (De Sousa, 2010).

Unfortunately, apart from South Africa, other African countries, including Tanzania, have been greatly neglected in research projects pertaining to socio-cultural ethics and the way socio-cultural ethics affect business ethics (Ludlum & Pichop, 2008). Apart from Milanzi's study almost two decades ago, most studies have been directed either towards South Africa or the Western world (Barkhuysen & Rossouw, 2000; Bernardi, 2006; Gichure, 2006).

The importance of *Ujamaa* within the Tanzanian culture and history has already been mentioned. Since the early 1960s, Tanzania has functioned on the principle of cooperative economics, also referred to as *Ujamaa* (Nyerere, 1967). *Ujamaa* was born from the root word *jamaa*, which literally means 'family', and includes the extended family (Nyerere, 1967). *Ujamaa* is also the Swahili word for the construct 'socialism' (Nyerere, 1967). Economically, *Ujamaa* refers to building and sustaining business and the economy with the ultimate purpose of sharing the profit with the group, i.e. family, community and society (Nyerere, 1967). Within cooperative economics, the importance of the extended family is valued and members of this family organise themselves in a specific manner and work towards providing for each members basic living needs (Nyerere, 1967). Within the African tradition of humanism (see Moquet, 1977), great emphasis is also placed on interpersonal relationships within this extended family and a shared feeling of belonging (Maddox & Giblin, 2005). Subsequently, economically, Tanzanians work for themselves and the group, striving to be self-reliant and interdependent (Fouéré, 2014). This is illustrated in the words of Participant 8AMHO who said, “people are very much into sharing. Meeting someone is like you meeting my brother, my sister.” As Participant 10AMB reflected, if you have means, you should share it. “If I have money, and I have realised that there is a problem and it’s my relative, automatically I would give him money. If I have money.” Participant 8AMHO continued to explain that as an African he had been brought up in a specific way:

> We have to share what we have. It used to be like: if you have a cow, I will milk [it] and if there is someone who is growing vegetable, potatoes, he can always come ok ‘Here I’ve brought, I’ve managed to have this much, I think I will share with you’. And the guy will say ok, ok, actually I have milk here. That kind of, sort of culture.

As Participant 22AFHO explained, lending money to someone is often a case of putting food on the table: “… most people, if they lend money out here […] it’s literally to put food on the table most of the time”. Other times it could be to assist a sibling in obtaining a better qualification, as Participant 41AMHO explained –

> [L]et’s say in our families maybe I’m the first graduate, I help support my young brothers, then if you have a wife and saying like ‘I’m paying the school fees for my brother’ she’ll say again, ‘oh, even my young brother is at school’ so you have to pay for all.

From the above, it is clear that helping people from the extended family is very important to the Tanzanian culture. This knowledge gives them the frankness to approach a person from within this family or extended family when assistance is required. As Participant 7AFHO said, “there are times when I’m looking for cash and I go to people whom I really know and they me and they know my family, they’d rather formalise it”. Participant 10AMB agreed and was of the opinion that –

> In our community, normally this borrowing like debt, depends on friend, in fact it depends on friendship. For example, if this is my friend, it is easy to borrow anything from him but it is very difficult for me to borrow from somebody, you don’t know.

Participant 8AMHO confirmed this culture of sharing and helping one another, and added “most of the time you will find people ask money from friends. People borrowing from friends. Ja, I find it, that’s most of the culture in terms of when I want to get something using money, ja”.

Trust also appeared to play a significant role in this cultural environment of cooperative economic. Participant 14AFB stated proudly,

> We Tanzanians, we are very friendly. I think you have noticed that! And we trust each other and as I’ve said, in most cases, we borrow money basing on trust. So the factor there, the social cultural factor is, is influencing that borrowing […] I think it’s trust.

This trust and need to help someone are so strong that should one not have the means to assist another in need, or if you do not want to assist that person for whatever reason, worry will ensue and damage to the relationship is feared. Participant 15AMHO illustrated this as follows, “Sometimes fear can cause you to lend that somebody money, like worrying […] Your relationship, worrying. The relationship is gonna be destroyed if you don’t wanna give him or her money.” Participant 43AMHO explained that in certain circumstances, a person will eventually take it upon him or her to assist this person in need by approaching a third party.

> Yeah, and also sometimes even you can tell him that, ‘okay, I don’t have money for the time being but because you are my close relative or friend, I will try to check with my friends who can assist so that we solve your

> problem together'. So I'll consult my friends who we know each other, if they have some cash so that we can assist.

Tanzania is a cash-based economy (Horne, Nickerson, & DeFanti, 2015; World Bank, 2016). A large number of participants confirmed this, and were quite clear about Tanzania being a society driven by cash. Most transactions are conducted using cash, even purchasing expensive items such as houses. Participant 38AMHO explained the economic background of Tanzanians and was of the opinion that –

> I think first you have to have the background of our economy. You know, this is a cash economy so people do their buying and selling cash. So, if somebody wants to buy anything, including a house, he pays in cash in most cases – pay in cash. I think cash is still the mode of transaction in this market. If you are to ask me to put a percentage, I'll put 80% of transactions at cash.

Participant 6WMHO also explained this, and said, "What you must understand and you must appreciate in Tanzania, is a high driven cash economy. If you drive around, the houses and the buildings, the houses have been built with cash." Many of the participants agreed with this. Participant 8AMHO said, "ninety percent of purchase, people, things people own in their homes, they bought cash, cash, ja". Participant 39AMHO confirmed this by saying, "We're a cash society." Participant 34AMHO was also in accord and said, "If I can start, first, our economy is a cash-based economy", and Participant 22AFHO added, "… so everything is basically cash-based".

Participant 38AMHO made a very interesting remark about how having cash at hand affects his feelings. Even though there is some sort of risk associated with walking around with cash and either losing it or being robbed, having cash in your wallet appears to give some form of security. "There is risk I should say, but many people walk with modest cash. Also, even for me, if I work at home without cash in my wallet, I feel myself I have lost something."

Participant 11AFHO made an interesting comparison between South Africans and Tanzanians and how they utilise banking services differently.

> I think it's almost the same. But the difference is […] the condition or the whole environment between South Africa and Tanzania is totally different. Even the system itself, 'cause we find that in South Africa, people, I mean customers, they know importance of keeping money to the bank and they use bank as a means of paying, buying or whatever. They use mostly bank. But for Tanzania we use bank as a place to find money or and not – it's not give and take. If I need money and I need to save money, then I have to go to the bank. But for South Africa, a bank is like a means of transaction. 'Cause you find even you can do transaction through bank at your house. Even those swiping thing, they involve bank. But for us it's only cash. Most is cash. The banking thing is unless it involves international transaction, ja, but for local transaction mostly we use to pay cash. So you may find workers in the bank in Tanzania, they perceive as a bank is for business only.

It can therefore be deducted that in Tanzania the preference for individuals will be to transact with cash and businesses prefer using cheques. Participant 38AMHO agreed with this; yet, continued to explain how having a bank account and subsequently a debit card, fit into the banking scene of Tanzania.

> [Y]ou see the payment instrument is cash. If you have businesses you're talking about cheque, if it's a business. Then few people have a debit card. I'd say not few people, the numbers are increasing because it's retail kind of consumers, or most of the employed people have their payment through a bank account; you see, debit card is to do with you having a bank account, so roughly in Tanzania the kind of statistic that you have, less than 10% of the people have bank accounts, less than 10%. So 10% bank accounts – salaried people, small businesses etc. So these are the potential people to have a debit card. Credit card – we're not there, strictly speaking they're not there.

Participant 38AMHO noted, “Very few people have debit cards, proportionately. If you ask me for a percentage, I don’t have, but as rule of thumb, I might say not more than 3%, so everybody transacts in cash.”

According to Participant 1AMHO, many people only have a bank account as their employer requires them to have one so that their salaries can be paid into this account. The message is clear: “You find that because you are employed you need to open an account, a salary account then you are forced to open an account because your employer says ‘if you want to work for me then you have to have an account’.”

Considering the cash-based nature of the economy, it was not a surprise then to discover, and as is stated by Participant 1AMHO, that the number of transactions per account are quite limited.

> But you find that, that account just has one transaction in a month – a salary entry and when the salary is in the account, the next transaction would be drawing the cash and the account is dormant for the whole time.

Due to economic reasons, Tanzania has not yet developed or established an effective culture of saving. From previous participant comments, it was evident that, at the time of this research, banks were not yet utilised as a means to save and, according to Participant 1AMHO, this might pose to be a hazard for risk management. “Ok, maybe to start with is the part which is mostly affected, especially risk management. Most of Tanzania, we don’t have a saving culture. We have not developed a saving culture; that people have to use banks.”

There appears to be two possible reasons for people not saving. Firstly, Participant 43AMHO was of the opinion, “the problem is, people don’t believe that by saving you will be able to do something, because they regard that what they are getting is not enough”. Secondly, Participant 38AMHO referred to statistics and pointed to the income reality of most Tanzanians. “You see, if you look at statistics that we have, well, the bulk of our people earn less than a dollar per day.”

Due to low income, even the employed people appear to struggle with affording the day-to-day basics and saving or investing money is just not likely. Participant 22AFHO noted,

> I don’t think it’s something that you can get used to because at the end of the day, especially for those of us who are employed formally, it’s basically pay cheque to pay cheque. It’s not even guaranteed your pay cheque to pay cheque, so I mean, yeah okay fine I’m here like now, but then, what’s to say next month something doesn’t happen to me? Like, I’m out of a job. I think most people don’t even live pay cheque to pay cheque, but most of them are living like the third pay cheque in advance, especially because we don’t have the credit system here; so everything is basically cash based and so you find that you’re kind of having to borrow money even for your daily expenses. For example, most people, if they lend money out here it’s not for an investment or long-term kind of investment, it’s literally to put food on the table most of the time.

Given the reality of low income, and in line with the African traditions of collectivism and humanism (Jackson, 2011), people appear to have chosen to organise themselves into small groups with the aim of supporting each other financially (Magali, 2013a), whether it is to save or to obtain credit. There appears to be many types of groups, each with their own structures. They can be classified as microfinance associations (Hudak, 2011). Some of these groups appear to limit their membership numbers and function according to specific rules that dictate their membership, contributions and benefits. Participant 38AMHO explained the inner workings of such a saving group as follows:

> So the question of saving is something else. We have witnessed a number of savings and credit societies, informal and formal, most of them informal. What they do, even in work places like here you’ll find this month I give you my money – there’s an amount that I’ve agreed – they pay you. We’re in a group of five. Next time you give her, so we contribute to her and this pure enforcement ... I mean, the way we enforce it, there’s no

> lawyer, there's no written document, you just do that. The idea is you can pay school fees, you can do that.

Participant 11AFHO confirmed this and was of the opinion that since many people struggled financially, it opened up the market for informal financial interventions where people "form groups, maybe ten friends, and they, like rotating, maybe this month you get ten thousand or twenty thousand each, to one person. Then the following month to another person, then it goes around through the group." Participant 11AFHO further pointed towards the younger, employed generation –

> [who] work for the least amount of money to earn in a month. Most of them nowadays, they form like a, can say microfinance, I don't know how to call it. It's like a company or a group with young professionals, they decide to take the capital, maybe contribute one million and use that money as a capital to lend to the other person. We form like, other legal documents and we register that group or can call it a company or whatever.

On the other hand, people also used these or similar social groups to satisfy their credit needs. Participant 29AMHO pointed to the fact that, at the time of the research, Tanzania was not yet a credit society, and said,

> Well, first of all, in our case it's not a credit society – period. I mean, if you look at the majority of buildings in town, even like this house, it can be built with cash. So the concept of borrowing money, I think, is rather recent and credit has only begun to come in as a recent thing. I mean, you cannot go to Game for example, and buy stuff on credit. There is no card that you can swipe at Truworths.

Furthermore, going to the bank and asking for credit is often not an option as Participant 41AMHO highlighted, "There's somebody called the friend or a bank, but they have a thing that going to the bank looking for money, you cannot get it easy." Various options to obtain money appeared to be available to a potential borrower as is noted by Participant 42AFHO, "Others borrow from friends, others borrow formally from the banks, others borrow from the NGOs [nongovernmental organisations], those small finances groups, and maybe relatives. That's the only way they can get money which they don't have."

As explained by Participant 43AMHO, lending behaviour is influenced by the requirements of the borrower and subsequently varies in nature.

> Now borrowing can be many forms. If it is a large amount, the commodity costs a lot of money, they can arrange for a loan from a lender or from their employer if somebody is employed, or if the price is just your normal commodity somebody can even borrow from a relative, a neighbour, a friend, in order to get what he or she wants. Or, somebody can just postpone the implementation of that decision, maybe he wants to buy, he can postpone and say, okay now I know that costs this much, I am unable to meet that cost now, I can prepare myself and save for maybe sometime, after a few months or a year or so, then I'll buy.

According to Participant 29AMHO, the average person in the street would most probably firstly raise credit from "… friends and relatives, and secondly, like community associations and now recently also microfinance institutions will be big. In general, I will say banks are inaccessible to 98% of the people". Many participants confirmed that friends or family would be the natural first choice. However, this appears to depend on a few things, one of them being friendship, as was indicated by Participant 10AMB,

> In our community, normally this borrowing like debt, depends on friend, in fact it depends on friendship. For example, if this is my friend, it is easy to borrow anything from him but it is very difficult for me to borrow from somebody, you don't know.

Borrowing is also based on a trust relationship as was depicted by Participant 43AMHO, "Yeah, mostly it's just trust. Somebody can borrow money and they just trust each other". This was confirmed by Participant 11AFHO who said, "[borrowing] is also based on the trust somehow. Because they lend to the people they know, mostly.” However, for Participant 8AMHO it appeared to be important to know what the money would be used for, as he said, “It depends what they want to buy”, however that did not appear to be answered always, as he added, “but they will never tell you what it’s for”.

Participant 34AMHO was in agreement with the statement by Participant 29AMHO above:

> Most of the time what you can also find it’s easy for somebody maybe to borrow from uncle or from your sister. For instance, myself I am working, and perhaps my young brother or my sister is not working and maybe she has a sort of a small entrepreneurial business – maybe she sells groceries etc. – she’d come and maybe borrow from me and I will get my money back from her or him. So, that is the situation that the people find a way to borrow from their sort of close relatives rather than going to the bank.

However, unlike purchasing day-to-day necessities, buying domestic appliances would rather prompt a person to approach a bank for credit or to save, as was explained by Participant 8AMHO:

> When one wants to buy something maybe, from, you know we talking about maybe a domestic item. Maybe electronic item, like TV, radio, most people here they would, because, talking from my environment, where I live and where I work. How, most of them will try to borrow from the bank. Very few occasions did someone borrow money from someone that they want to buy a TV. No one will give you this money. But they try to borrow from credit facilities. But, in most cases, I find most people, probably majority are not qualified and they end up probably using their salaries to buy those kind of items. I will say 90% of purchase, people, things people own in their homes, they bought cash …

Participant 36AMO pointed to another source of credit and said, “if you’re employed you borrow from your employer”, and confirmed what previous participants had said, namely “If you are a customer of a particular bank you can go to that bank and ask whether they can give you a facility that will enable you to buy whatever you want to buy". From Participant 31AMHO's answer it was evident that of late, banks have various options for borrowers to choose from and as a result, more people are applying for loans at banks, especially the younger generation.

> No, they are applying from the bank. For example, there are a lot of schemes now coming up from various banks offering loans to employed people; so you can see most of the young generation exposed to these loans are trying, other than the older. So they are borrowing for the car loans, house loans from the banks.

Participant 41AMHO noted the challenging procedures people encounter should they opt to approach a bank for a loan.

> [I]f an individual want to borrow money from the bank, the bank will ask, they would like to know where is he working and they will have to go look at the organisation itself if it's credit-worth. They would like to have a guarantee, something that an individual cannot have. So very few are privileged, like myself I'm working […] I can go to my employer, just fill the form, but somebody from the street, if somebody's working in the government ministry, it becomes difficult to go to the bank and ask for anything.

According to Participant 41AMHO, the solution is then to –

> go to a friend and ask for it. And currently we have what we call SACCOS [Savings and Credit Cooperative Organisations], serving some credit, that's where they are going and borrowing, and it is easier to borrow there rather than going to a bank. And in the area, these SACCOS are growing very fast because it is easy.

Participant 27AMHO agreed that said it was difficult to obtain a loan from a bank and that approaching a microfinance association was much easier.

> putting a bigger risk anyway that people will bear. I don't know to what extent, because that service has not been offered for long in [the bank]. So, it is difficult for you as an individual to get a loan at the bank. You'll most likely get it in the microfinance, small microfinance where individuals can get a loan.

Participant 41AMHO explained the concept of SACCOS in banks a bit further.

> [the bank] used to have SACCOS which includes other banks as well. You can borrow within the banks, but the banks have a limit, you cannot borrow more than a certain amount […] the repayment should not exceed 36% of your income. So sometimes you'll find some of the employees, they join the SACCOS where they can borrow in excess of what the banks cannot lend.

Participant 34AMHO confirmed the rise of the microfinance industry. "In Tanzania, there is an informal sector that is now just been coming, microfinance companies. There are some who have been registered, some are not registered …" Participant 38AMHO told about the popularity this type of business appears to have with female owners of small businesses. They appeared particularly fond of "group lending because their only collateral is that group – peer pressure". Participant 34AMHO noted how some of these SACCOS were established:

> people may be living in a certain area, they contribute some money and they elect a leader, like a chairman and a treasurer and whatever, and this institution they get registered by some of the big commercial banks […] In this case, because these people know each other in the group, so this SACCOS institution, that's the one owned by the group, they go to borrow from the financial institutions; and then this small, small institutions, they lend to the members, so this is also an advance.

On the other hand, Participant 34AMHO also raised a concern with regard to the nature of the small microfinance businesses in that "they lend at a very high interest, up to 40% a month – between 10 and 40 per month. There are these kind of institutions and these lend through high percent because of the risks that they carry; and it's easy getting a loan from these institutions compared to the banks." Participant 41AMHO agreed with Participant 34AMHO and pointed to the risk the credit provider carries, which subsequently results in high interest being charged. Due to the informal nature of this type of lending, contracts are often closed verbally. "But you know, you lose money because it's based on verbal, just on trust. If somebody dies then […] that's why you cannot give big amount."

Within an informal group, people will often "[not] even sign a contract or anything", as was indicated by Participant 38AMHO. Participant 34AMHO agreed and stated, "but for the persons that know each other, in most cases there's no agreement. There's no agreement. It's just your word counts." This was also confirmed by Participant 43AMHO, who said, "Nowadays, somehow people write, but those who are not very close they can put it in writing but most of the people they just borrow without any return evidence …"

When a small microfinance business is approached to lend money to an individual not known to be family or a friend, a contract will be signed. These contracts are not necessarily drafted by a legal person; however, they appear to contain the basic terms and conditions on which the transaction is based, as was indicated by Participant 36AMO.

> I've come across some situations whereby some small business people borrow from each other and they'll do a very short contract, not necessarily witnessed by advocates or lawyers, but it's just a note that I've borrowed this amount of money from XYZ and I'll return the particular money with a certain interest.

This was confirmed by Participant 34AMHO, "if you go to those companies they have their contract, you sign an agreement. In most cases, if you sign one agreement that specifies that I'm lending this money to you and will return back the money by this date." Participant 2AFHO also shared that should you lend money to a distant relative, consideration will also be given to signing a written contract.

> You sign something […] you don't contact any lawyer or something like that most of the time, but if you do – now it depends. Like I say distance you have with that person. If you are like distant relatives, you can decide to go to a lawyer and formalise it there.

In certain instances, some form of security will be required when lending money. Participant 41AMHO shared the following:

> but I remember that if you want to borrow on your SACCOS you have to have two or three members to guarantee. But those who are also members, they would guarantee you, and sometimes someone will say, maybe my TV will be as a security or my house, or whatever.

This was seconded by Participant 34AMHO that if one owns a car, "then you go with your car, you park the car on their premises and then you bring all the papers and then they give you the contract".

Considering all the above, and as was noted by Participant 38AMHO, it appeared that socialism was giving way to consumerism. According to Participant 38AMHO, the middle class is emerging and people are moving towards "big cars […] there's big houses. But I think these are those who are intelligent, because they know what they're buying, they know what they want. So we have a growing middle class I'd say in this market". It was further evident that the old Tanzania functioned within the boundaries of humanism and collectivism. This appears to be changing as there was a move towards capitalism and individualism and this had a direct influence on how risk was perceived.

Participant 18AMHO's remark substantiated this:

> Yeah, basically people do things for their own personal gain. I mean, because they have that access, they don't know their action also affects other people. I think the social system is gone, I mean, it's gone and I don't think it's coming back. It's every man for himself and now those people who actually the social system assisted them a way to have, you

> find ... if you look at the top ten or top twenty rich people in Tanzania, all of them they have afforded loans in a financial institution, all of them.

Participant 7AFHO added

> if its large amounts say millions – majority of people are now doing it so with interest. I'm giving you two million, you give me after two months, I want interest. So you give 2.5 million, 2.4 million [Tanzanian Shilling] at the end of two months.

In order to clarify the context which Participant 7AFHO mentioned, the Tanzanian Shilling is the currency of Tanzania. At the time of the study, US$1 was more or less 2 180 Tanzanian Shilling. Reviewing literature on the informal financial sector in Tanzania, predominantly yielded results on studies conducted in the informal microfinance services sector and SACCOS (Kipesha, 2013; Klapper & Singer, 2015; Ligate, 2016; Magali, 2013a; Magali, 2013b; Magali & Qiong, 2014; Ndiege, Mataba, Msonganzila, & Nzilano, 2016). Most studies focused mainly on small entrepreneurs (frequently engaged in street vending or agriculture), and women who approach the informal financial sector to lend money for their small, informal businesses (Girabi & Mwakaje, 2013; Lindvert, Yazdanfar, & Boter, 2015). Studies exploring the informal lending behaviour of individuals trying to survive on a day-to-day basis seem to be lacking.

The above accounts of participants encapsulate some of the various forms of lending money in the Tanzanian culture and thus shed some light on informal lending behaviour. Lending behaviours are influenced by people earning very low incomes to such an extent that saving is not an option as survival is a day-to-day reality (Qin, Ndiege, & Pastory, 2013). People borrow money from friends, relatives, colleagues, informally established credit groups, SACCOS, microfinance institutions and sometimes an employer and very often from a formal bank. Most of the informal lending is based on relationships or whom one is known to and can trust and transactions are often verbal. Informal contracts are drafted when the relationship with the borrower is not that close and in some instances, security is required. At the time of this research, bank loans only appeared to be available to the more affluent citizens. It was however evident that the less affluent citizens were fulfilling the role of both creditor and debtor.

3.1.1.2 History of the banking sector in Tanzania

The history of the banking sector in Tanzania emerged as another category from the sub-theme, **historical culture embedded in society through tradition**. Two significant components emerged that played an important part in the liberation of the banking sector, namely the historic influence of other banking institutions in Tanzania as well as the acquisition of majority shares in the largest bank by a South African banking institution. Such public–private partnerships created the opportunity for cross-border collaboration and investment in Africa (Jackson, 2011; Zoogah & Beugré, 2013). Such collaboration assisted in liberating the Tanzanian banking sector, necessitating the need to become relevant in relation to the rest of the world and subsequently embarking on a process of change (Jackson, 2011).

Participant 1AMHO noted, “Previously, the banking history in Tanzania it wasn’t that great. You know that before independence, 1961, we had foreign banks. Then, there come the nationalisation that, oh, banks, they were acquired by the government.” Participant 1AMHO shared that with the nationalisation, many banks were merged, therefore, “during that time – I think for 30 years plus, there were very few banks”. According to Participant 43AMHO, “when the nationalisation of important pillars of the economy was done by the father of the nation, the late Julius Nyerere, […] there were about 41 banks put together and you get one bank [this bank].” Participant 43AMHO noted that in the eyes of the nation, this nationalisation “became huge and it was something which people boast of”.

According to Participant 29AMHO, the national banks were functioning “more like a parastatal […] They were giving loans based on political patronage and based on who’s connected, and that’s why the bank almost basically collapsed and [the foreign bank] got the chance to buy it out”. As the banks were public-owned and Tanzania functioned as a socialist economy where everything belongs to the society, Participant 18AMHO pointed to the fact that “people think that this is a social society, it’s my money, I can take it from the banks, I own the bank”. As a result, and as confirmed by Participant 41AMHO, the national banks "had a manner of helping individuals rather than focusing on profit-making".

This changed in the early 1990s when the government decided to liberalise the Tanzanian economy. Participant 38AMHO remembered the first industry in Tanzania to be liberalised "was the banking industry in 1991. When we liberalised our economy from the socialist mindset, the first sector to undergo reform was the banking sector. So the bank and the financial institutions and the laws were changed in 1991." Participant 1AMHO noted how when the "financial market was open to the other, foreign banks" it did not all go well as "there were two banks which come here and they collapsed". Participant 38AMHO agreed and noted that there were numerous lessons to learn from various mistakes made.

> So now we're learning and the first foreign bank to come here collapsed. The regulator was also trying to find feet and those foreign exchange must come and the bank went under, but then it was bought over […] Yeah, the first bank [...] even the first insurance company went under because we're all learning.

Tanzania has since come far in establishing a liberalised economy and privatisation is encouraged and supported by government. Participant 20AFHO was of the opinion that

> [T]here is so much changes; now there is privatisation, people are managing business, there's a lot of laws that have been implemented to encourage people to do business on individual basis, than in a group of people or in corporate or organisations that are run by the government. The government have tried to give people chance to do business on their own.

According to Participant 20AFHO, government was also "encouraging foreign direct investment. Maybe if a person wants to invest it takes a lot because there are a lot of people, especially Chinese, who are coming to Tanzania to invest, so they are facing a lot of challenges to enter into the market."

The importance of supporting the private sector, according to Participant 38AMHO, could be seen –

> [in the] close relationship between the private sector these days and the government. Government has realised theoretically, maybe through the development partners, that you need a private sector. We have what we call Tanzanian Private Sector Foundation which is a link between government and private sector and we are part of that. So, that realisation is there – the need to support the private sector. There are a lot of institutions that have been established to support the private sector, including the banking sector has been supportive.

Participant 38AMHO concluded on a positive note and stated:

> the bank sector here in Tanzania is one of the success stories of the private sector. We had only one bank where the balance sheet wasn't worth the toilet paper that you use in the washroom because the balance sheet was negative. But now the banking industry has grown up.

Participant 36AMO agreed with Participant 38AMHO and stated that he felt positive about the status quo and further highlighted the positive contribution he felt foreign banks had made to the growth of the Tanzanian economy.

> I think for me it's quite positive, because foreign banks have contributed a lot to the economy of this country, and one of the aspects that we're looking to before we licensee under an on-going basis is your contribution to this economy. So, foreign banks have contributed a lot to this economy. They've brought competition, there's been a very healthy competition. Some of the local banks have actually improved a lot since the liberalisation of the banks.

However, this positivity was not shared by everyone, especially on the part of the traditional socialist and the clients of the bank. It is important to remember that within a socialist society and social economy, the bank is believed to be owned by the people, or as is stated by Participant 34AMHO

> [the bank] is sort of like a native brother ... It's the pride [of Tanzania]. Even myself, if you tell me my history, I remember my father paying my school fees through [the bank] and I was just a little boy. And he'd say: 'Okay, let's go to the bank". [S]o the only name which stuck with me from when I was a little boy up to this age, is [the bank] and it's common to most of Tanzanians.

In contrast to the nature of socialism, and *Ujamaa* in which everything is shared, privatisation is perceived by Tanzanians to have taken away what belongs to them and that they will no longer be sharing in the bank. Participant 43AMHO explained how Tanzanians experienced this as a bad thing happening to them and their history.

> Yeah, the experience of that has not been good. It's not been very good, it has been a bit rough. It goes with the social aspect. Generally, the perception of the public wasn't positive towards privatisation of this bank. And if you check thoroughly you'll find that because of the historical background of the country, this bank was the only commercial bank of the country and it was a pillar of the economy. […] it was very big. Now the people, the citizens of the country saw that this bank is being split into three and getting another bank and this bank remained and also having the other banks and private banks came in; but the social background shows that this bank is a symbol of the nation […] they trusted that, yes, it is like carrying the flag. And when they saw that some people are coming to take and because of the historical background of the country […] Now it's fragmenting and pulling it down into something and selling it […] yeah, people, you know, things are internalised by the citizens of the country – they feel proud of it and then something which you feel proud of it, you find it going private or taken by somebody. People in the beginning did not

> feel good, there were a lot of complaints from the public. So, there was some resistance really.

The situation was worsened by government making all these decisions to sell the majority shares in the bank without consulting the public as Participant 43AMHO further explained, “Yeah, the government were not consulting the public”. This made the public angry and they saw acts such as government negotiating the sale without consulting them to be “like insubordination kind of” and that …” and “Sovereignty was compromised” as was explained by Participant 43AMHO. Participants 43AMHO and 44AFHO explained that the situations were further worsened when the selling price was negotiated. “… ooh, here, they got it for nothing. Yeah, it was very cheap.” Participant 6WMHO voiced the beliefs of Tanzanians in that they felt the buyer got the bank “for a steal”.

The nationalisation of the Tanzania economy from the early 1960s proved to be not as successful as government had hoped it would. As Participant 43AMHO shared, many banks were merged into one bank, the National Bank of Commerce. Many mistakes were made by the National Bank of Commerce, amongst others, a preference towards allocating credit to socialist *Ujamaa* villages instead of urban businesses (Brühwiler, 2015). Furthermore, as Participant 18AMHO indicated, and confirmed by Brühwiler (2015), many African creditors regarded loans as gifts and subsequently did not pay these loans back to the bank. On the contrary, Dichter (2007) suggests most creditors want to pay back their loans so they can be debt free. This is reflected in high loan repayment rates of African and Tanzanian creditors (Malimba & Ganesan, 2009; Mapesa, 2015). This desire to be debt free is in line with the theory of planned behavior. According to the planned behavior theory, human action is behaviour directed by goals, control beliefs and thus self-regulatory processes (Ajzen, 1999, 2011). Subsequently, Makorere (2014) proposes the use of the planned behavioural model to determine the probable repayment behaviour of a creditor.

Government decided to liberate the economy in the early 1990s, changed legislation, and encouraged privatisation and foreign investments (Magali & Qiong, 2014). Collaboration with foreign investors not only enabled government to share some of their risks with private organisations, but also assisted in establishing technology transfer and securing sustainable investments (Zoogah & Beugré, 2013). The Tanzanian financial sector has undergone numerous, positive regulatory transformations since liberation (Bwana & Mwakujonga, 2013; Klapper & Singer, 2015; Lindvert et al., 2015).

Formalising risk management has become a priority since liberation. In the past, risk was mainly dealt with on an informal basis in Tanzania, and managed by social and behavioural information known to the lender as is depicted by some of the previous participants quoted above. Risk even appeared to be formalised in other African countries before it was introduced formally in Tanzania as Participant 3AFHO shared:

> [R]isk came in Tanzania unlike Kenya and Uganda, if I compare. They are far away [ahead] from us because there it started earlier. With us it just started. But, even in universities, even in schools that we went previously. We never learned about risk. Unlike now we have a subject called risk in universities, even in secondary schools, which is not the thing here. It is not a subject at "o: levels, you know. But if I go to UK, if I go anywhere outside Tanzania, there are subjects where risk is a subject that one needs to understand and sit down and put an examination to that effect. But if I go back to Kenya […] there risk started way back in 2000. When in Tanzania it was not there.

Participant 25AMHO stated "risk was introduced into the banking industry in Tanzania with [the South African bank] moving into Tanzania, taking ownership of [this bank]". Participant 40AMHO endorsed this and commented on previous practices, namely –

> Formerly in this bank we've had only an audit department. Of course, anything regarding risk there wasn't. In fact, that one has been introduced immediately after (the South African bank) took over shares at [this bank]. There we came to understand towards the risk.

Participant 3AFHO explained the process the new owners followed as well as the role they played in introducing risk management to the banking section in Tanzania for the first time.

> They went through the due diligence and did all that is required. They came in to run a business, ok and as a business owner you have your own ways of looking at business, putting up controls, ok. Having systems that you want and putting things the way you want […] So we went with the people, going through all that change process, ok, and we managed and the system was there. And it was stable and we continue with business. Now when you have system also you have processes and procedures that you also need to change because whatever you are doing must go in line with the system. So we went through putting up process, procedure in manuals form, in circulars, telling people of what they are required to do. What are the controls, I mean, actually need to look at. Then when the enterprise wide risk person came from [the South African bank] […] They came to see me and that is when the risk issue started. So they came in trying to explain us about risk and how we should look at risk. Then we had to get in a person for risk. Then we had our first person of risk, Mr A, who started the risk department, you know. So, risk is, risk came in 2007, ok. Whereby now people went through the process of understanding what risk is, what are the controls, how will you meet to get a risk. From there we went to […] risk control matrix. So those are the issues that we are still battling with the people but risk is there and we are managing it.

In developing countries, banks experience several risk-related problems, including operational risk, causing bank failure (BCBS, 2004a; Richard, Chijoriga, Kaijage, Peterson, & Bohman, 2008). Many of these problems can be found in ineffective risk management and subsequently weak or inadequate risk management approaches (Chisasa & Young, 2013; Richard et al., 2008). The importance of operational risk and the effect it has on the financial success of banks are often less emphasised than, for example, credit risk and market risk (Chisasa & Young, 2013; Jimenez-Rodriguez, Feria-Rodriguez, & Martin-Marin, 2009). To many of the participants in this study, risk management, and more specifically OR management, were introduced in the Tanzanian banking sector by the South Africans.

3.1.2 Organisational culture influences behaviour

Organisational culture influencing behaviour developed as a substantial sub-theme. If asked, most employees would show some understanding of what is meant by the construct ‘organisational culture’ and they could most probably tell you it is the way things are done in an organisation. According to Mullins (2010, p. 739), there appears to be some disagreement as to exactly what organisational culture means and how it is managed in an organisation. Organisational culture represents the basic assumptions, norms and values of organisational members and subsequently prescribes what is regarded as correct behaviour in a group (Cummings & Worley, 2015; Robbins, Judge, Millett, & Boyle, 2014). Moreover, the culture of an organisation is deeply rooted in its history and acts as a guide as to how one should behave in certain circumstances (Potgieter, 2016).

Zoogah and Beugré (2013, p. 160) propose an organisational culture model specific to the context of organisations in Africa, and depict it through the concept of an iceberg. The part of the iceberg that is observable or above the surface comprises aspects related to structure (i.e. location, resources, etc.), artefacts (i.e. emblems, dress code, etc.) and then behaviours and practices (i.e. laws, customs, language, etc.). The part of the iceberg which is below the surface and thus not observable comprises beliefs, attitudes, core values and assumptions. Igira (2008) explored the situatedness of work practices and organisational culture in a Tanzanian healthcare context, and noted that organisational culture is constructed historically and collectively amongst health workers and artefacts. There is a paucity of similar studies within Tanzania’s financial sector. Nevertheless, Igira (2008) shows how, in the Tanzanian context, organisational culture should not be seen as a stumbling block in achieving organisational goals (such as implementing an ORM model, as is the case here). Rather, it should be understood how organisational culture, within the situatedness of the work context in a Tanzanian organisation, is interlinked with the social, political and economic realities of the employees’ lives and their subsequent relationship with the organisation.

Both Igira's (2008) proposed focus on the situatedness of the work context and Zoogah and Beugré's (2013) proposed concept of an iceberg were relevant to this study. In the view of the latter authors, the part of the iceberg which is below the surface of the water has a significant impact on organisational culture, yet that impact is not always observable to OR managers. This relevance is depicted in the sub-theme of **organisational culture influencing behaviour** and its subsequent categories, which emerged from the data.

Within the sub-theme of **organisational culture influencing behaviour**, three primary categories emerged from the participant data. These were clustered as disconnect as a result of perceptions, assumptions and expectations; the values and norms embedded in the organisational culture; and the establishment of structures and boundaries. These three categories and their related properties as portrayed by the participants are discussed below.

3.1.2.1 Disconnect: perceptions, assumptions and expectations

The first prominent category that emerged from the sub-theme **organisational culture influences behaviour** was perceptions that dictate expectations. Two substantial components were highlighted by the participants, which ultimately dictate expectations and appear to affect behaviour, that is, perceptions which are formed through various assumptions and stories.

a. Perceptions and assumptions

The presence of two different parties, both coming from two different organisational and socio-cultural backgrounds formulated a strong category. The new owners from South Africa and the employees of the Tanzanian bank appeared to experience the coming together of two diverse worlds quite differently. It was further evident from many of the participants that these differences were not dealt with openly or talked about, which resulted in erroneous perceptions and assumptions where the Tanzanians felt their reality was not accurately understood.

Participant 30WMHO explained how the South Africans entered Tanzania and the bank with certain assumptions. These assumptions appeared to be based on the South Africans being accustomed to things being done in a certain manner and they just assumed it would work the same way in Tanzania:

> [P]eople coming in from South Africa have got a certain understanding […] and they just assume that it's happening here (in Tanzania). So people coming from there, because that's natural to them, they don't even ask the question of on this side, how do we do it on this side? So we've got an understanding of what we do, so we don't think of asking them how they do it. So both sides are now working on the assumption […] Shooh!! Two different directions and we missed the bus completely; so that is the biggest challenge.

However, the South Africans did not appear to consider the Tanzanian context and subsequently misunderstood reality, especially with regard to resources, as Participant 30WMHO further explained:

> [B]ut the realities are totally different, so that's the biggest challenge. […] it's all about compliance. So the challenge comes in. It's a huge project and (the South African bank) starts running with the project – they've got the number of people, they've got certain skills. It's a project that takes two years. Eighteen months down the line they realise, oh, what about the African countries? Then the African countries, with limited skills and knowledge and with limited number of resources have to do it in 6 months because the deadline does not move.

As a result, there were even instances where huge projects were conducted in a challenging short time frame, with limited resources, just to be told it was unnecessary as it is out of scope in the Tanzanian context, pointing to the lack of understanding of the Tanzanian context in relation to the South African context as is depicted by the following example provided by Participant 30WMHO.

> Now the classic example […] We had 3 months to do 18 new policies on SOX [Sarbanes-Oxley Act], so we had to get special board permission to get the policies approved on Exco level and implement, because the next board meeting was after the cut-off date. So we get that, we go through the process, get all the policies published and the whole tutti, and two weeks later the message comes through, 'oh sorry, it was not necessary, you're out of scope'. Those are the challenges that we have in Tanzania and in the African countries. So yes, it's a long answer, but all I'm trying to do is to try and give you the bigger picture of what is happening and where the disconnects will come in, and the understanding. That's where the biggest challenge comes in as far as I'm concerned, and then the understanding.

According to Participant 4WMHO, it cannot just be assumed that because things are done in a specific manner in one country or organisation, it can be duplicated to another country or organisation, as –

> [T]o appreciate that simply because it was done that way somewhere, then that's the way it has to be. Some of these things are culturally different and that plays a big role into the way people react to situations. The way people interact in certain situations and those are the differences. They look at things differently.

Cunningham (2016, p. 73) defines a perception as "a mental process by which individuals organise, interpret and understand sensory impressions from their environment". Similarly, Smith et al. (2012, p. 50) believe a perception "refers to the process by which we make sense of different stimuli in the environment in order to make judgements and decisions that we then act on". Odendaal (2010a) agrees that a person's perception of what he or she believes reality to be, dictates his or her behaviour. In the process of making sense of the world around us, perceptions are formed by various influences such as the perceiver's own personality, attitude, motives, interests, experiences, skills and expectations (Odendaal, 2010a; Smith et al., 2012). Perceptions are also influenced by the context within which the interaction occurs and subsequently they affect how an employee experiences and makes sense of the organisational culture (Smith et al., 2012; Zoogah & Beugré, 2013).

As researcher I embarked on a specific search of literature exploring how Tanzanian employees perhaps work differently to other parts of the world, including Africa, in forming perceptions. It was interesting to note how studies, including studies conducted by masters students enrolled at African and specifically Kenyan universities, only provided a review of Western theories of perception (Maugo, 2013; Teko, 2013; Zoogah & Beugré, 2013).

Looking at social psychology, one could gain more insight into perceptions and how these are influenced by an acquisition or merger (Yildiz, 2014). Social identity theory (see Tajfel, 1982) suggests individuals form their social identity through their belonging to certain groups or positions and in doing so label themselves and are also labelled by others (Owens, 2003). Incorporated into social identity theory is self-categorisation theory (see Turner & Oakes, 1986) which refers to how people group the liked and the unliked (Owens, 2003; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Subsequently, identity is obtained through being drawn to others who appear to have similar characteristics and qualities as oneself and in doing so, forming an 'in-group' (Byrne, Griffitt, & Stefaniak, 1967). On the other hand, people perceived to be different are categorised into an 'out-group' (Tajfel, 1982). This process of categorising others into an in-group or out-group enables the individual to form his or her own social identity and in doing so, strengthening his or her self-esteem (Owens, 2003; Tajfel, 1982).

Influencing factors such as these discussed above appears to have been present during this acquisition. The Tanzanian employees appeared to be of the opinion the South Africans assumed things would work the same in the Tanzanian context, not considering limitations such as lack of skills, knowledge and resources, as well as differences in both national and organisational culture. This gave rise to a disconnect in that the Tanzanian reality was believed not to be understood.

The experience of Participant 38AMHO perhaps summarises this disconnect well and supports the view of Tanzanians that their reality is not well understood as the South Africans work with perceptions and assumptions.

> The structures are here. Let me tell you about the structure. You have […] some young people, who are sitting in Joburg, they are managing the business here. They are not business people. They don't meet clients. They maybe sit with pieces of papers and scratch the end of it. They don't visit the guys and see how difficult it is perhaps, yet they make decisions – strategic decisions, operational decisions. That is a fatal mistake.

In light of the above, Participant 38AMHO proposed,

> If you want to make it [the business] strong, bring your people, sit on the board here [Tanzania], let them make decisions here – you'll be accountable for it. Don't sit there [South Africa], running a business on a teleconference – it doesn't work. In this market specifically it doesn't work. So, most of our Exco members, including our boss, spend most of their time on teleconferencing. They have no value whatsoever.

Another aspect of disconnect according to Participant 38AMHO, appeared to be communication and more specifically language and the understanding thereof, which appeared to be quite challenging. "[L]anguage, there were cultural differences. You know, you could crack a joke but the culture must be in context. Sometimes just a joke which is misinterpreted, it used to happen." Perhaps more basic is the reality that not all Tanzanians even understand English and when this was explained, they appeared to be ignored and as a result this often led to misinterpretation as was explained by Participant 18AMHO*:*

> [E]verybody in this bank assumes everybody must understand English – which is not true. English, for some of us, is a third language. […] all of the communication which goes out, it goes out in English whether, I know it has been an issue and we've raised it several times, but some people, they let them feel like, hey, use the language which you're not comfortable

> with. […] Now the people who are sending out the communication, that people do not understand exactly the same way. You read this same communication to two people but the way they would explain it and understand is two different things. Now that also affects us especially in the implementation of things because the way they interpret the information is different. The one will say I understand it this way and another person says we understand it this way and there can be a very accurate reason of how they understand, but because everybody [...] the way how well they interpret the communication is an issue. [T]he information, should flow and the management should give the feedback to the staff.

As Participant 38AMHO stated above, communication should flow from management downwards and staff needs feedback. However, Participant 19AFB warned of the disadvantage of one-way communication. “But the issue is that if the communication is top-down, it’s a one-way traffic […] it’s not certain that all the people have the right information.” Participant 18AMHO agreed and provided an example:

> [T]wo years ago when the financial crisis started, we were told that management decided that because of the financial crisis, please let’s not increase our staff complement. We have a certain staff complement, let’s stick to it until this passes. Now that information was not communicated well down to staff because I’m working, I’m under-capacity, then I’m not told that, sorry because of the situation [...] the communication that went out that we’re not employing any new people. Now if this information goes out and then tomorrow I see someone walking across the street as a new employee, they say, ‘hey, but that guy is a new guy and the communication which had been sent out, we are not employing any new people – why?’ But it was not clear that in exceptional cases, it’s not clear that if there’s a vacancy which was created after that it was supposed to be filled. And you’re not clear that, if there are some unique cases we could reconsider. That was not communicated out. That feedback, because communication has to be two ways. You have to make sure that

> people are sending the information, they do get that information. Maybe they assume that people get the information.

Ensuring the message communicated reaches the relevant parties appears to be important as well as ensuring the message is well understood and embedded as was emphasised by Participant 5AMHO:

> […] terms of embedment, people must understand. You know to understand and agree, why I think people just do it, because they are told to just do it through and instruction and circular and that's it. But if you really test their minds and say that: 'Do you understand why I'm doing it because there is an instruction from head office'. And I think this is where I can say that, you know, that the culture issue has not taken place. […] you would see that most of the instructions, if not all of the instruction are first of all, are not in their first language. So, and that's why you find that on management level, there is a high level of understanding but the shop floor level, you really struggle to get the understanding. […] because the larger group up there speak English, then it is assumed that everybody down to pipeline speaks the same immaculate English, which is truly not the case.

Participant 5AMHO again pointed to the reality that English was not well understood by all and that cultural differences were still not adequately recognised.

Participant 12AFHO identified with Participant 5AMHO's experience above and provided further context in how the entry of South Africans and their subsequent treatment of Tanzanian's, as a result of their lack of awareness, were experienced. This lack of awareness and resulting assumptions clearly left Tanzanian's aggrieved. "When they came to this country, they came so aggressive. […] they pre-assumed that we don't have that education level that they have, they just came and grab stuff. […] That hostility is there. I'm […] one of them." Participant 43AMHO continued to explain the experience of cultural differences and the resistance that resulted from it.

> When [the South African bank] came in, they came firstly for due diligence for one year and later they took the bank. It was a bit rough; it wasn't easy because I think the cultural differences to me – those are my personal views – that cultural differences actually made things a bit not smooth. So, there was some friction because the union and (the South African bank) – there was a union and there was [the South African bank] management. Now the union represented workers and [the South African bank] management is there, but they did not come together. There was some friction and this friction now mainly as I saw, cultural differences have made it a bit difficult.

According to Participant 5AMHO, these cultural differences might have resulted in Tanzanians not understanding how the organisational group of which this bank was now part, functioned and as a result could relate to its operations. Participant 5AMHO was therefore of the opinion that it was important –

> to make sure our people understand because now what happens, you got hundred policies or procedures […] to tell them now, the shop floor, we are doing things because group policy dictates. Firstly, they'll ask what is group. […] If you belong to a group you must ensure, right from the shop floor, that people understand what is group, because our people here don't relate with the group. Absolutely no relation at all, and to me this is where I see that there is a cultural issue because no one has taken the trouble to make them feel they are part of the group.

Participant 43AMHO emphasised the potential negative effect cultural differences might have:

> It goes with frictions. And the way we conduct daily business now, the management, those cultural differences [...] maybe even if it happens that management maybe told a subordinate something, or a worker something, and the worker felt that 'hmm, this is an insult to us, this is not good to us' and they would go to their union. 'Ah, they told me this, they

> told me this, they look at me like this' – you see, those differences. So, they heated up.

Participant 34AMHO further concluded that apart from the cultural differences, cognisance also had to be taken of the differences between the business markets of these two countries. Therefore, merely "aligning their policies" and procedures is not sufficient as the two countries are working with "different risks" and "somehow it's impacting the business". Participant 30WMHO agreed,

> it's definitely two totally different markets. There's a lot of stuff that you would be used to in South Africa, like credit bureaus and stuff like that, banks linked with one another – which does not exist in Tanzania, which makes it extremely difficult. Therefore, and that's not even touching on the culture side, because you don't have those environments that you can latch into to do some analysis and understand what the individual customer is doing out there, it makes it extremely difficult.

When conducting business across cultures, one should be very sensitive toward potential communication problems (Crafford, 2010). Cultures and business markets differ and therefore require a clear understanding of the reality present in the specific context. One way of obtaining clarity is through stories and allowing people to share their lived experiences and knowledge of the environment in question with you.

The Tanzanian employees had valuable stories that needed to be told about past failures and successes and in doing so they shared knowledge of how things potentially could work best. Ignoring these employees and not allowing them to share this knowledge and experience would lead to disagreement and possibly disengagement. Quite a few of the branch managers shared their frustrations as they felt they were not allowed to share their knowledge and experiences pertaining to their clients and how things actually worked at ground level, such as the lack of knowledge pertaining to the use of formal business documents, for example financial statements. Participant 40AMHO shared some of these frustrations in the following statement.

> Okay, yes, but we have some problems. For example, I am here as a branch manager and I know the problems of my customers, but I could assist him. I know the business of my customer, but that man, in fact who analyses, only depends on the financial statement, of which in this country we have not that habit to have a financial statement.

Participant 4WMHO confirmed this. "Yes. It's the way it's being done because the experience on the ground has got to be taken into account."

Even though these branch managers acknowledged the necessity for some of the risk management policies and procedures, they nevertheless felt disempowered in that they previously had significantly more decision-making power than at the time of the research study. A collaborative relationship with head office appeared to be the wish of the branch employees. Such a collaborative relationship would assist with the implementation of more effective policies and procedures. Participant 35AFHO stated:

> We know each other [the branch manager and client] from the street or from the village and therefore I know what type of car you drive, what house do you own, where do you work, etc. So I will lend to you or I would put a proposal as the branch manager and say, yes, I can assure this guy is capable of repaying. So you will get a loan based on that – not necessarily by looking on the procedures and the policies. […] in the developed world or like in South Africa where you look on the credit rating, so you put everything in the computer and the computer will determine whether this person's credit ratings are high or low.

Participant 40AMHO supplemented Participant 35AFHO's view by saying

> I am the one who knows the customer, not the people at head office or credit department. Currently the branch managers have no powers to make any decision regarding the loan, but only to make a recommendation currently. That's why, even if there's any problem, sometimes it's because of the decisions […] at head office.

Participant 4WMHO appreciated the stance of head office; yet, valued interaction.

> I try to appreciate where people are coming from. So I know people who have gone through certain things and they have lessons learned. […] it's just that I feel there needs to be a lot more interaction, an attempt to understand what is happening locally and to, there needs to be some greater reliance. Again coming from asking the right questions there has to be some greater reliance on what the people on the ground are telling you.

Participant 22AFHO emphasised the point that the Tanzanians knew their business better than the South Africans and, like the previous participants, acknowledged the value of collaboration

> [O]bviously we know our business better than anyone. We know it probably better than [the South African bank], so the fact that we'll be allowed to maybe have input and a say, and obviously they because they have more experience and obviously their business is bigger so they'll also give us the input. So it's kind of like we get the best of both worlds.

Participant 18AMHO was of the opinion a forum should be established in which consideration could be given "of all the views of staff or their perception to those strategies, and also the way it's structured and the targets which had been set". It can be derived from Participant 46AMO's statement that many "are still relying on past experience. When you say something is risk, they say, 'but we used to do it this way all the time and everything was okay, now why should we do that?'" As a result, Participant 18AMHO saw the need to "change also the culture and make sure that the gap is not widened. And also, listen, not ignore the staff."

In addition to the above, considering the African context in which the bank operates when designing policies and procedures appears to be important to Tanzanians. Participant 2AFHO voiced the following expectation.

> Maybe they would study the environment around on how we operating here and try to, ja, put a policy based on that rather than us receiving a policy which is very westernised. They are developed very far and we are trying to bring it down to us and most of the time you don't have that big room to change its way. Maybe if they would rather come here and see what policies they can maybe create from here. Introduce from here and not from [the South African bank] or something like that.

Participant 9AFHO pointed to the importance of considering that just because something worked well in one country, it cannot be assumed it will work just as well in another country. Participant 9AFHO shared a practical example:

> You know, we had the same people maybe this person from Kenya who say that we had that, we did A, B and C to get over this. So you can also apply that. That is what, and the other thing is: the relationship on the other hand is now getting to understand something, while something might be working very well in Nigeria, the same thing might not necessarily work very well in Tanzania.

Participant 38AMHO had a personal experience similar to the one shared by Participant 9AFHO and found it very frustrating. Participant 38AMHO shared this experience:

> When I disagreed with the General Council of [the European subsidiary], two years ago [...] we were on a teleconference, the General Council in (the South African subsidiary) supported him, I said no. As lawyers, agree to disagree, but I want to be on record that what I am saying, I think I'm right, because I'm on the ground and I have experiences, but would like, as we go along, I want us to reflect on this – I don't want to say it will be wrong or right, but I want to reflect on it – and 4, 5 months later they discovered it was right or wrong and they said, 'look I sent an e-mail', I said, 'sometimes it's important to attach a lot of weight to the facts on the ground – especially the cultural aspect'.

Africa is certainly one of the most culturally diverse continents in the world. Establishing an organisational culture in which diversity is embraced could prove to be very beneficial to the success of an organisation (Ng & Kee, 2013; Pinho, Rodrigues, & Dibb, 2014). When two organisations from different countries merge, it creates the ideal opportunity to capitalise on all the benefits offered by such diversity. Through establishing an environment in which these two diverse worlds collaborate, as suggested by several of the participants, learning and development could be facilitated and decision-making and problem solving could be boosted, resulting in a healthy, prosperous organisation (Bansal, 2015; Zoogah & Beugré, 2013).

In order to facilitate a collective learning experience, organisations should focus on creating teams consisting of local employees and expatriates, and in doing so, should combine local and specialist knowledge (Dowling, Festing, & Engle, 2013; Hébert, Very, & Beamish, 2005). These teams should include local top management as well as employees experienced in cross-border acquisitions and cross-cultural management (Hébert et al., 2005). In doing so, a milieu will be fostered which values collaboration and where employees could fully harness expertise, engage with each other and have access to new and/or additional resources, as well as participate and engage actively in the business. Engaging in knowledge-sharing conversations in which previous experiences are reflected on, would assist the organisation in moving out of turbulent waters onto solid, common ground.

3.1.2.2 Values and norms embedded in organisational culture

A second, noticeable category that emerged from the sub-theme of **organisational culture influences behaviour** was that of values and norms, which are embedded in the organisational culture. These values and norms comprise factors such as interpersonal and communal relationships.

The way in which colleagues behave towards each other affects the organisational culture. These include behaviour from South Africans towards Tanzanians and between Tanzanians within the same organisation.

Participant 12AFHO remembered when the South Africans entered the bank and shared how this entry was experienced by the Tanzanians: “When they came to this country, they came so aggressive. They were like – because they had money […] they just came and grab stuff. That hostility is there.” As a result, Participant 18AMHO pointed to the immediate return of hostility on and between all levels all of a sudden. “When they came in, the staff treated the investor, the South Africans, like enemies [...] management treats staff as enemies and staff treats top management as enemies.” Subsequently, division occurred and as Participant 18AMHO continued, “trust was gone from day one. Now what happened is that, if anybody rattles the management he’s marked as a traitor. If you are part of management, deal with the staff.” If one reflects on the words of Participant 18AMHO, it is evident that this situation was worsened by the fact that when the South African bank entered, they appointed an “Exco team who were non-Tanzanian” (Participant 18AMHO).

Participant 19AFB, on the other hand, was in a another department than Participant 18AMHO and initially experienced the entry of the South Africans somewhat differently. “I was in [the Tanzanian bank] before privatisation, and during privatisation I was in the department of marketing. Actually, we received them [the South Africans] well as they came ...” However, according to Participant 19AFB, this did not last long because “when they came, they started to slash benefits which were remunerated to staff; […] It was the time when the bad relationships started.”

Participant 18AMHO remembers that, when the risk management department was established and a new manager was appointed to manage this department, many new people from outside the bank entered. “It’s one of those new departments which he recruited a lot of people from other banks, so it wasn’t one of those departments which had people who had been working for the bank for 30, 40 years.” Participant 18AMHO’s experience of this new manager was one in which a good relationship was established; yet, as this person was part of the executive committee (Exco), he was not to be trusted.

> But the good thing about him, he listens. He listens. He knows the issues and if a person faces you straightforward and tells you these are the

> problems. So he has that transparency to people. But the problem is the trust issue is still there. The issue is not because you're white and I don't trust you, the issue is you're Exco and I don't trust you. That's where the problem is. It's not because they're all Tanzanians right now with the exception of 3 or 4.

Participants 12AFHO and 13AMHO again reminded us of the socialist culture of Tanzania and its values and norms. Participant 13AMHO pointed to the role the father of the nation, Julius Nyerere played. "He made sure that he kept people like his children, educate them about their rights, about humanity." Thus, as Participant 12AFHO stated, "if you come with commands, instructions, ultimatums, they keep on looking at you like this and they don't do. […] But you have to bring them together, you agree, you move – you agree, you move and treat them fairly, with dignity." Both Participants 12AFHO and 13AMHO emphasised, "once you make a mistake to one, of mistreatment" people will talk as "this is this communal". As a result, if you want collaboration and subsequently success, you have to win the community over, "then you are up there – you fly. Very easily." However, if you are in "conflict with part of the community, you are finished".

On a philosophical note, Participant 12AFHO believed, "everybody has a good side and a bad side. But in general Tanzanians – as long as you don't push them, we won't have any problems. Come to our country; respect us. We treat you like kings. But don't come here and push us and disrespect people." Participant 2AFHO explained how a bad relationship between management and employees could hinder efficiency. In the early days, when the relationships used to be bad, work was stalled in a specific way, e.g. "the person will tell you I'm busy until he decides to do it. Otherwise, it was difficult!"

Participant 18AMHO was of the opinion that "for the past 4 years I've been here, what I've noticed that, top management is not very close to the staff and that gap is widening. We have a new MD [managing director] now, probably things will reverse, but that gap is a bit wide." Participant 2AFHO also spoke about a gap, but one that could be found in the age differences between management and employees.

Nevertheless, this gap was closed by the management style Participant 2AFHO appeared to choose to apply and which appeared to have a very positive outcome.

> I have older people which I found here. About ten of them, they are reporting to me. They come to me, we discuss if there are issues. […] It wasn't easy at the beginning but now I see like we are friends now and we talk on the same level. […] We find a solution for that together. I try to involve them as much as possible. So maybe, maybe they've accepted or maybe they have a choice. But I feel like they are happy […] we are human beings […] if you involve, to make them feel part of what you are doing.

Through forming such a collaborative and empowering relationship, good values and norms appeared to be embedded into the organisational culture. Participant 27AMHO confirmed this with the following example from his own positive experience:

> [I]n my department, my line manager, if you are given the mandate, it's a full mandate. They train you to consider that, that business that you are running, run it like it's your business. So he gives you all the power, the exposure and he makes decisions. And you do it, so you have time to think further than just doing […] So for me, I've been working with him and you talk – you go there and you explain, exchange ideas, you can challenge him, he can accept it. […] there's no forcing, you do it free to discuss and explain.

The style a manager or leader chooses to adopt could have a significant influence on the success of that manager as well as the organisation (House & Javidan, 2004; Mullins, 2010). Being an effective leader in an international or cross-border setting, could prove to be even more challenging (Dowling et al., 2013). Various factors should be considered when adopting a specific management or leadership style. Zoogah and Beugré (2013) emphasise the importance of collectivism and the success of the society or group within the African context, more so than the achievements of one individual. Striking a balance between driving tasks and being aware of the personal interests of the employees proves to be much more effective (Waldo, Wharton, & Parks, 2014).

Building effective, healthy relationships with new employees or colleagues (amongst the South Africans and Tanzanian, as well as amid Tanzanians) requires a better understanding of the dynamics of both the national and organisational culture, especially so the cultural distance, present in this relationship (Steigenberger, 2016). Previous research have established the importance of how national culture could affect the success of a cross-border acquisition either positively or negatively (Bauer, Matzler, & Wolf, 2016; Björkman, Stahl, & Vaara, 2007; Stahl & Voigt, 2008). According to Bauer et al. (2016), cultural differences affect the entire process associated with an acquisition; however these differences appear to be more prominent during the integration process of the acquisition. Bauer et al. (2016) acknowledge the complex nature of this integration process and, similarly to Zoogah and Beugré (2013), believe that human integration should be dealt with separately from task integration. From a human integration point of view, this links to research conducted by Nahavandi and Malekzadeh (1988), which suggests cultures to relate to each other along a continuum of either wanting to preserve the existing culture, or finding the new acquirer and subsequent targets more rewarding. Cultural distance could be lessened once employee uncertainty has been reduced or eliminated and a shared identity is established (Bauer et al., 2016; Zoogah & Beugré, 2013). In other words, when synergy has been achieved, which established commonalities between organisational values and operational goals.

As highlighted by Zoogah and Beugré (2013), within the African context, the success of a community or society is regarded highly. Therefore, in the process of understanding cultural distance and how it affects the organisation and relationships within the organisation better, cognisance should also be given to communal relationships between the employees and customers. From the participants' contributions, it was clear that the establishment of communal relationships in the everyday business of the bank is very important and should be embedded in the values and norms of the organisational culture. True to the values and norms of African socialism and *Ujamaa*, the drive within the organisation should therefore be towards helping clients. The sense of sharing and assisting someone in need appears to be very strong, as portrayed in the words of Participant 8AMHO, “People are very much into sharing, you know.” This need to assist people was also evident in the manner the branch employees assisted clients in preparing their credit applications even though all the evidence pointed towards the client not being able to afford paying back such a loan. Participant 7AFHO explained this as follows:

> I can even help you to prepare your own financials. I’ll tell you, no, no, no, this, here put his, this put there because we have the checklist we know what you are looking for. So, I can tell you what to amend, what not to amend. So when it comes to us, it’s perfect.

The fear of being excluded, or as Participant 8AMHO stated it, “being pushed out” by the community because one did not assist someone in need, was very strong. Being acknowledged as a good person and upholding strong communal relationships are very important, as Participant 3AFHO explained,

> A person who has been segregated in a community – he will feel as if he has kept aside. That relationship with others won’t be, because people will say that: you see that guy, he is not a good guy, you know, he’s not a good guy. And that in Tanzania is something not good for a person because they go to pray together, they have gatherings together you know.

With the introduction of an ORM model, new policies and procedures were incorporated. This new sophisticated system with all its requirements proved to be a challenge for the more unsophisticated Tanzanian market. Attempts to control losses by means of risk management had to be in line with the need to look out for the interests of the community itself, who were the clientele of the bank, as well as the interest of the employees living in a specific community. Branch employees were faced with the reality of no longer being able to decide whether a client qualified for a loan or not. Participant 45AFHO confirmed, “the branch does not have power for the loans or the overdrafts, so we make sure that all documents are being forwarded to the head office”. This was endorsed by Participants 14AFB and 21AFB. “You recommend for the loan and they [head office] approve for the loan" and "We just recommend, but the final decision is done at head office".

Participant 40AMHO provided various scenarios that appeared to affect the quality of decisions head office make during loan applications. According to Participant 40AMHO, clients were hindered in being successful with their loan applications as "according to our habit and behaviour in this country up to now, people have no knowledge of keeping their books in the accounting". Alternatively, clients would "give you a financial assessment; it's just a cooking financial statement" and head office would then base their decision on false information. Furthermore, Participant 40AMHO was of the opinion that, when head office rejected applications recommended by the branches, "it is not a fairness to the customer because I am the one who knows the customer, not the people at head office or credit department". Participant 40AMHO concluded, that, "even if there's any problem, sometimes it's because of the decisions of head office".

In the African context, the welfare of others are important (Kumssa & Jones, 2015; Nyerere, 1968). Communal relationships developed not only between the Tanzanian and South African operations, but also between employees, as well as the bank employees and the clients. These communal relationships were further strengthened when the welfare of the clients was promoted and a positive image of the organisation was portrayed towards the community (Holtzhausen & Fourie, 2011).

3.1.2.3 Establishing structures and boundaries

The last category that arose from the sub-theme, **organisational culture influences behaviour**, was that of the establishment of structures and boundaries. Organisational structure and boundaries emerged as an important property within this category.

Participants appeared to feel that, at the time of the study, a bureaucratic culture was in existence in which the role to be fulfilled and the job that needed to be done were more important to them than the employees who needed to fulfil this role and complete this job. As Participant 2AFHO portrays said, "I'm thinking but it seems that is our song here. You don't have a choice. You have to do it. I'm seeing everyone is struggling to comply with what we are required to do, by the group." According to Participant 31AMHO, some employees "are feeling that they are not cared for". Participant 7AFHO supported this as "people want to be taken care of". The lack of consideration given to the circumstances of employees was further evident in the short time frames employees often had to work with, as Participant 2AFHO explained, "The current style is, we are given very short period to embed or to implement whatever is brought down to us. I believe management maybe would like to cascade it to, but they don't have that time." Furthermore, according to Participant 2AFHO, "management should reach out more and people should be more involved. They should feel part of the big strategy."

Participant 41AMHO compared experiences he had with some of the other Tanzanian banks to that of the specific Tanzanian bank. "Maybe I can say as an addition, I've seen the other banks, they're big banks and they're very committed […] if someone has got like a problem or something, it gets the maximum attention. Like that brings them together". Participant 41AMHO shared a practical example of employees working at one of the other Tanzanian banks who were in an accident. "*[E]ven that managing director made an effort to find a car to go there."* In comparison to their own bank, Participant 41AMHO was of the opinion that since all staff had medical cards or insurance, management would merely tell you to "find the nearest hospital and go". In this case, "the message [is] different. Everybody will feel like 'oh'. The personal touch is missing." According to Participant 41AMHO, within such a situation, relationships are important and the image of the bank is affected by portraying a caring relationship evident in gestures described as "just like friends – maybe even to go to see him in the hospital".

Participant 18AMHO was of the opinion that as an employee,

> [Y]ou'll be loyal to the employer if you feel that the employer cares for you, and I think that's where the main issue also is. I mean, most of the people don't feel like they belong to the bank, they feel like they have to work here because you earn the salary and pay my rent and to pay fees and to do what and what. But that feeling when you wake up in the morning and

> say, I go to the place because I just want to work there, even if they say we don't have money to pay you this month, I can still wake up in the morning and work. Now that's the main issue in terms of risk appetite. I mean, are the people just working for a salary, or are the people working for the company?

More than one culture could be present within the same organisation; yet, one might find a specific one dominating rather than the others (Handy, 1993; Smith et al., 2012). An organisational system emphasising rigid controls, policies and procedures and which does not easily adapt to change is often classified as a bureaucratic organisation (Van der Voet, 2013; Zoogah & Beugré, 2013). In such an organisational system, no room appears to be left for individual decision-making or policy adjustment. Subsequently, employees often perceive such an organisation to be rather task-oriented than person-oriented, i.e. just get the job done. This almost reminds of a combination of Handy's (1993) role culture and task culture within his typology of organisational culture. A role culture is typical in a bureaucratic organisation and characterised by many controls, rules and regulations, and an employee's power is allocated in accordance to his or her hierarchical position in the organisation (Janićijević & Milonavnović, 2015; Nikčevič, 2016). On the other hand, a task culture is classic to a matrix organisation where project-related teamwork is important. In such a task culture, the task rather than the employee is emphasised, and knowledge and expertise are valued over and above position (Handy, 1993; Janićijević & Milonavnović, 2015; Nikčevič, 2016).

Employees want to feel they add value to the organisation and they want to be acknowledged (Smith et al., 2012). Giving employees such a 'voice' will require establishing a culture of involvement and participation in which employees could share their knowledge and expertise (Smith et al., 2012). In this study, organisational power and politics appeared to have silenced this 'voice' through segregation. Segregation, as reflected through power structures, seemingly owned by the South Africans, appeared to have had a direct influence on this organisational culture creating an antagonistic relationship. With the acquisition of the Tanzanian bank, white South Africans were appointed into many of the top management and strategic positions, giving them all the power. According to Participant 38AMHO, "the mood in terms of the staff, it was pretty much hostile […] when they saw the expats came here, they were all white people". As discussed earlier, this resulted in disconnect. Participant 7AFHO was of the opinion this perception had to change as well as "the culture and the attitude has to change because now internally people think the management is white. Whites don't care about us. They want to make their profit and leave, but it's a perception."

Participant 40AMHO strongly believed that these perceptions and experiences might be changed –

> [If] the MD is a Tanzanian it's 'our people' […] there are Tanzanians who are capable, knowledgeable of taking those top managerial positions and when it comes, somebody from outside Tanzania is given the position, this doesn't actually convey a good message to the community and we rely on the community to run our business – most of the customers are Tanzanians.

Participant 38AMHO shared this sentiment and believed that with the appointment of a Tanzanian as chief executive officer (CEO), positioned the bank "to move ahead faster now".

Position in the organisation appeared to dictate the amount of power and was controlled by the group of managers through institutionalising policies and procedures. Management get what they want through implementing policies and procedures and merely stating that it is the minimum standard accepted. According to Participant 27AMHO, "You might say that this is not applicable to Tanzanian environment, but then again they will say, this is the minimum standard. We are not talking about what we are practicing in South Africa; this is minimum to you. You should comply." Participant 27AMHO further explained "those policies are like a law. If a bank has a policy it means you cannot go against that policy. If you go against, there's a breach […] as long as the policy is approved it is my duty, we have to comply. You have no choice." Participant 30WMHO confirmed this and stated, "from a management perspective […] you have to comply […] there's not much of a choice".

It was evident that rules, policies and procedures, and compliance were emphasised, rather than focusing on establishing a quality of work life organisational culture, which highlighted the importance of shared goals, values and tradition. In order to share in the future of the organisation, across all levels in the bank, Participant 43AMHO believed, “they have to find a common ground where all this meet and agree. It should be give and take.” Participant 44AFHO emphasised the importance of Participant 43AMHO’s belief, namely:

> We have to find mutual ground. Tanzania as a whole, the economy has to grow, we have to change, so we have to mix it and agree to disagree. We should agree on what we have to do as a business and what the business is going to do to the economy, but at the same time they should consider the culture of people and put them together and work as a team.

However, in order to establish such an organisational culture where employees work together as a cohesive team, it is important, as Participant 19AFB emphasised, to share the right information:

> Now in the strategy, having a one-way [communication] traffic we assume that those people at the top are the people with the direct information and they’re the people who can make decisions, even the fact that the gap between the top management and the other staff is too wide, it’s important that all the people have the right information.

As a result of this gap or distance between top management and the employees on the ground, there appeared to be dissonance between the targets top management sets and what the employees believe are attainable. Participant 18AMHO was of the opinion that management should consider being “a bit more transparent”, and that there was a need “to change the culture and make sure that the gap is not widened, and also listen to, not ignore, the staff”, as “the views of staff or their perception to those strategies, and the way it’s structured and the targets which had been set” are very important. Participant 19AFB agreed with Participant 18AMHO and felt management should “at least get the information from the other staff, from the lower ranks and go with that information – it helps". However, management appeared to go "with their own ideas" and as a result, strategy was "just communicated down, it's not even discussed". Participant 19AFB was consequently of the opinion that "it's just the very top management of the bank which knows what is going on. Even the next management, most of them are not aware. You may ask the people who are reporting to the director, what the strategy of the directorate is, and they'll tell you, 'we don't know about it'." Participant 19AFB appeared to be very concerned and asked a question: "[I]f the strategy of the bank, the top management of the bank and their directorates doesn't even know the strategy of the bank, how do you expect people to 'own' what they're doing?"

In response to this question, Participant 18AMHO reacted as follows and received a demoralising response from his manager, "I request maybe an explanation to my senior official that the remuneration is not enough, we aren't getting enough […] according to them maybe there's others for the bank, they say the door is open". Participant 38AMHO emphasised the danger in such negative remuneration situations as "people work overtime, long hours – it's about efficiency, it's about morale, it's about also risk".

In pre-colonial Africa, authority was a result of kinship and respect between the leader and its followers and build on the principle of consensus amongst stakeholders (Jackson, 2011). This is in agreement with Hofstede's (2001) research which point to power distance being socially determined. The parent-child power relationship is extended in the organisation to that of leader-follower (Olausson et al., 2009). According to Hofstede and Peterson (2000), African countries rank high on power distance, which means most African people would submit to authority and respect a leader or manager based on his or her hierarchical position in the organisation. The emphasis here is on respect and consensus and without these two elements, a leader or manager in an African organisation will not be regarded as legitimate (Jackson, 2011). This is similar to what Cunningham (2016, p. 300) referred to as "positional power". A manager obtains legitimate authority given his or her position in the organisation, which enables the control over subordinates' behaviour and the implementation of certain processes (Cunningham, 2016). Subsequently, an employee should obey orders such as imposed through policies and procedures, without questioning the manager's intentions (Zoogah & Beugré, 2013). However, once an employee reaches a point of indifference, he or she might question the policy or procedure and even refuse to comply with it (Zoogah & Beugré, 2013), and as a result, the manager loses control.

According to Mullins (2010), emotional reactions might be evoked by employees once they feel they are being controlled by systems such as policies and procedures. These reactions could include feelings of suspicion and, in some cases, even resentment, which in turn affects the employee's behaviour and subsequently impedes the successful implementation of such policies and procedures. In a study by Zwikael and Smyrk (2015), it was found that following a control approach is more desirable in an environment which is perceived to be stable and where performance risk is seemingly low. On the other hand, Zwikael and Smyrk (2015) propose a trust approach when one deals with a turbulent, high-risk environment. Dealing with a cross-border acquisition that includes the implementation of an ORM approach, which is an unfamiliar business concept to the Tanzanians, could label this a high-risk environment. In relation to this study, more attention should therefore be given to the cultural dimensions present in the Tanzanian context.

In a study exploring the cultural dimensions of organisations, Olausson et al. (2009) found that the largely hierarchical structure present in Tanzanian organisations created significant problems, by establishing a distance between management and employees. This study further highlights differences in opinion between Tanzanian employees as regards their preferences for working independently from their manager, or being told by their manager what to do. Participants in that study also indicated a desire to participate in decision making, since all managers are not experts, and most employees have knowledge and ideas to contribute to streamline operations. That study worryingly highlights participants' reluctance to disagree with managers, who are seen to have all the power, while employees are merely required to do as they are told, without questioning. The participants were clear on their preferences for managers who follow a blended consultative/persuasive leadership approach.

The above theory and research emphasises the importance of positional power present within the implementation of OR management in Tanzania. The voices of the participants noted above pointed to an experience of excessive control by management and employees feeling they were not being heard, resulting in low trust amongst these parties. The influence of positional power on the organisational culture and subsequently the trust relationship were aspects that had to be managed during ORM implementation. Therefore, following an approach in which a trust relationship was firstly established between the Tanzanians and the South Africans, and even between management and employees, whilst reducing the power distance gap, could have assisted in a more effective implementation of the ORM approach (Olausson et al., 2009; Potgieter, 2016; Zwikael & Smyrk, 2015).

3.1.3 The organisational climate: a social system

An organisation is a social unit and therefore needs to interact with its environment as it relies on this environment to obtain the necessary inputs in order to improve and mature (Zoogah & Beugré, 2013). These inputs include obtaining HR (employees) to fulfil certain functions and execute specific tasks, which are incorporated into a formal agreement. Establishing a relationship with these employees also entails establishing a psychological contract between the employees and management to clarify expectations and positively influence employee behaviour (Mullins, 2010). Rousseau (1990, p. 391) defines a psychological contract as “The individual’s beliefs about mutual obligations, in the context of the relationship between employer and employee”. Therefore, within this relationship, both the employer and the employee make certain promises to one another that need to be satisfied (Van der Smissen, Schalk, & Freese, 2013).

Vandenberghe, Mignonac, and Manville (2015) agree with Mullins (2010) and Van der Smissen et al. (2013) and elaborate that, in becoming an organisational member, an employee has certain instrumental benefits, such as remuneration and promotional opportunities, as well as psychologically rewarding benefits, which are the meaningful aspects of the job. Within this relational interaction and contracting, the aim is to establish a trust relationship, which incorporates the alignment of personal values and organisational culture, as well as participative decision-making and sharing of knowledge (Brown, 2014; Mullins, 2010). However, trusting a person or a system, presupposes risk, and if the environment or relationship gets risky, trust decreases (Uslaner, 2007).

Two primary categories were clustered under the sub-theme of **the organisation as a social system**, and relate to the psychologically rewarding experience of employees as well as the relational interaction towards a trust relationship. Psychologically rewarding experience incorporated the properties of a sense of belonging, the effect on organisational success, and reward systems.

3.1.3.1 Psychologically rewarding experience

Participant 41AMHO compared the way the bank under study was perceived to be committed towards its employees and treated these employees to how other Tanzanian banks are observed to doing it. Even though these were all large banks, Participant 41AMHO was of the opinion that the other banks were more committed to their staff, and should a staff member, for example, experience a personal problem or crisis, the other banks gave it “[their] maximum attention”. Participant 41AMHO referred to a specific incident at one of the other banks where “even the managing director made an effort”. From an organisational point of view, Participant 41AMHO felt “personal touch” was lacking.

According to Participant 18AMHO, “most of the people don’t feel like they belong to the bank, they feel like they have to work here because you earn the salary and pay my rent and to pay fees and to do what and what”. Participant 31AMHO stated it clearly that employees “[did] not feel they are part of” the organisation and that some “are not feeling that they are cared for”. Participant 2AFHO agreed and noted, “some people in the branches – they feel like they are not part of [the bank] actually”. Participant 19AFB provided one possible reason for this lack of belonging, and was of the opinion –

> [T]op management does not trust the staff, so they don’t tell what’s going on. Now the staff they don’t feel like they are part of the bank because I mean, if you’re saying that maybe we haven’t done well, where did we do

> wrong so that we can improve and make it well? Because if I belong to this family, I think if it's a problem, I need to be involved.

Participant 18AMHO agreed that communication and receiving feedback appeared to be problematic.

> I think the main issue [the bank] has at the moment is first to bridge the gap, so that the communication, the information, should flow and the management should give the feedback to the staff. That way they'll feel that we belong to the bank, we're just not going for the salary.

Employees further did not want the organisation to see them as a liability or risk. Employees rather wanted to feel they were contributing towards and influencing the success of the organisation through helping clients, growing the bank and subsequently being part of the successful implementation of OR management. Participant 19AFB however highlighted a problem in terms of contributing to the organisation, "I don't know how my performance contributes to the big picture." Regarding engagement between top management and employees, Participant 19AFB said,

> is not two ways […] But the issue is that if the communication is top-down, it's a one-way traffic. Now in the strategy, having a one-way traffic we assume that those people at the top are the people with the direct information and they're the people who can make decisions; even the fact that the gap between the top management and the other staff is too wide, it's not certain that all the people have the right information.

Participant 2AFHO offered a solution to reduce this gap between top management and employees. "I think management should reach out more and people should be more involved. They should feel part of the big strategy." Permitting, both Participants 18AMHO and 19AFB saw the solution in establishing a forum, or mutual space, through which employee contributions could be channelled, such as to "present even your strategy and target you want to achieve with the bank. You inform the staff and they contribute something and then you pick that ..." Participant

29AMHO agreed and felt management should consult more with the lower levels, when he said, “There needs to be more input from bottom up …” Participant 43AMHO explained that, initially, even worker unions, which represented these lower levels were also ignored and this resulted in “some friction”. Due to the “lack of consultation from time to time, harmony in the work was not there”.

Employees want to feel they matter to the organisation and feel the organisation supports them (Eisenberger, Huntington, Hutchison, & Sowa, 1986; Stamper, Masterson, & Knapp, 2009). According to the participants in this study, most employees did not perceive the organisation to be supportive and were of the opinion their work was just a means to an end for them, i.e. to earn a salary and for the employer to get the job done. This pointed to a lack of congruence between the vision and goals of the organisation and those of the employees (Brown, 2014). The Tanzanian employees did not appear to get any psychological rewards in return for their efforts. They had a sense of not being cared for as persons, that they were not trusted and even not communicated with. This led to them feeling disconnected and not belonging there. This experience in contrary to the findings of Odendaal, (2010b) and Zoogah and Beugré, (2013) who showed that African employees experience being involved and making a positive contribution to the success of the organisation as a psychological rewarding experience. Instead of being ignored or not heard, employees have a need to engage with the organisation and its top management and share in achieving the strategic goals of the organisation (Yeh, 2012; Zoogah & Beugré, 2013). Employees appeared not to be effectively engaged in this Tanzanian organisation. Engaged employees display a passion for their work and their organisation, and devote not only time, but also energy and attention to quality (Milner, 2010; Vandenberghe et al., 2015; Yeh, 2012). Working on the ground where employees engage with customers and where the real risks are, is often a very valuable source of information to management and should be considered before decisions are made (Zoogah & Beugré, 2013).

Recognising the needs and expectations of all stakeholders involved in the process of OR management would assist in establishing a healthy organisational climate that will embrace the required change, as is evident in what Participant 21AFB reported. According to Participant 21AFB, risk employees were starting to identify with risk management and were finding their own space within this new concept. Participant 21AFB shared how employees were now “seeing it, the big picture … They feel they’re part of the business, they have to safeguard the business” as the business has now become “their life”. Participant 27AMHO believed that a climate fostering social interaction and participation should be established in which one can “discuss anytime, you can always talk, is there anything tough, should we change? You see, you can always re-look the possibility of where you are not doing well in that area, is there anything …” However, in some departments, the opposite appeared to be the case as “some people can’t be challenged”. Should one challenge the status quo, you will be told, “No, no, I’ve been in the bank for 30 years, you can’t change that.”

Employees are in some way the custodians of the future and success of an organisation. An organisation cannot exist or be successful without its main resource, its employees (Mullins, 2010). Various theories point to the important role leadership and organisational climate play in positively impacting on the psychological resources of employees (Bandura, 2008; Peterson, Luthans, Avolio, Walumbwa, & Zhang, 2011; Wright & Hobfoll, 2004). In turn, employees can tap into these psychological resources to affect their job performance positively (Mullins, 2010; Peterson et al., 2011; Wright & Hobfoll, 2004). Bana and Shitindi (2009) confirms the importance of such psychological resources on the performance of employees within the Tanzanian context. An organisational climate where employees could engage in problem solving or challenge the status quo with the aim of improving the efficiency of the organisation should be fostered (Mullins, 2010; Zoogah & Beugré, 2013). Letting go of old and less effective business practices and creating an organisational climate in which new initiatives, such as frameworks which could manage risk more effectively, are embraced, should be promoted.

Being valued is also portrayed through well-structured reward systems and looking after the economic needs of the employees. Participant 17AMHO’s perspective in this regard appeared to be quite realistic:

> I think [the bank] needs to prepare a good working place. A good working place to me means that I have to be assured that what I’m going to earn

> will satisfy some of my needs, because I know for sure that it won't satisfy all my needs, but a bit, some of my needs.

It was however important for Participant 17AMHO to know that the bank was at least remunerating in accordance with

> those amounts of salaries that are in the market […] I think it's going to be a good thing if I earn something that resembles to somebody that works in the same profession at [another bank] probably – things like that. I mean, I must feel that what I'm earning is exactly the same from anybody in the market.

Participant 18AMHO agreed that the main issue related to being remunerated fairly, "because when [management] say that you get paid the market salary, certain banks here and we have colleagues from other banks and they say this is the market salary, and you know that it's nowhere near market salary – it frustrates people". This frustration might even be worsened and employees might feel even less cared for when one considers the experience Participant 19AFB shared: "I remember a top official called the staff and said, 'if you see there is another place where there is greener pasture, the door is open". Participant 18AMHO added, "… but then the window is open also, just jump from there".

Employees value psychologically rewarding experiences, which in turn establish a good working environment or climate. In contrast to an organisational culture which refers to how things are done in an organisation, organisational climate points to how it feels for an employee to work in the organisation (Mullins, 2010). According to Altman, Cooper, and Garner (1999, as cited in Mullins, 2010, p. 750), this implies a new psychological contract, which entails the following:

> The old 'command and control' interpretation of loyalty in the workplace needs to be replaced with an attitude of commitment by both sides which leads to a more pragmatic relationship within the limited horizons against which businesses are being managed today worldwide.

A good working environment necessitates commitment as mentioned by Altman et al. (1999, as cited in Mullins, 2010) but also being treated in a fair manner and having an employer whose word can be trusted and who is believed to care for his or her employees (Gray, 2007; Stalker, 2000).

According to Participant 19AFB, when the new owners entered the bank, “Benefits were interfered with, a lot of them, and looking to them [management], they created benefits to them, most, huge benefits to them by scratching the benefits which we started with.” Participant 19AFB continued to explain that, before the new owners entered, “we used to get involved with certain targets and then also analysing the performance we achieved. And also get feedback that this much is going to be re-invested as capital and this much will go back to your staff as thanksgiving for their performance they achieved.” However, Participant 19AFB described that this situation has since changed and appeared to communicate a negative image of the bank caring for the employees. “When [the new owners] came they started to slash benefits which were remunerated to staff […] since they came, you performed, they get the credit […] but even the shareholders set aside the bonus made before for staff, but no transparency on how it is distributed”.

Participant 31AMHO believed that, should the organisation provide “good care, good treatment” to all employees, as well as providing them with “moderate salaries”, this would “motivate them to do good things, to do the right thing, apart from policies and procedures”. However, this was not the case, as Participant 31AMHO stated, “the company is scaring me. Somebody might be there, coming from school, expecting after some time he’ll be this and this, but he’s just working for sometimes nothing, you get nothing and you think, maybe these people are taking our profits”. Participant 19AFB felt that, “because people are not getting a good salary, they don’t feel that they want to do the good work”.

Furthermore, according to Participant 18AMHO, not rewarding employees appropriately, “may create them being dishonest […] maybe a person is in control of loopholes which are there, but because of dissatisfaction you may find the person doesn’t care to report on things that go on”. On the other hand, Participant 18AMHO was of the opinion that if they were remunerated better, “they would also not take bigger risks in risking their job by getting involved in fraud”.

The lack of a psychologically rewarding workplace could result in many negative and destructive outcomes, having an adverse effect on the organisational climate. These outcomes might include:

- employees not being motivated;
- employees not being committed to doing what is right;
- employees not delivering good quality work; and
- a higher incidence of employees being involved in fraud.

One strategy organisations could employ to encourage employee commitment is through ensuring fair compensation and reward systems (Galunic & Weeks, 2001; Mullins, 2010). Yeh (2012) found that employees who work in a psychologically rewarding workplace have higher levels of responsibility, gratitude and trust, and these employees also displayed unrestricted support to the tasks at hand, resulting in increased performance. Kalangulla (2015) confirmed the above in a study conducted within a financial institution in Tanzania. According to this study both non-financial rewards (verbal and written appraisals and recognition) and financial rewards (salary increments, salary size) have an impact on employees’ job performance and subsequent levels of motivation (Kalangulla, 2015).

Contrary to all the above voices, Participant 7AFHO believed the complaints with regard to rewards were just “a perception […] I mean, people want to be taken care of […] and some of the demands are always unrealistic. People always want salary increase. People will always want more and more from the bank. ‘Why is my bonus so little? Why is he getting more?’ you understand?”

People have various needs when entering into the employer–employee relationship. These needs are formed around family, health and wellness, work, economic and social needs, etc., incorporating the well-known needs in Maslow’s hierarchy of needs (Farren, 2000; Mullins, 2010). This is also true to the Tanzanian context

(Kalangulla, 2015). Kets de Vries (2001) takes these needs to a higher level and proposes attachment needs, which incorporate the need to engage and share with others and the feeling of belonging to a community and/or organisation, as well as exploration needs, which resolve around balancing fun and work and the ability to choose. Should these needs not be addressed, it could have a negative effect on a person's motivation, and directly result in low performance (Kalangulla, 2015; Lazaroiu, 2015; Mullins, 2010) and subsequently on the effectiveness of OR management. The organisation should be recognised as a social system. In this system, employees place a high value on experiencing a sense of being cared for and feeling they belong in this organisation and its groups (Mullins, 2010; Odendaal & Roodt, 2010a; Stamper et al., 2009). Therefore, communicating their importance and value to the bank as a partner in OR management appeared to be important to the employees of this organisation and was portrayed in this subsection.

3.1.3.2 Relational interaction towards a trust relationship

Interaction in the place of work assists employees in making sense of the world around them, as well as each other (Zoogah & Beugré, 2013). Employees have a need to be treated fairly and to be acknowledged. Tanzanian employees want to feel they are trusted by their employer, and that they in turn can also trust their employer (Kalangulla, 2015). Rousseau, Sitkin, Burt, and Camerer (1998) refer to relational trust and regard it as a type of trust based on a relationship between two trusting people. Within an East African culture, such as Tanzania, relations, the collective and envisaged values are of high importance (Hofstede, 2010; Kalangulla, 2015). In order to establish this trust, and within the socialist culture, employees need to work on building a strong relationship in which personal values are aligned with the organisational culture of the bank, in order to establish a healthy organisational climate.

The misalignment between cultural values and the requirements of the organisation appeared to be a challenge for the employees. According to Participant 44AFHO, the answer was –

> to find mutual ground. Tanzania as a whole, the economy has to grow. We have to change, so we have to mix it and agree to disagree. We should agree on what we have to do as a business and what the business is going to do to the economy, but at the same time they should consider the culture of people and put them together and work as a team. We can't go on one side.

However, employees also had certain expectations pertaining to building a trust relationship with their colleagues, management and subsequently the organisation. In order to establish a common ground on which to build this trust relationship, Participant 25AMHO felt that personal values and organisational culture should be aligned as "we have to share. So my commitment here makes things to go in the right manner for the benefit of the company and my future benefit."

Personal values play an important role in understanding employee attitudes, motivation and perceptions better (Roodt, 2010; Zoogah & Beugré, 2013). According to Brown (2014), an organisational culture should incorporate the shared values, beliefs and behaviours of the employees. Employees who can identify strongly with their organisation through aligning personal values with the organisational culture appear to be more likely to exert a positive and supportive attitude towards the organisation, as well as to make decisions in line with the strategy and objectives of the organisation (Epitropaki, 2013; Smidts, Pruyn, & Riel, 2001). This will result directly in higher levels of employee commitment, satisfaction and performance (Roodt, 2010) and organisational effectiveness (Brown, 2014).

Entrenched in the alignment of personal values and organisational culture, is the need of employees to be trusted enough to allow them to have their voice heard. According to some of the participants, this was accomplished through creating an organisational climate of participative decision-making where employees became active partners in risk management. Participant 27AMHO expressed the need to have the voice of Tanzanians heard and stated, "some of the decision-making should be inside; they should empower locals and trust them to make decisions". However, according to Participant 19AFB, there appeared to be a feeling that top management did not yet trust employees and, as a result, "[top management] do not tell what is going on. Now the staff, they do not feel like they are part of the bank […] because if I belong to this family […] I need to be involved". Participant 18AMHO confirmed this feeling and stated, "the trust between the management, the top management, and the staff is still an issue. They still have the trust issues." Participant 18AMHO related this to the fact that "The rules of engagement are not clear, there's no transparency and that causes a lot of problems. You may be privileged to get to know them; there is a problem with the bank, but if I am staff I do not know about it – how will I be able to relate to it?"

Participative decision-making is comprehensively defined by Heller, Pusic, Strauss, and Wilpert (1998, p. 42) as:

> The totality of forms, i.e. direct [personal] or indirect [through representatives or institutions] and of intensities, i.e. ranging from minimal to comprehensive, by which individuals, groups, collectives secure their interests or contribute to the choice process through self-determined choices among possible actions during the decision process.

Classic research conducted by Ritchie and Miles (1970) indicates that, by involving employees in designing solutions to problems experienced in the place of work, assists those employees to gain a deeper understanding about the implementation of those solutions. Subsequently, by involving employees in the process of finding risk management solutions and contributing towards the implementation of an ORM model, could enhance the success of such an implementation. Furthermore, a country such as Tanzania, which is concerned with self-expression values, tends to have higher levels of interpersonal trust and tolerance towards outsiders (Van der Westhuizen, Pacheco, & Webber, 2012). In the absence of participative decision-making within a self-expression values realm, employees might lack feelings of accomplishment and, as a result, they might also experience lower levels of interpersonal trust and tolerance towards outsiders (Van der Westhuizen et al., 2012), such as with the outsiders from South Africa. Involving employees in the decision-making process builds trust and increases motivation and productivity (Beckett, 2002; Mullins, 2010; Uslaner, 2007), and can therefore assist in managing risk more effectively.

This lack of trust and absence of participation in decision-making leaves employees in this organisation faced with yet another challenge concerning their role of serving the customer. With the implementation of the ORM model, a customer service process filled with bureaucracy entered, giving rise to a perceived loss of customers. Participant 18AMHO pointed to the reality that “The customer does not feel like the banks trust them […] so the requirement is the bureaucracy of the process of providing services is going too high – which discourages most of the customers.” Being excluded from the implementation of the model, as well as not being involved in the development of policies and procedures appeared to emphasise this lack of trust. Participant 30WMHO found it to be “... one thing to have the policy and to accommodate local environment and everything and publish the policy – it is a matter of the understanding, and maybe the important thing is the trust”.

Participant 5AMHO felt “there needs to be a lot more interaction, an attempt to understand what is happening locally and too, there needs to be some greater reliance. Again coming from asking the right questions there has to be some greater reliance on what the people on the ground are telling you.”

Various participants in this study were of the opinion that they could contribute positively to decision-making, if only allowed even to a lesser degree as was indicated by Participant 2AFHO. “I think management should reach out more and people should be more involved […] Not for them to be involved in the big decision-making but at least the portion that they are supposed to contribute.” Participant 14AFB believed that acknowledging the wealth of knowledge employees had of the Tanzanian culture was worth considering, “before bringing in new products or new policies [the South African bank] should listen to [the Tanzanians] to the root. They take the new product to us and we discuss that if this will work or not before you bring implementation.”

Acknowledging that the Tanzanians are knowledgeable and allowing them to share this knowledge and any other form of information they might possess would assist greatly in establishing a trust relationship. According to the participants, such a trust relationship would enable a sense of cohesion and assist the organisation in moving forward in the process of implementing ORM practices. However, according to Participant 19AFB, management did not create the opportunity for employees to become involved or to share their knowledge and he said, “somehow when there is a meeting between the management and the staff […] problems are just not discussed, it is just a command – ‘you’re supposed to do this’. So if we are not good to do it, okay, go out, this is not good for the staff.” Participant 36AMO emphasised the knowledge Tanzanians have of their business and market, therefore, “if a policy comes from the parent, I think as the local board and management, you should be very much knowledgeable of the business you are doing and the market you are operating in and look at the policy, localise it depending on the knowledge that you have of the market and what you’re engaging”. However, according to Participant 34AMHO, this was not as easy as –

> [the South African bank] always assume that their policies meet the risk rather than the policy being developed locally, or they tend to not have been in the business for long compared to the procedure that they are telling you. So this has an impact […] the reason is that though the [South African bank] is operating in a different market and now is taking the business in a different market […] So, the challenge is […] the risks that are being had in a [foreign] market is different in the Tanzanian market.

The past three decades (1979–2009) have seen a large number of mergers and acquisitions between various organisations and across various borders, unfortunately not all with the desired results (Tanure, Cancado, Duarte, & De Muÿlder, 2009). During an acquisition, two organisational cultures also need to be merged to form a new, mutually beneficial culture or identity (Vazirani & Mohapatra, 2012). This process is however quite strenuous as it involves letting go of the need to control and sometimes the old and familiar to allow for the establishment of a new organisational climate (Sinkovics et al., 2011). Tanure et al. (2009) refer to cultural assimilation in which the acquirer (in this case, the South African financial institution) absorbs the acquired (in this case, the Tanzanian financial institution), and prompts for the implementation of the procedures, systems and culture of the acquirer. In order to avoid a non-productive ‘us’ versus ‘them’ scenario, both the acquirer and the acquired should be aware of the cultural and organisational differences (Brown, 2014; Sinkovics et al., 2011). Tanure et al. (2009) and Brown (2014) propose the development of a new management model in which the unique traits of the acquired culture is incorporated into a new organisational culture.

Participant 30WMHO was in total agreement with Participants 34AMHO and 36AMO, and expanded on the differences between the two markets even further:

> If you really compare Tanzania currently with the South African market, I mean, it's definitely two totally different markets. There's a lot of stuff that you would be used to in South Africa, like credit bureaus and stuff like that, banks linked with one another – which does not exist in Tanzania, which makes it extremely difficult.

Participant 30WMHO further said, "that's not even touching on the culture side, because you don't have those environments that you can patch into to do some analysis and understand what the individual customer is doing out there, it makes it extremely difficult". According to this participant, the banks in the Tanzanian market are not yet open to sharing information, for reasons unknown, and "use two examples – on the ATM's and the point of sales".

When two cultures meet each other, participative decision-making and sharing of knowledge are crucial. According to Brown (2014), empowering employees leads to the development of psychological ownership which, in turn, enables concern, interest, commitment and responsibility. This all adds to the perception or experience of employees feeling that their being part of this organisational social system is a psychologically rewarding experience (Jiang, Probst, & Benson, 2015). Having a sense of belonging, a feeling that one is rewarded fairly and cared for, being able to align your personal values with the organisational culture and being able to share information and to participate in decision-making will have a positive effect on the implementation of something like an ORM model and ultimately the success of the organisation.

3.2 CONCLUDING HISTORY CULTURE AND CLIMATE

In this chapter, I have analysed and described the participants' voices as they emerged through this first theme. In this theme, the focus was on exploring the influence of the historical culture of Tanzania, the organisational culture of the business, and the organisational climate on the behaviour of the people involved in risk management. Participants shared how risk management, and more specifically OR management, was introduced in the Tanzanian banking sector by the South Africans. The manner in which the South Africans entered and took ownership of the business were experienced as aggressive by the Tanzanians. According to Ing (2000), this seems to be normal as many employees experience mergers as aggressive. This resulted in the Tanzanians treating the South Africans with hostility, and so they entered a turbulent period filled with friction. Steynberg and Veldsman (2011) propose a management approach of treating employees in a healing manner to lessen the trauma of this event and to reduce the feeling of hostility that accompanies this process of change. However, where these two worlds collided, the new organisation now has the opportunity to utilise the better of these two worlds. Participants highlighted the importance of acknowledging the differences (good and bad) between these two business markets and countries, and emphasised the need to establish a mutual ground where the best resources available can be utilised to negotiate shared values and goals. To utilise the best of both worlds, when applying any people integration process model (such as an OR model), organisations are required to gain a deeper understanding of the underlying psychodynamics of the employees involved in the process and to manage it (Steynberg & Veldsman, 2011).

As Newenham-Kahindi (2009) emphasises, most African people choose to interact socially and in organisations in accordance to the principles of group solidarity and relationship building. The organisation under study is evidently a social system, and the research participants highlighted the importance of feeling part of this system. That involved being able to participate and share in all its operations, as they envisaged that that would be a highly valued, psychologically rewarding experience for them. African organisations aim to combine Western structures with elements from their own traditional culture, to create a system of shared meaning (Brown, 2014; Potgieter, 2016; Zoogah & Beugré, 2013). African researchers such as

Kiggundu (1989) and Mapunda (2013) question the effectiveness of culturally embedded socialisation in the Tanzanian context, since their respective studies found Tanzanian organisations to be lacking clear mission statements, a sense of direction or purpose, as well as clear results and objectives.

The importance of business ethics within the context of the African Renaissance is frequently emphasised in the literature (Asante, 2007; Gichure, 2000; Iya, 1999; Milanzi, 1997). However, according to Jackson (2011, p. 214), with colonialism's aim of modernising Africa, traditional authority based on kinship and the consensus of the collective were replaced with authoritarianism. Disappointingly, this authoritarian form of exercising authority became a tool with which the elite and nationalist African leaders exploited the continent and its resources, leaving the West to perceive African organisations as inefficient, unaccountable and somewhat weak (Jackson, 2011). This ill use of authority and power also impacted negatively on Tanzanian employees and their relationships within the organisation under study here. Even though African countries rank high on Hofstede's power distance, respect and consensus are vital elements in building strong relationships (Hofstede & Peterson, 2000; Jackson, 2011). This is evident through participants sharing their experience of positional power and the effect this had on organisational culture (trust-based relationships in particular). Participants emphasised the need to establish relationships of trust, and highlighted the importance of helping someone as part of Tanzanian culture. Unfortunately, according to the participants, Tanzanians had a sense of not being cared for by management and the South Africans. They felt they were not trusted or adequately communicated with, which led to feelings of disconnect and not belonging, fuelling fears of the relationship breaking down and even of them losing their jobs.

From the participants' responses it became clear that dealing with these challenges in an open and transparent manner would eliminate possible erroneous perceptions and assumptions, and leave Tanzanians feeling that their reality was accurately understood. According to Odendaal (2010b) and Zoogah and Beugré (2013), African employees (as is the case universally) experience being involved in positively contributing to the success of their organisation as psychological rewarding.

3.3 CHAPTER SUMMARY

In this chapter, the constructs of history, culture and climate were conceptualised. This chapter further discussed theme one focusing on exploring the effect of both the historical culture of Tanzania, the organisational culture of the business, as well as the organisational climate and the influence thereof on the behaviour of the people involved in risk management. Each of the three sub-themes and their related categories and properties are discussed in detail with a presentation of the participant's responses verbatim and unedited.

Chapter 4 will present the second theme that emerged from the data and an integration of relevant literature.

CHAPTER 4 – DIVERSITY MANAGEMENT

4.1 DIVERSITY MANAGEMENT: BRIDGING DIFFERENCES TOWARDS MANAGING RISK

People are not homogeneous. This is evident in several definitions of diversity, all of which refer to various human attributes such as race, gender, age, disability, religion, colour, skills, abilities and national origin, to name but a few (Smith et al., 2012; Zoogah & Beugré, 2013). Diversity in the workplace is reflected in more than merely cultural or racial differences between employees. Each employee brings a unique set of resources, intellectual abilities, perspectives, values, needs, preferences and expectations to the job, that need to be utilised, managed and accommodated in order to reach common organisational goals (Bassett-Jones, 2005; Brown, 2014; Cummings & Worley, 2015, p. 497; Jones, 2013). According to Werner (2016) and Mullins (2010), organisations should recognise the competitive advantage diversity could give them over their competitors. As organisations increasingly move across borders and establish operations in countries with different socio-cultural, political, institutional and economic contexts, so it becomes more important to be cognisant of these diversities, in an attempt to manage stress and relationships and ensure success (Jones, 2013; Luo, 2016; Shimizu et al., 2004; Zoogah & Beugré, 2013). When two organisation merge and people from different backgrounds are required to work together, managers are likely to find themselves facing many problems, if they do not know how to manage such diversity effectively (Werner, 2016). According to Mullins (2010), diversity challenges many traditional stereotypes and, as a result, organisations should recognise the importance of understanding diversity and incorporating diversity management into their organisational strategy.

The second theme that emerged within this study focused on building relationships and managing risk within the domain of diversity management, as a result of the implementation of an ORM model. Two sub-themes and their categories (see Table 4.1) are explored further in 4.2. The first sub-theme revolves around the **interdependence amongst stakeholders**. The second sub-theme explored **diversity management and the right of existence of risk management**.

Table 4.1 Theme 2

THEME 2 – Diversity management: bridging differences towards managing risk		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
Diversity and the interdependence amongst stakeholders	Trust and increased stress levels	• Experiences between individuals • Organisational demands and uncertainty
	Diversity in business through culture, skills and women	• Integrating business with culture: a generational perspective • Restricted skills range • Breaking the traditional mould: the emergence of women
	Leader–follower relationships	• Segregation: traditional superiority vs. business hierarchy • South African leaders and Tanzanian followers
Diversity management and the right of existence of risk management	Acceptance of risk management	• Embracing the change • Young vs. old
	Appetite for risk	• Socialism vs. capitalism • Socialist legal system

4.1.1 Diversity and the interdependence amongst stakeholders

Africa is often regarded as one of the most diverse continents due to its varied cultural, historical, political, economic and geographical contexts (Adogame, 2014; Zoogah & Beugré, 2013). This diversity also infuses African organisations with diverse employees and teams, each with its own distinct characteristics, such as ethnicity, gender, age, skills levels, as well as relationships between leaders and followers (Zoogah & Beugré, 2013).

Mergers in the Tanzanian financial sector date back as far as 1967 when all the commercial banks merged to form the National Bank of Commerce in an act of nationalisation. Limited financial sector mergers only occurred again during the early 2000's and as a result, mergers seems to be a new phenomenon in Tanzania (Temu & Andilile, 2015). Merging two companies situated in different countries entails bringing together two governments, shareholders, management, employees and clients (Anderson, Havila, & Nilsson, 2013; Viegas-Pires, 2013). This requires establishing new relationships, forming new alliances and sharing resources such as technology, knowledge and human resources (Shimizu, Hitt, Vaidyanath, & Pisano, 2004). In such an alliance, all stakeholders are inevitably interdependent in their quest to ensure the success of the organisation (Anderson et al., 2013). This interdependent relationship is, however, often challenged by a complex, diverse environment (Öberg, 2015; Viegas-Pires, 2013).

Three categories were established within the **diversity and interdependence amongst stakeholders** sub-theme. Trust and increased levels of stress, diversity in business through culture, skills and women, as well as the leader–follower relationship will be discussed in sections 4.1.1.1 to 4.1.1.4, together with their respective properties.

4.1.1.1 Trust and increased levels of stress

Prior to the acquisition and the introduction of the ORM model, employees were trusted to service clients based on their social and cultural knowledge of those clients and the trust relationship that have formed over time. In the Tanzanian socialist culture, as in many others, trust is an important element when building relationships (Mwasalwiba, Dahles, & Wakkee, 2012; Pučėtaitė & Lämsä, 2008). Arrow (1974) views trust as an important part of a social system, which results in people being able to rely on one another. Interpersonal or relational trust however appears to be a complex construct. Rousseau et al. (1998) refer to the construct of relational trust, which is based on the relationship between the trusting person and another. According to Zand (1972) and Mayer, Davis, and Schoorman (1995), interpersonal trust is based on the preparedness of one person to be vulnerable to the actions of another over whose behaviour he or she has no control. Rousseau et al. (1998, p. 395) agree with this willingness to be vulnerable and to build a relationship and they define trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another”.

Building relationships of trust is important to the success of an organisation (Gerbasi & Latusek, 2015; Robson, Katsikeas, & Bello, 2008; Von der Ohe & Martins, 2010) as well as vital to the success of a merger and acquisition (Jagersma, 2005; Stahl et al., 2013). According to Das and Teng (1998) as well as Gulati (1995), the presence of trust should lead to the reduced need for formal control structures. However, this is often not the case as many formal control structures are often implemented as a monitoring mechanism to ensure risk is managed. Many such cases can be found during mergers and acquisitions (Shimizu et al., 2004; Viegas-Pires, 2013). One such an example was the reality faced by the participants to this study during the implementation of an ORM model with a cross-border acquisition. This control mechanism appeared to threaten the trust within this interdependent relationship in the newly formed organisation (Cartwright & Cooper, 2014). This institution-based trust can be defined as an individual’s belief that his or her trust within the organisation is supported by the impersonal structures or control mechanisms that are in place (McKnight, Cummings, & Chervany, 1998; Yuan, Olfman, & Yi, 2016). How does it then happen for an individual to feel his or her trust is not supported by these control mechanisms?

Control mechanisms, such as ORM models, are often implemented to ensure standardised practices of high quality to enable organisational success (Yuan et al., 2016). However, such linear, regulatory controls might be experienced as excessive by employees, especially so in emerging markets (Levin et al., 2012; Sengün & Wasti, 2009). As is the case in this Tanzanian study, perceived excessive control leads to a heightened sense of risk for the employee, which results in increased work stress and anxiety (Rafferty & Griffin, 2006, Geldenhuys, Levin, & Van Niekerk, 2012; Guinot, Chiva, & Roca-Puig, 2014). Amongst others, Weinberg, Cooper, and Sutherland (2010) propose control at work to be a main source of stress as employees feel under threat. This control includes the way of working, employee participation in decision-making, and skills improvement, all of which were present during the implementation of an ORM model.

During this cross-border acquisition, employees appeared to feel trust in them was being replaced with control mechanisms, such as policies and procedures, and subsequently, the risk of breaking down the relationship between people became a reality. This appeared to instil a sense of fear and to have a negative effect on relationships, which resulted in heightened levels of frustration and even stress. As Participant 14AFB indicated, when a client approaches a bank to lend money, trust plays a very important role, “we trust each other and as I’ve said, in most cases we borrow money based on trust. So the factor there, the social cultural factor is, is influencing that borrowing […] I think its trust”. Participant 35AFHO confirmed this socio-cultural influence that was present prior to the South African bank taking over as “what was relied on was just a sort of a one-to-one trust, so we don’t look on the policies and procedure that much, we just look on the personality and we know each other from the village etc., what car you own etc.”.

However, Participant 35AFHO continued to explain that –

> [N]ow [the South African bank] has taken over […] you have to align to policies and procedure. If you don’t meet those criteria, even though I know you, I will have to deny you. And of course it has reached to the frustration level whereby some people would say to the branch manager, ‘even me you are denying a loan?’ [Laughter] You see? Said, ‘yes, even you – with the policies you don’t qualify’. So that is the difference or the impact which is now experienced.

Participant 21AFB reported on feedback received from a colleague who shared her concerns that risk management practices have a negative effect on the trust relationship between the bank and its customer. Whilst going through risk circulars and manuals to ensure they are knowledgeable and to address possible questions, this colleague shared the following, “I’ve gone to customers and they’re complaining about this, why are we doing this?” Participant 18AMHO shared this concern by saying, “the customer doesn’t feel like the banks trust them, and the banks, we don’t trust the customers, so the requirement is the bureaucracy of the process of providing services is going too high – which discourages most of the customers". According to Participant 30WMHO, it was a question of understanding how policies and procedures would affect the Tanzanian environment and ensuring these policies and procedures are explained and accommodated appropriately. As Participant 30WMHO believed,

> it's a matter of the understanding, and maybe the important thing is the trust […] because the requirement in certain cases is, the people must confirm and sign that they have read and understand – and then there was an uproar and nobody […] They refused to sign because if they sign, something is going to happen with them.

Risk management furthermore holds within it a risk for the person who needs to enforce it on a more personal level within the socialist culture in the community. As Participant 15AMHO reported, in the Tanzanian culture, a person would rather risk borrowing money to a person they do not really want to, as the fear of breaking down a relationship exceeds the risk, "Sometimes fear can cause you to lend that somebody money […] worrying […] the relationship is gonna be destroyed if you don't wanna give him or her money."

In line with the above, but perhaps looking inward towards the relationships between colleagues within the financial institution, the ORM model created fear which increased the experienced level of stress. As Participant 3AFHO pointed out, one's culture intensifies this experience of fear, "Actually, the culture itself is the fear that is within an individual […] He sees something which is not right being done, but he feels telling somebody that there is somebody doing something wrong, you know …"

Participant 3AFHO continued and expressed a great amount of fear about this relationship and what risk management demands of any person responsible for managing risk within the organisation:

> Fear in the sense that: If I talk about this person, maybe I will be chased out of the work and I don't have a place where I should go […] as well as in society […] fear about breaking down the relationship with that particular person that he have lived for quite some time. Fear about now going back to the public and him being said: Ha, you know that is the guy who went and mentioned my name to this people […] because we are people that have lived together, doing things together. That is the culture and that confidence of coming up front and holding one's head and saying what is not right that is not there. And when you don't have that in people's mind, the risk becomes very difficult to manage.

Participant 8AMHO agreed with Participant 3AFHO and explained how one could be labelled negatively should a customer for example not be successful with his or her loan application. "No don't go [to] that guy [he] is bad. He has this heart of what." Yet, no one seems to ask why, yet, should they ask, the answer would be, "because he's sticking to the rules and regulations".

Through the experiences of the participants, it was evident that the responsibility placed on their shoulders by risk management, created fear. The fear of being labelled in a negative manner both within the organisation and in the community, and even to be excluded from the social system and the distrust associated with it, led to uncertainty, anxiety and stress. This fear is understandable, as Holtzhausen (2009, p. 235) notes that whistle-blowers are often treated harshly and sometimes referred to by others as "unbalanced, disloyal employees and even as rats". Whistle-blowers therefore often have a lot to lose should they speak up against wrongdoings (Auriacombe, 2004).

The demands that a role such as that of a risk manager could place upon the shoulders of an employee have a direct effect on the wellbeing of such an employee (Levi, 2010; Schaufeli & Taris, 2014). According to Suzuki (2007) and Jain, Giga and Cooper (2009), the demands placed on an employee by the role they have to fulfil impacts directly on their level of stress and subsequently their overall wellbeing. A study conducted by Mwami (2014) confirms this to be true amongst employees in a Tanzanian financial institution. Ultimately, this burden will result in lower productivity

(Cummings & Worley, 2015; Jain et al., 2009). The Job Demands–Resources (JD-R) model is often utilised to improve the wellbeing of employees and subsequently their performance (Bhuvanaiah & Raya, 2014). According to the Job Demands–Resources model, a significant relationship can be observed between job characteristics, such as job resources and job demands on work engagement and burnout (Brauchli, Schaufeli, Jenny, Füllemann, & Bauer, 2013). During an acquisition, the nature of the demands a position places on an employee (i.e. ORM model implementation) as well as the available resources are immediately affected, thus immediately increasing the burden of the employee. According to Bakker and Demerouti (2007, p. 312), job demands point to the physical, psychological, social and organisational characteristics of the job that needs to be attended to by the employee. Mwami's (2014) study agrees with Bakker and Demerouti (2007) and emphasises the importance of employees paying attention to these job demands in the Tanzanian financial sector. This requires an exertion of both physical and psychological strength, in combination with job resources in order to meet the job demands (Brauchli et al., 2013).

The responsibility of containing and managing risk on behalf of the client and the bank that comes along with the implementation of an ORM model, is experienced as very stressful by employees and appears to increase their levels of anxiety. Participant 10AMB gave some idea of this burden when he said, "to prevent that risk, that's why, that's why we have to introduce several controls to prevent or to, to prevent any loss. Because risk of course goes with a loss." The responsibility laid onto the risk manager of protecting both the bank and the client was clearly reflected in the words of Participant 21AFB, "This manual says such and such a thing should be done in this way, why? […] You're being told before you open an account you must do this-this-this […] It's for the safety, it's for the identification of your customer, we are minimising risk by doing this […] this – to you and to the customer too".

Zoogah and Beugré (2013) point to a noticeable increase in the levels of stress and anxiety within Africans as organisations strive towards increasing their competitiveness and implement Western standards. The aim of the ORM model (typically based on Western standards) is to manage risks for the organisation; yet, the responsibility of the employees to implement this model and operate in accordance with its policies and procedures appears to increase their risk to become overwhelmed and to suffer from stress and anxiety.

4.1.1.2 Diversity in business through culture, skills and women

We live in a world filled with much diversity in every country, society and even organisations. In this study, diversity was also present within the financial institution and could be found in the various generational perspectives, skills levels and genders, to name just a few. According to a number of participants, interdependence was affected by these different forms of diversity, which affected OR management and thus could not be ignored.

a. Integrating business with culture: a generational perspective

A generation is regarded as a group of people who have been born in the same historical period or context and who share similar formative and developmental experiences (Kupperschmidt, 2000; Lyons & Kuron, 2013; Pilcher, 1994). Generations are typically categorised in the following groups:

- the Traditionalists or Silent Generation – born before the end of World War II;
- the Baby Boomers – born between 1943 and the mid-1960s;
- Generation X – born between the mid-1960s and the early 1980s; and
- Generation Y or the Millennials – born between the early 1980s and the early 2000s (Constanza, Badger, Fraser, Severt, & Gade, 2012).

In East Africa, Generation X was born soon after colonial occupation by the British came to an end and independence was gained. In East Africa, Generation X is also termed the *Uhuru* Generation, referring the Swahili word for ‘independence’ (Mwangola, 2007; Ntarangwi, 2013).

A generation is subject to a specific set of potential future opportunities and experiences, which inform their likely behaviour and attitude to what life offers (Lyons & Kuron, 2013; Schuman & Scott, 1989). As a result and according to Mannheim’s

(1952) social forces perspective, within such a specific historic context, a generation is an interrelated and multi-dimensional social group. Subsequently, differences could be expected in how a younger generation might react to certain circumstances, compared to an older generation. These behavioural differences is evident in the *Uhuru* Generation. Unlike previous generations, yet similar to the Western Generation X, the *Uhuru* Generation reacts differently to circumstances such as being frustrated with the political status quo in East Africa and choosing to revert to pushing social and moral boundaries (Ntarangwi, 2013; Zeleza, 2014). Regrettably, specific studies exploring the characteristics of the *Uhuru* Generation in more detail and specific to the Tanzanian organisational context seems to be lacking and warrants further attention.

Nevertheless, understanding these differences among generational groups will enable greater productivity, innovation and corporate citizenship within an organisation (Kupperschmidt, 2000), factors much needed during a period of change such as implementing a new ORM model. Unfortunately, the *Uhuru* Generation and how they react to certain circumstances requiring change, appears to have been a topic not regarded as worthy of study by researchers yet.

The present study however, provides some perspective on the response of the *Uhuru* Generation to change in the formal sector. In this study, integrating business with culture appears to be less of an adjustment for the younger generations than for the older generations. Such adjustment difficulties, if not overcome or managed effectively, appear to have the potential to hinder effective ORM implementation. Participant 9AFHO was of the opinion that the younger generations, Generations X and Y, find the transition between culture and business much easier than the older employees, or Baby Boomers. According to Participant 9AFHO, “the majority [of employees] obviously is the younger people. Have Generations Xs and Ys is taking like 80% […] of the population here”. For Participant 9AFHO, Generations X and Y appeared to be –

> more straightforward then the Baby Boomers […] Why, because for Generation X, much as they are ambitions and the Ys – for them it’s straightforward. Hey, you might be an uncle, but this is business. You

> know. So this is the way Generation X and Y look at things. For them it's more on business as opposing to you being, duh, duh, duh, and they are, they talk. Open minded. […] when they decide something […] they stick to something. When they are loyal, they are loyal. If they are not loyal, they are not loyal at all. So no, you see, it's two extremes. […] and they open up and speak their minds.

Participant 9AFHO further emphasises the business-like approach followed by the younger generation and how it makes risk management easier as they operate "by the book". Listening to Participant 9AFHO's experience above, the younger generation (Generations X and Y) appeared to be quite willing to accept change, perhaps more so than the older generation (Baby Boomers). Kupperschmidt's (2000) perspective is perhaps slightly different in that, according to him, the older generation finds traditional values and material success to be important, whilst they mentor and effect change. Generation X appears to be practical in nature, technically competent and even more comfortable with change and diversity than their older colleagues (Kupperschmidt, 2000; O'Bannon, 2001; Smola & Sutton, 2002). Generation Y takes it one step further and yearns for even higher salaries and flexible work environments, including social activeness (Kupperschmidt, 2000; O'Bannon, 2001; Smola & Sutton, 2002).

As with Mannheim's (1952) social forces perspectives, the younger generation in this study was perhaps further removed from old assumptions, such as those made by the older generation, and closer to current problems that need to be solved. In line with the social forces perspectives, the younger generation focus on solving problems and enabling change, through allowing collaboration between old and new ideas (Smola, 2002). In the transitional space between business and culture in Africa, the younger generation appears to be somewhat cynical of institutions and distrusts them more easily as they witnessed their parents being abused (Kupperschmidt, 2000; Smola & Sutton, 2002). This movement is consistent with the rising extrinsic individualism model (see Twenge, Campbell, & Freeman, 2012), a theoretical model of generational differences, which predicts a movement of the younger generation towards being self-focused (i.e. narcissistic and materialistic) and less trusting (Campbell, Campbell, Siedor, & Twenge, 2015; Twenge, Campbell,

& Freeman, 2012). Additionally, the younger generation has moved to a position in which individualism is often favoured over collectivism (Campbell et al., 2015; Jurkiewicz & Brown, 1998).

Considering the above theory, and from earlier responses by Participant 9AFHO and echoed by Participant 4WMHO, it was evident that the younger generation appeared to view things differently in comparison to the older generation. Lyons and Kuron (2013) consider the opportunity of having had a good education to be a prominent factor strengthening the generational identity of a group, shaping their behaviour and attitudes and impacting on their willingness to embrace required change. According to Participant 4WMHO, in the past, education was taken for granted as one could study for free in “the best” government schools up to university level. Participant 4WMHO explained for the older generation,

> as long as you went to school you did your work well, you passed your exams, you were practically guaranteed all the way up to university, so there was that element of taking your education for granted, which I think introduces another mind-set to you, into the way you think, the way you work, the way you operate […] and once you graduated from university, one because there weren’t as many people graduating, so jobs were practically assured.

On the other hand, the younger generations view this differently, because –

> They are exposed much earlier on to the differences that guys parents, they’ve got better means and therefore they are going to a better school and I think introduced an element of competition and understand in the way you know you already growing up. I think the school syllabuses changed – so I think yes, the younger guys are coming through definitely much more aware of what is happening.

The younger generation in Tanzania appeared to be exposed to a different standard of education than what their older counterparts had. For example, ‘risk management’ is a construct that was never incorporated in school or university curriculums before.

As discovered by one of the researchers visiting the University of Dar es Salaam, universities in Tanzania have only recently embarked on including risk management in their syllabus. Most of the younger employees completed their formal qualifications pertaining to banking and risk management elsewhere in the world, such as Europe and America. This different exposure in education results in the younger generation being more aware of what is happening around them in the world. From the preceding participants, it appeared as if this heightened sense of awareness influenced them to see the value of change in this acquisition context and made them willing to embrace the required changes and the subsequent unknown accompanying it.

Change implies altering the status quo. Exchanging the known for the unknown increases uncertainty and anxiety levels and subsequently results in resisting the change (Brown, 2014; Cummings & Worley, 2015; Hitt, Miller, & Colella, 2006). Bourne (2009) in his study explored the different responses to organisational change between Baby Boomer, Generation X and Generation Y participants. The Baby Boomer participants emphasised their resistance to change as being a result of fearing the unknown and the insecurity accompanying this situation. According to Mullins (2010), Baby Boomers are constantly in search of security. On the other hand, the younger generation appears to embrace change and adjust much easier to new realities (Mullins, 2010).

Some participants expressed concern around the effect the fear of the unknown within the older generation has on the new procedures and systems installed as a result of OR management. Participant 38AMHO provided evidence with the following statement:

> Remember, when [the Tanzanian bank] was procured by [the South African bank] the bulk of the employees had been with the bank for 20, 30 years; most of them were in the age group of 40, 50 or 55 upwards. So they’re not looking in front, they could not see the light. The management tried to implement some changes so fast without taking stock of the facts on the ground, so these guys were trying to look back and saying, ‘can you secure our future?’ We’re moving ahead, the management, these

> guys are […] they look at the ATM's and these things are going to take our jobs. So there was that fight.

Participant 6WMHO concurred with Participant 38AMHO and emphasised the importance of understanding:

> [the Tanzanian bank] is forty years old of which [the South African bank] has been involved since 2000. So you have people that's got like thirty years' service and with the new things, the new changes, new systems, new risks, policies being implemented, you will find that the person that's been here for a while struggles to, and especially coming out of the old government scenario, he struggles to stay. Some has adapted and doing well, some hasn't. It also has the, pressure on [the Tanzanian bank] to bring new blood. The last two or three years, has brought a lot of new blood, young people who wants to focus and drive the business.

Employees' fears of the unknown and their subsequent resistance are characteristic of change initiatives and many prefer to maintain their old habits (Ford, Ford, & D'Amelio, 2008). Making sense of all that is happening around one is a process influenced not only by the amount of information available to enable an effective assessment of the risks, but also by the social context within which the change occurs (Hon, Bloom, & Crant, 2014; Mullins, 2010). This process of sense making influences how a person formulates his or her attitude towards the proposed change. This attitude consists of beliefs we have towards something specific and informs the way we feel, think and act on a situation (Mullins, 2010; Smith et al., 2012). Thus, attitudes can be both positive and negative (Zoogah & Beugré, 2013). According to Vakola and Nikolaou (2005), negative attitudes towards change, and not embracing the change, appear to have the potential to influence relationships at work negatively.

As indicated by various participants, together with all the changes, the younger generation is entering the bank at a fast pace. Due to generational differences and the way in which young employees versus old employees react to change and all it brings, appear to affect relationships, and the older generation's acceptance of all the change as according to Participant 11AFHO.

> The relationship is not that close because with elder people, when they started in Tanzania maybe you find they twenty years in the bank and the system has changed. You have all this things of policy and procedures by then wasn't there and we have all this technological issues, which they find older people is something which they not familiar with it, and they take it as, this is for young generation, not for us.

Oreg (2003) conducted a review of literature on resistance to change, and identified six sources, namely –

- averseness to lose control;
- cognitive rigidity;
- lack of psychological resilience;
- intolerance towards the adjustment period accompanying change;
- preference for low levels of stimulation and innovation; and
- resisting letting go of old habits.

In this study, these six sources appeared to be present in the change context brought about by both the merger and the implementation of OR management, and are perhaps more true of the older generation's reality. As a result, many participants viewed older employees as rigid in their ways and as not seeing the advantages associated with the change. It was almost as if the older generation wished to distance themselves from the required change and that they would rather leave the change and all its demands to the younger people to deal with. The older generation appeared not to see the potential advantages the change holds for them. A vast amount of research points to stereotypes about older employees ranging from resisting change and new technologies, being less competent and productive, not wanting to embrace new opportunities to develop and learn and being less able cognitively (Backes-Gellner, Schneider, & Veen 2011; Cappelli & Novelli 2010; Fineman, 2011; Maurer, Barbeite, Weiss, & Lippstreu 2008; Ng & Feldman, 2012).

Due to this research being conducted mainly in Western countries, Vitória, Ribeiro, Rego, and Ribeiro (2015) decided to conduct a comparative study, exploring the African context and specifically exploring African managers' attitudes towards older employees, incorporating the African cultural, economic and social idiosyncrasies. This research yielded two significant findings. Firstly, they found the African manager's mindset towards older employees to be different from those found in other countries. Secondly, African managers appeared to display more positive attitudes towards their older employees; yet, they appeared to be more discriminatory in decisions pertaining to recruitment and selection and disinvesting in training. According to Vitória et al. (2015), the explanation for these differences can be found in the African cultural tradition and the higher status ascribed to older people in conjunction with worldwide trends of adopting organisational actions.

Participant 7AFHO felt strongly that, "the culture has to change in the bank. This is an old bank and most of the employees are from the seventies, eighties, the old people who are rigid and they always reject anything, anything new that's coming in. Always reject it." Participant 6WMHO confirmed this and was of the opinion that "the person that was here before 2000, for him [her] it will be, still be an issue. For the new blood, the young Tanzanian you brought in, that can see the advantages, for me it's not an issue. They understand the group, they understand how the group works."

Nevertheless, for some young managers, such as Participant 2AFHO, the merger of the past with the present, as well as the entry of the up and coming younger generation and their social effect on older employees, no longer appeared to be an issue. Participant 2AFHO elaborated:

> So this youngster coming and becoming my boss and been here for twenty years and you coming so that is why they perceive youngsters as [the South African bank] because it is something they don't like actually but what can they do? So it was not good but as days go on and maybe they start accepting and they feel maybe things are becoming better but that times it wasn't.

According to Participant 2AFHO, one way of overcoming this resistance from the older generation was to respect them, involve them and have an open relationship with them. He said:

> [T]hey come to me, we discuss if there are issues. We discuss, we talk, we laugh. It wasn't easy at the beginning but know I see like we are friends now and we talk on the same level […] We find a solution for that together. Ja. I try to involve them as much as possible. So maybe, maybe they've accepted or maybe they have a choice. But I feel like they are happy.

In line with Vitória et al.'s (2015) finding of honouring African tradition, showing respect and fostering a participative work environment and open relationships appears to be the answer to enable change. Oreg (2003) confirms this and believes people will even resist change which appears to be in agreement with their best interests. However, should these employees embrace the required change and be prepared to take the necessary risks, one could expect increased innovation and subsequently improved performance (Hon et al., 2014). Employee performance is however dependent upon employees' level of experience and a range of skills required (Asiago & Ngao, 2013; Odigie, 2011).

b. Restricted skills range

It appears important to remember that for the Tanzanians, risk was a new concept when introduced by the South African bank. Previously, the education system in Tanzania did not teach around the construct of risk; however, it appears to be changing of late. As Participant 2AFHO confirmed:

> With us it just started. But, even in universities, even in schools that we went previously. We never learned about risk. Unlike now we have a subject called risk in universities, even in secondary schools, which is not the thing here. It is not a subject at O levels, you know. But if I go to UK, if I go anywhere outside Tanzania, there are subjects where risk is a subject

> that one needs to understand and sit down and put an examination to that effect.

It is evident from the comments of various participants that not enough consideration was given to the diverse skills range present in this new relationship between the Tanzanian bank and the South African bank during the transition towards the new bank. Given the experience of Participant 12AFHO, it is evident that the problem already started early, “When they [the South African bank] came to this country […] they pre-assumed that we don’t have that education level that they have”. This statement of Participant 12AFHO could also point to how the Tanzanians were de-authorised during ORM implementation as a result of their educational and skill shortages. This assumed lack of education appeared to have affected the perception of skills availability, and as a result, when the South African bank entered, retrenchments were a consideration.

Participant 38AMHO was opposed to retrenchments and subsequently recommended the following:

> don’t get rid [of employees] […] look at the performance margin and align your structures, but then recruit young people from the universities […] So what happened progressive 2004 and 2005 [the bank] has young people as managers. They could see the difference, so the young people are, of course, intelligent, they’re efficient, they can cope, they have ideas.

Initially, the relationship between all the stakeholders was not close as it demanded change and learning new skills, which the stakeholders were not too comfortable doing. The difference between the more sceptical older generation and the willing younger generation to learn and explore, needed to be considered. Participant 11AFHO explained:

> [B]ecause with elder people, when they started in Tanzania maybe you find they twenty years in the bank and the system has changed. You have all this things of policy and procedures by then wasn’t there and we have all this technological issues, which they find older people is something

> which they not familiar with it, and they take it as, this is for young generation, not for us. So it's become a challenge when it comes to maybe a new person from University to join organisation, let say bank, and you may find yourself, want to do things in a modern way or professional way and they want to do as a routine. We use to do this, back twenty years ago. How can you say you can do this? So it's like a competition, you know. And the young people want to show how well they are in terms of technology. So it's like a, some sort of fight. But if you find; but I think it's a matter of attitude of a person. If you old and you don't want to take a challenge, it's your problem. But this really, really is a problem.

Participant 46AMO believed the solution lay with

> [A] lot of education, really […] internally and externally [in the bank]. But I think there are many challenges here to train the people internally; because once everyone knows, is aware about the risk, they are able to get even the customers that this, you have to do this and this, we have to protect your password, let's say all things relating to risk management.

Participant 30WMHO confirmed that there was still considerable education and training specific to risk management that needed to be conducted both locally in the bank and nationally within Tanzania. Participant 30WMHO believed, "inside is easier because you do and you control that". On the positive side, Participant 30WMHO felt, "the understanding" is better and that "the people are growing – there's a tremendous growth". However, "it takes a little longer and because you've got fewer people, you've got an over-reliance on certain people, unfortunately". According to Participant 30WMHO, the effect on the few who quickly pick up and run with risk management is becoming significant. Instead of talking to someone else, one would "rather talk to him because I know" he understands. Participant 38AMHO appeared to feel he was one of the few who understood risk management and explained the effect this has on him as well as the risk it holds to the bank. Participant 38AMHO stated, perhaps somewhat boldly, that should the number of employees who grasp risk management and can work with it be increased, one could "reduce some of the risks, because when you have somebody, a man like me, I'm indispensable – without me, nothing moves. So it's good that I'm a saint [...] [laughter]. But if I'm not, it's a risk to a bank. People don't go on leave. I have accumulated 56 days, I don't know how many, because you cannot afford to go on leave." On a more serious note, Participant 38AMHO recommended that for the organisation to make better informed decisions, conducting regular skills audits should be considered:

> Each area's staffing levels, what are the complements, what are the skills that you need. I think when that exercise is done, then you know how it fits in, in the business – that is an on-going exercise. I believe that will reduce some of the risks…

Implementing the ORM model demanded the transfer of risk management skills and knowledge from the South African employees to the Tanzanian employees. Such processes can however prove to be quite troublesome as employees might choose to challenge this transfer of skills and knowledge, which might result in ineffective business practices and even troubled relations (Edwards, 2004). On the other hand, the acquisition provided the opportunity for both parties to benefit mutually through exchanging knowledge and becoming more competent and experienced within different geographical areas (De Villiers, 2008; Jagersma, 2005). However, a lack of knowledge and skills on the part of the Tanzanians, specific in terms of OR management, could now be replaced with competence through their interaction and knowledge sharing with the South African risk managers (De Villiers, 2008). Thus, risk could be reduced significantly through developing, empowering and authorising employees, both young and old, involved with risk management.

In this study, it was evident that the introduction of risk management business practices brought with it considerable complexities due to the context within which it had to be implemented. Firstly, risk management skills and experience were critically scarce during the acquisition as the construct of risk management in business, more specifically OR management in banking, appeared to be a foreign subject to the Tanzanians. Secondly, as a result of these skills shortages, Tanzanians were de-authorised, and subsequently management had to revert to appointing youngsters fresh from university who qualified themselves in banking or risk management to introduce their knowledge to the process of ORM implementation. Also, much education and training had to be conducted on current staff both at head office level and in the branches. Thirdly, due to the limited number of qualified staff, workload appeared to have become a concern as only a restricted few could be utilised to do the work. Therefore, from an HR point of view, the big knowledge and skills gap as well as the resultant workload, appeared to have become a risk in itself to the bank and its employees. Workload, human capability and skill shortages in risk, are some of the factors identified in various studies conducted in the banking industry that required priority attention (Bunn, Guthrie, & Smit, 2013; PwC, 2011; Rothman & Brand-Labuschagne, 2009).

c. Breaking the traditional mould: the emergence of women

Embracing the opportunities arising from this skills knowledge and breaking the traditional socio-economic mould around women in business, Tanzanian women came to the fore and upskilled themselves in the field of risk management in the banking sector. Traditionally, within the Tanzanian culture, women had a very specific place in society, which mostly did not include being educated or accepted in the business world. As Participant 34AMHO explained, “our culture is sort of a […] we come from sort of a male-dominated […] what we call masculine feel for administration whereby the males tended to dominate each and everything”. However, according to Participant 34AMHO, this appeared to have changed of late. “But of course, the things are now changing, ladies occupy senior posts in different institutions, they are going to school etc. and perhaps maybe they are more bright and intelligent than men.” Agreeing with Participant 34AMHO, Participant 35AFHO confirmed that women appeared to be breaking this traditional mould and embracing this new challenging business world more eagerly than men, and are working towards becoming independent and climbing the corporate ladder “No, it’s the women who are coming up …”

To date, women in East Africa wishing to earn an income had predominantly engaged in entrepreneurial businesses in the informal sector, focusing on delivering necessity-based services and mostly becoming merchants (Amine & Staub, 2009; McDade & Spring, 2005). Entering the formal business sector is a challenge, as

African women face many societal barriers, such as social subservience, their expected role and tasks to fulfil at home, and a lack of educational opportunities (Amine & Staub, 2009). Subsequently, women are currently in a position to compete on equal footing with men in business. This situation is however changing slowly but surely as the Tanzanian government have been successful in increasing the number of women in leadership and political positions from 17% in 2004 to 33% in 2012 (TCHRGG, 2012). In this study, the status quo is confirmed to be changing as it is evident that women have positive attitudes towards overcoming all these barriers and are becoming successful in their careers in the formal sector, including banking.

4.1.1.3 Leader–follower relationships

Establishing an interdependent relationship between stakeholders from different countries and cultures is not always simple due to the diverse backgrounds in terms of culture, business approaches and the complexities present in forming a leader-follower relationship. Therefore, collaboration between the parties involved is assumed to be vital to the success of the business (Park, 2015; Zoogah & Beugré, 2013). One role player is placed in a more superior/authoritative/leadership position, such as with the South African bank, due to his or her advanced knowledge and experience in the field of OR management as well as being the majority shareholder. The other role player is subsequently placed in the role of follower, yet with an innate knowledge of his or her own culture and traditional way of conducting business.

Members of the younger generation are now being appointed as leaders and managers, which results in the older generation becoming the followers or subordinates. In the African tradition, segregation determines elders to be superior over youngsters (Zoogah & Beugré, 2013). In contrast to this, and challenging the interdependence amongst the stakeholders, youngsters are now superior to older colleagues given their position in the organisational hierarchy. As presented earlier (see 4.1.1.2), risk management education at school and university level is a new phenomenon. Consequently, youngsters are better qualified than older employees, in the field of OR management and as a result, have to learn or train their older colleagues with regard to risk management. The older generation struggles with the idea of being managed by younger people and they do not want the younger generation to teach them about risk management. Participant 2AFHO shared a personal experience of being in such a managerial position, and pointed to the different way in which their older colleagues will be treated. According to Participant 2AFHO,

> I'm telling you now it's better [however previously] That time you got a person and ok, we have our like kind of greetings here so you have to go down and greet the person. The elder person usually would greet differently from the person the same age. In order to convince that person to do whatever you want to do – I mean, it was hard. It was hard. […] I have older people which I found here. About ten of them, they are reporting to me.

This challenge appears to be relevant not only between colleagues within the bank but everywhere, as Participant 11AFHO explained:

> That will be a problem everywhere. Not only the bank, any place. If you find a person is younger then you and taking a big post, it's like, but still that person is capable of doing that thing, that's why they, he or she is there. So, there must be some jealousy or whatever but with time they have to accept that.

The foreign bank in South Africa entered into this relationship with the Tanzanian bank as the majority shareholder, which placed the South African bank in a leading capacity and the Tanzanian bank as followers, especially so with the implementation of OR management, up to that stage, unknown to the Tanzanians. With the entry of the South African bank, great emphasis appears to have been placed on compliance and, as a result, forcing the 'followers' to comply and not having equal ground on which to conduct business. Participant 4WMHO expressed a feeling of "things being forced to us, right on time, on target and on date". Participant 2AFHO agreed that policies were forced onto the Tanzanian bank and as a result, "I will say majority of the policies do not actually manage risk because they are imposed. They've not studied our environment here … They would bring policies which maybe, it's application is only 10% …" Participant 5AMHO confirmed, "they don't consider the cultural issues that are on the ground but you know they are implemented no doubt, because it is an instruction, an order from a larger group…"

Nonetheless, Participant 4WMHO was quite considerate as "I understand where [the South African bank] is coming from although when they took this bank, it was almost bankrupt. So I'm sure they don't want the same thing to happen to it". However, Participant 4WMHO believed that finding a mutual space in which both parties are acknowledged, is important, "but at the end of the day they came from this extreme to the other extreme, whereby there should be a middle ground. I don't think [the Tanzanian bank] is incapable of running a bank, they should have a room for us to, you know". Therefore, meeting each other halfway and allowing for customisation were what the Tanzanians wished for, as Participant 9AFHO stated, "You have to customise things to fit each country specifically". Participant 37AFHO concurred, "Even if they are coming from the 'parents' we want them to customise them […] customisation to reflect the local environment, so that it reflects everything which is on the ground".

Building relationships to enable risk management appeared to be challenged when standing with one foot in South Africa and another in Tanzania, especially given the different social and business cultures. Two diverse environments had to merge as was evident from the responses from the above participants. Considering the response from Participant 4WMHO, it appears the South African bank had not succeeded in creating a platform or mutual space in which both parties had a voice and the diversities of each country were well understood:

> [S]ometimes we feel that, okay, these guys don't trust us. […] then it must mean they think we are lying to them. Like we are telling this is the situation and they still saying no. So then sometimes we get to think they don't trust us […] we are pulling things from the air.

Similarly, it appears the Tanzanians also did not do much initially to assist in creating this middle ground, according to Participant 18AMHO, "When they came in, the staff treated the investor, the foreigners, like enemies. So everybody […] management treats staff as enemies and staff treat top management as enemies".

Conversely, Participant 42AFHO was of the opinion that even though "South Africans and Tanzanians are different cultures […] there are some things which are different and the others are not". As a result, a middle ground appeared to exist and according to Participant 42AFHO "if you have been doing fine for the last 10 years, it means their process and procedures are just compatible with the environment right now".

Participant 31AMHO agreed that, even though the environments were different –

> the procedures [are] working, maybe it's just to take them in our environment, take those procedures, look at our environment and see what's applicable or not applicable. Not 100% can be taken and be used directly. You have to check the customer is in our environment, but they are working.

In the traditional African culture, and within the social exchange theory domain, the older generation have regarded power over the youngsters highly due to age. In other words, in relational terms, from a socio-cultural perspective, the older generation had more power, as the younger generation was dependent on the older generation (Cook & Rice, 2003; Emerson, 1962). According to Skvoretz and Willer (1993, p. 803), variances in power between two parties were linked to the difference in position both parties held within the relations exchange network. Therefore, in the business hierarchy, a shift had occurred in who now owned the power. The younger generation controlled a valued resource, namely their ORM knowledge, which the older employees did not have. Unfortunately, research considering the generational unit of leader/follower and the altering leadership milieu were lacking (Lyons & Kuron, 2013). This shift was furthermore evident in the power relations between management from both the South African and Tanzanian sides. The South Africans entered the relationship with great power as they not only held the majority shares in the bank, but also had ORM knowledge, which the Tanzanians did not have. On the other hand, the Tanzanians held power in that they had a deeper knowledge of the Tanzanian political, economic and social context in which the South Africans now needed to implement their ORM knowledge.

Mirroring behaviour (see Chartrand & Bargh, 1999) occurred subconsciously in this new relationship and within various levels within this organisational system (Iacoboni, 2008). 'Mirroring' refers to the psychological connection people make with each other without consciously thinking about it. Mirroring creates, unconsciously and within the various levels within the organisational system, interconnectedness between the role players, through which they can work on establishing relationships (Talley & Temple, 2015). Such an organisational system could then use mirroring as a tool with which they can talk about their problems. In this study, mirroring seemed to occur between the role players, across diversity and at various levels, namely between Tanzania and South Africa, within and between the Tanzanian employees (i.e. between head office and the branches), and between the financial institution and its clients.

Participants emphasised how the diversities present in the Tanzanian context or environment were ignored by the South Africans and as a mirror of how the Tanzanian head office then ignored the context or environment in which the branches had to operate. Participants shared how the various layers in this system ignored one another. South Africa was not listening to Tanzania and head office was not listening to the branches and the bank was not listening to the clients. In other words, what the South Africans do to the Tanzanian management, they did unto the employees reporting to them and subsequently unto the branches and clients. This situation was therefore similar to looking into a mirror, which reflects the images of another mirror and another and so forth, showing various layers. If this new organisation (system) could look into the various layered mirrors, they would be able to understand the psychosocial components that hindered effective OR management. Additionally, looking into the layered mirrors could also afford them the opportunity to identify the strengths of this system, which could enable the successful management of operational risk.

Merging two organisations is a complex change initiative that requires the amalgamation of two diverse operational environments, necessitating strong collaboration (Cummings & Worley, 2015; Potgieter, 2016; Weber, Rachman-Moore, & Tarba, 2012). Listening to the participants, it was clear how diverse the two operational environments were. Establishing a strong collaborative relationship, building on understanding and acknowledging the unique and diverse elements present in both the South African and Tanzanian environments, were without a doubt very important. This necessitated finding a mutual space in which the two diverse worlds could merge without anyone feeling forced or threatened. Within this mutual space, knowledge of both OR management and the Tanzanian context could be combined to enable the creation of coordinated tasks, clear work roles and establish good work relationships (Cummings & Worley, 2015; Potgieter, 2016).

4.1.2 Diversity management and the right of existence of risk management

Bringing two diverse worlds together, required bridging many differences and giving a Western construct such as OR management the right to exist within an African context. Within the sub-theme, **diversity management and the right of existence of risk management**, two categories emerged. The first category, acceptance of risk management, referred to how different generations embrace change. The second category, appetite for risk, provided a view of the driving forces within socialism and capitalism, and again the generational differences within and the effect of the socialist legal system on risk management.

4.1.2.1 Acceptance of risk management

The introduction of risk management required significant change, especially so in the minds of the Tanzanians who for many years were only familiar with the concept of African socialism. However, with the younger generation, education appeared to have played an important role in educating these youngsters in risk management (a Western construct) and subsequently allowed for more willing acceptance of the change that accompanies risk management. The implementation of OR management inevitably required a change in the status quo. The acceptance of risk management and its subsequent required changes was initially an uncomfortable process as Participant 21AFB explained; however, lately "I'm very positive […] Even the employees are appreciating it nowadays. They say, 'at least things are now going the way we thought it would'".

Participant 46AMO agreed with Participant 21AFB:

> I must say we are still trying to build the culture for the people to understand what risk management is all about […] And I can say, for the past three years now, people are trying to understand the change, but the culture in the beginning was very difficult to get the people to understand.

Lately it appears the younger people embrace this change more easily and this could be ascribed to the fact that they are better qualified to deal with risk management, than the older generation, as some of them have already formally qualified themselves in the field of risk management. Participant 4WMHO shared more about the younger generation:

> But the younger generation it's different. They are exposed much earlier on to the differences that guys parents, they've got better means and therefore they are going to a better school and I think introduced an element of competition and understand in the way you know you already growing up. I think the school syllabuses changed – so I think yes, the younger guys are coming through definitely much more aware of what is happening.

To the elder people, risk management is contradictory to the rules of socialism, which are based on trust and strong relationships, in contrast to an impersonal checklist. According to Participant 31AMHO, the younger employees accept risk management easier "as maybe opposed to the old ones". Participant 31AMHO further explained that even though "there have been misunderstandings … at the end of the day you have the procedures, policies which should be followed", which appeared to have assisted in accepting risk management.

The African culture is known for the importance it places upon conserving traditions as well as sustaining harmonious relations and respecting authority (Zoogah & Beugré, 2013). In a study conducted by Hofstede and Peterson (2000), East and West Africans ranked high on collectivism (i.e. emphasising communal solidarity and group importance) and power distance (i.e. respect for authority and hierarchy). The study also pointed to most African countries yielding towards the construct of masculinity in that the roles of male and female were clearly differentiated yet, according to Hofstede and Peterson's (2000) research, of late women appear to enjoy more freedom in the roles they are allowed to fulfil in the more modern African economies. Lastly, African countries also used to rank high on uncertainty avoidance, which means culture and traditions are still valued greatly and change and innovation are not necessarily welcomed without some levels of anxiety accompanying it.

According to Matolino (2015), African socialism has failed in all its believable facets. A new generation of Africans appear to enter the business context and they are, according to McDade and Spring (2005, p. 17), categorised by them building interactive social and business relationships, utilising modern management methods and information technology, promoting trust and transparent business practices and ultimately being committed to increase intra-African commerce, such as with this acquisition transaction between the South African and Tanzanian financial institutions. What appears to be necessary going forward is an environment fostering a more flexible form of socialism, consciously recognising the need for change and being more tolerant of risk. The changing business and educational landscape in Tanzania appeared to provide the young generation and women with an opportunity to look upon the world and business from a wider perspective and being more willing to embrace necessary change initiatives.

4.1.2.2 Appetite for risk

Zoogah and Beugré (2013) regard behavioural change as an important factor contributing towards change in the African context. This behavioural change resonates in increased competitiveness and the need to obtain wealth. In their quest for a better way of living and to satisfy their need for wealth, employees strive towards earning higher salaries and bonuses.

The traditional socialist culture of Tanzanians appears not to favour the concept of taking risks, especially so if it only benefits the individual and not the collective. However, listening to the participants to this study, the younger generation appeared to be driven by the need to advance and to live a more prosperous life than their parents or the older generation. As a result, the younger generation appeared to favour the principles associated with capitalism and subsequently had a higher appetite for risk. This appetite for risk is not always in line with what is ethically acceptable to the socialist culture and risk management, Furthermore, the legal system also does not appear to influence and control this appetite for risk effectively.

True to their Tanzanian socialist past, the older generations appeared to have a smaller appetite for risk. According to Participant 32AMHO, "the older generations […] first of all, I think most of them fear – if I may use that word – they fear to be indebted to the banks and all that." In contrast with the older generation who live in accordance with the socialist and collectivist cultures, the younger generation appears to favour the rules of a capitalist society and individualism as was voiced by Participant 32AMHO who said, "But the younger generation, I think they understand more that a loan is important, you can get me an extra mile." With fewer responsibilities, such as having to care for a family, youngsters are putting their Western education to use and work towards having money and wealth, which enable them to live a good life. Participant 31AMHO explained:

> [F]rom assets like cars, this kind of workers who are coming from school recently and not the older staff – most of the young men would like to have their own life, they have the ambition, but they want to be seen. Maybe something from school they were told or just psychology from the school that they can come into the street, they need to have their own lives, like buying cars, start their own project and what.

By nature, African socialism has a lower acceptance for risk; yet, the younger generation appears to embrace risk more easily and displays a bigger appetite for risk. The more educated youngsters viewed themselves as intelligent and according to Participant 4WMHO, "much more aware of what's happening", with a desire to "focus and drive the business" and, in making the shift towards capitalistic thinking, the youngsters find risk management easy, as Participant 9AFHO stated, they "just perceive it to be business". Participant 38AMHO provided insight, from a cultural point of view, into the younger generation's perspective and appetite for risk. According to Participant 38AMHO*:*

> [T]he younger generation they've got parents who were bureaucrats […] they served under Nyerere […] [whom] was a socialist, but honest man […] those are the guys (referring to the parents) who were serving you, very senior people, but they retired poor. Now the children of those guys, when they have an opportunity, as they look back, they can be very dangerous. They can say, 'look, if my father who was educated, who was very honest and he lived that life which we had to endure, if I have opportunity I have to get out of that'. Now not getting out of it by being an entrepreneur, but taking an opportunity.

Participant 17AMHO explained the ambition of the young people and the temptations they are faced with to satisfy their appetite.

> You know, most of us [the youngsters] when we joined [the bank], we want to have a good life. Like when Mr X has joined [the bank] I was in standard 7 […] Immediately after joining [the bank] I wanted to be like Mr X. So from that aspect, point of view, I started looking at all the ways that can make me look like Mr X, because for sure, Mr X will be getting a big salary compared to mine, so in any way I don't have a means to be the same as Mr X. So, when a guy, when an outsider […] has seen a control loophole and they approach me, and because I have a vision of having a good life like what Mr X has, it's so easy for me to be tempted to corroborate with that guy. And here in (the bank), the history shows that more so the guys that tend to corroborate with those outsiders are those of my age, not of Mr X's age. So, to me that interest of having immediately a good life can pressurise me to look for a way that can accommodate what I want to have.

Participant 31AMHO agreed and stated:

> Nowadays young boys from the university, they want to come here, work for some few years with their cars, the good life, the houses, rewards – but like old guys they've worked for 30 years, leave the bank with nothing. Everyone wants to earn fast, wants to live high class or something like that. Everyone wants to grab whatever is in front of him.

According to Participant 17AMHO:

> [T]here are so many young guys right now in town who have work. They live in very good houses, they drive very expensive cars […] On the other hand it [risk/fraud] will tend to attract the young. For us who are aged, we have families and we don't want our families to get involved in the problems ... but most of the young, they stay alone or they stay with their fathers […] but the young of today […] they want to follow such a life, a good life, but then they can't have it because they do not have the means. So, sometimes they tend to be attracted by such a life and then again, they find the illegal means to get money so that they can also be in that ...

The younger generation in this study appeared to be impatient and wanted to be, from early on in their careers, equal to their colleagues who had been working in the formal sector for many years, in what they had achieved and/or accumulated. Such feelings of inequality might result for the younger generation in a loss of human dignity, oppression, stress and anxiety, lack of pride in oneself and perhaps even a perceived limited number opportunities in life, to name but a few (Therborn, 2013). On the other hand, according to Mohd, Mohamad, and Nor (2015), the members of the younger generation are more self-assured, have a higher tendency to take risks and have different values about wealth and money in comparison to, for example, the Baby Boomers. In the Western world, most Generation Ys appear to have a higher level of education, they are perceived to be more talented and are technologically more advanced than the older generation. Having been brought up in a more protective environment than the older generation, appeared to result in these youngsters being somewhat immature in their wealth-related decisions, such as financial planning, saving and obtaining credit (Idris, Krishnan, & Azmi, 2013).

The ambitious younger generation's appetite for risk and their need to accumulate money, wealth and social standing within the African context remain under-researched. The influence of a Western educational background attained abroad on the younger generation entering the formal business sector and their traditional socialistic, collectivistic values and roots have also not been researched yet. The younger generation in Tanzania appears to strive towards combining their traditional values and roots with a movement towards individualism and capitalism. This implies that collectivism and individualism should perhaps in future no longer be seen as two extreme opposites, but rather as complementary poles on the same continuum.

Participant 38AMHO was of the opinion that it is different with the older people, as –

> [T]he older people in the bank will not take a chance; if I'm about to retire in 1, 2 years I cannot steal. If I am 20 years I will. If I steal now, I'm an old dog, I cannot learn how to […] So, they won't steal. If they are stealing, maybe it's negligence or it's small stealing […] But these young people on television, if they see Fifty Cents owning a house in Hollywood, that's the kind of a house you'd like to plant in Dar es Salaam, so they will steal big time.

Participants 22AFHO and 23AMHO were of a different opinion than Participant 38AMHO. They felt that it was not only the youngsters who had an appetite for risk. "I think in Tanzania especially, it's younger and older. Everybody." Participant 23AMHO said the older generation, "They're more careful." Participant 22AFHO believed the motive for the older generation lies in absence of retirement funds. "I'm retiring or something so I don't have a retirement plan, at the end of the day, just for me to make a plan."

Participant 39AMHO pointed to the intelligence of youngsters and how this affected risk appetite:

> [T]he young people are, of course, intelligent, they're efficient, they can cope, they have ideas. Unfortunately, also they are so smart, they're stealing. And they don't steal small, they're stealing big money. [Laughter] They steal millions of dollars. I saw a house of one boy who stole here, he's got a swimming pool upstairs. The boy is just 26, he doesn't even care.

According to Participant 38AMHO, the culture of being honest was changing and the greed was increasing:

> I have to be honest with you; because I've been here four years now – we've lost 5 million in one go, 4 million in one other go, 2.8 million, 2.2 million in one go […] I mean, we're talking about numbers. But you see people, there's musical chairs, people have just been so greedy for money, it's dangerous. Just to give you a feel, if a $4 million get lost, if I was sitting in Joburg I would have expected a big head to roll ...

I engaged in an extensive search of literature to look for research investigating or exploring the appetite for risk amongst various generations within the financial services and banking sectors. Initially my search was focused on Africa, but when no research came to the fore, I extended the search to the rest of the world, but failed to find any.

The legal system in many African countries appears to be inadequate in their enforcement of the law and addressing and preventing financial fraud (Vaithilingam & Nair, 2009). In some cases, the legal system is even believed to encourage fraud as most offenders get off the hook (Olongo, 2013). According to Hassan (2004), corruption is "culturally conditioned and normal" in certain traditional societies and developing countries such as found in Africa. Hassan (2004) furthermore highlights that countries might define corruption differently as it is influenced by varying historical and cultural experiences.

According to Participant 39AMHO, the current legal system was built for a socialist platform and as a result it was a weak legal system, which did not restrict risk appetite:

> And I think one of the biggest weaknesses is our legal system. People are not like yours [South Africans], you are scared of stealing because you know when you get caught you've broken the code of law and then you'll go to jail. But here, because of so much corruption, people are not scared of the law – they steal, they jump from (the bank), they bribe the police, they go to another bank.

Participant 23AMHO agreed, "For me it's more that nobody's going down, because if tomorrow you wake up and they drive a Volvo and a Mercedes, whatever they do, nobody even asks where he gets the money".

Participant 38AMHO confirmed the irregularity of the legal system:

> Unpredictable. Because to me, if you steal $5 million, I'd expect decision to come within 3 months so that a message you send out there – you steal money, you go behind bars for 20 years. But if I see you in the street driving a Hummer and buying a lot of beers ...

Socialist legal systems appear to be more permeable to corruption or fraud (Gnimassoun & Keneck, 2015; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999; Svensson, 2005). Socialist law has as its aim to provide government with ultimate control over the economy (La Porta et al., 1999). During the 1970s and 1980s, Tanzanian law was developed to incorporate many socialist ideologies. These changes had as their aim to incorporate tailored socialist legislation which would enable dominating state-owned enterprises (Mtaki, 2002). After independence, Tanzanian policymakers recognised the need to revise their judiciary system in order to create an environment in which the private sector could operate robustly. With the support of local business groups, international investors and donors, the Tanzanian government established the Commercial Division of the High Court of Tanzania in 1999 (Finnegan, 2005).

According to Finnegan (2005), the Commercial Court has shown the ability to deal with commercial cases effectively. However, the Tanzanian Law appears to be a barrier to the Commercial Court as it is not user-friendly for adoption and does not accommodate all the diverse scenarios and thus restricts the Commercial Court in their effectiveness (Loisulie & Mselle, 2015). As a result, Tanzanian laws are in need of urgent reform in line with international best practice should they wish to partner with international investors (Bitekeye, 2013; Muigua, 2015) and contain employees' appetite for risk.

4.2 CONCLUDING DIVERSITY MANAGEMENT

Many complexities are present in this Tanzanian context within which risk management has to be introduced and managed. The implementation of OR management creates a transitional space between business and culture which needs to be harnessed better to contain and manage operational risk and all its complexities more effectively. The responsibility of containing and managing risk is an important necessity and relates to the psychology of OR management, regardless of whether there is a merger or a particular cultural context.

Participants emphasised the importance of building relationships of trust between the South Africans and Tanzanians, the Tanzanian employees (including head office and branches) and the financial institution and its customers. The relationships of trust between these role players seemed to be influenced by mirroring across diversity. If this system could look into its mirror, it would understand the psychosocial components present better and subsequently be able to deal with the factors which pose a threat to OR management, as well as utilise the components that are able to be of benefit to and strengthen OR management better.

The participants in this study identified a sense of fear being instilled in them as Tanzanians, as control mechanisms were implemented – this created a heightened sense of risk, leaving employees with the feeling that they were not trusted by management (Geldenhuys et al., 2012; Guinot, Chiva, & Roca-Puig, 2014). In line with the Job Demands–Resources model and the self-categorisation theory, numerous factors lead to employees feeling stressed and anxious, and subsequently negatively affect employee performance, and, ultimately organisational performance (see Brauchli et al., 2013; Geldenhuys et al., 2012; Turner & Oakes, 1986). These factors include excessive control, being labelled, being excluded, role and job demands, and the need for change (Bakker & Demerouti, 2007; Brauchli et al., 2013; Geldenhuys et al., 2012; Guinot, Chiva, & Roca-Puig, 2014; Holtzhausen, 2009). In addition, risk management also holds within it a risk for the person who needs to enforce it on a more personal level within the socialist culture in the community as this person fears the possible breaking down of relationships.

In this study, participants highlighted how, between generations, employees behave differently when confronted with the need to change. Studies exploring such generational differences in Africa and Tanzania are lacking, and most available research seems to focus predominantly on a Western context (see Campbell et al., 2015; Constanza et al., 2012; Lyons & Kuran, 2013; Twenge et al., 2012). This research, undertaken in the Tanzanian context, clearly highlights the importance of establishing an environment that operates on the principles of respect, participation, and healthy, open relationships. Research by Vitória et al. (2015) made it evident how such an environment can assist in decreasing the level of fear employees experience when change is required.

The environment in which OR management has to succeed is full of complexities related to workload, human capability and skill shortages (Bunn, Guthrie, & Smit, 2013; PwC, 2011; Rothman & Brand-Labuschagne, 2009), diverse employee backgrounds, generational differences (Campbell et al., 2015; Constanza et al., 2012; Lyons & Kuran, 2013; Twenge et al., 2012) and leader–follower relationships which are contradictory to the social-cultural perspective of African segregation (Hofstede & Peterson, 2000; Jackson, 2011; Olausson et al., 2009). These complexities are important factors that need to be further explored in the context of the banking industry.

Within this complex environment mirroring also occurs. As explained earlier in this chapter, mirroring behaviour (see Chartrand & Bargh, 1999) arises subconsciously in new relationships and within various levels of an organisational system (Iacoboni, 2008). During the cross-border merger under study here, and within this context of OR management, participants shared how the various layers in this system ignored one another: South Africans were not listening to Tanzanians, head office was not listening to the branches, and the bank was not listening to its clients. As a result, the members/components of this newly formed organisation (system) failed to understand the psychosocial elements that hindered effective OR management. In the absence of literature pertaining to mirroring in the context of OR management – and more specifically OR management during a cross-border merger – the following conclusions can be reached from this study. If these psychosocial components had been understood, the new organisation would have been able to utilise these layered mirrors to identify the strengths of the system, which could have enabled the successful management of operational risk (Iacoboni, 2008; Talley & Temple, 2015).

A new, psychosocial component that emerged clearly from this study is that of ambitious, young Tanzanians' appetite for risk and their need to accumulate money and wealth and elevate their social standing. This finding makes a significant contribution to the literature, by directly presenting the participants' voices. There seems to be a shift not only in Tanzania but also in the rest of Africa, which warrants further exploration. What is interesting is how the younger generation in Tanzania appears to strive to combine traditional values and roots with a movement towards individualism and capitalism, and in doing so positioning collectivism and individualism as complementary poles on the same continuum, instead of two extreme opposites.

To conclude, the legal system in many African countries appears to be problematic (Olongo, 2013; Vaithilingam & Nair, 2009). In this regard, Finnegan (2005) is of the opinion that the Tanzanian Commercial Court has shown the ability to deal with commercial cases effectively. According to Loisulie and Mselle (2015), however, Tanzanian law hinders the Commercial Court in effectively dealing with fraud cases, as it does not accommodate the diverse scenarios present in Tanzania's business context. Numerous participants in the study confirmed this point. Agreeing with Bitekeye (2013) and Muigua (2015), participants called for Tanzanian legislative reforms in line with international best practice, in order to attract international investors and contain employees' appetite for risk.

4.3 CHAPTER SUMMARY

In this chapter, the construct of diversity management was conceptualised and theme 2 was analysed and described as voiced by the participants as they focused on building relationships and managing risk within the sphere of diversity management. The two sub-themes and their related categories and properties were discussed with presentations of the participant's verbatim and unedited responses.

Chapter 5 will present the third theme that emerged from the data and an integration of relevant literature.

CHAPTER 5 – TRANSACTIONAL FUNDAMENTALS

5.1 TRANSACTIONAL FUNDAMENTALS INFORMS BEHAVIOURAL INDICATORS OF RISK

As discussed in chapter 1, to control operational risk, organisations tend to revert to the continual cyclic process of OR management, which is a focused on assessing the risk, making decisions related to this assessed risk, and subsequently implementing risk controls such as an ORM model which results in risk acceptance, mitigation or avoidance (Young, 2006). Furthermore, risk practitioners and users of risk management services acknowledge the human component as arguably being the most significant critical success factor in achieving effective risk management (Hilson & Murray-Webster, 2007). In this transactional relationship, employees interact with one another to conduct business effectively and ensure organisational success. This successful interaction is, however, dependent on numerous variables such as the objectives of the organisation, the organisational structure, the tasks to be done, the technology and systems to be utilised, as well as the methods, policies and procedures to be applied, amongst others (Mullins, 2010).

All the abovementioned variables influence the reality of an employee’s organisational life as well as his/her behaviour in the workplace (Morgan, 1989). As proposed by Hellriegel, Slocum and Woodman (1989), an organisation can be viewed as an iceberg, of which the visible top part represents the formal aspects of the organisation (i.e. technology, policies and procedures, financial resources, formal goals and organisational design), while the invisible lower part represents concealed behavioural aspects (i.e. employee attitudes, personalities, political behaviours, informal team processes and conflict).

In the midst of all the complexities associated with organisational behaviour is the necessity to enact change. Change is the only constant in life and in organisations today. Within an organisation, changes to structures, employees and systems happen continuously, to ensure that the organisation grows and is able to move forward (Cummings & Worley, 2015; Jones, 2013; Zoogah & Beugré, 2013). Merging two companies with all their systems, people and structures enables rapid, strategic growth and entails complex change (Cummings & Worley, 2015, Seo & Hill, 2005; Yildiz, 2014). That complexity explains why mergers and acquisitions are well known for their low rate of success (Cummings & Worley, 2015; Haleblian, Devers, McNamara, Carpenter, & Davison, 2009; Schweiger & Weber, 1992; Steigenberger, 2016).

Various models have been developed to illustrate the steps or processes of change, including Lewin's (1951) three-stage model of change and Kotter's (1996) eight-step model for implementing change. Lewin proposes three stages to a change process:

- unfreezing the current state, as the need to change is recognised;
- the change itself, which is a planned stage; and
- the refreezing stage, in which the implemented change needs to become the status quo.

According to Kotter and Cohen (2002), the effective implementation of large-scale change, such as with an acquisition, should be facilitated around the following eight steps:

- create a sense of urgency amongst stakeholders;
- establish a team to lead the change – a team which has credibility, skills, connections and authority;
- create a clear vision and strategies;
- communicate the vision and strategies to obtain understanding and commitment;
- empower action and remove possible obstacles;
- create short-term successes to provide credibility and maintain the momentum;
- do not ease off, keep the momentum going and implement change after change; and
- freeze the change through embedding culture, norms and shared values.

Accordingly, the third and last theme derived from this study was situated within the transactional features, which informed the behavioural indicators of risk management. Three sub-themes emerged from this last theme (see Table 5.1). The first sub-theme is **the operational nature of risk management**. The second sub-theme is **change management as the driving force behind risk management,** and the third and last sub-theme is **influences, processes and controls enabling fraud.** The three sub-themes are discussed in more detail through their related categories and properties.

Table 5.1 Theme 3

THEME 3 – Transactional fundamentals informs behavioural indicators of risk		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
The operational nature of risk management	Risk management approach	• Appropriateness of the AMA • Uneven playing field
	Policies and procedures	• Relevance to the Tanzanian environment • Implementation and review
	Compliance and bureaucracy	• Controls and checklists: minimising human decision-making • Compliance and its effect on business growth
	National and operational inadequacies	• Lack of national infrastructure systems • Short time frames • Technology • Regulatory and legislative considerations • Human resources
Change management: the driving force behind risk	Managing the process of change	• Resisting the change • Effective communication and consultation • Modifying behaviour

management		
Influences, processes and controls enabling fraud	Appetite for risk	• Incidence of fraud • Generational differences • The risk in committing fraud
	External influences	• Morality and external encouragement

5.1.1 The operational nature of risk management

The first sub-theme relating to **the operational nature of risk management** is a rich and complex sub-theme, which yielded four categories:

- risk management approach;
- policies and procedures;
- compliance and bureaucracy; and
- national and operational inadequacies.

Each of these categories with their related properties are discussed in 5.1.1.1 to 5.1.1.4.

5.1.1.1 Risk management approach

The operational nature of risk management is guided by the BCBS. The BCBS was established towards the end of 1974 by the central bank governors of the Group of Ten or G10 countries (Young, 2006). This Committee provides a forum in which the quality of banking supervision can be improved worldwide (Peters & Hübner, 2009; Young, 2009). The Basel Committee frames broad supervisory guidelines and standards, including best practice in various areas such as international standards on capital adequacy, the core principles for effective banking supervision and the Concordat on cross-border banking supervision (BIS, 2015). Basel II proposed three different approaches to measure the required capital charge to cover the operational risk of banks, namely the basic indicator approach (BIA), the standardised approach (STA), and the advanced measurement approach (AMA) (BCBS, 2004b; Peters & Hübner, 2009). The BIA and STA are the two more simplistic approaches and they outline OR capital as a portion of the bank's gross income. On the other hand, the AMA allows banks to develop their own assessment model against which they regulate their capital to cover their operational risk sufficiently (BCBS, 2004b; Peters & Hübner, 2009).

The ORM model, implemented by the South African parent organisation in Tanzania, is compliant with the AMA as it is believed to be the most appropriate for implementation in this cross-border acquisition with the Tanzanian bank. However, the view of the Tanzanians appears to be that the AMA is too complicated for an African country that is still relatively young in the experience in the banking industry and more specifically OR management.

A number of participants had observed the use of the STA in other internationally owned Tanzanian banking institutions, and they were of the opinion that the STA appeared to be more suited and possibly appropriate in Tanzania. As Participant 6WMHO highlighted:

> If you look at other international banking institutions […] they elected to go for […] the standard approach. They seem to have much less issues with risk. The advanced approach is a huge paper exercise. I think the standard approach is much easier to implement in an African operation.

Participant 22AFHO was asked whether he thought the risk management model that the South African bank was implementing was really effective or appropriate. His response was, "I don't think so," and he continued to provide an example:

> [J]ust judging by things that have been happening within the bank itself, I don't think it's working out because if anything, obviously our risk has increased, or it appears that it has increased or they're not being managed as well, so to speak.

According to Participant 22AFHO:

> [T]here's been a lot of issues that have been happening of late, of which I don't think in the past they were there as much, which means there's obviously some sort of a loophole somewhere because the frequency of how these things are happening, the volumes that are happening […] I don't think they were there before, or at least, I haven't heard of them being there before.

Participant 22AFHO felt one of the reasons the AMA was not reducing the risk for the bank was because the Tanzanian bank operated in a different context than the South African bank:

> [B]ecause obviously we're in different economies and people are basically different, our customers. But the thing is, I think most of the things [in the AMA] […] are not applicable. Some of the things maybe need to be revised or whatever the case is; I don't know if that's being done …

Participant 9AFHO confirmed the experience of Participant 22AFHO and pointed to the reality that "this is an international bank so we are double-regulated". This meant they had to comply with both "African regulations and Tanzanian regulations" and subsequently, "You have to customise things to fit each country specifically". However, Participant 9AFHO emphasised the reality that even though they attempted to find a middle ground between the two countries regulations, "Tanzanian regulations takes precedence over South Africa".

Participant 30WMHO shared some insight he came to after a discussion between colleagues during which Tanzania and South Africa were compared, which made implementing the AMA a challenge.

> [I]t's definitely two totally different markets. There's a lot of stuff that you would be used to in South Africa, like credit bureaus […] banks linked with one another – which does not exist in Tanzania, which makes it extremely difficult. Therefore […] because you don't have those environments that

> you can patch into to do some analysis and understand what the individual customer is doing out there, it makes it extremely difficult. Now my experience over the last five years with the banks in terms of sharing, they are extremely hesitant to share – for whatever reason, I don't know.

Furthermore, Participant 30WMHO also pointed to the compliance required by the Bank of Tanzania (BOT).

> Today, because that is now something that is now coming from the BOT side as well and all the banks now need to start complying […] whether they're on the same level of compliance and requirements, that's an open question […] the playing field in Tanzania was not equal, because we had more stringent requirements – and that not because of a local requirement but of a group requirement. So you will always have those disparities, and until Tanzania picks up to the same level as South Africa, you will always have those gaps.

In agreement with Participant 30WMHO, the implementation of the AMA to risk management created according to Participant 43AMHO, an uneven playing field on which this bank had to compete with other banks.

> Yeah, maybe a concern for me […] I would really wish that if there is a level playground for all banks in Tanzania so that a customer, somebody who wants to open an account, say it's bank A, should not get more conditions than what there is offered in bank B for example; because I mean, there's a big variation ...

Participant 44AFHO agreed and pointed to the stringent criteria this bank sets. Participant 43AMHO felt other banks "have simplified the way they do things". Participant 43AMHO compared, "even among international banks, we are still more stringent than the international banks". These stringent criteria made it very difficult for employees to serve clients and even retain clients in some instances. Participant 43AMHO explained, "customers tell us at the counter point blank, and then we just try again […] you use your convincing power, your interpersonal skills to convince,

convince. But sometimes …" Participant 44AFHO was of the opinion that these stringent criteria worked; however, "they should let us have more input and have more say on what is going on right here in our country; because you see the customers face to face. They work, but they have to have some leniency there".

It was evident that the implementation of risk management was accepted, but as some of the participant indicated, thought has to be given to how the AMA possibly affects the retention of business or even the loss thereof over the short and medium term. Participant 6WMHO referred to the implementation of the AMA, by saying he could not really see positives or negatives but "from my experience it's neutral". Participant 6WMHO was however of the opinion that in comparing the STA and AMA, the AMA might put the bank at a comparative disadvantage with other banks. The AMA appeared to shift the focus of head office employees towards policy and regulations and away from doing business:

> Well, the burden – it's not bothering me. It's just a huge exercise. Were we use to spend 60% of our time doing business, we spend 60% now doing compliance. If you understand and it leaves you lagging on the business side. While your competitors they don't have these drawbacks. Now the question is, is it good or bad?

This indicated a loss of income not through fraud, but through the implementation of risk management. According to Participant 1AMHO, business was lost through the implementation of risk management as clients entered the bank and "spend four hours just to deposit your money – that is unbearable". On a positive note, Participant 6WMHO felt the AMA had positioned the Tanzanian bank much better than its competitors, as "we've got a much stronger base now to move forward […] Because you give the customer a much better product then a person from outside".

Overall, Participant 29AMHO agreed with Participant 6WMHO and stated in relation to AMA, "I'm in agreement with the basic model", but he was of the opinion that the policies accompanying this model –

> [M]ay be a bit technical, like say for example this advance measurement approach that they're trying to push through right now, that's too much for the market. It's just too fancy. I don't even think it really works that well abroad to be honest, because it brings a lot of subjectivity into what's unique.

Participant 29AMHO nevertheless stated, "now things seem to have stabilised".

The question came to mind whether the South Africans were perhaps busy intimidating the Tanzanians with the AMA, and in doing so positioning them in a superior, dominant, more powerful position. The South Africans appeared to choose a highly technical path in a country where risk management is in its infant shoes and still in the process of being introduced and understood. It appeared as if the focus of the South African organisation on the more technical AMA was an indication of the South Africans levels of anxiety about managing risk in Tanzania. By introducing a highly technical approach, the emphasis was shifted away from the voice of the Tanzanians who highlighted the appropriateness of the STA over and above the AMA. It was evident that the South Africans' understanding of the Tanzanian context was not comprehensive and that this increased their anxiety levels. Instead of dealing with this anxiety, the South Africans opted to ignore the voice of the Tanzanians and the 'basics' they wished to communicate and rather emphasised the 'technical' aspects of this new relationship through introducing the AMA. In doing so, the anxiety experienced by the South Africans were transferred to the Tanzanians.

5.1.1.2 Policies and procedures

In line with the Basel II requirements, the systematic implementation of risk management policies and procedures forms part of any ORM process as it is important to regulate and monitor risk throughout the bank's operations (Young, 2006). Consequently, with the introduction of risk management and more specifically the implementation of the ORM model, various new policies and procedures were introduced by the South African bank. Participant 35AFHO explained how the local bank operated prior to the entrance of the South Africans and their introduction of policies and procedures:

> But as I said, before [the South African bank] took over, what was relied on was just a sort of a one-to-one trust, so we don't look on the policies and procedure that much, we just look on the personality and we know each other from the village etc., what car you own etc. But of course now (the South African bank) has taken over, as [my colleague] rightly said, you have to align to policies and procedure. If you don't meet those criteria, even though I know you, I will have to deny you.

Several of the participants expressed their concern about the relevance of these policies and procedures for the Tanzanian environment and expressed their need to participate in the development process of these policies. According to the participants, the risk model apparently originated from Europe or South Africa, and they perceived it to be more appropriate to a Westernised context such as South Africa. Participant 2AFHO expressed the following view: "Maybe they would study the environment around on how we operating here and try to, ja, put a policy based on that rather than us receiving a policy which is very westernised …" Participant 2AFHO further felt strongly about the South African bank imposing its policies in the Tanzanian environment. "They've not studied our environment here […] They would bring policies which maybe, it's applicable only 10% so, I mean it's a worse stage of time." Participant 31AMHO remarked

> Yeah, the procedure's working, maybe it's just to take them in our environment, take those procedures, look at our environment and see what's applicable or not applicable. Not 100% can be taken and be used directly. You have to check the customer is in our environment, but they are working […] We have got different environments.

Awareness of external realities, such as the global economy and the need for change, was acknowledged by the participants. The participants recognised the importance of developing policies and procedures and in principle found nothing wrong with it. The offence stemmed from the perception that employees had to implement policies and procedures that were seen as out of touch with the Tanzanian context and which did not understand the Tanzanian market. This was all evident in the following voices. According to Participant 38AMHO, cognisance should also be taken of the difference in the two economies as "[the] South African economy is relatively advanced", in comparison to the Tanzanian economy. Participant 42AFHO felt that "Maybe South Africans and Tanzanians are different cultures, so yeah, some issues which cannot work here; but I haven't seen any big difference […] So maybe there are some things which are different and the others are not." Participant 28AFHO stated,

> You cannot compare […] the policies in South Africa and Tanzania. […] the culture surrounding the area here in Tanzania and South Africa is different. […] For now to say specifically this is the right way, it's difficult, but my experience is there are policies which are good and there are policies which we need to re-look, see whether we can open opportunities for more Tanzanians to engage with [the bank].

Participant 14AFB was asked whether he thought the policies and procedures the South African bank was trying to implement in Tanzania were appropriate to both him as an employee of the bank and the clients. His response was, "To some extent yes, and it can also be no, because we have different culture and some policies might work there but not here. And it's also for products. Some products can be performing in South Africa and not in Tanzania, depending on our culture". Participant 29AMHO was of the opinion –

> that the policies, by and large, are appropriate. They may be a bit technical, like say for example this advance measure and approach that they're trying to push through right now, that's too much for the market. It's just too fancy […] because it brings a lot of subjectivity into what's unique.

Participant 27AMHO agreed,

> Yeah, as long as you customise the policies […] these policies, if you compare to our environment, Tanzanian environment, you find that it is a bit difficult to meet the minimum standard with these policies, so it's very

> challenging. Even if the policies are for loans and everything, you find out the minimum standards are too high.

Participant 9AFHO agreed and asked, “How is that policy and/or procedure applicable to Tanzania?” Participant 9AFHO therefore confidently states,

> So that’s why we have to make sure that we customise everything. Not only for the sake of the board of directors but also for our staff, because these people have to understand. And not only that, they must be applicable. It would defeat the whole purpose if you have the model that is not applicable in Tanzania. What is the point of having it?

Participant 36AMO approved and was of the opinion that the South African bank should make use of the environment and market knowledge owned by the Tanzanian employees.

> What I’ll say is that you are the bank, you are doing business in this market, you know the market, you know the products you want to offer, you know everything you are to do, so even if a policy comes from the parent, I think as the local board and management, you should be very much knowledgeable of the business you are doing and the market you are operating in and look at the policy, localise it depending on the knowledge that you have of the market and what you’re engaging […] when you receive policies from banks we have like a guideline that we use, reviewing the policies, you’ve got provisions, the limits […] the local business environment has been clearly articulated in the policy, so we have that guideline.

Initially, when the first policies were introduced, Participant 38AMHO felt some policies but not all were relevant. However, of late “I think that is now changing”. Participant 32AMHO agreed and found the policies and procedures followed by the bank to be mostly appropriate as they were constantly being reviewed to assess suitability and adjusted if need be. The need to be able to customise the policies and procedures as recommended by the ‘parents’ and “to localise them to be according to our environment here; and the board here to approve that one" was strongly expressed by not only Participants 36AMO and 37AFHO but many others as well.

It was evident from Participant 31AMHO's view that when reviewing or developing a policy one should ensure that you "remain with just a small document but which really has meaning". According to Participant 2AFHO:

> [M]ost of the time you don't have that big room to change it way. And even if you change it, maybe you will change if completely and you'll have different and even to then I think that is where it becomes difficult for them to accept it […] Maybe if they would rather come here and see what policies they can maybe create from here. Introduce from here and not from (across the border) something like that.

Participant 46AMO explained the process followed when they developed new policies:

> [T]he first thing we did was, we went through all processes end to end, so most of the policies were developed by looking at the processes – what they do and put it in writing and ensure that everything's covered. We went through all departments and all processes to cover everything. And of course, we used the Internet to download some material from other banks, from the Internet. And the information I had also from my experience back in [another bank].

According to Participant 46AMO, they mainly utilised the structure and flow of these policies to guide them and then made the necessary 'adjustments' to the content of these policies to ensure those policies accommodated "the environment that we have here, the way the processes are designed, the system that's available". Participant 20AFHO pointed to the importance of following up during the development of policies to ensure they were "practical, not theoretical in writing, reporting" yet, also to ensure the risk management staff who works with these policies are in a position "to implement what you have in the policy".

Participant 36AMO explains the position and role of the Central Bank, Bank of Tanzania (BOT), in relation to the regulation of policies and procedures. According to Participant 36AMO, BOT “normally do their annual reviews and they come to look at all of them [policies]” however, “The significant one must be approved”. Furthermore,

> [M]ost of the policies that have to do with lending they will normally come to us as regulators for review before they are customised. So what I’ve seen is, if you go through most of the policies you get that comfort that whatever is covered in that policy and the procedures, would enable a bank to actually get good customers in terms of procedures, in terms of requirements, in terms of check lists that are embedded in the policies and procedures, and we would not approve or give an objection to a policy that we are not comfortable with.

The bringing together of two organisations from different countries required the alignment of policies to the laws of the country, Tanzania. Subsequently, and as explained by Participant 30WMHO,

> [W]e’re bringing in the policies, all the policies and align them with the group, which is part and parcel of the process. You do localisation in terms of the local laws and everything because the local law will always apply. What happens when you put in something […] if local law is doing more than a group requirement, then you will always apply the local [law]. If local law is to a lower level as to group, you will comply with local but you will add on the bells and whistles of the group as well.

Participant 34AMHO’s response coincides with the response by Participant 30WMHO:

> So when you involve an external party in the ownership […] In most cases, what they tell you, if your policies are smart, better compared to the Group, ‘ok’, but in most cases they tell you, ‘no, you need to align everything according to the Group’. They always assume that their policies meet the risk rather than the policy being developed locally, or

> they tend to not have been in the business for long compared to the procedure that they are telling you. So this has an impact […] the reason is that though the Group is operating in a different market and now is taking the business in a different market, it's like (the Tanzanian bank) was taken by [the South African bank] […] based in South Africa – so [the South African bank] was trying to align the policies according to [the South African bank]. Now [the South African bank] have been taken over by [a UK-based bank], so (the UK based bank) is trying to push [the South African bank], aligning their policies according to [the UK-based bank]. Now [the South African bank] is telling [the Tanzanian bank] to align to [the UK-based bank]. So, the challenge is […] the risks that someone, like in the loan business, the risks that are being had in a London market is different in the Tanzanian market – and this is because of the reasons that we said. They've got to identify us on it, but in the UK and I think even in South Africa it is simple to identify your name, even your person, work, where you're from. So somehow it's impacting the business.

Participant 27AMHO shared, "When you customise it's only a few things you can change, but the minimal. […] There are areas where you just look at the laws because they're South African laws; you have to put Tanzanian laws."

Participant 28AFHO agreed and pointed to the fact that "some [South African laws] do not apply to us". Participant 34AMHO saw the challenge as follows:

> I think a major problem with that, it's very difficult to harmonise the procedures, to localise the procedures in the country because I think we need to appreciate that different countries have different cultures, so this procedure you cannot implement here and then you say it should work like that there. The difficulty is in the implementation.

In conclusion, Participant 5AMHO shared the reality:

> So we have to align, make our policies align with group and that's it. […] Which is fine, but […] I think the core question here is: I'm sure the group

> policy took into consideration culture in SA history […] the economy […] Do our policies take into consideration the same? No it doesn't. It takes into consideration the group. And this is where the cultural thing gets totally left out of the system.

An organisation can be viewed as a system in which various interrelated units need to work together to achieve the organisations goals and objectives (Brown, 2014; Jones, 2013). Two organisations merging thus require the coming together of two such systems, and this is an even more complex situation. Merging two companies requires finding new ways to work together and subsequently sharing knowledge and experience within all parts of the organisation. This is quite a sophisticated and complex approach to follow in organisational design or renewal and falls within the systems approach to change (Brown, 2014). The organisation is viewed as an open sociotechnical system as the organisation interacts with its external environment through coordination of social and technical activities towards achieving its goals and objectives (Trist, Higgin, Murray, & Pollock, 2013). The social and technical activities involve five subsystems:

- goals and values (vision and mission);
- technical (functions, activities and operations);
- structural (organisational design, policies and procedures);
- psychosocial (social relationships and behavioural patterns); and
- managerial (directing, organising and coordinating activities) (Fremont & Rozenzweig, 1979; Trist et al., 2013).

Therefore, risk can be managed through positioning human expertise as a fundamental part to the success of the design of policies and procedures and, subsequently, the implementation of, for example, the ORM model rather than seeing it as a constraint or stumbling block (Moser, Wood, & Hiekata, 2016).

Managers need to be knowledgeable of the subsystems within the organisation and the specifics to both the internal and external environments (Brown, 2014). This is even more important when two organisations with their various subsystems and environments merge and need to form a new system, such as was the case with this acquisition. Contingency theory builds an organisational structure around the uncertainties this organisation faces (Brown, 2014; Jones, 2013). This requires the design of an internal structure, such as the management of OR management and all its related policies and procedures, which blend well with the external environment, such as the Tanzanian social, political and economic context (Jones, 2013). Furthermore, according to the contingency approach, managers in different departments or units of the business might experience a change initiative differently within the scope of degree of structure, varying levels of motivation and the potential for conflict (Brown, 2014).

The above theory is evident in some of the responses of participants and the ones to follow. Policies or models might sometimes be resisted, even though these policies or models are good, because of anger or a lack of trust. Participant 43AMHO indicates it might "not even be related to operations, but it's coming from the history itself". To Participant 30WMHO, the success of the policies and procedures is "The question of the understanding […] of the people. It's one thing to have the policy and to accommodate local environment and everything and publish the policy – it's a matter of the understanding". Participant 30WMHO also emphasised:

> [T]he important thing is the trust; because that's something that we experience at some stage because the requirement in certain cases is, the people must confirm and sign that they have read and understand – and then there was an uproar and nobody […] They refused to sign because if they sign, something is going to happen with them.

Therefore it is important to engage with the employees and, as Participant 5AMHO stated:

> I'm gonna consult so that the people understand the policy. Cause to throw numbers down people's throats and they not part of the policy at all: to them it's just reading material that it dangerous also […] Consult people that are in there, why we are doing this. Try to understand the wording, put it together, new ideas so that once we have, and then let's see how

> different it will be […] I think people should start owning the policy. Be part of that and they should feel that they part of that.

The number of policies and the amount of work that accompanies it appears to have had an effect on the implementation and management of these policies. Taking into account the number of policies this Tanzanian bank had in comparison to other banks in Tanzania, Participant 27AMHO felt, “We have many, many policies than the other banks”. Participant 20AFHO supported this view:

> [our bank] has a lot of policies than the other banks here, especially on risk issues. I think we are the only bank who have this risk, impose risk […] that sort of reports that we do, I don’t think in the other banks they do those kinds of things.

The implementation and management of policies should have an introductory phase in which employees can familiarise themselves with the policies and its relevance or purpose. Participant 14AFB pointed to the value of good communication:

> I think before bringing in new products or new policies they, they should listen to them, to the root. They take the new product to us and we discuss that if this will work or not before you bring implementation.

However, Participant 5AMHO felt that “at the moment we are actually pushing polices down people’s throats […] Hundred and seventeen policies. You cannot push all this policies down people’s throats. They must be specific ones to his or her working environment.” Participant 5AMHO agreed with Participant 14AFB and proposed, “That you can have, you know. Small classrooms. You discuss. You get opinions and I think this is right […] I’ll be honest, it’s a bit crazy here”.

Participant 46AMO expressed the importance of regularly reviewing these policies and procedures:

> [B]ecause we found even the policy that we had in place in the beginning, they had not been reviewed from time to time […] even if the environment

> was changing, they were not changing the policy. So we have put it as a requirement that the policy and the procedures have to be reviewed annually, once every year.

During this process of review, Participant 46AMO explains their method:

> [S]sometimes we just try to compare with other banks, or we have to do it by telephone, Internet, to see what they are truly changing, their certain processes, what the other banks have been […] we try to get that information to ensure that we uplift our policies and procedures.

Amongst others, Participant 42AFHO was of the opinion that "Yeah, it [the policies and procedures] works." Participant 40AMHO agreed and said, "Yes, it [the policies and procedures] is a good thing" and Participant 10AMB articulated, "you can't work and can't do anything without policies […] everything we do, we must follow in terms of a certain policy or procedure". Participant 21AFB expresses the necessity of these policies and procedures with

> Yes, yes, it [policies and procedures] helps and it still helps […] whenever we have procedures and whatever, they come out in manuals […] We read them as individuals and then we read them in collective way in the morning, so that everybody hears it and we discuss them – what do you see, what does this mean? This manual says such and such a thing should be done in this way, why? It seems cumbersome, but let's see what it means. […] It's for the safety, it's for the identification of your customer, we are minimising risk by doing this-this – to you and to the customer too.

The merging of these two organisations from two different countries appeared to be a case of two worlds colliding. The importance of implementing policies and procedures was evident within the context of OR management in the financial sector and most certainly needed to enjoy priority attention. However, the participants were clear about the inappropriate manner in which the employees of the South African institution came and implemented these policies and procedures. The participants emphasised how the manner in which the South Africans entered their environment was experienced as forceful, and the South Africans threw their weight around without acknowledging the human component present. The manner in which the South Africans treated the Tanzanians in the process of implementing all these policies and procedures, possibly indicates that the South Africans did not deal with their own anxieties and probably projected it onto the Tanzanians. Furthermore, in reaction to the approach adopted by the South Africans, the Tanzanians reacted with ambivalence as some of the Tanzanians experienced the South Africans as imposing onto them whilst other seemed to be embracing the value of these policies and procedures towards managing OR management.

5.1.1.3 Compliance and bureaucracy

Complying with the ORM model requirements appeared to become a checklist exercise in which the human decision-making element was minimised. As a result, the fear of being prosecuted led employees to see risk management as a checklist exercise in which they ticked a box for the sake of complying and staying safe. When risk management becomes a compliance exercise, it is not beneficial to growing the business. Employees need to buy voluntarily into the vision of the organisation before they will invest their energy and become committed, as commitment is not gained through compliance (Senge et al., 2014). Having committed employees assists in getting employees to adopt a positive attitude towards change such as encountered with an acquisition and develop a shared identity with their new colleagues (Bansal, 2015; Steele, 2014). On the other hand, non-committed employees might reject the required change and become non-compliant, resulting in poor integration of new processes and becoming less effective (Bansal, 2015: Seo & Hill, 2005).

Participants experienced risk management as an attempt to minimise human decision-making and as a result, employees might evade taking ownership of the risk management process. Participant 22AFHO gave insight into the experience of risk management:

> [R]isk management […] to me it's just paperwork at the moment […] we just have a file […] it's just paperwork and documentation […] it's just something that you have there in the file and no-one uses it, no-one can have access to it […] It just becomes a document, it's just something that, okay fine, we're going to be audited at some point, we have to have this, these things have to be in place, so they're in place.

Participant 2AFHO agreed, "You don't have a choice. You have to do it. […] Because I'm seeing everyone is struggling to comply with what we are required to do, by the group. That is our song".

Participant 27AMHO explained how employees were managed through risk management:

> No, we usually tell them how to manage such risks, for example, through procedures, to ensure procedures are in place and monitor the things that we can prevent from happening by following the procedures. And certain small things that might happen, but we can mitigate them by let's say risk transfer, for example through insurance, things like that. So we highlight those areas and get them that […] even though we cannot control them and we cannot put in some measure to prevent them, but we can ensure that we are safeguarded by transferring the risk.

A possible consequence of minimising the human element might be, according to Participant 19AFB, that employees avoid taking personal ownership for managing risks: "if the strategy of the bank, the top management of the bank doesn't even know the strategy of the bank, how do you expect people to 'own' what they're doing? That's where the problem is".

Participant 34AMHO wished for the foreign bank not to just come and enforce controls, because –

> [I]f they continue to operate in the way they're operating, I think they can end up having too many controls but they are not addressing risk. I can

> give one example for the models that are being applied by (the foreign bank) in risk identification, they use […] Risk Control Assessment, the person who is involved in the business on the process has to identify the risk and then set the control – for this risk they have this control – and then based on those now, the same have been sent to (the foreign bank) that the solution is the controls […] So to me it looks like […] I think the risk people, they need to work with the business to identify those, to get it all together and then have your controls.

Participant 35AFHO pointed to the fact that the controls were "not necessarily ready for the context in which they need to be applied". Participant 34AMHO agreed and suggested, "they should work all together, the business and the risk, to identify the risk and then agree on the controls or the mitigations of the risk. They need to send action on when and how we've got risk, it is weaknesses". Participant 11AFHO further warned that merely following the checklist was not sufficient as –

> For Tanzania those checklist we use to put on, maybe you need to give us this, this before we analyse your facility and giving you the money, but still, is a good, I think it's a control whatever they call it. But still for business, those are not enough. We need, like, close supervision of the business itself than the checklist system.

Participant 9AFHO explained how the relationship managers and credit evaluation managers made use of the checklist:

> The relationship manager – they are only the hunters. They are the people who bring in business. They will go out there and grab Tom and Dick and everyone, because for them we are hunting and we need, we only need business. So for them it is only the checklist because they are supposed to bring this, this financials, bank statement, duh, duh, duh, duh, the financials are here, the ROE [return on equity] is this, that ratio is this, so for them its yes. All have qualified and I'm happy even the risk. So now from there it goes to the credit evaluation manager. […] Before the

> credit manager, the credit analyst, who go through also by his own checklist and then he signs off as happy or with recommendation …

This lengthy process and subsequent slow turnaround time for applications was a point of frustration for Participant 40AMHO:

> Secondly, that bureaucratic […] that time of making the approval for several items has to be earlier. For example, they have to make a timetable, for example, if I receive an application today, they have to set out, the application should stay in the branch only for three days. From this stage at head office there must be certain days, from there for registration. If there's a limitation timetable it is easier at least for everybody to do according to their scheduled time.

Participant 38AMHO also experienced the bureaucracy within the subsidiary as problematic "It's so big, little bank, with a lot of bureaucracy in-built". Participants 1AMHO, 2AFHO, 7AFHO and 10AMB agreed. Participant 38AMHO furthermore mentioned, "[the] bureaucracy, the process is not […] one of the risks that we've got, I think their processes are not smooth". Both Participants 38AMHO and 39AMHO subsequently warned, "People are overwhelmed, they work a lot […] But now I'm in this bureaucracy, full of papers, doing routine work, thinking very little. So I'm a very dull person".

However, Participant 38AMHO warned why the bank would end up losing vast amounts of money due to fraud should the bank not have all these controls:

> Last year, or this year, we have lost not less than 6 billion, which is your 5 million dollars – fraud. It's all fraud, credit fraud, there's non-existent credit, files that malfunctioned and somebody within the collateral, within the securities, because of lack of controls they initiated all the processes of registration of collateral, they informed the credit that your securities are now entered – because the same person was doing that […] Credit authorised it, the person accessed the money. When all the money has

> been withdrawn they discover that actually there's no credit. When he went to the securities, the guy has resigned. Just a simple lack of control.

Supported by Participants 14AFB, 15AMHO and 20AFHO, Participant 38AMHO felt strongly about and supported the implementation of controls with the aim of preventing fraud. According to Participant 38AMHO, the bank decided to expand its operations and started opening branches in the regions:

> [I] went to Joburg and I said, 'look, you cannot do this because in this market, it doesn't recognise regional expansion'. I said, 'look here, the expansion, you need to put controls first; don't expand and put controls next'. They put a lot of branches without controls. All the branches that we put in ended up with fraud. [The bank] did that – they burned their fingers.

Several interviewees, especially so at branch level, indicated a problematic situation surrounding all the compliance criteria and the effect it has on growing the business and building relationships with clients. Participant 1AMHO explained the effect as "banks they become very aggressive and put a lot of requirement just to get a very simple loan and that discourages a lot of people". Participant 1AMHO furthermore explained the relationship differences between the corporate world and the bank versus the mass market and the bank:

> [I]n a corporate world, they have a relationship because in a corporate world you have interaction with your bank […] But when it come to the mass market […] they don't feel like there's a relationship between the banker and the customer.

Branches want to be authorised to make decisions and grow the business. However, branches appeared to feel they had been de-authorised and could not provide effective service to their clients, which resulted in a loss of business as clients went to other banks. Participant 11AFHO explained the dissatisfaction of clients: "You may find people complaining. If you want to do things through bank, you will waste your time. It takes you time to finalise the transaction in a day. You find using six hours in a bank." Participant 6WMHO was of the opinion that if one has all these

ORM mechanisms in place, it would most probably take longer to transact, thus being "more cumbersome for the client and the client would easily go to other banks". Participant 6WMHO emphasised, "the customer, he would prefer the easier transaction" and also confirmed it related to the time factor "for sure" as did Participant 11AFHO. Participant 40AMHO also found the limited authority the system allowed within the branches to be a huge frustration:

> [F]or example, my customer has a business which needs maybe a certain amount. Let's say it needs 2 million, now why don't they give me to give that person a temporary overdraft for that amount? Personally, I would like it if they give us at least a limit, a small limit – not those millions – they give a small limit.

Gaining an in-depth understanding of procedures with the aim of complying is, according to Participant 21AFB, quite helpful in minimising risk and should be embraced:

> Yes, yes, it helps and it still helps. And you know, the compliance people want us to […] whenever we have procedures and whatever, they come out in manuals, in circulars […] We read them as individuals and then we read them in collective way in the morning, so that everybody hears it and we discuss them – what do you see, what does this mean? This manual says such and such a thing should be done in this way, why? It seems cumbersome, but let's see what it means. You're being told before you open an account you must do this-this-this. Oh, some people say it's too much for customers – what is the idea behind it? It's for the safety, it's for the identification of your customer, we are minimising risk by doing this-this – to you and to the customer too.

Concerns around the cumbersome processes and bureaucracy were voiced by many participants and confirmed the experience of being de-authorised and them losing clients and business. Participant 10AMB highlighted two aspects pertaining to the OR model implementation and how it restricted doing business.

> [Firstly,] if they give us a certain authority, for example. My customer has a business which needs maybe a certain, let's say maybe two million. Now why don't they give me to give, to give that person a temporary overdraft for that amount? Of course, personally, I will like if they give us at least a limit, small limit, not those millions, they give what a small limit". [Secondly,] … that bureaucratical, that time of making the approval for several items, have to be limited. For example, they have to make a time table. For example, if I receive an application today, they have to set the application should stay in the branch for example only for three days. From this stage, at head office, they must be a certain days. From there for registration – if there's a limitation time, this time table, it is easier at least for everybody to do the scheduled time. Like a tracking system.

The focus on compliance appeared to sway the balance, according to Participant 6WMHO.

> It's just a huge exercise. Where we use to spend sixty percent of our time doing business, we spend sixty percent now doing compliance. If you understand, and it leaves you lagging on the business side. While your competitors they don't have these drawbacks. Now the question is, is it good or bad?

Participant 27AMHO found the emphasis on compliance to be quite challenging:

> [T]hey will say, this is the minimum standard […] this is minimum to you, you should comply. So you end up being like a […] you are not running the business anymore, you are shifting to try and meet the compliance criteria. You are shifting, your whole mind is trying to meet this standard. So, those are the challenges". […] "By the end you've finished, tomorrow morning there's another e-mail from another guy in South Africa: 'Before c.o.b. [close of business] today' – so the business is now compliance, compliance – every time you have to comply, so you are not doing business, it's just you're complying.

Participant 6WMHO was of the opinion that due to all the bureaucracy, they did not have a competitive advantage with the other banks.

> So you can't move that quickly there's a whole group and signoff's that needed to be done. So now you comparing with a competitive bank where the guy can walk into a branch. The branch manager maybe has a mandate strong even to immediately give him a loan or with (our bank) you just have to wait to get the following approvals. So I think it in a sense may give you comparative disadvantage.

Participant 45AFHO explained, "[e]xcept the loans, we changed the loans, for customer service it's okay. Changes now. Tight controls". As a result of these tight controls, the bank appeared to be losing business, according to Participant 45AFHO, "Yeah, if they go to another bank there's a small […] yeah. Some students or teachers/ lecturers go there and open the account and loans because the [local bank's] too tight".

Participant 41AMHO explained that due to the compliance issues at the bank, people preferred the less formal route, namely –

> There's somebody called the friend or a bank, but they have a thing that going to the bank looking for money, you cannot get it easy […] And currently we have what we call SACCOS, serving some credit, that's where they are going and borrowing, and it is easier to borrow there rather than going to a bank […] these SACCOS are growing very fast because it is easy […] the main reason is it's easy to borrow money rather than going to the bank, the procedure that is involved if you want to borrow from the banks.

The compliance requirements together with all the bureaucracy did not take into consideration the Tanzanian culture and subsequent need to establish a trust relationship with clients in the business. Forming a trust relationship should be the foundation of all risk management regulatory practices; yet, the bureaucracy in the system jeopardised the relationship between the customer and the client according to Participant 18AMHO:

> The customer doesn't feel like the banks trust them, and the banks, we don't trust the customers, so the requirement is the bureaucracy of the process of providing services is going too high – which discourages most of the customers. And that's the very way – it's the risk because the customer now they feel like it's better that I just walk to you and ask for the loan, get the high interest, I don't care because you just give money, you're not going to bother me – you get money out of the business, I return the money to you rather than going to an institution which is more secured, give me the loan for low interest; but because of the bureaucracy and the requirement, I think that's a risk – that's why a lot of potential has not been yet tapped and that's the problem.

Participant 8AMHO shared an example of where a close trust relationship should supersede the checklist.

> Someone comes and they open an account. There is a checklist there. Someone to open an account make sure he has a letter from probably an employer, introducing them. But probably he or she comes without that letter. Ok they work somewhere. I say ok, ja. Bring it. Let me just go straight and process that for you. You see where I'm coming from. So you know this person, so yes he'll bring, even if after all we have a lot of people coming, you have forgotten, he has forgotten but […] So that close relationship, I think these people, the trust as I said earlier. It makes you probably end the rules.

Participant 8AMHO pointed to the risk of an employee being regarded in his community as bad, should such employee comply with regulations and the checklist. Participant 8AMHO explained how the community regarded such a bank employee, "No don't go that guy is bad. He has this heart of what. But if asked why because he's sticking to the rules and regulations".

When Participant 14AFB was asked whether clients liked the controls, she responded by saying:

> They don’t because they see that it is like a disturbance to them. For example with you, you need to get that letter from one executive. You might go to those offices and those people are not there, so you have to go the other day, Ja, it’s like that. And also we have, also a challenge because the purpose of bring a letter from one executive is to verify the physical address for that particular customer and we, I can say that sometimes that a customer might go to any place even to the place where he is not residing and get that letter. So that is also a challenge. That I’m living in maybe, Area A but I can go to Area B and get the letter. If you give them money, they give you the letter.

Confirming the authentication of documents appeared to be quite a challenge as was emphasised by Participant 15AMHO, “authentication is very, very difficult”. Participant 14AFB further explained, “Before giving out the loan, we have to go and visit, Ja we have to go and visit, to verify their address”.

On a positive note, Participant 15AMHO thought the controls “works for us because it minimises risk. Ja”. Participant 6WMHO also points to the positive:

> However, for a customer that is aware of all these controls and risks that has been put in place – maybe he’s willing to wait longer but he knows that the risk is less with [the local bank]. So those are the two sides that you need to weigh up.

The ambivalence experienced by both the South Africans and the Tanzanians as they met each other and started working together towards implementing the ORM model, was evident in the responses reported above. Contrary to what the South Africans believed, Tanzanians appeared to have a way by which they deal’ with risk. The participants were assertive and believed they knew their clients well. In the event where a client was not well known, going out and finding out about this client was not a problem and, at the time of this research, information could be obtained easily. Once the bank official had obtained this client information and gained the necessary knowledge, it immediately awarded the client a record on which credit could be granted. The South African checklist however ignores this historic approach to risk management, and appears to have a negative effect on the experience of the Tanzanians, including the clients and employees. Too many controls and bureaucratic procedures had become a risk in itself as it affected the building of trust relationships and thus effective OR management negatively. In enforcing controls and the checklist and ignoring the Tanzanian approach to risk management, a bigger risk is faced as valuable expertise owned by the Tanzanians was lost and most probably resulted in employees not taking ownership of risk management.

5.1.1.4 National and operational inadequacies

The financial institution appeared to have invested significantly in implementing an ORM model and all its policies and procedures. Nonetheless, various challenges appeared to exist both from the internal and external environments that had a severe influence on the operationalisation of risk management practices. Some of these challenges are:

- the lack of national systems such as switch systems, personal identification, address verification, credit ratings and movement of staff between banks;
- short time frames to execute risk activities;
- technological infrastructure and/or the effective use thereof, regulatory considerations and legislative limitations; and
- HR matters, such as staff and skill shortages, remuneration, training and development needs and the empowerment of staff.

a. Lack of national infrastructure systems

The management of risk appears to be severely affected by the availability of good national systems between government and banks and between banks. The ability to identify and trace clients, the ability to verify documents in support of banking transactions, as well as banks sharing information on a client's banking history and credibility appear to be vital to risk management. Furthermore, being able to verify staff credibility as they move from one banking employer to the next, empowers financial institutions to appoint effectively. However, the absence of the above systems appears to hinder effective OR management and opens up the opportunity for fraudulent behaviour.

The traceability of clients through national identification and physical address verification systems is a challenge. Yet, Participant 25AMHO explained how risk management has aided in formalising banking as "even to try and find this person is living in a certain place, it is very difficult, and locating where the person is living is difficult; so at least it's (risk management) guided us as they can easily identify someone if they are missing or have a problem with him". Many participants, such as Participants 11AFHO, 33AFHO and 37AFHO, confirmed this dilemma. According to Participant 7AFHO, "the way it is now in Tanzania, most of those people are not […] traceable […] the level of the environment, cultural environment, we, in Tanzania, we don't have things like addresses, streets, you understand". Participant 34AMHO compared the challenge faced in Tanzania to other countries, "the risks that are being had in a London market is different in the Tanzanian market […] in the UK and I think even in South Africa, it is simple to identify your name, even your person, work, where you're from."

Participant 9AFHO pointed to the disgruntled foreign bank:

> [F]or them how someone can say they don't have physical address. Where do they stay? Not only that, ok then at least national ID – well we don't have national ID. We don't have national ID. Now how do you identify the person that is coming in to, he's just walking in.

Participant 30WMHO understood the dissatisfaction on behalf of the foreign bank as "…how do you link any account in the banking environment? You use the ID number, national ID system, you link it, you link all what we call the customer information file, the CIF file". Participant 30WMHO continued to explain that for the foreign bank, it is almost a given that a country should have a national identification system, subsequently –

> [P]eople coming from there, because that's natural to them, they don't even ask the question. And on this side, how do we do it on this side? So we've got an understanding of what we do, so we don't think of asking them how they do it. So both sides are now working on the assumption, national ID is the centre of linking anything into the system – there is no national ID in Tanzania. So where do we go system-wise? Shooh!! Two different directions and we missed the bus completely; so that is the biggest challenge.

Both Participants 32AMHO and 33AFHO were of the opinion that "there's a lot to be improved" and both confirmed "there's a project now – is it running…" to implement "national identification". Participant 36AMO felt such an integrated system

> [C]ould be very good, because if you have a national ID where they can capture all your information […] yeah, even if somebody, you go there, you just click in and see your name and I see whatever you've done. If you had a traffic case you would tell […] bank, every information […] if I commit misconduct – it's very important for you to determine the level of the risk you are facing for a certain person. Of course that issue is not here, but the government has been always […] I think this year they certainly have postponed it.

Certain controls have been implemented through risk management. Participant 14AFB explained: "The controls that when you need to open an account you need to have a letter from your executive to refer your physical address, and you need to have your ID, ja, those controls, they are good". However, Participant 14AFB also pointed to challenges they face with regard the authentication of these documents:

> [W]e have also a challenge because the purpose of bring a letter from one executive is to verify the physical address for that particular customer and we, I can say that sometimes that a customer might go to any place even to the place where he is not residing and get that letter. So that is also a

> challenge. That I'm living in maybe Area A, but I can go to Area B and get the letter. If you give them money, they give you the letter.

Participant 15AMHO agreed and said, "authentication is very, very difficult".

As a result, Participant 14AFB explained "Before giving out the loan, we have to go and visit, ya we have to go and visit, to verify their address." This was confirmed by Participant 24AMB who explained that the sales staff did the verification as –

> [N]ormally they have already checked them. Normally if you tell the customer 'what you are doing?', you make sure you will try to identify whether it is there […] at least to talk if there is somebody at the office, just discuss out of the owner 'Hello, how are you? By the way you are working here?' At least you know sometimes we find some customers telling you this is my business place, where it is not. They just tell you that, 'please give the place for me today for the bank to get hold of me'. So if you go outside you ask the other guy, 'is he working there?'.

The absence of a national identification system created a "major problem" according to Participant 35AFHO. Participant 35AFHO said,

> The only people who can access these loans are businessmen with proper stations with a known business place where you can find, and only people who have been employed also can make a loan; otherwise it's very difficult to get financing from Tanzania.

This resulted in an increase in fraudulent activity as was explained by Participant 45AFHO who said that a person who will come into the branch and claim their ATM (automated teller machine) card has been stolen and then provides loan information but links it to a fraudulent student card to prove identity:

> Yeah, because she corrected to us the correct loan information. She's saying that 'I lost the ATM', and then she produces another ATM. Some student comes and says that. After 3 or 2 weeks she processes another

> and after processing she corrected the ATM and she starts to go to counter for the correct person.

Participant 45AFHO continued to explain that after that, the student actually fills in the form and puts her photo on that form and the bank actually gives him a new card, while he is not the correct holder of that account. Then afterwards she starts withdrawing the funds. The student then goes to another branch.

> She's reporting that her card is misplaced, so she fills in another form and then see […] the branch would prepare her another, accepting for on leave. If she is going on the leave, she prepares another and then she gets her money from the other branches. This is a problem for this branch.

Apart from owning a formal business or being employed, Participant 11AFHO explained other means acceptable to some banks, through which a person may prove identify in order to transact.

> [F]or other banks, I think, there is other means of identification for […] if you don't have passport and if you don't have your voter's card, you can go to your […] Local authorities. There is a letter whereby they say that they know you. You live in that area. And you earn this amount a month, amount of money, if you are working or if you are a business man or business woman.

The verification and authentication of transactional support documentation appeared to be a concern to some participants. Both Participants 36AMO and 37AFHO shared this concern and pointed to the fraud that was initially experienced when "issuing IDs". Participant 36AMO said,

> [A] better alternative would be for the Tanzanian Bankers Association, since there's already an agreement in place that they'll be sharing information relating to staff, officers – then it's for TBA to come up with a framework that will enable them to have a mechanism of sharing information.

Participant 34AMHO expanded on the fraud dilemma:

> [S]omeone may present maybe financial statements which you can say that this has been cooked up or it has been doctored. So even though he's sitting in front of you, the financial statement appears very nice, etc. but you can say from the way it has been arranged [...] okay, I know this golf shop can't have this kind of turnover, so you can say, okay it's a gut feeling but also detected by what you really see; so what you see is what you get. Also, documents – we know in Tanzania we have experienced whereby the documents from the inland revenue or from the business registration agency have been sort of forged etc. So you can even look and if you see that something is not right, as we always agree that if you think something is not right 100%, 99% is not correct as well – so that, I would say, also determines your gut feeling and you say, 'no, even though you appear to qualify'.

Participant 42AFHO commented:

> What I'm not sure is, the lending process normally depends on analysis from the customer's business in terms of liquidity, in terms of capital, the whole process of the customer business. The risk which happens there for me is the reliability of that information. If we rely on those financials and analysis which are done by the credit people analysing the customers' capability to borrow [...] I don't know how we can prove it if this information is really the true picture of that business […] because most of them if they are audited they seem to be okay, but how far is the audit reliable? That one I don't know. So maybe we should find a way to look on those documents and their 'genuinety' in terms of the business itself. That's what I can think.

Participant 9AFHO is also of the opinion that a system is needed to verify the authenticity of documents.

> For instance: there is your verification of customer documents that is anti-money laundering. We are still battling on that coz the more stringent rule here is South African rule where you can't open an account without verifying physical address for instance. Now we don't have physical address here in Tanzania and we are fighting here every day.

Participant 21AFB shared the risk involved and the need to improve legislation to assist in solving this dilemma:

> [E]specially the things which govern, like IDs and the registration of companies and the control they have there and so forth. At this present time it's very hard to differentiate a fraud document from a genuine document, if you take it from there, the government point of registering of companies – very difficult. It's very difficult for me as a banker when somebody presents the document, to differentiate the genuine ones and the fraud one. Had we had something in the control like the serial numbers or anything, even a watermark which is unique, because the company documents should be official documents and they shouldn't be easy forge. They shouldn't be easy […] even the bank certificates. There's still a lot to be done. We rely a lot on the Post Office book, some things which are not there; somebody gives you the address today, tomorrow he's not there. It's still a problem. And that is also causing […] I would call it a major risk to the bank, because you start up a business with a customer. Like this person is opening an account with me, he's given me all these documents, you open an account, the account holder gets involved in a forgery, tomorrow you look for this person, he's nowhere to be found – the ID was forged, the address he gave you was false, the office was not even there after all. So the country's law is also a bit loose for our business.

The need for an effective credit rating system was emphasised by OR management. Awareness was created, accentuating the need for a credit bureau through which banks could share information on bad clients. Participant 30WMHO voiced great frustration about the lack of credit bureaus in Tanzania, unlike one would find in

South Africa, which appears to make risk management "extremely difficult". According to Participant 30WMHO, banks seem to be extremely hesitant to share information with one another. Participant 30WMHO referred to two examples:

> […] on the ATMs and the point of sales. There is no national switch even from the regulator's side. So, you've got two smaller switches, the one is called the Imoja switch and the other one is e-cards, but all the banks are not even part and parcel of those two, so there are some banks that are not part of that at all. Some are patched in on ATM side, others are patched in on point of sales and there's one or two that are patched in on both. So, that makes it extremely difficult.

Participant 30WMHO further shared insight in how fraud is aided by a lack of proper systems from which one can draw current and updated information:

> I say this is where fraud starts is, when you have a loan or an account with [Bank A] and you go to [Bank B] and you apply for a loan there, but you don't disclose the fact that you've got a loan here. And then you go to [Bank C] and you do the same thing and you don't disclose that you have two loans at two other banks. Now everybody is working on the basic same principle – 30% of your salary and so you can afford to pay. But in the meantime it's now three times 30% of your salary, so can you pay? […] And then it's when it starts – it's take from Peter to pay Paul. So then you start flirting with the money and in the old terms, when you do that on cheque accounts, that's what we call 'kite flying'. Now you mention kite flying in Tanzania, they don't know what kite flying is because it's not something that is familiar in that format, although you will pick it up.

Participant 32AMHO briefly referred again to the problems created by a lack of identification, but pointed to the work currently in progress to establish a credit reference bureau and the impact it might have on risk management.

> [B]ut here it's a very big problem without ID. I think that improvement in that area can go a long way. Of course you'll have a credit reference

> bureau and all those steps being taken there. Even for fraud now, we are working our own black list for the banks as well. If you're committing fraud here, we send the names somewhere so every bank, when they want to go to, they can check whether or not your name is one of the […] or is not among those.

Getting such a credit reference bureau established appeared to be with its own challenges as Participant 33AFHO remarked that the beginning of this process goes as far back as "five years ago". Participant 32AMHO believed this delay was due to "we as banks took a long time to initiate that because everyone thought I need to keep secret my information".

Participant 36AMO also confirmed that the process of establishing this credit reference bureau was underway and that there would soon be "a central point where banks can access information relating to any customer". Like Participant 21AFB, Participant 36AMO was also of the opinion that Tanzanian legislation needed to support the establishment of a credit reference bureau:

> I think the absence of our credit reference system in our jurisdiction has been a big set-back actually to banking business in Tanzania, because […] people will defraud bank A and then move on to bank B, they default here, move to another bank and there's no central point that will enable you to pick that up. That is one of the reasons that […] I mean, the idea of credit reference system came actually from the Tanzanian Bankers Association where all banks are represented and then the Central Bank of Tanzania has been a champion in that, in the establishment of the system.

Participant 31AMHO confirmed what previous participants had shared:

> Banks are not co-operating on those aspects. Someone takes a loan in this bank, defaults, goes to another bank. But there is an initiative to make sure that all banks have at least the database, they have their bureau. Information like those are maintained together you can access information

> – someone went to take something from this bank, yes, maybe some guys are having specific access to the information, they just go and check if this guy is not in the least – can we do something? Banks will look at information as confidential, if I'd spoiled this, blow out to the public, people will not have confidence in our bank, so everyone is trying to maintain the information inside. But I think now they have seen that there is a need for them to co-operate. There is an initiative. I don't know at what level they are now, but there's a need for that.

Participant 34AMHO agreed and again confirmed:

> Yeah, I can add a few points there on improvement, especially with effective banking and of course risk in Tanzania. At the moment, I would speak from of course a risk point of view, at the moment we don't have sort of like a sharing of information between banks and financial institutions with regards to fraud, risk. You may find one customer, or one company, committing fraud and hitting one bank and he will go and hit another bank, and of course he will go and hit another bank. So, had there been sort of a sharing of information between the banks or financial institutions, definitely if you hit [a bank], definitely you are very unlikely to hit another bank because your information has already been stored in the database or has already been shared by the other banks. So of course it's one of the challenges which we as [a bank] are now trying to drive, that sort of initiative to get other banks on board as well. I'm very sure that in South Africa you have a system whereby if one person is blacklisted or put somewhere as a risky person or as an entity, he cannot get any loan or an account facility anywhere else – it's something which I think we also need to do to improve in Tanzania, or we need to have that in place.

In conclusion, Participant 36AMO believed that when it came to borrowers, "the initiative to put in place credit reference system, I think, is one of the measures that would address very much the problem of fraud, but borrowers moving from one bank to another". Participant 36AMO explained the role of the Tanzanian Bankers Association (TBA) and how it was proposed to work.

> All banks are represented in that association, so TBA could come up with a framework that would enable banks to share information amongst themselves, and if a particular bank fails to comply or to share that information, you're delisted from the association and you face the consequences of being outside that system. That could be […] I hope they will one day reach that, but I know there's that general agreement.

In addition, Participant 42AFHO shared the following thought:

> What I think is the branches should have a special department dealing with credit issues and liaise with head office so that they can be in touch at any time to make cross follow-ups of how to deal with lending issues; but if the lending issues are included in the branch activities like the general operations, at the end of the day there's segregation of duties – this lending needs to be fairly closely followed up and then knowing many things or need, so it should be separated, operated as if a section regardless of the size of the branch.

Apart from a credit bureau system, participants highlighted the need for a system in which the credibility of banking staff could be documented. This way staff movement between banks could be monitored and employees previously dismissed by another financial institution could be identified. Staff movement between banks seemed to be a real concern as was depicted by Participant 38AMHO:

> We need also within the banking systems, our banking system to […] for instance; we do have staff who migrate. You know, our credit bureau, we put up a clause that if staff is dismissed here or there's an exit of staff, you put the name in the database so that he cannot migrate to another bank and cause damage.

Participant 36AMO agreed and explained:

> We have a forum whereby the governor meets the CEOs of the commercial banks. I think every 2 months, and the issue of human resources […] I remember to have attended one of the meetings, it was raised by most of the CEOs of our commercial banks, and there was an agreement in that meeting that banks should be willing to share information. For instance, if a particular person is being recruited in bank A and he comes from another bank, if I'm a CEO of this bank and I want this bank from which this gentleman is coming from, and I want information, then we should be able to share. So there was that agreement. I don't know how effective the Central Bank can put a law that would force banks to share that information […] I don't know how effective that one can be. And that is human resources […] Banks themselves have come up with an agreement that would enable them to share information regarding staff that are moving around.

Participant 37AFHO agreed on this HRs point and also pointed to the accuracy of information shared:

> [B]ecause they move very much from this bank to this bank, and when he moves from this bank to this bank, we are not sure if this bank requires confidential reports from this bank and if this bank really does provide the really true information to this bank on employing this one – because recently we had some people who made fraud at this bank but when he defrauds here he goes to this bank and previously we had a lot of frauds just because people were moving from this bank to this bank, and we think there is no sharing of information – that one, how to tackle that, I think it's up to the banks to do the due diligence when recruiting their staff.

Participant 37AFHO described the context in which information on senior management staff and their movement between banks was currently shared as well as the other employees:

> Well, what we do normally, we vet these senior management who reports to the MD or CEO – that's where the information comes to us, and if of course we know, because we receive all the information, all these vettings are coming to us, so if I know this person, we know he defrauded somewhere, of course I would recommend that this should not be recorded, and we cannot tell them that this one is not fit for you because he did this to this bank – no. We just decline the request. But now we are saying it is for the banks now, for those other employees who report to those other senior management, who we don't want them to vet us because it will be a very tedious job to vet all the employees from all the banks. We have 41 banks and they have a lot of employees. So we'll do our due diligence to just vet those senior management and we expect them now to do the same when recruiting these other officers. And that way we reduce somehow the risk.

Participant 36AMO expanded and pointed to the reality that "there won't be a real obligation for me as a bank, I mean, if there's no supervisory activity, for me to put my information in the bill, or for me to share my staff information with the other bank".

b. Short time frames

Short time frames also prove to be a dilemma risk managers and employees face on a daily basis. Participants pointed to the lack of enforcers understanding the Tanzanian context which resulted in the enforcers expecting implementation or compliance within unreasonable time frames. Participant 7AFHO was of the opinion that –

> They [the foreign bank] love working with deadlines […] my feeling is there are lot of employees there [South Africa]. Forty thousand plus employees. Sometimes I think it is overstaffed because you have six different phone calls from [the foreign bank]. Six different people, different directors asking about the same thing, you understand. So …

Participant 27AMHO agreed with Participant 7AFHO because “when you compare for example [the foreign bank], departments are bigger than [the local bank]”.

The working day was described as hectic with a lot to be done and not enough time or resources left to reflect on, process and understand the new policies and procedures, to think critically about them in order to provide feedback where necessary or to implement successfully. Participant 29AMHO explained:

[S]o we’re tremendously under-capacity. So even the time for reflection where I might think, I don’t really think those (are happening). It’s more like, you get a whole bunch of stuff from centre and you have to sort of like comply as soon as possible otherwise, you know […] You don’t have time to digest the material, you don’t have time to read and understand it. Participant 2AFHO proposed that in order to engage people more effectively, projects should “be given more period to involve people. Make people feel part of the whole process”.

Being part of an international organisation with operations in various parts of the world seemed to pose a challenge when it comes to compliance being escalated down from group. Participant 30WMHO explained:

> [T]he bigger picture […] and where the disconnects will come in […] So, if something comes down the line in terms of compliance, because this is all about compliance at the end of the day […] so because [the holding bank] needs to do certain compliance issues because they’re linked to the London and New York Stock Exchange, so [the foreign bank] has to do the same and because we’re part of the group (the local bank) has to do the same. So the challenge comes in. It’s a huge project and [the foreign bank] starts running with the project – they’ve got the number of people, they’ve got certain skills. It’s a project that takes two years. 18 months down the line they realise, oh, what about the African countries? Then the African countries, with limited skills and knowledge and with limited number of resources have to do it in 6 months because the deadline does not move. The deadline for [the foreign bank] was 2 years and now we need to beat the 2 years.

Participant 2AFHO shared the frustration experienced with the current style followed to implementation:

> We are given very short period to embed or to implement whatever is brought down to us […] So they end up frustrating people, saying you must implement so […] But the time limit – I don't know it comes from there but you'll be give like: 'You must implement this within a week', my God […] Or within a month […] but really the implementation period, I don't think it is enough.

Participant 27AMHO shared this frustration and believed the short time frames and issues existing around conformity and obedience to authority, had an effect on risk management. Participant 27AMHO explained:

> I can come in the office in the morning, I find the e-mail, someone has written from South Africa 'before close of business today I need this thing'. If it's not done, and it is then incorporate your boss and your boss is trying to listen, 'please, as soon as possible send the information'. By the end you've finished, tomorrow morning there's another e-mail from another guy in South Africa: 'Before close of business today' – so the business is now compliance, compliance – every time you have to comply, so you are not doing business, it's just you're complying.

Participant 28AFHO agreed that it resulted in the main business not being done.

Vast amounts of work within short time frames can be seen as an indication of the amount of anxiety experienced by the South Africans. As the Tanzanians were inundated with work at the time of this research, they could not manage risk effectively. The effective management of one's own anxiety, as well as the anxiety of others, will empower employees to also manage risk successfully. Listening to the participants' voices, it was evident that the Tanzanians wanted to cooperate with the South Africans as they strove to comply with all the requirements as stipulated by the South Africans. However, the short time frames to implement the compliance requirements set by the South Africans seemed to hinder the Tanzanians in their attempt to cooperate. Competition between the various banks in Tanzania is another element which seems to hinder the successful implementation of OR management in the financial institution. Other banks do not have such advanced ORM approaches and this makes them more competitive and thus successful in growing their business. The triad relationship between compliance, cooperation and competition in the context of OR management is filled with psychosocial components which hinder the effective implementation of OR management.

c. Technology

In order to support risk management, large investments were made towards the use of technology and the development of systems such as the advanced systems being used, which were mentioned in 5.1.1.1. Participant 6WMHO elaborated on the positive effect these investments had on this bank:

> The bank itself also just positives. If you look at our history, you will see we just going one way and it’s upwards, we’ve just implemented a new system, the last, we spent about 15 million dollars on it and it will give us the ability to have a stable platform where we can just leapfrog on top of that and implement more advanced things for customers, products for customers, like cell phone banking, those type of things.

However, various new risks accompany technology and require a new awareness as Participant 29AMHO highlighted:

> I think more controls and more risk awareness have come in place over the past five years, whereas in the past, if I read some of the old audit reports for example, the same one password was shared by a few hundred people […] But right now there’s some sort of general awareness that that’s not good practice etc. So I think the awareness has been going up, but especially with the older bunch of people it wasn’t quite there yet.

The application of such technology and systems makes business sense and appears to be a good investment in the long term. However, technologically, organisations in Tanzania seem to function differently in comparison with their counterparts in South Africa. These differences appeared to be overlooked by the holding company, when issuing instructions and thus resulted in such a system and technology becoming a burden due to many infrastructural issues. Participant 29AMHO shared some experiences of how it was in the early days of implementing OR management:

> [T]he department basically did not have the capacity to support the rest of the units when it came to new models etc. which is also a big problem in my opinion; because I think there were like two people. Right now in that same department there are six, so obviously they've got more material to work with now.

Participant 7AFHO shared another scenario, "we may get like seven policies […] no out of seven, three are not applicable on our environment and can never work. One because of the technology. We find a lot of […] technological issues […] are different". According to Participant 37AFHO, within the technological system, "there are so many things which we measure". Participant 36AMO agreed and stated that technology is "… a component in our operational risk, the technology that you are using, relative to the type of operations". The challenge was further explained by Participant 36AMO:

> [F]or such a big bank your system should be able to provide service for several products, which means, if you have so many products the level of operation also increases because there should be more controls and as I've said, or investigation factors, whatever, reporting, compliance with the level of the internal policies even for BOT integrations/equations; so yeah, you become more exposed as compared to a small bank, having a system which has a few products. You can't rate the same.

In addition, Participant 15AMHO pointed to the fact that some transactions were still done manually and this created further problems "You see, we don't have automated systems like credit scoring system" in comparison with the foreign bank, which did it electronically, which resulted in transactions “taking a very, very short time”, unlike the ones conducted locally. Participant 14AFB expanded on this problem created by the lack of electronic systems

> [I]t was not easy for us to track that where is the application form now, unless you call and then you been told that no that application is with SDU now. Then you have to call SDU and, if you want to make follow up. There is no tracking. No proper tracking. You can’t track

of the bank’s drive to increase the use of technology and systems in order to manage risk more effectively, was to introduce the use of debit cards, automated teller machines (ATM) and point of sale (POS) systems. However, as was previously mentioned, at the time of this research, the Tanzanian economy was a cash economy. As a result, Participant 38AMHO explained,

> Few people do the point of sale […] You know, the bulk of our clients […] they use cash because the way they buy, they buy in very, very small amounts. They don’t stock their groceries the way we do, the way other people do. They take very small amounts so they need cash.

Participant 22AFHO illustrates the dilemma banks faced with regard to the POS systems as these are not cost-effective for them and do not assist in managing risk:

> [O]ur focus was on getting the numbers of point of sales out there and merchants […] you can close a deal with a merchant, you’re taking the machine and for a whole year they’re not using the machine. How our business works here is that the merchants don’t pay for the machines or anything, so basically all the expenses the bank has incurred. So if the merchant is not even able to cover our minimal costs then you can have like a thousand POS’s out there, but they’re not doing anything – if anything, we’re increasing our expenses. [Therefore] if you’re going to sign up a merchant we need to at least have established that okay fine, this merchant is going to bring for us at least a certain amount which is going to at least just cover our minimal cost.

Participant 22AFHO explained the dilemma further:

> [Initially], I'm told, you need to get like 200 point of sales – obviously for me, I just go and get the merchants from anywhere, even if it's the kiosk down there; but they are not using it. We found a lot of our machines were just out there, we were paying for them because we pay rental for them, we pay connectivity for them, there are a lot of expenses that we pay for them but they were not being used. So, at the end of the year our expenses were so vast.

Subsequently, the risk surrounding POS systems becomes too high and the new strategy according to Participant 22AFHO appeared to be –

> [T]o rather keep as many merchants and POS's that are actually working and now we encourage them to use ours, because at the moment it's not only (our bank) that's out there, especially when it comes to point of sales.

Participant 38AMHO confirmed, "the payment instrument is cash" in Tanzania and "If you have businesses you're talking about cheques". Participant 38AMHO further explained, "few people have a debit card" and, at the time of the interview, most of these were people who were employed as they "have their payment through a bank account". According to Participant 38AMHO, "less than 10% of the people have bank accounts […] so 10% bank accounts are salaried people, small businesses" who subsequently have debit cards as they need them to be able "to go and draw cash" at an ATM to enable them "to pay somebody".

In addition, employees are often hampered in their ORM tasks due to phone lines being down, electricity problems and slow or even sometimes no internet connectivity. This often severely inhibits the ability to comply within certain time frames. Participant 2AFHO sketched a frustrating scenario:

> An email can come and saying that we need this information within 48 hours. They don't know that I have to contact the branch that maybe

> actually the email is not working. The phone is not, I mean, it's not easy and by the time I will be able to get hold of that branch, maybe I'm remained with three hours and I'm telling the branch actually work on that thing within three hours and provide me feedback. And because I don't have time, I will not allow them to, like, to understand why they were supposed to provide that. So it's a big frustration.

Participant 11AFHO was of the opinion that electronic banking could play a significant role in streamlining transactions and simplifying the banking experience.

> Let me tell you maybe one instance. I need to transfer money to one person who is in South Africa and I'm here. When I get to the bank they need the copy of passport from that person and copy of the passport with even, permit or whatever, if he or she already stays there. And you may find this things need to send that money quickly. So that person needs to scan the document and send to you in Tanzania. You get that, you go to the bank and still there's a form to fill in and, so there is a lot of procedure which I think if we have all this which I can say is it electronic banking or whatever which can link between banks, that transaction will be easy. But for us it is a bit challenging.

National and international switches are another technological means through which banks could streamline their operations and share infrastructure. However, according to Participant 30WMHO, "the banks are not interested to do that, and […] some banks are not even part of those switches – they just operate on their own". The result is that "you cannot draw money if you don't have a Visa or Master Card – you will not be able to draw money from another ATM because you don't have that shared infrastructure". The risk thus lies in the reality that without such shared infrastructure, the bank cannot offer a specific service to its clients. Participant 30WMHO said, "for five years now I've been pushing that one, but we can only contribute and keep on asking and pushing the process". However, it seems to be "a regulatory issue" and the bank regularly engages in conversation with BOT and even the president "said we must now get a national switch", yet nothing happens. Participant 30WMHO continues to explain that due to "historical systems" the bank “couldn’t accommodate” Visa and Master Card; yet, with this “total new system upgrade of the last 18 months, hopefully by the end of this year [the local bank] will be issuing both Visa and Master Card […] and accept the cards on the point of sales and ATMs”.

Concluding on the influence of technology on banking thus far, Participant 6WMHO was of the opinion that most of the problems with the new system had now been sorted out and that no clients had been lost in the process. Participant 6WMHO further believed technology should be embraced as it gives one “a much stronger base now to move forward”. The profile and needs of customers are continuously changing and technology and products should accommodate those needs. If technology is not embraced and utilised effectively towards these client needs, it becomes a big risk for banks. Participant 6WMHO explained why:

> The customer in Africa is becoming younger. Becomes urbanised and he’s extremely technology clue-up, cell phones. So now he’s got two choices – he can take a taxi; comes to a big bank, stands in a queue, gets to the teller, need to do ANL, do FICA [registration in terms of the Financial Intelligence Centre Act] then does his transaction and then he leaves, when he can do it on his cell phone. He can transfer money to his mom somewhere else.

Even cell phone companies seem to have become a risk to banks as they offer products “where you can transfer money from your cell phone to other cell phone and then the person can pick up that money with a code from a vendor. He can take out the cash.”

d. Regulatory and legislative considerations

In Tanzania, the regulatory role is fulfilled by the government as Participant 36AMO indicates. According to Participant 38AMHO, “the Bank of Tanzania, the regulator, as well as the revenue authority, Tanzania Revenue Authority” is mainly responsible for these restrictions and regulations. However, local regulations appeared to be far less advanced than those found in Western environments as was specified by Participant

2AFHO. Participant 2AFHO explained, “Most of the time you find we don’t even have local regulation and that we are still far behind compared to them there. We are more operating on manual basis, more than they do there.” As a result, new products were bringing new regulatory challenges, such as the national and international switch referred to by Participant 30WMHO in a previous section, as well as cell phone banking as emphasised by Participant 6WMHO. Participant 6WMHO illustrated it as follows: “Now the question comes in from the regulator. Under whose regulator does this transaction fall – is it the bank regulator, is it what he would like to have or is this the cell phone regulator?”

In the Tanzanian environment, the bank regulator would be the Bank of Tanzania (BOT). Participant 36AMO elaborated on the role of BOT, which is to –

> review significant policies such as those related to government banks, NGOs, World Bank projects, to lend these institutions money, amongst others, ensuring financial stability, assuring that the financial system is sound and stable […] they look at the bank’s provision and we offer some other sister-directorates that walk together to ensure that corporate goal is attained. And then BOT is also responsible for issues relating to the economy of the country. BOT advises the government quite a lot on the economy. The national payment system is a responsibility of the Central Bank (BOT).

Participant 37AFHO also explained that policies coming from foreign holdings companies should be “localised to be according to our environment here, and the [BOT] board here to approve that one, not straight from there, but it should be customised here and be applied”. According to Participant 36AMO, “the significant policies must be approved [by BOT], but they normally do their annual reviews and they come to look at all of them”, upon which Participant 9AFHO explained the bank –

> […] has to make sure that whatever is required from the Central Bank of Tanzania is actually marked into your operational risk model. So, ja. I haven’t only received the manuals or procedures or what from South

> Africa. We don't only end there - now we have to read our own regulations and then we customise the scene. Now the Tanzanian regulations take precedence over South Africa so that is how we do it.

Participant 9AFHO provided an example of how varying regulations have to be accommodated:

> For instance, look at credit concentration. South African Reserve Bank will tell you, we have to provide when the thing goes like doubtful – we provide two percent of the outstanding amount. You come to BOT, they will tell you five percent. We start when the account goes towards listed category. So while your Central Bank tells you five percent, your home country tells you two percent – which one is stringent, which one is stringent here. Obviously the Central Bank of Tanzania. So obviously you leave with the one who is more stringent because it is a value to the bank.

The legal system, its laws and successful prosecution appeared to be a challenge, and like the regulatory issues, legislative issues were also a concern. Resembling the regulatory concerns in Tanzania were the legislative issues. Participant 39AMHO was of the opinion that, unlike in South Africa, Tanzanians do not fear the [Tanzanian] law, and this had a negative effect on risk management. Participant 39AMHO explained:

> And I think one of the biggest weaknesses is our legal system. People are not like yours, you are scared of stealing because you know when you get caught you've broken the code of law and then you'll go to jail. But here, because of so much corruption, people are not scared of the law – they steal, they jump from [the local bank], they bribe the police, they go to another bank.

Participant 7AFHO agreed and explained that should an employee be found guilty of fraud "the prosecution will be they lose their jobs. That's it. They don't go further than that." According to Participant 38AMHO, risk cannot be managed "[if] the cultural aspect and of course the legal systems here" are not acknowledged and "sometimes it's important to attach a lot of weight to the facts on the ground". Participant 38AMHO furthermore believed this willingness to do something of which one knows "it's not right, and if I do it there's punishment, there's enforcement mechanism" relates to culture. In Tanzania, the culture has become one in which –

> that enforcement mechanism, unfortunately that's where our legal system or court system here is extreme. All fraud cases end up with these employees being charged in a criminal case in court. I've been here 10 years, I've not seen a conviction – only one but it was reversed on appeal – only one, when a branch manager defrauded, and it was reversed on appeal. There was no single conviction.

Participant 38AMHO told about a meeting –

> with the Director of Public Prosecution. We met, he called me in and we discussed it and said, 'look here, the problem is you don't investigate, I don't have evidence'. I agree with him partly, but partly I do not agree with him because I believe that guy, they can find their way out of it if they've stolen a lot of money – they can bribe anybody.

As Participant 38AMHO said – and supported by Participant 39AMHO – under the property of socio-cultural formation, social systems are used to influence the legal system to either influence government officials not to prosecute the perpetrator or even to "make sure that file disappears or something like that".

Controls and law appeared to be not on the same standard. Participant 38AMHO was of the opinion that Tanzania has a "legal system which is very weak" and as a result, prosecution does not happen and "after one year, two years everybody will have forgotten" about the fraud. This was evident in an example Participant 38AMHO provided, "I know a guy who stole money at [another bank], a lot of money – he's now owning a bank, not even a micro-finance company". Participant 38AMHO emphasised that the bank and the country –

> are in a transition, so as you can see, we may have a lot of controls but it takes time for our system, for the legal system to be up to standard. You need the institutions, the bodies doing investigation, the forensic to help. We need the court systems operational in that.

Participant 23AMHO believed the bank had a responsibility to do something about the legal situation and that they had to put “more pressure on government to adjust the laws”.

Participants 38AMHO and 39AMHO told of a “Financial Intelligence Unit” that had been established; however, both participants believed they did not know what they were doing as “they don’t have a legal method enforced, they don’t have the structures, they don’t have the resources even to investigate, so they throw the whole thing back to the police to investigate, so it doesn’t work”.

Furthermore, both participants felt “It’s a shame if you see what the policemen carry – files like this, with nothing in them. You’re not going to win any of the cases.”

Participant 38AMHO elaborated on the poor state of affairs and the challenge it posed:

> You see, we even ask for a report from the police, because we have to report to the insurers there’s fraud, so that we can recover through the insurance. The report is not forthcoming, so you go to the IT person that had, or the police department here, Inspector General of Police – he instructs somebody […] the minister is a friend of ours, very good friend of ours, the minister of Home Affairs – he’s a lawyer, he’s a young man […] you see, the problem here is the system. It takes a bit of time to grow to what it should be. I’m not saying we’re hopeless, no, no, but I’m saying there are challenges.

According to Participant 31AMHO, at the time of the research, the bank was taking legal steps against fraudsters, however “it’s not paying. The bank sometimes loses – most of the time losing”. When asked why they mostly lose, Participant 31AMHO responded by saying, “I don’t know really. Maybe they’re colluding with someone […] when you go with the courts, there are some lawyers trying to mingle things”. Participant 31AMHO believed the legal system should be stronger to discourage people from conducting fraud through ensuring “that the evidence is there, you step into the court, your property is taken, they just sell them, impound them, bring money to the bank, you go to the jail”. Participant 21AFB agreed, and was of the opinion that –

> if the law was different in prosecuting people that committed fraud, it would have made a difference. People would maybe get afraid of committing fraud and forgeries, and I think it will minimise risk […] I might not be right, but that’s the way I feel. I mean, if somebody could go to jail straightaway, sent for 7, 15 years, the rest would be scared.

Participant 23AMHO viewed risk management through two lenses. Firstly:

> The first one is, risk will be defined the same all over the world – you take a chance, if you win you get the benefit. You find that people won’t be punished to a legal system by doing fraud; will always be part of the risk. That’s my take, because it doesn’t matter what you do because the challenge is, especially from the banking industry, the most people will sometimes get is get fired from the bank, and here’s the money. Because they bribe the system, it’s okay.

Secondly, there is “[a] culture perspective. The society itself does not condone, or condones somebody who takes the short-cut – that’s where the challenge goes.” Participant 23AMHO said he –

> [B]elieves it’s a question of culture. If I steal money at [the bank] then I go back to the way I live, and everybody’s not happy with me, they condemn me and they say you’re not the right person, that man is a problem. But you’ll be surprised, if I even go back where I live and I build a house 10 million US dollar, nobody laughs. In fact, people will even be proud of you – you are our guy. It’s very simple for them – everybody’s doing it. If I

> don't do it, then somebody else will do it. That's why I say, for us, for the banking centre, whoever comes to our system, we have a very proper risk system which will then, if Robert does something, Yvonne does something, we'll be caught and taken to court and be penalised for that. So two or three people who work for the banking industry and they're in jail. That will be a very clever situation.

According to Participant 23AMHO, people are prepared to take that risk and take the short-cut "because at the end of the day, there's not real punishment […] unless you have a formal and legal process behind, punish the culprit, nothing will happen […] he'll get fired – that's the most, then he has the money". Participant 34AMHO believed the answer to discourage people from committing fraud, lies in –

> [A]sset forfeiture. If somebody commits a fraud or steals from the bank, there must be sort of a procedure of crimes be taken back from this person. So, you go to seize their assets, and the assets come back to clear the bank's books.

However, Participant 34AMHO found the reaction of banks in Tanzania strange because "[when] fraud has been committed, most banks, what they would do, they will just straight run to the insurance and they start claiming insurance". Participant 34AMHO, however, stated:

> [I]f that been your own money, somebody stealing from me, I always say that if you steal from me, I'll be coming to your house, I want my money back. And if you appear to be more stronger than me, I'll hire the bouncers or the bodyguards and we'll get the money.

Participant 34AMHO thought the banks should approach it differently.

> [W]e can't operate in that scenario but we have legal people to be involved and make sure that everything is done in their legal framework. So rather than just running straight to the insurers, we should also see the facility to recover from the criminals; because this is why the American

> criminal laws are very effective because it's being funded by the criminals – they seize their assets and of course that money goes to the government and of course you see the best lawyers are being employed by the government.

According to Participant 34AMHO, the outcome would be that "if at least you are a criminal and you see somebody has been dealt in that manner, it will be a deterrent for you to go and commit crime". Participant 35AFHO agreed with this approach: as "in Dar es Salaam here, the community, the word travels so fast. So if you do it on one person, within 24 hours, everybody will know."

According to Participant 34AMHO "asset forfeiture is there in the penal code – it's there in the Tanzanian laws, but it's not enforced". Participant 35AFHO, however, believed that if viewed from a social culture perspective, asset forfeiture could work very well, and he illustrated this with an example:

> let's say maybe you stole 100 million and then you have your Hummer there, have your Mercedes there, while the case is going on, park the Mercedes and the Hummer there. They'll say, oh look, he used to have a Hummer now the Hummer is not there anymore. People don't do that because they'll be ashamed. Everybody in Dar es Salaam will talk about it.

Participant 23AMHO agreed and added that the moral aspect related to fraud should be addressed not only by the legal and political system, but also by society.

> At least somebody should be ashamed if you stole money […] But in Tanzania you can go around and walk and make noise. You can even go to the pub and talk about it and sit and buy people beer and they'll listen to it.

According to Participant 23AMHO, the community is not "rectifying" the problem but rather ignores it as they do not understand it or know how to rectify it.

> Maybe people, they don't know […] it's the same thing – fraud and corruption, people don't understand the impact it has for the majority of us. They just think, you only stole from (the bank), you haven't been paying tax on your car; but you see, that's how it affects society, everybody's getting. It affects the people who want to invest in Tanzania, it affects the quality of people.

Lastly, Participant 34AMHO also referred to the occurrence of e-crime. Participant 35AFHO agrees that of late "[i]t's a big thing". According to Participant 34AMHO:

> It's something which is still in Tanzania not sort of well-understood etc. and even the Act itself, I think, is silent on that area. I remember I had the conversation with one judge and he said, 'you know what, perhaps you guys from the bank, you can try maybe to drive that because we are sort of honourable judges, you can't say you'll take us to school, just to say we are coming to show you a new way of crime'. That's what the judges say, they don't go to school again because they've already finished. So it's an area I think that also needs to be looked at for improvement.

Tanzania presents a unique challenge to the field of OR management due to its unsupportive legislative and legal context as is also discussed in chapter 4. According to Temu and Andilile (2011), Tanzanian regulators still needs to implement sensible guidelines and regulations specific to mergers in the financial sector. The management of operational risk is a new concept introduced into Tanzania by the South Africans. Therefore, no previous research or case studies are available to give insight into how the Tanzanian legal system and its subsequent laws, assist or could assist with effective regulation and management of operational risk through prosecution. Nonetheless, participants felt the South Africans ignored the legislative context when they entered the financial institution and no effort was made to engage with Tanzanians in conversation to understand this context better. This legislative context increased risk, which therefore highlighted the importance of acknowledging this legal context and understanding it so as to incorporate it effectively into the ORM model. In essence, this implies developing an ORM model that could plug into the Tanzanian legislative landscape. What then are the challenges OR management faces should effective prosecution, for example, not be possible? OR management relies on the principles that legal systems are to some extent or another, shared and equally enforced. This is, however, not always the case, especially so during cross-border business endeavours. According to Li and Moosa (2015), there is a direct correlation between the legal system of a country and possible ineffective OR management, especially when such a legal system does not act as deterrent against criminal offences and behaviour, including fraud, bribery and forgery.

e. Human resources

In a study conducted by Jagero, Komba and Mlingi (2012) amongst courier companies in Tanzania, various factors are highlighted which leads to increased employees performance. These factors include the working environment, organisational culture, employee skills, motivation and reward, communication flow, organisation management and training and development (Jagero et al., 2012, p. 120). In this study, participants highlighted various HR risks which relates directly to these factors highlighted by Jagero et al. (2012). These most significant of these HR risks relating to OR management which were articulated by the participants appeared to point towards the shortage in staff capacity and skills, training and development and remuneration. Skills shortages or the lack of sufficient staff capacity appeared to get in the way of the completion of tasks and were apparently a great burden for employees to endure, given the high volumes of work and expectations as a result of OR management. An urgent need was evident to upskill employees through training and development in order to empower them to conduct risk management practices more effectively. Some employees were of the opinion they were not remunerated fairly or market-related in relation to the work they were required to do. As a result, employees appeared to move in the direction of risky behaviour.

In order to manage risk effectively, the organisation must have the necessary capacity to do so. In order to analyse this capacity to deal with risk, Renn (2008, p. 355) proposes an evaluation of the assets, skills and capabilities of the organisation. Firstly, **assets** refer to the knowledge base and organisational structure, which enable effective management, whilst **skills** refer to the ability of the organisation and its employees to anticipate and deal with various risk-related issues. Lastly, **capability** points to the organisational structure required to develop effective policies and procedures through the utilisation of organisational assets and skills.

According to Zoogah and Beugré (2013), Africa is challenged by a lack of skills development and talent needed to sustain the current growth in African economies. Apart from Africa experiencing a weak local skills base, many skilled and educated Africans appear to seek employment opportunities abroad as they do not have many options available to them locally (Cooke, Wood, & Horwitz, 2015). The Tanzanian government, however opened up employment opportunities for Tanzanians through their privatisation of state-owned enterprises, such as in the banking sector, and in doing so allowed for the development of skills (Makakala, 2014; Newenham-Kahindi, 2011). Still, skills development takes time and is especially slow in specialised areas, such as OR management, as opportunities for learning are somewhat restricted.

This skills development dilemma was evident through the participants' voices. There appeared to be a shortage of staff to do the additional work brought about by OR management, and this resulted in employees struggling, as was evident in the following statement by Participant 2AFHO. "Everyone is working very hard […] Some of the branches, in fact, when you go there you will see that, like they are understaffed. They are really struggling." Participant 38AMHO added, "People are overwhelmed; they work a lot." Participant 30WMHO stated that the implementation of risk management "takes a little longer and because you've got fewer people, you've got an over-reliance on certain people, unfortunately".

Challenges with regard to staff capacity appeared to be experienced at departmental, branch and national level. Participant 29AMHO explained how their "department grew by 50/60% over the past 3 months" and as a result they were "tremendously under-capacity […] You don't have time to digest the material; you don't have time to read and understand it." Unlike the bigger branches that had more resources, small branches appeared to have resource challenges as one employee needed to fulfil many roles. Participant 42AFHO provided an example relating to credit:

> That is happening to big branches, they have a different section dealing only with credit issues, liaising with head office people […] But with the small branches it is not happening that way. The manager has to also do the lending issues, do this ... and then it somehow interferes with the time; time is not enough, because if you are in a small branch you are dealing with all the other issues […]

Participant 30WMHO sketched a comparative picture of the differences between the local bank and the foreign bank at national level, in terms of staff capacity in both numbers and skills. "[N]ow [the local bank] has got an approved complement of 1 500 people [and] [the foreign bank] is just running short of 40 000 people". As a result, when projects had to be implemented, the foreign bank had "the number of people, they've got certain skills. Then the African countries, with limited skills and knowledge and with limited number of resources" found themselves in extremely difficult circumstances.

Participant 30WMHO continued to explain:

> [there] are the people that pick up quickly and they run with it; so then instead of talking to you I'd rather talk to him because I know […] so I just put more and I put more, so the burden becomes big. An example, for instance, […] project managers in business, or in banking, are not that common. In South Africa that's now a common thing already, but it hasn't been that common 10 years ago. So it's not something that started many, many years ago. In Tanzania, those skills in the banking environment [the local bank] was once again the first one to start.

Having limited skills is not only a risk with regard to workload, but also in terms of the skills pool from which one can select employees and on whom one can rely to do the work, as Participant 38AMHO explicated. "[When you have somebody, a man like me, I'm indispensable – without me, nothing moves. So it's good that I'm a saint […] [laughter]. But if I'm not; it's a risk to a bank."

In Participant 18AMHO's view, the bank "lacks quality banking personnel. Most of them go through [the local bank] […] we train them how to do the banking, then most of them they go to other banks". Participant 30WMHO agreed and told how they had to work hard at developing skills in a specific department and then struggled to retain those skills because –

> some of those people have now moved on to another bank, all of them except one have moved to another bank […] So back to square one. Now I'm building all from scratch, so the experience and the knowledge are not there. Then the challenge comes in.

Fortunately, the department was left with one employee who was –

> [D]oing extremely well, and I've now appointed him as the manager of the department. Is he the right guy for the job if I compare him with project managers in South Africa? No, I would never have appointed him as the manager, but in Tanzania he's standing out.

In the interim, Participant 30WMHO have to rely on expatriates who had the necessary skills, yet here are also rules and regulations about expatriates in the bank, "so we're allowed five [expatriates]".

On a more positive note, Participant 38AMHO shared a possible solution, as they were busy implementing a new operating system at the time of this research, which was believed would assist with the staff capacity issues. According to Participant 38AMHO, this system would look at "Each area's staffing levels, what are the complements, what are the skills that you need […] I believe that will reduce some of the risks…"

Training and development appeared to be a real risk towards the effective implementation of the ORM model. To many Tanzanians, formal risk management was a new construct to deal with in the banking environment and as a result understanding might not always have been sufficient. This refers specifically to Renn's (2008) definition of skills above and an employee's ability to identify risks, anticipate them and deal with them effectively. Participant 3AFHO explained the infant nature of the concept of risk management in Tanzania as:

> [E]ven in universities, even in schools that we went [to] previously. We never learned about risk. Unlike now we have a subject called risk in universities […] even in secondary schools […] It is not a subject at O levels […] But if I go to UK, if I go anywhere outside Tanzania, there are subjects where risk is a subject that one needs to understand and sit down and put an examination to that effect. I think that is another thing that we as Tanzanians need to go back to the universities […]

For Participant 3AFHO, the "solution to get the people to understand risk is training". Participant 22AFHO emphasised, "Yes, training is very important […] even myself, I didn't have any idea of what I'm going to have before getting training, but after getting training, really, I can see things are going smoothly." However, Participant 30WMHO highlighted the differing realities from which the foreign bank operated in comparison to the local bank, and the lack of understanding from the main shareholders with regard to these differences. This created a challenging situation as the holding company expected risk management practices to "filter down from them to us […] but the realities are totally different. Now I can't expect the Tanzanian staff that have got no experience of [the foreign bank] to make those links – they don't have the knowledge." Participant 2AFHO shared this sentiment, and was of the opinion that the manner in which the [foreign bank] rolled out new policies and procedures was a clear indication that "[t]raining people is something they don't understand."

Participant 30WMHO felt one could not expect the Tanzanian staff to make all the necessary links relating to risk management as "they don't have the knowledge, yet it's not because they don't have the ability, but I mean, if you're not exposed to that on those levels, how do you expect these people to do that?" However, Participant 30WMHO felt that, since the initial introduction of risk management, the level of understanding had been increasing and “people are growing – there’s a tremendous growth…” Participant 2AFHO agreed and was convinced that “everyone is still learning, you are learning every day […] it’s a continual thing […] I say that now we are comfortable that we know everything that we are supposed to at least maybe 75% that you are comfortable”.

Participant 27AMHO was positive about the exposure the bank provided to employees. This enabled “staff to know what they are doing so that it adds value to the business”. Participant 27AMHO, like Participant 28AFHO, believed the bank should increase the training as “they are well-advanced in the banking industry. So they give us good stuff sometimes”. Both Participants 27AMHO and 28AFHO were of the opinion that the exchange programme the bank offered was very valuable. Participant 27AMHO shared the experience, and said:

> You find that some of the staff who are being taken to South Africa for a year, coming back, trying to lead others, to show them some […] it should be given to everyone. Those are really good things that they should enforce.

Participant 9AFHO explained that the purpose of the training should be “to make them understand the way we operate”. Therefore, various types of training were provided according to Participant 9AFHO, “You train, you send out and create awareness, customer skills training, operational risk compliance”. Participant 31AMHO agreed that training was important to equip staff with knowledge, especially so with specific training such as determining the authentication of official documents that are submitted with applications, such as –

> [T]he document from this directorate or from this government institution, should look like this. This is how their stamp should be. This is how the font of the document should be. The document from this organisation should look like this; this is the stamp. If you see something like this, check this too – this is original or this forged. So whenever you’re dealing with these documents you make sure.

Participant 2AFHO had the opportunity of being trained both locally and in South Africa and shared this experience. “I went through a lot of training. I’ve been to [the foreign bank] so many times. I’ve been exposed […] I think they gave me enough support, really. […] People came here, trained.” Also, a lot of time was invested on a weekly basis towards coaching and training employees on risk management policies and procedures to understand what they needed to implement and why it was done. Participant 21AFB explained how, in order to do so, a specific approach was followed whereby “We read them as individuals and then we read them in [a] collective way in the morning, so that everybody hears it and we discuss them – what do you see, what does this mean?”

Participant 18AMHO was clear that “Actually, also training on staff and also how banks handle staff, to a certain extent, how you mould your staff to sit with the clients and also do other banking duties, matters a lot to us.” Participant 18AMHO explained that investors and shareholders initially did not invest in an effort “to brush up or train staff…” According to Participant 18AMHO, “The majority of staff, the ones who were employed since then, they need to be trained a lot, being up-dated with the market situations”.

The process of risk management entailed, according to Participant 46AMO, “a lot of education” and he emphasised the importance of training both staff internally and clients externally. Even though Participant 46AMO experienced the training of staff internally as a challenge, he believed, “once everyone knows, is aware about the risk, they are able to get even the customers that this, you have to do this and this, we have to protect your password, let’s say all things relating to risk management”. Participant 30WMHO agreed with Participant 46AMO that education and training on risk management needed to happen both within the bank as well as externally with clients. However, according to Participant 30WMHO, “inside is easier because you do and you control the understanding”. Participant 30WMHO further emphasised the “tremendous growth” within the bank; however, “it takes a little longer because you’ve got fewer people, you’ve got an over-reliance on certain people, unfortunately”.

Participant 3AFHO had much to say about understanding risk management and training. She explained:

> [W]hen risk came – it does not mean that each and everyone went through the training. We just picked it up and we gradually learned what came in and we went and mould those and here we are. But if we really want risk to go down deep into the hearts of the people there, down who are working, we need training. And the training must not start with us. It must start with those makers of the transactions. […] if they understand they can meet it at the start only instead of me coming and telling them 'this transaction that you have processed is not right. You should have not done it.

When the foreign bank bought into the local bank, new systems were implemented and according to Participant 3AFHO, "we were required to train people." Participant 3AFHO explained the process they followed as –

> We were required to make people understand what are the benefits of the business, of the system itself […] we went through putting up process, procedure in manuals form, in circulars, telling people of what they are required to do. What are the controls, I mean, actually need to look at. They must not do this, they must do this.

Participant 3AFHO reported that, soon after these initial trainings, the risk issues started and they had a visit from the risk enterprise in South Africa who –

> [C]ame in trying to explain us about risk and how we should look at risk. Then we had to get in a person for risk […] whereby now people went through the process of understanding what risk is, what are the controls, how will you meet to get a risk […] From there we went to risk RCMs [Risk Control Measure], which is risk control matrix […] People came in from South Africa. They came to train us on those risk issues and people went on catching up, catching up, but we are not to the label that we can say that actually the people down have understood risk 100% […] With the

> people like clerks who are on the ground. We still trying to teach them […] Coz you may have risk that does not fall under the risk as it is defined.

The risk of not complying with risk management practices might create some form of fear within the person who needs to implement it. Participant 3AFHO however felt that this was the result of –

> […] that particular person not going deep into that particular training of risk for him to understand that when we say risk what does it mean, you know […] but if this particular person gets the proper training and understands what risk is, I think then we can take him out of that fear loop and put him where he is required to be, so that he can now understand what risk is.

Apart from experiencing skills shortages, employees voiced how inadequate training hampered them in identifying and managing risks effectively. Employees were left feeling de-authorised and disempowered due to all the skills challenges they faced. These feelings of de-authorisation were further aggravated by management's decision to revert to appointing youngsters fresh from university who had obtained qualifications in banking or risk management with the aim of closing this knowledge gap. De-authorisation due to skills shortages and inadequate training therefore had become a psychosocial component which obstructed the effective management of operational risk.

Remuneration was another operational aspect of concern to the participants. The remuneration of employees and the perception of whether it is market-related or not, appeared to be a risk in itself and influenced by many factors. Participant 18AMHO pointed to statistics and said, "salaries have been increasing from the past, it has been increasing daily so you cannot say that we are getting very low, I mean, because we do get paid […] So that means people earn more money [than in the past]". Participant 31AMHO explained the needs of the younger generation and said:

> Nowadays young boys from the university, they want to come here, work for some few years with their cars, the good life, the houses, rewards – but like old guys they've worked for 30 years, leave the bank with nothing.

> Everyone wants to earn fast, wants to live high class or something like that. Everyone wants to grab whatever is in front of him.

Subsequently, when appointments are made, “the package of someone depends on how he can deliver or she can deliver, or someone, how best can he convince the management during the final interview?”

Participant 30WMHO explained the importance of understanding that “…historically it was a government-owned bank” and that salary increases worked on a different system in comparison with the private sector. Participant 30WMHO provided an example in that when government-owned, “when you attend a meeting you still get a sitting allowance and that type of stuff, which is not applicable in private sector”. However, it often transpired that one “will get demands to say, ‘but we want a sitting allowance when we attend meetings’…” Also, government-owned institutions promote and remunerate in accordance with the number of years’ service an employee has, whereas in the bank it is determined based on levels, “so you start on a B level and you go to a C or a D level and then you go to managerial on M level …” Subsequently, Participant 30WMHO shared that such “… things still pop up from time to time because that’s how it worked 10 years ago. The older generation, having worked before for a long time, that’s still relevant to them.”

According to Participant 31AMHO, this created a lot of dissatisfaction with the older employees as “… they feel segregated. They’ve just come a few day, getting salaries like this, we are here since those years.” In reality, Participant 31AMHO felt all employees wanted is to feel they are taken care of and that they earn “maybe [a] moderate salary”. Furthermore, “somebody might be there, coming from school, expecting after some time he’ll be this and this, but he’s just working for sometimes nothing, you get nothing and you think, maybe these people are taking our profits […] the management is just …” Participant 18AMHO emphasised the importance of “… openness relating to the performance of the bank and also remunerations of staff …” Participant 18AMHO presented an example illustrating the unfair state and imbalance of banking employees’ remuneration:

> You say that you are the leading bank maybe […] the first bank in Tanzania or second bank in Tanzania; but if you cheque the wealth of staff, you go and check the dressing of many, you find it quite different because of the system also of remuneration. Some of them are better off than the majority. Even getting a balanced lunch is difficult to some of them because the salaries paid are very low.

Participant 19AFB agreed, and explained that "[the bank] are doing something that is not good to the staff – it's creating gaps between the staff from one category of staff and another and another – especially on salaries".

Participant 18AMHO believed the disconnect between the bank and its employees with regard to remuneration lies in fair feedback and honesty, and explained, "… they say that you get paid the market salary, certain banks here and we have colleagues from other banks and they say this is the market salary, and you know that it's nowhere near market salary – it frustrates people".

On the other hand, Participant 7AFHO is quite clear that everyone's demands cannot be accommodated and explained, "… some of the demands are always unrealistic. People always want salary increase. People will always want more and more from the bank. 'Why is my bonus so little? Why is he getting more?'"

Participant 17AMHO clarified that most employees joined the bank because "… we want to have a good life". As a result, and as elucidated by Participant 17AMHO, especially the younger generation are less patient and thus have "… interest of having immediately a good life" and want to earn a big salary and as a result, this "… can pressurise me to look for a way that can accommodate what I want to have" even if it results in finding "… a control loophole". Participant 19AFB was of the opinion that if people feel they are not getting a good salary, they are not committed to doing good work. Participant 18AMHO agreed and continued, "actually, it may create them being dishonest, the employees also, so they conspire with some clients […] maybe a person is in control of those loopholes which are there, but because of dissatisfaction you may find the person doesn't care to report on things that go on".

However, Participant 18AMHO believed if employees were “better remunerated, they would not take bigger risks in risking their job by getting involved in fraud”.

If Participant 18AMHO compared himself –

> with other banks’ workers, I find that myself liquid-wise, I’m quite far from them. I sit with my colleague maybe from (other banks), we are trained maybe in the same college, the same qualification and doing the same banking duties, but you find that he’s remunerated well, he feels like being part of that bank.

Participant 18AMHO further said, “I request maybe an explanation to my senior official that the remuneration is not enough, we aren’t getting enough […] according to them, maybe there’s others for the bank, they say the door is open”. Participant 38AMHO emphasises the danger of such negative remuneration situations as furthermore “… people work over-time, long hours – it’s about efficiency, it’s about morale, it’s about also risk”.

A positive relationship exists between reward and performance (Armstrong, 2016; Bussin, 2010). Rewards can consist of financial (i.e. salary, bonus or financial incentives) and non-financial elements (i.e. development, work–life balance, health and wellness benefits). Bussin (2010) recommends that organisations should formulate a reward strategy that includes both these financial and non-financial elements and which will motivate employees and encourage behaviour resulting in high performance and reaching of organisational goals. This is also the case in Tanzania as Maugo (2013) emphasises the importance of understanding what motivates employees in order to design effective incentive systems. Maugo (2013) also found a direct relationship between the benefits and rewards offered to employees and their commitment to the organisation.

Various organisational behaviour research studies have been conducted over many years considering the relationship of work demand factors such as inadequate infrastructure and/or systems, skill shortages, training and development and remuneration on the motivation of employees and the subsequent effect on performance (Armstrong, 2016; Bussin, 2010; Judge & Bono, 2001; Schaufeli & Bakker, 2004). However, being able to measure an employee's motivation type accurately is not straightforward and therefore it is impossible to predict such an employee's behaviour (Huang, 2016). Nonetheless, should an organisation be able to understand an employee's motivation type better, uncertainty about how this employee should behave in the place of work could be lessened (Huang, 2016).

Various theories have been developed over time that explain the relationship between motivation and behaviour and which could assist in understanding an employee's level of motivation or motivation type better. Theories such as Maslow's (1943) hierarchy of needs, the achievement motivation theory developed by McClelland and Atkinson (1948), the expectancy theory of Vroom (1964), the equity theory as proposed by Adams (1965), and the social comparison theory (Festinger, 1954), which explain the same phenomenon of motivation, but from different perspectives.

In Chapter 3 (see 3.1.3.1), reference has already been made to Maslow's (1943) hierarchy of needs, which is illustrated in the form of a pyramid and contains five levels:

- level one (the lowest level) → an individual's psychological needs (i.e. food, air and shelter);
- level two → safety needs (i.e. protection from harmful elements, stability, etc.);
- level three → the need to belong and be loved (i.e. friendship, affection, love, etc.);
- level four → esteem needs (achievement, independence, status, etc.); and
- level five → self-actualisation needs (i.e. realising personal potential, self-fulfilment, peak experience, etc.).

McClelland and Atkinson's (1948) achievement motivation theory holds the premises that each individual's hierarchy of needs is different from one another. According to the achievement motivation theory, motivation can be divided into three areas, namely:

- achievement motivation (i.e. the need to be competitive and successful in line with a set standard of excellence);
- power motivation (i.e. managing human relations towards attaining goals and not just for the purpose of boosting oneself); and
- affiliation motivation (i.e. maintaining positive relationships with others, even at the expense of effective performance) (McClelland, 2005).

Expectancy theory is constructed around the expectation of employees and the context and manner in which these expectations are satisfied or not (Vroom, 1964). Employees believe their effort will result in a specific level of performance and that this performance will result in obtaining a certain reward (Vroom, 1964). In other words, employees need to recognise that effort will be rewarded by both financial and non-financial rewards (Bussin, 2010; Huang, 2016).

The equity theory on the other hand, proposes employees to be motivated by a desire to be treated fairly and equitably (Adams, 1965). Employees will therefore expect equivalent outcomes to what they insert into the system, and should they feel they are unequally rewarded for their input, they will adjust their behaviour accordingly (Bussin, 2010). For example, should employees feel they are not rewarded in equal measures or treated unfairly in comparison to the effort they inserted in doing their work, they will adjust their effort and put less into the system, and vice versa. In order to determine the equity of the situation, employees will make use of social comparison and compare their own input–output with those of colleagues or employees in similar roles (Riggio, 2009).

This is similar to Festinger’s (1954) social comparison theory, which argues that people do not live in a vacuum and have an inherent desire to compare themselves with another people, relative to a specific situation or context within which they find themselves (Morrison & Robinson, 1997). Within the place of work, employees will want to compare themselves in relation to others in, for example, the same department and in doing so determine their own standing (Jiang et al., 2015). This comparison could be either upwards or downwards (Jiang et al., 2015). During an upwards comparison, an employee will compare himself or herself with a colleague who he or she feels is in a better position than him or her, such as earning a bigger salary than that person, and this might result in feelings of dissatisfaction. On the other hand, an employee might make a downward comparison, which emphasises the ways in which this employee is better off in comparison to another employee.

Huang (2016) argues that in the event where an organisation cannot determine the level of work motivation of its employees and the effect this has on behaviour, such an organisation is faced with a new type of operational risk, which is motivational risk. Huang (2016) therefore proposes a motivational risk framework that could assist managers in evaluating and understanding employee behaviour better as a result of motivation. Huang's (2016) motivational risk framework proposes three steps:

- determine why an employee works for the specific organisation and what his or her current level of motivation is;
- determine to what extent the organisation does not know how motivated its employees are; and
- sketch a scenario of the worst possible position in terms of the motivation of employees and determine what the effect of this could be on the organisation.

Integrating various organisational behaviour theories (such as the motivation theories discussed above) into a risk management model would enable an organisation to understand human behaviour better and would subsequently calculate a more reliable risk distribution and therefore manage operational risk more effectively (Huang, 2016).

Considering the participant responses noted in this section, it is clear how employees in Tanzania are struggling as they experience capacity and skill shortages. From the participants' responses, it was also evident how employees felt disempowered as a result of limited skills and knowledge and how they desired adequate and effective training and development support. Feelings of not being rewarded fairly further contributed to lower motivational levels. Therefore, from an HR point of view, capacity and skill shortages, inadequate training and development and remuneration challenges become a motivation risk, necessitating the need to incorporate a motivational risk framework within an ORM model.

5.1.2 Change management: the driving force behind risk management

Once the foreign bank entered Tanzania, and the decision was made to implement an ORM model with the aim of improving organisational effectiveness and performance, it immediately implied change management. By implication, this process of change management had become a risk in itself when one considers the category, the change management process, which emerged under the sub-theme of **change management: the driving force behind risk management**.

5.1.2.1 Managing the process of change

Risk management automatically implies a process in which change occurs and development is needed. Participant 41AMHO emphasised that, with the implementation of risk management controls, “things have changed compared to previously”. Participant 40AMHO agreed as prior to risk management, “we had only audit. Now there’s some changes and development.” Participant 8AMHO pointed to the reality that “the change which have come recently, especially in risk side, have impacted a lot on the way we work”. According to Participant 38AMHO, “[t]he management tried to implement some changes so fast without taking stock of the facts on the ground”. Participant 6WMHO felt the reason could be the use of foreign change agents not of Tanzanian nationality as “At that stage we also had an Afrikaner male in HR and ja, I think it was a difficult one for him, but I would say 50% of the problems went away when we had a Tanzanian HR person.” This was further evident in some of the statements to follow later in this section and will be reported on in more detail there.

Situated within the category of the change management process, three prominent properties emerged, namely resisting the change, effective communication and consultation and modifying behaviour.

When two organisations merge, change is inevitable; yet, often resisted. Understanding the necessity and benefit of the change appears to be a sentiment quite a few of the participants echoed. In Participant 25AMHO's view, "if you don't give the person you want to change the benefit of that change, they will definitely resist that change". A lack of understanding why all these changes were necessary appeared to have been missed by the employees and resulted in a feeling of annoyance as was expressed by Participant 43AMHO:

> Yeah, and also because of the changes they were seeing, they were irritated of the changes because they thought that if we move like this, we end up somewhere we never expected to be. And also, it happened that sometime there was something to do with the reconciliation or something between [the two banks].

Participant 38AMHO spoke about this challenge and described the hostility between the staff of the two banks during the acquisition and gave some reasons he believed resulted in this friction which ultimate led to resistance:

> To be honest with you, I worked with the two other banks before […] But I joined exactly that year when [the local bank] was joining with [the foreign bank] […] Well, I think the mood in terms of the staff, it was pretty much hostile, firstly because of change […] people are not used to that, that's number one. Number two, people are used to seeing black people like him, South African, but when they saw the expats came here […] But then of course, the cultural diversions because that played, in my view, a major role in the turbulence that we went through – we had four strikes.

Participant 2AFHO joined the organisation in 2005 after the acquisition and –

> […] could see the people, they are not very happy. They are like resisting the change because I believe it was a big change from the government ownership and the way they use to do their things towards the [foreign bank] […] It was a big change to the local people. Ja, the change of management, it was big.

The difference in accepting and embracing the change required was not only evident between the two banks, but also between departments within this newly formed organisation, as well as on the side of the clients. Participant 27AMHO referred to some departments “accepting the challenge” of change that came with the risk management model. On the other hand, some departments seemed to have experienced the change negatively and resisted, as Participant 27AMHO explained: “other departments I don’t know. Some departments, I know, some people can’t be challenged […] ‘No, no, I’ve been in the bank for 30 years, you can’t change that’”. Too many employees and even the public, according to Participant 43AMHO, feared the unknown, which resulted in them experiencing the proposed change as negative and this resulted in resistance. Participant 43AMHO shared:

> Yeah. Even for the employees it was really tough because staff did not know their fate – what will happen? Some people are coming to take their bank, what will be the fate of our employment? We are used to live like this, now some people are coming to take the bank – fear of the unknown. People did not know what will happen, so that one also blows the resistance and because the public itself was negative, so even the workers.

A few participants shared additional thoughts on why they thought employees resisted the proposed changes. Participant 2AFHO assigned the resistance to change to the fact that employees felt they were treated like children.

> Not like the way you treat the children. Some children: you must do this and don’t ask questions. We are supposed to do this now. I don’t think that is the correct way in. And most of the time if you do that you will find some people are trying to resist and even the change process becomes very complicated.

Participant 30WMHO shared an experience where they underwent "a major system upgrade" and where it was experienced by employees as "pretty much a disaster. They were off-line for about three months". Participant 30WMHO shared the consequences:

> [T]here was resistance to change, which there is always, but that created a major resistance to any system change; so there were no upgrades on the system until now, and we were almost basically forced because it was end of lifetime and there would be no further support on those systems.

Furthermore, Participant 11AFHO explained the different manners in which the younger generation engaged with the required change in comparison to that of the employees who have been with the bank much longer:

> I didn't experience that many because I was working with the young people you know. But I don't see that as a big, big problem to them. Ja, but for us, we have this, a gap between the people who has been here for twenty years or whatever. Some of them they accept changes.

Participant 38AMHO confirmed Participant 11AFHO's view, as initially the resistance was especially on the part of the older employees. However –

> [N]ow this group is kind of a minority […] they must have lost the argument […] But now the resistance is not there, the way I see it. To me now, it's to manage. My major concern is the new generation, the young guys, make them equipped with the knowledge, skills.

It now rather appears to be all about risk management control.

According to Participant 43AMHO, the situation around risk management and all the subsequent proposed changes was very sensitive. Issues of not being consulted appeared to result in a lack of trust and resistance. Even in instances where the proposed change appeared to be positive:

> There were some things which were sensitive, which the union felt that they need not implement them without consulting them, but no, they went on without consulting them, they implemented. And that one annoyed the union and they had frequent meetings and also, management, they sometimes stick to their guns on their decisions, they didn't want to change and these workers also they wanted this and that in terms of the rights of workers, and when implementing also those policies, changes in the bank, because the union was not consulted most of the time so everything which comes they warded off. Really, even if something good is in that they say, 'Humph, really?' This is not just in words, 'maybe these people have a hidden agenda'. And because there was no consultation from time to time, harmony in the work was not there. It goes with frictions. And the way we conduct daily business now, the management, those cultural differences […] maybe even if it happens that management maybe told a subordinate something, or a worker something, and the worker felt that 'hmm, this is an insult to us, this is not good to us' and they would go to their union. 'Ah, they told me this, they told me this, they look at me like this' – you see, those differences. So, they heated up […] Oh, it went on like that, but finally they had a voluntary agreement, they signed it, although it took some time and also, workers had to go on strike.

The behaviour of management is certainly one of the most important factors that could affect a change process either positively or negatively (Mullins, 2010). Adopting a participative management style in which employees are kept well informed and are allowed to participate in the change process, will enable buy-in and more effective implementation and eliminate possible resistance (Brown, 2014; Cummings & Worley, 2015; Mullins, 2010). According to Maugo (2013, p. 37), Tanzanian leaders should adopt a participative and consultative leadership style with the emphasis on respecting employees, trusting them with the job to be done, considering their views and guiding them through training and development in the right direction.

The responses of the participants in this theme point to a dissatisfaction on behalf of the employees about how management behaved, and this subsequently resulted in resistance to the process of change. From the participants, the resistance to change appeared to stem from:

- a lack of understanding on the part of employees about the purpose of the required change;
- employees fearing their fate and feeling they are being treated like children;
- some of the first changes to the system that failed;
- employees feeling they are treated disrespectfully; and
- a lack of consultation or collaboration.

Resistance to change is often an important reason why change initiatives fail as this hinders adaption and progress (Parummasur & Barkhuizen, 2010; Simoes & Esposito, 2014). Parummasur and Barkhuizen (2010) are, however, of the opinion that resistance to change should not only be regarded in a negative light as it can be a good source of functional conflict. Functional conflict enables a space in which healthy reflection and debate could be stimulated towards reaching a better decision (Schein, 2003; Simoes & Esposito, 2014). Ford and Ford (2009) agree and argue that should resistance be seen as a functional source of feedback, it could aid in developing high-quality objectives and strategies. It could also enable the successful implementation of change. When this happens, resistance to change becomes an extension of effective communication. Various research findings have been published on the important role effective communication plays in the success of implementing organisational change (Bansal, 2015; Kotter, 1996; Simoes & Esposito, 2014).

From the participants' responses above, it seemed that the conflict between the Tanzanians and South Africans cannot be regarded as functional. This is mainly due to the absence of a space in which the role players involved in the management of the operational risk could reflect and participate in a debate towards making better decisions and setting shared goals and a vision, as proposed by Schein (2003) and Simoes and Esposito (2014). Some participants also referred to the fact that employees, especially the older generation, felt they were being treated like children and they were not consulted to share their knowledge of the Tanzanian context so that it could be combined with the South Africans' knowledge of OR management. As such, the resistance to change was not viewed and utilised as functional conflict by management, holding back effective change management.

From the above participant voices, and the ones still to follow it appeared quite clear that effective communication and consultation led to a better understanding of why the proposed change generally and the implementation of OR management specifically were necessary and relevant. A lack of communication or consultation appeared to weaken the effectiveness of change management practices as it gave rise to poor relationships and a lower acceptance of, for example, the ORM model. According to Participant 29AMHO, employees were initially frustrated with being told to do certain things, without explaining to them why it was necessary or important:

> The expatriates are always saying […] 'okay fill this template'. Okay, you fill it in for a whole month and then next month, there's a new template, you have to do it all over again. So I feel that I came in at a bit of a transition.

It is important to consult with all the parties involved in a change process and to obtain their inputs. However, according to Participant 2AFHO, that was not the case as the changes "…are imposed" and one was left with no choice, as "You have to do it". Furthermore, Participant 40AMHO said that, as branch managers, their requests for change on specific matters had been ignored by the South Africans for many years.

Participant 30WMHO was of the opinion that the foreign bank entered Tanzania with many assumptions about Tanzania and the systems available "So, people coming in from South Africa have got a certain understanding and they know what they do in the [foreign banks] system and they just assume that it's happening here." Participant 30WMHO referred to the lack of communication and consultation and said:

> [T]hey don't even ask the question. And on this side, how do we do it on this side? So we've got an understanding of what we do, so we don't think

> of asking them how they do it. So both sides are now working on the assumption […] Shooh!! Two different directions and we missed the bus completely; so that is the biggest challenge.

From an information systems perspective, Participant 30WMHO pointed to the communication problems created as the foreign bank and local bank systems did not talk to each other: "So yes, that happens, but we don't have the same systems as (the foreign bank), we've got a totally separate system. There's no link between us and [the foreign bank] – from a systems perspective, we don't share any information with them." Furthermore, Participant 18AMHO also felt "there's no forum, there's no place for them to get the ideas and contributions from our staff. We have very narrowed feedback communication to the management, very narrowed."

Participant 27AMHO explained the value of communication and consultation to iron out problems and differences. "Where you can meet here, discuss anytime, you can always talk, is there anything tough, should we change? You see, you can always re-look the possibility of where you are not doing well in that area, is there anything bad or are you lazy?" Participant 2AFHO agreed and was clear on the importance of involving employees through consultation or even just keeping them informed through good communication practices.

> I think management should reach out more and people should be more involved. They should feel part of the big strategy. Not for them to be involved in the big decision-making but at least the portion that they are supposed to contribute, it should be considered. You see some people in the branches – they feel like they are not part of [the local bank] actually. So that is not good. So, if the management could reach out and make sure that ja, all the people are brought in, even to be informed because you cannot involve all the people from decision-making even, even to be informed, to be aware of what is happening and all that.

Employees need to understand the required change and the benefits associated with this change. Participant 46AMO was of the opinion that what was needed, was "a lot of education, really. And I can say, for the past three years now, people are trying to understand the change". Participant 25AMHO proposed that an alternative way of managing change that could assist the local employees in better understanding the benefits associated with such change should be considered:

> [T]here's maybe another way; you say you're coming from South Africa and I come from Tanzania, I just joined your place immediately and then you just introduce some A-B-C from my part to change – it's me to show you what are the benefits of the change I'm bringing to you.

Employees have a need to be acknowledged for the wealth of knowledge they have that could be used to assist in this transition. Participant 38AMHO shared the need to being heard and reflecting together on important matters and decisions to be made:

> I want to be on record that what I am saying, I think I'm right, because I'm on the ground and I have experiences, but would like, as we go along, I want us to reflect on this – I don't want to say it will be wrong or right, but I want to reflect on it – and 4, 5 months later they discovered it was right […] sometimes it's important to attach a lot of weight to the facts on the ground.

Participant 14AFB emphasised the importance of being consulted with and engaged in discussion, as "before bringing in new products or new policies they, they should listen. They take the new product to us and we discuss that if this will work or not before you bring implementation." According to Participant 19AFB, consulting with employees might lead to shared ownership: "strategy comes down, I mean, it's just communicated down, it's not even discussed […] how do you expect people to 'own' what they're doing?" Instead, it appeared to be a one-way communication strategy as "It's just not discussed, it is just a command – 'you're supposed to do this' […] communication has to be two ways".

Ivancevich, Schweiger, and Power (1987) divide the process of an acquisition into four phases:

- planning (the possibility of an acquisition is explored);
- in-play (assessing the feasibility of a possible acquisition);
- standstill/transition (the deal is closed and the acquisition is official); and
- stabilisation (business settles into a new normal pattern).

Similar to the framework proposed by Ivancevich et al. (1987), Seo and Hill (2005) propose an integrative framework in which they also present four-stages to a merger and acquisition, namely:

- pre-acquisition;
- initial planning and formal combination;
- operational combination; and
- stabilisation.

Throughout all four stages of both frameworks, communication and collaboration between various stakeholders are crucial as each stage requires extensive decision-making and planning. It is however in the third stage of both frameworks – standstill/transition and operational combination – especially, where employees need to operationalise all these decisions through integrating them into the business processes and procedures. It is also during this stage that most employees appear to be challenged with having to adopt new values, belief systems and ways of doing things – all while they are measured against new performance standards (Marks & Mirvis, 1992) as was the case with this Tanzanian–South African merger.

Employees are the key factor when it comes to the successful implementation of change or the ORM model as in this case study (Lucas, 2002; Mullins, 2010) as change is a personal issue (Stuart-Kotze, 2006). According to Reeves and Knell (2009), it should be acknowledged that the process of change is an emotional process which might result in feelings such as anger, resentment and fear, yet also feelings of excitement, hopefulness and being energised.

The process of integrating the behavioural component with the required task component during a merger and acquisition should therefore be well managed

(Bansal, 2015; Cummings & Worley, 2015; Mullins, 2010). Bansal (2015, p. 932) refers to the behavioural component as "human integration" and the task component as "task integration". During the human integration process, shared values and positive attitudes should be shaped to establish a trust relationship and gain employee participation, as well as eliminate possible conflict situations (Birkinshaw, Bresman, & Håkanson, 2000; Björkman et al., 2007). In a study conducted in a commercial bank in Kenya, Ongong'a (2014) accentuates the important role shared values play in successfully implementing strategy programs, such as an ORM model in an organisation. Consequently, establishing socio-cultural assimilation between all the role players involved and a trust relationship between the Tanzanians and South Africans, which facilitated positive relationships and creates shared values. On the other hand, task integration refers to the specific activities that need to be dealt with in order to facilitate the effective operationalisation of the new strategy (Bansal, 2015). The task integration process entails establishing project teams, scheduling regular joint meetings and sharing knowledge, as well as transferring specialist skills (Bansal, 2015). In the task integration process, it is important to remember it is not about one group attempting to change the other group to be, or function, like them, but rather to collaborate and integrate capabilities so as to create an environment filled with complementary resources (Bansal, 2015; Parummasur & Barkhuizen, 2010). As with the human integration process, in the case of this merger, and considering the opinions of the participants, it seemed like the task integration process was also not performed effectively. Participants clearly feel they were not listened to and did not have a fair opportunity to share their knowledge, but were rather instructed without an opportunity for collaborative and complementary resource sharing.

As already alluded to, perceiving and experiencing change as something negative might result in employees feeling they are losing control, which will subsequently result in negative attitudes, which directly affect employee behaviour, and thus OR management. In an attempt to perhaps gain back some control, employees might resort to modifying their behaviour as Participant 43AMHO explained:

> Yeah, sometimes they try to push things using their positions, but what we do is that we change the language, we try our level best to just explain,

explain politely and go down, go down like bowing, to make sure that we get what we want instead of trying to command them.

Participant 36AMO concurred and stated:

> [T]hat’s why we sometimes become a bit, we try to enforce that and say, ‘no, no, don’t interrupt so much’. We expect that [the local bank] is independent, it’s a subsidiary, everything should be done here, but need the knowledge, the technology, the support from the group to facilitate the operation, but not interference.

Control or a lack thereof is not the only factor that affects employees’ attitudes. According to Participant 7AFHO, attitudes towards embracing technology introduced by the ORM model should be reconsidered, “people like me, fresh from school, energetic we go with technology and everything and something that the older many don’t understand”. Attitudes should also be altered with regard to race differences as Participant 7AFHO stated, “the attitude has to change because now internally people think the management is white. Whites don’t care about us. They want to make their profit and leave.” Participant 25AMHO was of the opinion the foreign bank was successful in giving the benefit of the change and the risk management through to the local people:

> [B]ecause you can see […] we have succeeded in so many parameters, we’ve succeeded and people they know, they are aware of it and we can see, because when there is a fraud issue that way at least you can easily manage or trace the problem. It has simplified the trend or to find the problem.

Participant 38AMHO appeared positive about the future and the effect this new generation and a Tanzanian as managing director could have on the success of the bank:

> I’m very happy that we have a generation now which can focus to the future, and in my mind I think this bank is poised to move ahead faster

> now because for one reason, we have a managing director who is a Tanzanian.

Participant 46AMO agreed with Participant 38AMHO and was of the opinion that attitude should focus positively on the future where employees move away from how things were done in the past prior to the introduction of risk management:

> I find that they are getting difficulty here, because we find here in [the current bank] – I used to work in [another bank] – there it was a bit different because the risk management culture was there before, so the staff attitude towards risk management was quite different as compared to (the current bank) at the moment, so at this time I must say we are still trying to build […] Because it seems even that senior management are still relying on the past experience. When you say something is risk, they say, 'but we used to do it this way all the time and everything was okay, now why should we do that?'.

Modifying behaviour through attitudinal change is complex and entails many layers; yet, overall Participant 38AMHO felt, "progressively I think we've done a lot in terms of changing the attitude". Participant 7AFHO was of the opinion that although slow, things were changing. The attitude and behaviour of employees still needed some consideration:

> So slowly we are picking up. […] but slowly I'm sure the culture has to change first. I mean, what's the point of me sending you an email. You not responding to me for a week, saying that you are too busy, you understand. People neglect the small […] But here the culture sucks.

Participant 21AFB confirmed that attitudes and behaviour were changing even though "people say in the flock there must be a black sheep. There are black sheep who are hard to change, but we are talking of the majority – people have changed, they are changing."

With this acquisition, like with any other acquisition in the world, and the subsequent change it brings along, it is important to have a good understanding of organisational behaviour and how such behaviour could be utilised to enhance individual and organisational performance through the development of risk management competence (Zoogah & Beugré, 2013). Part of this necessitates obtaining a better understanding of risk perceptions, as behaviour is predominantly informed by perceptions (Renn, 2008). Furthermore, it is essential to establish a risk culture that would assist in effectively implementing an ORM model. The organisation needs to align all its policies and practices to a common definition of risk culture, and the success of this is strongly dependent on how the risk manager drives this through quality management, how OR management is communicated and lastly, how it is accepted by employees and how it affects their behaviour.

The infantilisation of the Tanzanians by the South Africans was evident. It seemed that to some extent, the South Africans came to Tanzania and placed themselves in the role of parent and treated the Tanzanians like children. The Tanzanians clearly disapproved of this parent–child positioning. However, the Tanzanians were most definitely open to learn as much as they could from the South Africans about OR management, just not in the manner chosen by the South Africans.

A scenario of competition and cooperation was at play between the two parties. Cooperation is always good as it is in service of the task. Competition can be either good or bad. If the competition is in service of the task, i.e. OR management, it is good. Thus good competition and cooperation are essential for effective OR management and should be encouraged through consulting and knowledge sharing between both parties.

5.1.3 Influences, processes and controls enabling fraud

Operating in the framework of OR management, it was not that surprising to find the concept of fraud present in most of the participant interviews. After all, OR management aims towards implementing processes and controls in order to reduce risk and prevent fraud. Therefore, being a fundamental part of the transactional constituent of OR management, **influences, processes and controls enabling**

fraud stood out as significant sub-theme in this study. Two clear categories emerged within this sub-theme, namely appetite for risk and external influences.

5.1.3.1 Appetite for risk

Appetite for risk appeared to be a factor impacting on fraud within the organisation directly. According to Pompian (2016), 'risk appetite' refers to the willingness to take a certain amount of risk in return for a certain reward. In line with Pompian and within the sphere of banking, Hassani (2015, p. 7) defines risk appetite as "the level of risk a bank is ready to accept (assuming risk is measurable) to generate a particular rate of return". However, risk appetite is not only an organisationally defined construct which is quantifiable or measurable in terms of loss or profit, but also a behavioural concept situated within an employee's willingness to take certain risk, or commit fraud, in order to gain from it personally. The regular incidence of fraudulent behaviour within the organisation as indicated by participants to this study, appeared to be a suggestion of an increased willingness to take risks amongst employees. These risks furthermore appeared to be steering away from collectivism and socialism in the direction of individualism and capitalism. Differences were also evident between the risk appetites displayed by the younger generation in comparison to the older generation. The inadequate legal system and the inability to prosecute fraudsters effectively appeared to promote an environment in which committing fraud appears like a lucrative business with nothing much to lose.

The banking industry, according to Participant 6WMHO, was hit by a wave of organised fraud between 2008 and 2010. "Just of my hand, it was five big ones, totally different. And some of them we manage to stop, some slip through […] Big amounts and some of them was orchestrated from outside. So there was a mastermind outside thinking the thing through…". Participant 18AMHO confirmed this increase in fraud a few years ago "…we're being hit with a fraud – there were big frauds in the past" and questions the employees' intentions to manage risk effectively as follows: "are the people just working for a salary, or are the people working for the company?"

Participant 7AFHO was asked by an interviewer how often people or employees were charged with misconduct relating to fraudulent behaviour, and responded:

> A lot […] not a lot as in fifty out of hundred, no. But it happens when all of a sudden the non-performing book value goes high or that, because I'll call it a fraud now because if people knew what is happening.

This appeared to be contradictory to one's impression of a bank where there are rules and regulations and models being imposed and where there is very little room for fraud. So, how is the opportunity for fraud created? Participant 38AMHO suggested the space to commit fraud is created as a result of the current models found in the Tanzanian banking industry, still being young and not yet perfect. "There are models in place, but obviously they're not perfect and unfortunately I should also tell you it's not only [the local bank]; it's the banking industry. Remember, this is the first industry to be liberalised in Tanzania." Participant 17AMHO provided an example and suggested that in the past, the bank often experienced incidents where fraudulent documentation was submitted to obtain loans:

> [Y]ou can tamper with these documents. You can have a forged registration number, you can have a forged number for paying VAT [value-added tax] over at the Tanzanian Revenue Authority, and you can present some documents to a certain person and if he is not smart enough he won't discover anything […] people can exist for a long time without being discovered that he has a cooked story in it.

The idea of committing fraud appeared to be born the moment a loophole is discovered in the system. Participant 17AMHO hinted at this: "when an outsider feels that there is a loophole somewhere…". As was explained previously by Participant 38AMHO (see 3.1.1.2) the first bank and insurance company to enter the Tanzanian market after the liberation collapsed, "… as a result, most of the staff were retrenched, so these guys have not a job, they're busy opening offices, teaching people how to steal". With the introduction of new systems, there always seems to be a transition period when controls are tested to see how effective they are. As a result, Participant 38AMHO reminded:

> [I]t takes time for people to come to grips with the controls and always the young people move ahead – they move one meter ahead of you. So it has happened because somewhere the lack of controls, you discover it, you fix it, and then discover there's another here, you fix it.

Participant 17AMHO acknowledged that people differ from each other in how they reason and act, and he shares some of his thoughts pertaining to employee risk appetite:

> [I]t's interesting for me, I'm thinking that these people are now also taking risks, the people working in the bank, and how do they estimate to what extent are they going to take the risk of doing that, collaborate with that person or losing their job maybe? Because they also have assessed the risk there. Yeah, you know, people […] we are actually different. There are some people – for me probably I may say, okay, I value very, very much my job – but there are people who don't really care. They just see, okay, if say I can be involved in something whereby I can get say 200 million; if I can get 200 million then why should I continue with my job whereby I'm getting a salary of probably 700,000 per month?

Thus, weighing up the benefits and disadvantages associated with the risk, and in doing so, establishing the employee's boundaries of their appetite for risk.

The difference in perspective between the younger and older generations when it comes to fraud is quite clear, according to Participant 38AMHO and he provided a detailed example explaining the extent of the problem.

> They could see the difference, so the young people are, of course, intelligent, they're efficient, they can cope, they have ideas. Unfortunately, also they are so smart, they're stealing. And they don't steal small, they're stealing big money. They steal millions of dollars. I saw a house of one boy who stole here, he's got a swimming pool upstairs. The boy is just 26, he doesn't even care. Last year, or this year, we have lost not less than 6

> billion, which is your 5 million dollars – fraud. It's all fraud, credit fraud, there's non-existent credit, files that malfunctioned and somebody within the collateral, within the securities, because of lack of controls they initiated all the processes of registration of collateral, they informed the credit that your securities are now entered – because the same person was doing that. In fact, there was nothing. Credit authorised it, the person accessed the money. When all the money has been withdrawn they discover that actually there's no credit. When he went to the securities, the guy has resigned. Just a simple lack of control. But you see, in the past we used to have fraud of $5 000 – the older people in the bank will not take a chance; if I'm about to retire in 1, 2 years I cannot steal. If I am 20 years I will. If I steal now, I'm an old dog, I cannot learn how to […] So, they won't steal. If they are stealing, maybe it's negligence or it's small stealing […] But these young people on television, if they see Fifty Cents owning a house in Hollywood, that's the kind of a house you'd like to plant in Dar es Salaam, so they will steal big time.

Participant 17AMHO agreed in principle with Participant 38AMHO's view and elaborated regarding the risk appetite of the younger generation

> [N]ow there is some sort of a change […] there are so many young guys right now in town who have work. They live in very good houses, they drive very expensive cars […] On the other hand it [the good life] will tend to attract the young […] but most of the young, they stay alone or they stay with their fathers […] you know when you come from peasants, actually they [the youngsters] want to follow […] a good life, but then they can't have it because they do not have the means. So, sometimes they tend to be attracted by such a life and then again, they find the illegal means to get money so that they can also be in that …

Therefore, according to Participant 17AMHO, younger employees appear to be more susceptible to fraud when approached by someone who "has seen a control loophole and they approach me, and because I have a vision of having a good life […] it's so easy for me to be tempted to corroborate with that guy". Furthermore, Participant 17AMHO stated:

> [H]ere in [the local bank], the history shows that more so the guys that tend to corroborate with those outsiders are those of my age [youngsters]. So, to me that interest of having immediately a good life can pressurise me to look for a way that can accommodate what I want to have.

Participants 22AFHO and 23AMHO had a slightly different take on this and were of the view that people in general are willing to commit fraud and that it cannot necessarily be linked to the younger generation versus the older generation. Participant 23AMHO noted that "[b]eing young they take more risk …" and Participant 22AFHO confirmed, "I think in Tanzania especially, it's younger and older." According to Participant 23AMHO, the older generation, "They're more careful," yet, according to Participant 22AFHO, the older generation might reason "I'm retiring or something so I don't have a retirement plan, at the end of the day, just for me to make a plan." In contrast to Participant 22AFHO's observation, Participant 17AMHO explained the position of the older generation differently:

> For us, who are aged, we have families and we don't want our families to get involved in the problems. Once probably I get involved in a fraud or something like that, we wouldn't like our children or families to get affected.

The younger generation's appetite appears to be stimulated through their need to want 'the good life', whilst the older generation is faced with two choices: either choosing to retire with better financial prospects or not wanting to compromise what they have as well as putting their families in a difficult position.

So what is the risk in committing fraud? Unfortunately, according to Participant 7AFHO, it appeared –

> [M]ost of the times we find out when it's too late and people are put to task for something that happened two years back or three years back […]

> Those who ever approved are not in the building anymore. So this ones will look at the financials and all the documents and they'll find that, s**t, this is a bad debt.

According to Participant 7AFHO, most people "are not traceable…" Alternatively, Participant 7AFHO was also of the opinion that fraud is usually exposed when a new employee enters the organisation as "they don't know what the game is and all of a sudden someone here, someone new comes, who is not aware of what is happening. He will be the one who catch that fraud." Participant 7AFHO said, when these perpetrators are caught –

> [A]ll these people are prosecuted. So if they are still in the bank, those people will be put to task. They'll be interdicted whatever, but we don't go to the extent of recovering the costs. Which is usually, we go after the collaterals if they are valid.

A different, yet extensive view was shared by Participant 23AMHO who appeared quite certain that people were willing to engage in fraud and thus take risks and short-cuts, "because at the end of the day there's no real punishment". Participant 23AMHO believed taking a risk has two outcomes:

> The first one is […] you take a chance, if you win you get the benefit. You find that people won't be punished to a legal system by doing fraud; […] especially from the banking industry, the most people will sometimes get is get fired from the bank, and here's the money. Because they bribe the system, it's okay. And then another aspect from culture perspective, the society itself does not condone, or condones somebody who takes the short-cut – that's where the challenge goes.

Participant 23AMHO explained the consequences should a person be caught committing fraud, as follows, "what will happen, he'll get fired – that's the most, then he has the money". Participant 23AMHO emphasised the poor legal system quite often during the interview. He believed it created an environment for people to commit fraud as in the end, once the act has been committed, the money is yours and no one can take it back. Participant 23AMHO explained it as follows:

> I know, even if I take the money from [the local bank], there's nothing and nobody – what can you do if I won't pay that? Nothing. The most you can do as [the local bank] for now – I think there's been a change of regulation - which they can tie up my money if it's clear that I stole it. Then they just fire me and then you're left at the mercy to the legal system which I can manipulate with some money I got from you.

5.1.3.2 External influences

A favourable environment in which to commit fraud is often co-established with the inspiration of external influences such as family and friends benefitting from this fraud, as well as external parties who identified loopholes in the system. The matter of morality appeared to be justified within the boundaries of socialism in that as long as the majority benefits from the act, it can be accepted, ignoring or perhaps not understanding the negative effect it has on the larger society or the economy.

Participant 23AMHO thought the fraud problem was being ignored and not rectified because –

> [P]eople don't understand the impact it has for the majority of us. They just think, you only stole from (the local bank), you haven't been paying tax on your car; but you see, that's how it affects society, everybody's getting. It affects the people who want to invest in Tanzania, it affects the quality of people.

Participant 23AMHO expanded on the impression fraud leaves on potential foreign investors, "if I want to invest in foreign investment in Kenya and other countries, then I just come across a research like this and see that Tanzania is not that good – no, I won't invest.

Both Participants 22AFHO and 23AMHO also felt fraud was filtrating into the organisational culture. According to Participant 22AFHO, as fraud is present everywhere:

> [I]t starts with our leadership because if the guys at the top are just looking out for themselves, then even me who may be at the bottom, I'll only be thinking to look out for myself, and it's as simple as that I think.

Participant 17AMHO pointed to the secrecy with which fraud is executed:

> What I'm trying to say here is that people or our colleagues here, I mean, some of them who have attempted that issue [fraud], you may be with them all the time without knowing what they are thinking in their hearts. It's a very, very sacred/secret issue, so it's not an issue of seeing that (a colleague) is supplying this, I have to warn him. It's a bit difficult for you to know, unless you are part of that plan.

Additionally, committing fraud is often an effort between internal and external parties. Participant 17AMHO was of the view that

> [O]f course anybody outside the bank can only defraud the bank by collaborating with a banker […] There are people within this bank who can as well collaborate with the fraudsters outside the bank to defraud; because I believe that an outsider, it is very difficult for an outsider to defraud the bank without receiving some sort of assistance from an insider.

Participant 30WMHO agreed with Participants 17AMHO, 22AFHO and 23AMHO. At the time of the research, the community similarly encouraged fraud instead of preventing it and people ended up colluding in teams as Participant 30WMHO explicated:

> [B]ut then when you go that one step further, when it becomes the four of us, then surely when you start doing that it's pre-meditated and it

becomes a genuine fraud situation, because we're now trying to specifically defraud – and that would happen very easily. I think the community, in my perspective, is very much open to that type of thing because I think bribery is still very much alive and it happens on every level. Now I mean, if you don't try and stop it, it will never stop; and I can only use examples. You've spoken to the credit guys in terms of the loans, the group loans and stuff, so you have a loan agreement with a municipality, for instance, and the money is being deducted from the staff member's salary and then the municipality must now pay over that cheque to pay off the loans. Then they want money before they'll give you the cheque – that's bribery, because they are supposed to pay. I mean, they've taken the staff's money and they must just pay over to the bank, but they will not release the cheque unless that individual behind the counter doesn't get something for it.

Participant 23AMHO pointed to the moral dilemma with which bank employees were faced:

So then you're only forced to deal with your moral obligations, only, because nobody is supporting you. It depends from which family you come. Even your parents may be the ones who are forcing you to do that, because you see there is no […] 'So-and-so did it to so-and-so, they robbed for two years, now they have a house and they have X and Y, and what are you doing? This is your 10th year and you do nothing'.

Participant 23AMHO continued and shared how others would play on one's emotions to participate in fraud:

[U]nfortunately it's even being encouraged. People are telling you, they talk about it and say, 'you work for the bank, can you do something about it?' Why, why, why? You don't have a house now, you don't have anything, why? And you work at the bank? You must be silly.

Participant 23AMHO believed, that, from a cultural point of view, if the broader community or family benefits from the fraud, “you’ll be surprised, if I even go back where I live and I build a house 10 million US dollars, nobody laughs. In fact, people will even be proud of you – you are our guy.” When asked by the interviewer how this fraudulent act is justified, taking what is actually owned by the business and not by them, Participant 23AMHO responded saying, “It’s very simple for them – everybody’s doing it. If I don’t do it, then somebody else will do it.”

According to Power (2009), it is often the employees who are blamed should a financial system fail. Yet, the architects of these systems, filled with specific concepts and assumptions, are less visible and thus often not held accountable for such intellectual failure. In the spirit of entrepreneurship and in order to grow business, organisations have a legitimate right to a risk appetite; yet, it is important for the organisation and its employees to know the boundaries of this appetite (O’Malley, 2004; Power, 2009). Nevertheless, risk appetites have positive and negative elements to it and are driven from both an individual and organisational point of view.

Organisations utilise frameworks such as an ORM model in this case, to establish a healthy appetite for risk aimed at reaching the strategic goals of the organisation and achieving a good return on investment (Hassani, 2015). This is a strategic risk and should therefore be a target risk appetite (Power, 2009). Furthermore, risk appetite is no longer merely something to be measured, but rather a behavioural construction of organisational culture incorporating morality, values and experiences (Power, 2009). Employees’ appetite for risk and subsequent fraud appears to be a real risk to organisations. According to the most recent Global Economic Crime Survey released by PriceWaterhouseCoopers (PwC, 2016), Africa showed a significant increase in economic crime to 57% in comparison with 50% in 2014. According to this survey, internal actors (employees) remain the main perpetrators of fraud; however, the gap is closing and external actors are becoming increasingly successful in their influence (PwC, 2016). The findings of the present study confirmed this as participants highlighted the presence of and the role played by both internal employees and external people in committing fraud.

According to Bandura's (1991) social cognitive theory of self-regulation, most purposive human behaviour is regulated by forethought. In other words, people will form certain beliefs about what they can do and then consider the likely consequences of such an action. Thereafter goals will be set and the course of action planned in accordance with the outcome they desire. Within the social-cognitive idea, people will shy away from transgressive behaviour that might result in social condemnation; therefore, they will behave in a manner that will result in self-satisfaction and self-respect. However, as transgressive behaviour is something that is constructed within a person and not socially observable, external social condemnation does not deter people from transgressive behaviour. Thus, moral conduct is regulated through self-judgement in relation to personal standards and the context within which they function (Bandura, 1991). People finding themselves in social situations which encourage and foster transgressive conduct could weaken or abolish their own self-sanctions especially so if the benefits associated with the social situation outweigh the self-devaluative consequences (Bandura, 1991; Bandura, Underwood, & Fromson, 1975). This opens the door for outsiders to influence employees into acts of transgressive behaviour, such as committing fraud.

5.2 CONCLUDING TRANSACTIONAL FUNDAMENTALS

Chapter 5 portrayed the transactional features, which inform the behavioural indicators, which influence the management of operational risk. Participants voiced various issues, which relate to the operational nature of risk management, such as the chosen risk management approach, policies and procedures, compliance and bureaucracy matters and national and operational inadequacies. As was evident in this newly established organisation, and as was explained in 5.2.1.2, an organisation could be viewed as an open, sociotechnical system and therefore requires following a sophisticated and complex approach when two organisations merge and a new organisation has to be designed (Brown, 2014). In the financial context of this study, the Basel Committee prescribes broad supervisory guidelines and standards, for example the Concordat on cross-border banking supervision (BIS, 2015), which also has to be implemented in the case of this merger. Subsequently in the case of this merger the AMA was selected as most appropriate (BCBS, 2004b; Peters & Hübner, 2009). However, in Tanzanian it appears the AMA is too complicated for this still relatively young, and less experienced banking contexts, including OR management. However, the Tanzanian organisation was still required to interact with its external environment and coordinate the social and technical activities and their related subsystems in such a manner that operational risk was managed effectively.

Merging the two organisations from two different countries seemed to be a case of two worlds colliding. The manner in which the South Africans approached the Tanzanians was received with ambivalence, and was experienced by the Tanzanians as imposition. This commanding stance may be interpreted as a projection of the anxieties experienced by the South Africans onto the Tanzanians. Participants shared their frustration with unclear goals and diverse values, as well as with the technical challenges they experienced in the allocation of functions and the subsequent required activities and operations. Participants also emphasised their concern about structural matters, such as the ORM policies and procedures, which seemed to be out of touch with and pointed to a poor understanding of the Tanzanian context. The participants perceive the risk model to be more appropriate to a Westernised context as that is where it originates. Based on the findings of this study and the voices of the participants, this risk model, based on the Basel requirements, is therefore not appropriate to the African context.

Participants also shared their concern in establishing strong relationships whilst facing managerial challenges around directing, organising and coordinating the required risk management activities. A triad relationship was evident between complying with policies and procedures, cooperating with the South Africans, and being competitive in the Tanzanian financial sector. This triad relationship however seemed to be filled with psychosocial components, which hindered effective OR management. Too many controls and bureaucratic procedures posed a risk in itself as it ignored valuable expertise owned by the Tanzanians, and resulted in employees taking less ownership of managing risks. Participants were clear about the fact that a balance needed to be found between complying with policies and procedures, and taking personal ownership of the OR management and subsequent change. The stance participants take in this case can be expected. As Senge et al. (2014) confirms, employee commitment is not gained through compliance, but rather through employees buying into the vision of the organisation voluntarily. This in turn will result in positive attitudes towards required change, as is required in this Tanzanian–South African merger (Bansal, 2015; Senge et al., 2014; Steele, 2014).

The Tanzanian legislative context further increased risk as it did not act as a deterrent against criminal offences and behaviour such as fraud, forgery and bribery. As highlighted earlier sensible guidelines and regulations specific to mergers in the financial sector still needs to be implemented by Tanzanian regulators (Temu & Andilile, 2011). OR management works on the principles that legal systems are to some extent or the other shared and equally enforced. This implies the need to develop an ORM model that could 'plug' into the Tanzanian legislative landscape. As is evident in the above participant voices, the management of operational risk is a new concept introduced into Tanzania by the South Africans. Consequently, previous research giving insight into how the Tanzanian legal system and its subsequent laws assist or could assist with effective regulation and management of operational risk through prosecution, is not available, leaving a huge void.

In this theme, it is also evident how employees were left feeling de-authorised and disempowered due to all the skills challenges they faced. Jagero et al. (2012) confirms the challenge Tanzania face with skill shortages in certain industries and positions, and the effect this has on performance, which then becomes a HR risk. This seems to also be an African challenge where the lack of skills and skills development hinders sustainable economic growth (Zoogah & Beugré, 2013). Because of these frustrations, Africans appear to seek employment opportunities abroad (Cooke, Wood, & Horwitz, 2015). In an effort to address these skills challenges and enable development, the Tanzanian government opened up employment opportunities for Tanzanians through their privatisation of state-owned enterprises, such as in the banking sector (Makakala, 2014; Newenham-Kahindi, 2011). However, in the case of this merger, skills shortages and inadequate training hampered the effective identification and management of operational risks. Management decisions to close this skills gap by appointing youngsters fresh from university who had obtained a relevant qualification in banking or risk management, were further factors which intensified these feelings of de-authorisation. Coupled with employees feeling they were not being rewarded fairly this affected employees' level of motivation negatively and thus resulted in a new risk developing, namely motivational risk, which is not incorporated into an ORM model.

In a study conducted by Maugo (2013) findings indicate the importance of leaders in Tanzania adopting participative and consultative leadership styles. Within these styles, the emphasis should be on respecting employees, trusting them to do the job they are required to do, obtain their insights, and empowering and developing them through training. Regrettably, due to the absence of a transitional space where the role players could engage with each other with the aim of making better decisions, setting shared goals and creating a shared vision, the resistance to change and its subsequent conflict was not managed in a functional manner. Participants share how employees felt they were ignored and not listened to, and how the older generation felt the South African treated them like children, ignoring all their knowledge of the Tanzanian context. As such, due to the psychosocial components present in this transitional space and as a result of management not utilising the resistance to change as a functional conflict, effective change management and subsequently OR management were hampered. More than a decade ago, an Afro-centric Alliance (2001) pointed to the importance of leaders and managers responsible for change and development being flexible in their approach and first ‘content analyse indigenous employees’ responses from scratch, without any predetermined categorical framework at all’.

5.3 CHAPTER SUMMARY

In this chapter, the third and last theme, together with its three sub-themes and their related categories and properties as derived from this study was discussed in detail. This theme was situated within the transactional features of OR management and which informs the behavioural indicators of risk management. The operational nature of risk management, change management as the driving force behind risk management and influences, processes and controls enabling fraud were discussed and supported by the participant’s’ verbatim and unedited responses.

Chapter 6 will present a conclusion of this study, providing a deeper level of understanding of the psychosocial components that should form part of an ORM model. This chapter will present a new ORM model, grounded in the data collected, and incorporating the psychosocial components necessary towards implementing OR management in organisations effectively. This chapter will conclude with recommendations to organisations and further research.

CHAPTER 6 – DISCUSSION

> It is not easy to say something new; it is not enough for us to open our eyes, to pay attention, to be aware, for new objects suddenly to light up and emerge out of the ground (Foucault, 1969/1972, p. 44).

6.1 INTRODUCTION

Initially, I planned to have one chapter reporting on the findings of my study. However, as soon as I started working with the data and analysing it, I realised I was faced with a vast amount of data and many properties, categories, sub-themes and themes. Subsequently I decided to allocate one chapter to each of the three themes, which emerged from this multitude of rich data. Writing Chapters 3, 4 and 5, proved to be quite a strenuous and long journey. I had to work through an enormous amount of data and in the process, I had to ensure that I was giving a true and accurate reflection of the participants' voices and that I integrated it all meaningfully. After writing up the findings and presenting the participants' voices through verbatim quotes, I went back to each of these chapters and started integrating literature.

The aims of this study were to identify the psychosocial components that affect the implementation of an ORM model, and to construct a theoretical model that integrates these psychosocial components and related theory into an ORM model for implementation. Therefore, a report on an exploration of the construct of risk and the management thereof, as well as the primary components present in an ORM model as utilised in the financial sector will follow. Thereafter, a synopsis is provided of the psychosocial components impacting on ORM model implementation. A theoretical model of the psychosocial components impacting on the implementation of an ORM model is then presented. Finally, recommendations are made followed by a conclusion.

6.2 RISK AND RISK MANAGEMENT

As humans, we are confronted with various risks on a continuous basis and in all spheres of our lives. Whether it is personal risk, social risk or business risk, risk is everywhere and in everything, and affects people's objectives and what they value. Therefore, risk can be defined as the possibility of either gaining or losing something of value through one's actions even in the presence of uncertainty (Hillson & Murray-Webster, 2007; Kungwani, 2014; Renn, 2008). Hubbard (2014, p. 84) agrees, and defines risk as "a state of uncertainty where some of the possibilities involve a loss, catastrophe, or other undesirable outcome".

In order to ensure objectives are achieved and values are protected, risks need to be managed. Risk management necessitates the identification, assessment and control of any possible risks (Bessis, 2015), whether business-related or socially constructed. This is however a complicated process as many factors need to be considered in the process of managing the risks. One such factor is the capacity within a system or organisation to attain the required risk management knowledge and to utilise this knowledge to implement and action the necessary risk management policies and procedures within a complex context (Renn, 2008). Such a context is filled with specific social, cultural, political and behavioural influences (Cech, 2009; Van Niekerk et al., 2012).

Considering the complex nature of risk management, it is quite understandable that organisations often find it challenging to implement risk management models effectively, especially during cross-border mergers and acquisitions (Bessis, 2015; Van Greuning & Brajovic Bratanovic, 2009; Young, 2006). As discussed in Chapter 1, within the financial services sector, risk is classified into various categories, such as credit risk, market risk, country risk, legal risk and operational risk, amongst others (BCBS, 2001; Raghavan, 2003). Operational risk was key to this study and is defined by the BCBS (2001, p. 2) as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events".

6.3 PRIMARY COMPONENTS OF AN OPERATIONAL RISK MANAGEMENT MODEL

As the Basel Committee on Banking Supervision's (BCBS) definition of OR management indicates, the four risk factors of processes, people, systems and external events should be managed (BCBS, 2001). These factors and the resultant events arising from them should be managed proactively through the development and implementation of an ORM model. ORM models are designed in accordance with the approach chosen by the organisation. However, various models are available to guide risk managers in building a holistic, integrated, yet somewhat complex enterprise-wide risk management model (Blacker, 2000; Young, 2006).

MacCrimmon and Wehrung (1986) propose a model created around the reduction of one or more of the constructs of magnitude of loss, chance of loss and exposure to loss. According to Young (2006), such a model should be structured to include four OR components:

- strategy incorporating goals and objectives;
- ORM process;
- organisational governance structure establishing roles and responsibilities; and
- the environment and culture within which to manage the risk.

Various ORM processes are proposed. According to Blacker (2000), the process of identifying risks occurs within four phases, namely risk identification, risk estimation, risk evaluation, and risk mitigation. Young (2006, p. 33) views the ORM process as "the systematic application of risk policies, procedures and practices" through OR identification, evaluation, control, financing and monitoring. Huber and Imfeld (2012) agree with Young (2006) that the ORM process is a systematic method, and that it starts with risk identification and/or reassessment, mitigation, controlling and reporting and concludes with outlining a risk strategy.

6.4 CONCEPTUAL FRAMEWORK: PSYCHOSOCIAL COMPONENTS IMPACTING ON ORM IMPLEMENTATION

As part of the development of a theoretical model of psychosocial components that impact on the implementation of an ORM model, I found it useful to consider the psychosocial relationship in business and to present a brief discussion of this triad relationship and the influence on sustainable OR management.

6.4.1 The psychosocial relationship in business

The management of risk works within a triad as illustrated below in Figure 6.1.

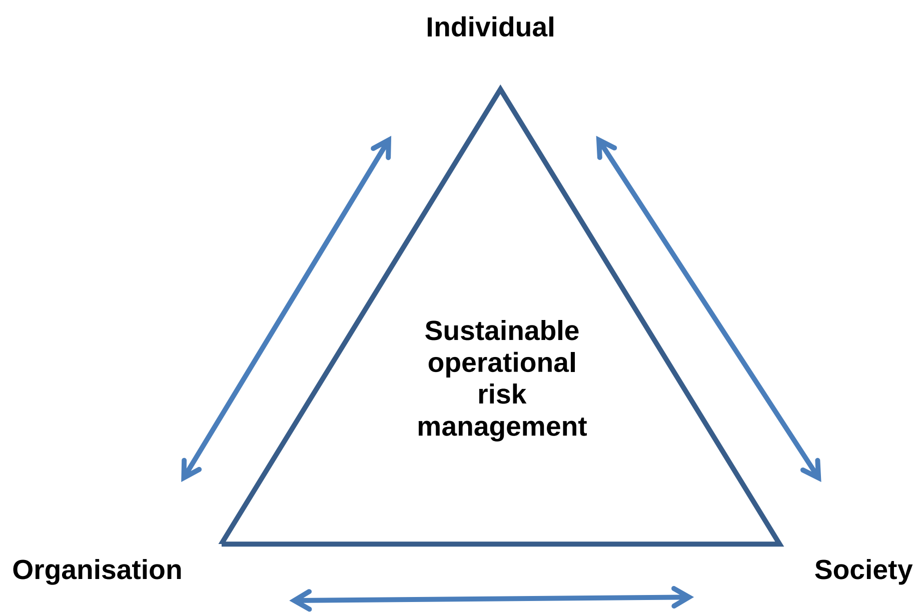


Figure 6.1 Triad relationship in OR management

In order to ensure effective OR management, consideration should be given to all the stakeholders who are involved at individual, organisational and societal level. Firstly, during the process of implementing an ORM model to assist with the management of risk, careful consideration should be given to how this process and subsequent model will impact on the experience of the individual responsible for risk management in the organisation. This process unavoidably requires change and adaption by the risk official responsible for the implementation; yet, within a context not always compatible with the required change. This could ultimately have a negative influence on the experience of the individual in terms of the process and subsequently risk management. This in turn has the possibility of negatively impacting on the effective implementation of the ORM model and thus the second party in this triad, the organisation. The risks of the organisation might increase, and effectiveness or productivity might decrease. Thirdly, in turn, this will also directly impact on the society represented by the customer. Should a customer have an adverse or unpleasant experience in doing business with the financial institution it would influence the impression the customer might have of the organisation, as well as the risk official's inability to give the customer a positive experience. In turn, this might result in lowering the customer's appetite to want to do business with the financial institution in future and subsequently will filter through to society and the market segment in which this organisation wishes to conduct future business.

6.4.2 Conceptual framework of psychosocial components present in OR management

Through the participants' voices, numerous themes, sub-themes, categories and properties emerged from the data, and are presented in Table 6.1. From the initial data analysis, 19 categories emerged with their related properties and were developed into the following three core themes:

- History, organisational culture and climate shape behaviour: two worlds
- Diversity management: bridging differences towards managing risk
- Transactional fundamentals informing behavioural indicators of risk

Table 6.1 Overview of the themes, sub-themes, categories and properties that emerged from the participants' voices

THEME 1 – History, organisational culture and climate shape behaviour: two worlds		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
Historical culture embedded in society through tradition	The Tanzanian culture and history	• Local history • Socio-cultural formation • Cooperative economics • Cash-based economy • Informal financial culture
	History of the banking sector in Tanzania	• Liberation of the banking sector: a process of change and relevance • Formalising risk management
Organisational culture influences behaviour	Disconnect: perceptions, assumptions and expectations	• Perceptions and assumptions • Stories
	Values and norms embedded in organisational culture	• Interpersonal relationships • Communal relationships
	Establishing structures and boundaries	• Organisational structure and control
The organisational climate: a social system	Psychologically rewarding experience	• Sense of belonging • Impacting on organisation success • Reward system
	Relational interaction towards a trust relationship	• Aligning personal values and organisational culture • Participative decision-making and sharing of knowledge

THEME 2 – Diversity management: bridging differences towards managing risk		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
Diversity and the interdependence amongst stakeholders	Trust and increased levels of stress	• Experiences between individuals • Organisational demands and uncertainty
	Diversity in business through culture, skills and women	• Integrating business with culture: a generational perspective • Restricted skills range • Breaking the traditional mould: the emergence of women
	Leader-follower relationships	• Segregation: traditional superiority vs. business hierarchy • SA leaders and Tanzanian followers
Diversity management and the right of existence of risk management	Acceptance of risk management	• Embracing the change • Young vs. old
	Appetite for risk	• Socialism vs. capitalism • Socialist legal system
THEME 3 – Transactional fundamentals informs behavioural indicators of risk		
SUB-THEMES	**CATEGORIES**	**PROPERTIES**
The operational nature of risk management	Risk management approach	• Appropriateness of the AMA • Uneven playing field
	Policies and procedures	• Relevance to the Tanzanian environment • Implementation and review

SUB-THEMES	CATEGORIES	PROPERTIES
	Compliance and bureaucracy	• Controls and checklists: minimising human decision-making • Compliance and its impact on business growth
	National and operational inadequacies	• Lack of national infrastructure systems • Short timeframes • Technology • Regulatory and legislative considerations • Human resources
Change management: the driving force behind risk management	Managing the process of change	• Resisting the change • Effective communication and consultation • Modifying behaviour
Influences, processes and controls enabling fraud	Appetite for risk	• Incidence of fraud • Generational differences • The risk in committing fraud
	External influences	• Morality and external encouragement

The three core themes and their related sub-themes, categories and properties were presented in detail in Chapters 3, 4 and 5 respectively, together with a review of the theory. I then developed a conceptual framework presenting these themes, sub-themes, categories and properties that emerged from the data (see Figure 6.2) to assist me during the process of conceptualising the theoretical psychosocial model of OR management. Before presenting the theoretical model, a brief discussion illustrating the interrelatedness of these psychosocial components with OR management is necessary.

6.4.2.1 *Theme 1 – History, organisational culture and climate shape behaviour: two worlds*

In this study, it was evident how behaviour is informed through and shaped by two forms of culture, as well as climate, bringing together two worlds. During a cross-border acquisition, two organisations joined to form a new organisation. However, each organisation already had its own established organisational culture and climate and each was influenced by its unique, rich national culture and history (Sacek, 2012; Zoogah & Beugré, 2013). Through the voices of many participants, it was evident that the **historical culture** was embedded in society through many age-old traditions. Participants highlighted their strong Tanzanian culture and history, which was evident through the stories they shared about their local history, their unique socio-cultural formation, their application of cooperative economics, their predominant cash-based economy, and their subsequent informal financial culture. They also shared stories on the history of the banking sector in Tanzania, how this sector was liberated and how they became acquainted with the construct of risk management in banking, as introduced by the South Africans.

It is therefore proposed that the historical culture as it was embedded in the Tanzanian society through age-old traditions dictated behaviour towards OR management (Brown, 2014; Karenga, 2010; Zoogah & Beugré, 2013). The local history of a nation and the manner in which the socio-cultural context has dealt with risks over the ages, cannot be separated from how employees engage with OR management in a business context. The concept of cooperative economics, as is found in this socialist culture (Nyerere, 1967), together with dynamics surrounding this predominantly cash-based economy (Norne et al., 2015; World Bank, 2016) and how society deals with financial matters in an informal manner appeared to be in conflict with the formal nature of OR management introduced in the bank. The change required by OR management and its relevance, in a country where the banking sector is still in its infancy after liberation, should be carefully considered when planning and implementing an ORM model.

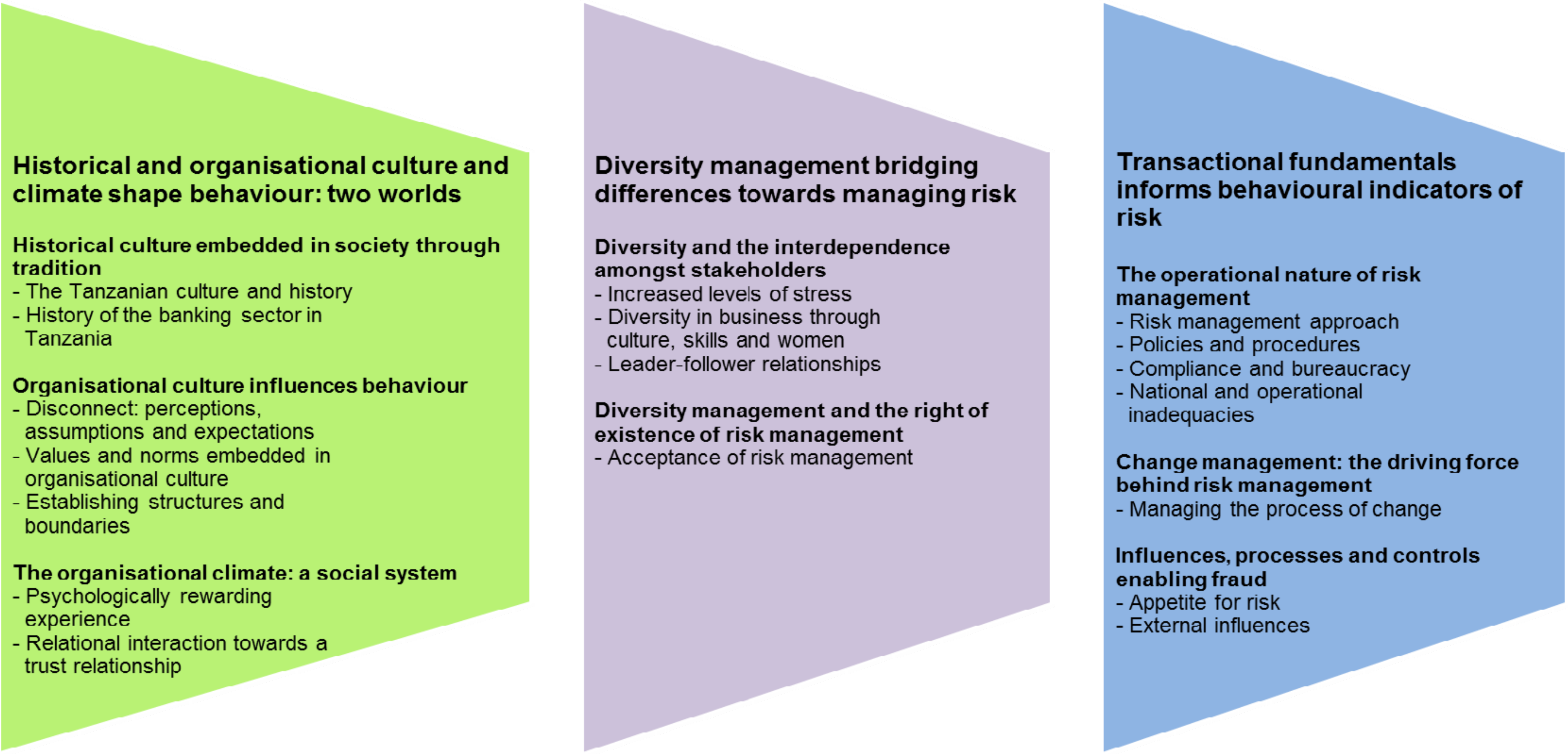


Figure 6.2 Conceptual framework of the psychosocial components impacting on the implementation of an ORM model

Participants further emphasised the influence of **organisational culture** on the behaviour of the Tanzanians. Evidence points to behaviour being informed, firstly, by the disconnect that existed at the time of this research as a result of perceptions, assumptions and expectations that formed in the minds of all the stakeholders involved in this acquisition. Secondly, values and norms, which were embedded in the organisational culture, impact on both interpersonal and communal relationships. Embedded in the organisational values and norms should be a focus to build relationships based on understanding and with the aim of gaining trust. Thirdly, through instituting a role culture, filled with bureaucracy, structures, boundaries and control mechanisms, employees experience the process of OR management to be an exercise in which excessive control is exercised and no room is left in which to develop relationships of trust with both colleagues and clients.

The **organisational climate is a social system** in which employees interact with one another on a continuous basis. It was evident from the responses of the participants that high value was placed on an organisational climate within which they could participate and were treated fairly. Thus, employees wished for a psychologically rewarding experience where they would experience a sense of belonging and where they believed they could make a positive contribution towards the success of the organisation, whilst being rewarded fairly for their contributions (Jiang et al., 2015; Mullins, 2010). From the evidence provided in Chapter 3, it was also evident how employees built relationships and interacted with the aim to build relationships based on trust. Being able to establish trust relationships is vital within the socialist context of Tanzania. Since the organisation was also regarded as a social system, it became an extension of the cultural society, and participants clearly stated the importance of being able to align their own personal values with those situated within the organisational culture, as well as being presented with the opportunity to participate actively in decision-making and in doing so, to share their knowledge.

Relationships at various levels were being challenged. The foreign company was being regarded as the enemy and this appeared to place strain on the relationship between the two organisations. This was further complicated by interpersonal demands on the employee–employer relationship. Relationships with clients were strained due to all the new requirements brought about by the ORM model and checklists. People were living with a constant fear of their relationships breaking down and the effect this might have on them within their social environments as well as on the organisation. Through the participants' voices, it was evident that relationships built on trust were being replaced by relationships overshadowed by fear. Therefore, in managing one risk, another risk was created. With the implementation of OR management, the risk of harming relationships amongst people of the same national culture, in which trust was regarded highly, became a new reality.

6.4.2.2 Theme 2 – Diversity management bridging differences towards managing risks

Understanding and influencing behaviour were complicated by all the diversity present in the system. It was evident from the participants that diversity was found in many aspects of this new **interdependent relationship amongst stakeholders**. Firstly, evidence pointed to varying experiences between diverse individuals, as well as organisational demands and uncertainty, which resulted in issues with trust and increased levels of stress amongst the stakeholders. Secondly, people from different countries, cultures, organisations, genders, ages and with different knowledge and skills bases were now interdependent. Participants from the younger generation integrated their cultural background and business differently from the older generation. The ORM skills range in Tanzania was restricted in comparison to skills in South Africa and hampered effective OR management in Tanzania (De Villiers, 2008; Edwards, 2004; Jagersma, 2005). Between the two cultures, a significant difference had also been established in terms of the emergence of women in the formal business sector. Since the merger, the traditional mould in Tanzania was slowly being broken. Thirdly, diversity was also present within the relationship between leaders and followers. Segregation was creeping in between traditional superiority and business hierarchy (Jackson, 2011; Zoogah & Beugré, 2013). This was further complicated by the positioning of South Africans as leaders in management positions in comparison to the Tanzanians becoming the followers.

Many personal factors were impact on the experience of stress associated with the implementation of OR management. The personality type of a person influenced his or her behaviour, and factors such as judgement, perception, relationships, trust, decision-making and involvement need to be considered in order to manage the stress associated with this required change effectively. As Tanzanians live within a socialist society, they have a fear of being excluded from the social systems that give them security. Participants felt strong about the value situated within the human element present in OR management. Acknowledging the presence of the human element would assist in lessening barriers such as judgement, perceptions, relationships, trust and decision-making, rather than over-relying on impersonal mechanisms, policies and procedures. Failing to acknowledge the human element might result in employees shying away from taking the required ownership towards implementing an ORM model and managing the required change effectively.

The **right of existence of risk management** was further threatened by diverse views and contexts. Introducing OR management, predominantly acknowledged as a construct from the Western world into the world of business in Tanzania, an African world, entailed bridging many differences. Evidence pointed to employee behaviour being influenced by their willingness to accept OR management and embrace the required change. This was however complicated by generational differences as the younger generations behaved differently towards risk management in comparison to the older generation (Idris et al., 2013; McDade & Spring, 2005; Mohd et al., 2015). Employee behaviour was furthermore influenced by their appetite for risk. This appetite for risk is a tug of war between the forces of socialism and capitalism, and often fuelled by the socialist legal system at the time of the research. In the financial sector, a healthy appetite to engage in risk, which would grow the business in a sustainable manner, was encouraged. However, if an appetite for risk develops, which is against the good of the organisation, its employees and society, driven by greed and threatening the future of all stakeholders involved, it becomes a negative risk.

6.4.2.3 Theme 3 – Transactional fundamentals inform behavioural indicators of risk

Behaviour appears to be significantly affected by various transactional fundamentals underlying the ORM process. These transactional fundamentals can be categorised into three sub-themes, namely the operational nature of risk, change management as the driving force behind risk management and the influences, processes and controls enabling fraud.

The **operational nature of risk management** is firstly guided by the risk management approach within which the organisation chooses to operate. Participants strongly questioned the appropriateness of the AMA and were of the opinion that the STA would have been better suited to their environment. As a result, this influenced their behaviour to the chosen approach and they felt strongly that it created an uneven playing field in which they have to compete with other banks. Secondly, the policies and procedures resultant from this advanced approach received a lot of resistance as the participants felt they were not all relevant to the Tanzanian context. Evidence indicated a need to review these policies and to reconsider their relevance before implementation. Thirdly, the compliance and bureaucratic nature of OR management minimised the employees' decision-making power and resulted in it becoming merely a checklist exercise, leaving the employees feeling de-authorised, which had a direct impact on the growth potential of the business. Lastly, various national and operational inadequacies appeared to hamper the implementation of the ORM model and thus negatively impacts on the behaviour of the employees. Participants emphasised how matters such as the lack of a national infrastructure system, short time frames, challenges with technology, regulatory and legislative considerations and several HR issues hindered their ability to implement risk management effectively.

Due to the new and unfamiliar nature of risk management, as well as the complex and sophisticated manner in which risk is managed in Tanzania, participants appeared to experience the ORM model as excessive control. This perceived excessive control appeared to hamper effective decision-making and promoted rule-following behaviour, which resulted in risk management becoming merely a compliance issue of ticking all the boxes in a checklist. Quality risk management is sacrificed as the intuitive element present in the relationship between the employee and the customer is disregarded and the trust relationship is harmed.

Honouring relations are valued highly within East African cultures (Hofstede, 2010). Yet, in this new relationship between the foreign bank and the Tanzanian bank, trust has not yet been established. Consequently, the implementation of the ORM model and all the change it necessitated, were experienced negatively by the bank employees and even the clients. Implementing change within an organisation often results in higher levels of anxiety and stress (Brown, 2014; Cummings & Worley, 2015; Hitt, Miller, & Colella, 2006). In an attempt to contain the anxiety and reduce stress, organisations will often opt to increase control and implement more policies and procedures, which appeared to be the case in the organisation under study.

As already stated, **change management is the driving force** behind the implementation of an ORM model (see 5.1.2). Participants pointed to a clear resistance to the required change by several employees (see 5.1.2.1). Participants voiced a strong dissatisfaction about the manner in which the required change had been communicated and felt ignored. Being consulted was very important to them as they lived close to the Tanzanian reality and had to ensure the effective implementation of this ORM model. Individual and organisational behaviour had to be modified to support the change needed and to ensure growth and success.

Forcing change will result in resistance (Parummasur & Barkhuizen, 2010). If the parties involved were not open to accept this change and make the necessary changes to both the Tanzanian context and the ORM model, a high price would have to be paid. Resistance would be experienced and pressure would build up until either the environment in which this model has to function is damaged or the model itself becomes ineffective. Either way, something will have to give and this will most probably result in damage to both the environment and the model.

The manner in which the ORM model was implemented unmistakably resulted in a negative psychological effect. The psychological effect brought about by the change, had evidently resonated in heightened levels of fear, anxiety and stress, as well as decreased levels of motivation and job satisfaction, and eventually resulted in less ownership taken by employees in their jobs. As not all the stakeholders were included in consultations and negotiations, fear for the security or existence of the bank, employees' job security, the impact on the societal cultural expectations and the fate of the older generation came to the fore. Within the socialist system, people are driven to help one another (Nyerere, 1968). Therefore, employees have a desire to help clients. The implementation of the ORM model appeared to have held back these employees as the decision, for example, to grant a loan to a client no longer lay with them and they had no say in it. Ultimately, they feared that by rejecting a client or not being able to help a client, they would be excluded from the community. This was also true when it came to reporting of, for example, fraudulent activities. The whistle-blower is often punished through rejection or exclusion from the community for selling out a community member, rather than the person committing the fraud receiving the punishment.

Evidence pointed to the way various **influences, process and controls enable fraud** to occur. The appetite to engage in risky behaviour was apparent through several serious incidences of fraud. Evidence showed differences in this appetite for risky behaviour between generations. Participants stated it clearly that the younger generations had a much higher appetite for risk than the older generation. Before engaging in risky behaviour, participants were clear that once the risk involved in committing this fraud had been assessed and weighed against the possible consequences of being caught; people often did not lose their appetite. External influences were clearly also continuously encouraging fraudulent behaviour. Societal influences and a lack of morality appeared to condone fraudulent acts and even sometimes encouraged it, once the social group had benefitted from this fraud.

Three important transactional fundamentals underlying the implementation of an ORM model informed the psychosocial behaviour of the risk employees. An ORM model would fail if consideration is not given to –

- how this model should be designed and how it should function in line with national and operational inadequacies;
- how the change process necessary to effect this model is going to be managed; and
- how the various influences, processes and control that have the potential to enable fraud through risk appetite stimulation, will be managed.

6.5 THEORETICAL MODEL OF PSYCHOSOCIAL COMPONENTS IMPACTING ON OPERATIONAL RISK MANAGEMENT IMPLEMENTATION

As discussed in Chapter 1 various risk approaches or frameworks – such as the framework of social amplification of risk (Breakwell, 2007); the post-modern perspective (Dean, 1999); the cultural theory approach (Adams, 1995; Lupton & Tulloch, 2002) and the systems theory approach (Luhmann, 1993) – have been developed to explore social constructs related to risk management. From these approaches and frameworks it is evident that risk is socially constructed through people's thoughts, perceptions, relationships, motivations, values and actions, as well as their culture.

Corresponding to Renn's (2008) proposed risk governance framework, Van Niekerk et al. (2012) identify four aspects that influence psychosocial components, namely culture, relationships, motivation and behavioural indicators. From a cultural point of view, both in society and in organisations, people make sense of risk at an emotional level (Smith, Mackie & Claypool, 2015). According to Renn (2008), people's view of risk is subject to how they process behavioural indicators and perceptions, and shaped by how they reason logically, their individual experiences, social communication and cultural traditions. From a psychosocial position (which incorporates culture), individuals are involved in systems involving interpersonal relationships, organisations and social dynamics – all of which influence one another (Van Niekerk et al., 2012). In addition, within group dynamics, the group has an influence on conscious processes and, subsequently, on the noticeable behaviour of its members (Cilliers & Koortzen, 1997). Therefore, such an experience influences the emotions and behaviour of group members. The above highlights the importance of paying specific attention to all social, cultural and behavioural components which have an impact on OR management.

As noted in Chapter 1, the BCBS (2001, p. 2) defines operational risk as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events". Young (2006) proposes adding a fifth factor, namely business strategy, to that list. Even though 'people' constitutes a specific factor that presents an operational risk, organisations tend to focus all their attention on 'hard' challenges such as infrastructure, goals and objectives, processes, organisational governance structures and return on investment, when designing an ORM model. Many ORM models imply that the 'people' component will be addressed by establishing roles and responsibilities, and setting goals and objectives, and thus do not substantively address either people or their behaviour as factors in effectively managing operational risk. As a consequence, insufficient attention is given to the 'softer' people challenges, such as those situated in human behaviour and influenced by cultural differences.

The theoretical psychosocial model of OR management, developed through this study, views the organisation as a sociotechnical entity, in addition to accommodating those intra-continental, inter-organisational, intra-organisational, inter-group and inter-personal aspects of human behaviour which are situated within the psychological and social domains. This particular model looks especially at the interaction between the sociotechnical and the dynamic present during an ORM implementation. It aims to provide a holistic view of the people or behavioural components that have an impact on the implementation of a sustainable ORM model during a cross-border merger, and on business in general. The model, along with the interpersonal factors it presents, thus becomes an extension of, and builds on, the psychosocial components proposed in models such as those discussed earlier. (For more on the interpersonal factors, see later.) A theoretical psychosocial model of OR management is presented in Figure 6.3, depicting, in layers, what the psychosocial element entails in respect of enablers, drivers and components.

As enablers, drivers and components are terms often used in the fields of finance and industrial and organisational psychology, amongst others (Chileshe & Kikwasi, 2014; Coetzee & Esterhuizen, 2010), I found these terms appropriate to introduce and discuss this model. Through the psychosocial enablers, drivers and components I am further able to highlight the layered nature of this model. An interdependent relationship is evident between the psychosocial enablers, drivers and components presented in this model and the risk factors as identified by the BCBS (2001) and Young (2006), as the one cannot be without the other. These psychosocial enablers, drivers and components enables effective management of the risk factors (i.e. people, processes, systems, external factors and business strategy impact). This interdependent relationship will now be discussed in more detail.

This theoretical psychosocial model was developed in the context of a cross-border merger, within a high-risk situation and consists of risk factors, psychosocial enablers, psychosocial drivers and the subsequent psychosocial components that relate to the implementation of an ORM model. As identified by the BCBS (2001), people, processes, systems and external factors become the **risk factors** and are key areas that have to be managed during OR management. Young (2006, p. 8) formulated a fifth risk factor, namely ‘impact of business strategy’, after studying various definitions and views of OR. From a transactional point of view, organisations function in accordance with various policies and procedures, dictating which *processes* should be followed in doing business. These processes are influenced by various interpersonal factors which – if ignored – may result in shortcomings being identified and losses accruing to the organisation. The interpersonal factors underlying the transactional fundamentals of OR management will be unpacked in more detail through the theoretical psychosocial model of OR management (see Figure 6.3). Organisations rely on *people* to apply their knowledge, skills and experience towards managing and operating these processes and, in doing so, to conduct business. Organisations also cannot function without *systems,* which are positioned to support the processes. Systems failing due to programming errors, system downtime or integrity of data could also result in loss to the business. Deciding on the most effective and suitable *business strategy* is another factor which could result in risk as it directly impacts on the people, processes and systems and could hamper effectiveness. The *external environment* is the last risk factor considered during OR management. Risk is situated within the external environment in that it could arise from natural disasters, changes to political and economic policy and regulatory and legislative matters.

These five risk factors are also critically informed by three **psychosocial enablers,** which enables OR management, yet are often not incorporated into these five risk factors by risk managers. Psychosocial enablers are key to effective interactions in operational environments as it enables trust and collaboration when two diverse worlds meet and have to become effective (Gill & Thompson, 2015) Currently these three psychosocial enablers are not expansively incorporated into existing risk management or OR management models. These psychosocial enablers are categorised as history, culture and climate; diversity management; and transactional fundamentals. The national and organisational cultures, together with the organisational climate established, enable through psychosocial behaviour, the successful implementation of business strategy through people, processes, systems and the external environment. Organisations are furthermore filled with complex and often ignored diversities, which have to be managed. Diversity management becomes an enabler through which business strategy is designed and people are empowered and effectively utilised to implement the necessary processes, ensure the development and implementation of effective systems, as well as manage all the factors present within the external environment to impact on OR management. Finally, taking cognisance of all the transactional fundamentals, and how impacts on the people, processes and systems within the organisation, together with the influence on and by the external environment, would assist in understanding psychosocial behaviour better and subsequently inform the development of business strategy. This understanding will enable the successful implementation of an ORM model.

The psychosocial enablers are further layers with unique **psychosocial drivers** that influence behaviour and creates specific abilities in the system (Laffort & Cargnello-Charles, 2014) during the process of OR management. The psychosocial drivers consist of the:

- national culture;
- organisational culture;
- organisation as a social system;
- interdependence amongst stakeholders;
- right of existence of risk management;
- operational nature of risk management;
- management of change; and
- enablers of fraud

These psychosocial drivers are incorporated to some extend into various risk approaches or frameworks such as the framework of social amplification of risk (Breakwell, 2007); the post-modern perspective (Dean, 1999); the cultural theory approach (Adams, 1995; Lupton & Tulloch, 2002); the systems theory approach (Luhmann, 1993); Renn’s (2008) risk governance framework; and the aspects influencing psychosocial components of Van Niekerk et al., (2012). However, these psychosocial drivers are not integrated into the design of OR management frameworks or models (Young, 2006).

The **psychosocial components** can be found concealed in the spaces between the psychosocial enablers and drivers. The psychosocial components refers to the psychological dynamics present in these spaces and where risk employees have to interact and where different worlds meet. Human meets human and human meets risk.

In addition, these meeting grounds and spaces are filled with elements of both the known and unknown. As these spaces are sometimes concealed or cluttered with psychosocial components not always clearly understood, it could result in confusion and chaos leading to these psychosocial components being either ignored or dealt with inappropriately. Like the psychosocial drivers discussed above, some of these psychosocial components are incorporated into approaches or frameworks within social psychology and industrial and organisational psychology. However, these psychosocial components are not incorporated into existing OR management frameworks or approaches (Young, 2008) and thus results in such frameworks or approaches being ineffective. In order to avoid confusion and chaos, it becomes imperative to acknowledge the unconscious dynamics and its potential negative impact on OR management. It also becomes important to work through and acknowledging these interpersonal factors present as contained within the following thirteen psychosocial components:

- tug of war between opposing worldviews;
- segregation;
- being ignored;
- perceptions and assumptions;
- being burdened by accountability and responsibility;
- excessive control;
- stress, fear and anxiety;
- uneven playing field;
- splits and ambivalence;
- risky alliances and collusion;
- mirroring;
- motivational risk; and
- de-authorisation.

The theoretical psychosocial model of OR management developed through this study extends on the work incorporated in exiting models as it integrates these psychosocial components to enable effective management of the key risk factors of people, processes, system, external factors and business strategy impact as proposed by BCBS (2001) and Young (2006).

At the time of the research, a definite tug of war was at play at the organisation under study between two opposing worldviews, namely socialism and capitalism. The differences between these worldviews were emphasised by the participants as socialist roots collided with the capitalist desires of OR management. The entry of capitalism into a socialist system resulted in segregation, as a new organisational hierarchical structure had to be established (see 3.1.2.3). Traditional superiority as prescribed by the socialist culture was ignored as leaders were appointed in accordance with business practices typical of a capitalist world (see 4.1.1.3) and new hierarchical levels were established (see 3.1.2.3). Within this tug of war and all the diversities present in this new context, together with the capitalist economy dominating through the ORM model, the development of trust relationships were obstructed as employees felt they were being ignored (see 6.4.2.2). Being ignored left employees feeling uninformed and voiceless on important matters, which related to their reality and the subsequent implementation and management of OR and the required change. Open and transparent communication was necessary to address the need to be well informed or to clarify differences that were present in this new relationship. If such communication was lacking, perceptions and assumptions were erroneously formed (see 3.1.2.1).

Risk seemed to be managed by different stakeholders. However, as a result of different risk management approaches, splits and ambivalence were experienced between the stakeholders. As a result of the different risk management approaches present, as well as the struggling trust relationship between these opposing worldviews, employees experienced the ORM model and all its subsequent policies, procedures and checklists as excessive control (see 3.1.2.3 and 4.1.1.1). These experiences of excessive control resulted in disconnect between stakeholders, obstructing effective decision-making and hampering the forming of vital trust relationships. The perceived excessive control further resulted in accountability and responsibility becoming a burden to employees as they were caught in between the demands of their employer on the one hand and society on the other hand. The uneven playing field created by the chosen risk management approach appeared to leave employees debilitated in managing operational risk effectively.

Stress, fear and anxiety were experienced as a result of a multitude of diverse elements, which hampered establishing healthy trust relationships and impeded on a psychologically rewarding experience of employees. These experiences of stress, fear and anxiety were not only a consequence of all the psychosocial factors mentioned in above, but also resonated through feelings of de-authorisation. De-authorisation is experienced by employees who lack the necessary risk management skills as a result of inadequate training and who now have to witness the appointment of youngsters fresh from university with banking or risk management qualifications and who are regarded as more competent than the employees themselves. External appointments are aimed at closing the knowledge gap in the organisation (see 5.1.1.4.5), instead of empowering current employees through providing them with the required training and mentoring to obtain the essential risk management skills (see 5.1.1.4.5). This results in the formation of a new type of risk, namely motivational risk. Motivational risk is therefore a result of HR-related challenges that not only include capacity and skill shortages, inadequate training and development, but also unsatisfactory remuneration.

The above-mentioned psychosocial components seem to be accentuated through the presence of mirroring (see 4.1.1.3). Mirroring occurs between all the role players involved and at various levels in this newly formed relationship, as well as across the diverse elements present in this system. Mirroring could be between different countries, within and between stakeholders in a country, within and between management and the employees (i.e. between head office and the branches as well as between leaders and followers), and between the financial institution and its clients (see 4.1.1.3). Uncertainty seemed to emerge in the presence of the above-mentioned psychosocial components and gave rise to risky alliances and collusion. Risky alliances and colluding relationships inform an appetite for risk, which could have a negative or a positively influence on effective ORM implementation, or both.

Two of the questions this research addressed were:

- how do Tanzanians perceive risk? and
- what are the psychosocial components that impact on the implementation of an ORM model?

Identifying and acknowledging these psychosocial components firstly, assist in understanding better how Tanzanians perceive risk, and secondly, how they work with the psychosocial components that impact on the implementation of an ORM model. Understanding this concealed, yet confused and sometimes cluttered space where human meets human, and human meets risk, assists in gaining a clear understanding of employee behaviour and what informs it. The psychosocial enablers, drivers and components become a strategic imperative in the design and implementation process of a sustainable ORM model, paying careful attention to the business strategy, people, processes, systems and external environment.

6.6 PSYCHOSOCIAL COMPONENTS PRESENT DURING IMPLEMENTATION OF AN OPERATIONAL RISK MANAGEMENT MODEL

The general aim of this study was to identify the psychosocial components that impact on or influence the implementation of an ORM model in a target organisation in Tanzania specifically and in other organisations in general. The components identified were described in theoretical terms and in terms of specific examples in the organisation selected for this study through providing observed examples of the components, which impact on the risk and control environment in this particular organisation.

As indicated in Chapter 1, this study was both deductive and inductive (see 1.7.1 and 1.7.2). As an industrial and organisational psychologist, I have prior knowledge of psychosocial theory and thus was continuously mindful of this theory during the research process, which improved the standing of this qualitative research study (Henstrand, 2015; Zikmund et al., 2013). Furthermore, this study was inductive as it constructed a conceptual and theoretical model from the data, which integrated the psychosocial components of an ORM model (Creswell, 2009). Subsequently, instead of making presumptions, propositions were generated from the data to construct theory about the psychosocial components impacting on the implementation of OR management (Kafle, 2011; Marecek, 2003).

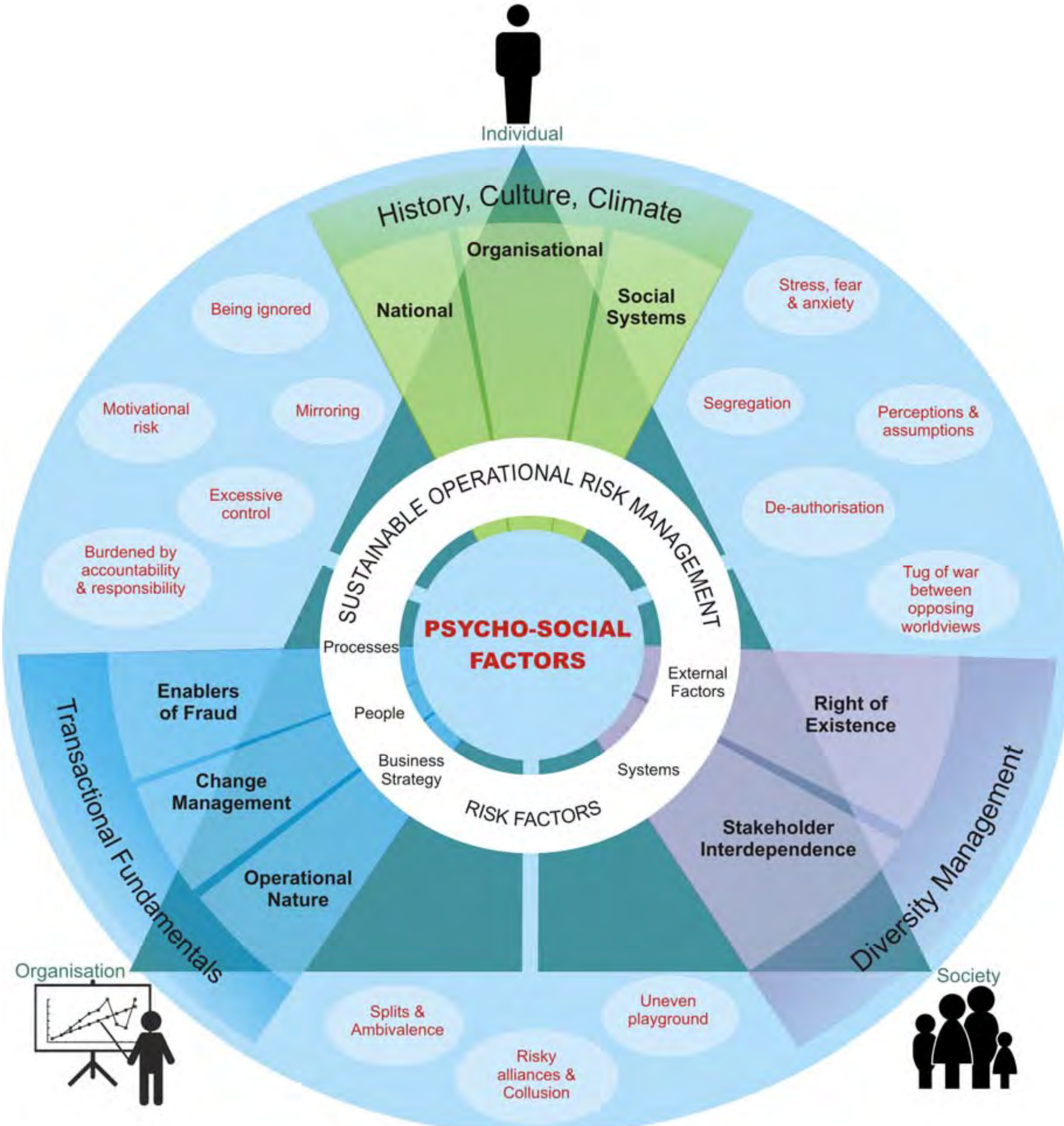


Figure 6.3 A psychosocial model of OR management

Finally, I held the primary proposition that the psychosocial components impacting on the implementation of an ORM model were dictated by the specific environment within which the model was implemented. The dynamic nature of any business and OR management should not be underestimated, due to the complex psychosocial components at play in such an environment, directly impacting on the potential success of the ORM model. Therefore, with this in mind and in line with the theoretical model developed and depicted in Figure 6.3, I derived propositions to illuminating the psychosocial components present during the implementation of an ORM model. Even though most of these propositions exist in approaches or frameworks in some of the psychology fields such as social psychology and industrial and organisational psychology, it does not exist in risk management and OR management literature or models. Therefore, through these propositions presented below, this theoretical psychosocial model of OR management becomes a new contribution and an extension of existing risk management and OR management literature and models. These propositions are:

- Where two organisations merge, whether it is during cross-border business or business in general, culture is a psychosocial factor that impact on OR management. This psychosocial factor is present both within the national cultures (including various national regions), as well as the organisational cultures (including sub-cultures between department and teams) of the organisations which joined forces, and is further embedded in the formation of a new organisational culture. In this formation, the old cultures have to be respected and the good of it honoured to enable the new culture to flourish.
- Historically, a country might have functioned within the boundaries of humanism and collectivism. Of late, these boundaries seem to be changing, as there is a shift towards capitalism and individualism (see 3.1.1.1). The world is ever changing and includes changes to worldviews and economies. This asks of business practices to be cognisant of these changes and to adapt to them accordingly, as they impact on how risk is perceived and managed.
- In the African context, as in other parts of the world, welfare of others is important and so communal relationships develop between all the stakeholders involved (i.e. amid the national operations between organisations; amongst employees; and between the organisation's employees and its clients). These communal

relationships are further strengthened as the welfare of the clients is promoted and a positive image of the organisation towards the community is portrayed.

- Because an organisation is a social system, the organisational climate contains psychosocial components impacting on employee behaviour. The psychological contract between employer and employee is a psychosocial factor dictating employees' allowed level of participation and value to the organisation (see 3.1.3).
- A further psychosocial factor present in the organisational climate is situated within the relational interaction between stakeholders towards establishing a trust relationship. During any change initiative, such as with a merger and the implementation of an ORM model, relationships at all levels and between various stakeholders are strained (see 3.1.3.2). This is due to a trust relationship not yet established, and results in the creation of a new type of risk. As the financial sector requires strong trust relationships, the absence or breaking thereof, will result in heightened levels of stress and ultimately hamper effective risk management. Acknowledging and working with the psychosocial components will enable employees to take personal responsibility for risk management and allow them to satisfy their need for relational interaction and building of relationships based on trust. The importance of establishing and fostering trust relationships within any form of merger or acquisition cannot be emphasised enough.
- The implementation of OR management creates a transitional space between business and culture, which needs to be harnessed better to contain and manage operational risk and all its complexities more effectively.
- Diversity (i.e. cultural, generational, gender, skills and leader–follower relationships) is a psychosocial factor. Diversity incorporates, amongst others, cultural differences (between one country/nation and another or even between various regions), generational differences (old versus young), gender differences (men versus women), skills differences (educated and qualified in risk management versus having first-time exposure to the construct of risk management in business) and leader–follower relationships (traditional superiority versus business hierarchy and leaders from one country versus followers of the other country).
- Mirroring across the various levels of diversity influences relationships of trust between the role players (see 4.1.1.3). If this system can look into its mirror it will

understand the psychosocial components present better and subsequently be able to deal with the factors which pose a threat to OR management, as well as be able to utilise the components that could be of benefit to and strengthen OR management better.

- Risk management furthermore holds within it a risk for the person who needs to enforce it at a more personal level within the set community culture (for example in accordance with the rules of a socialist culture). The fear of breaking down a relationship exceeds the risk itself.
- The responsibility resting on the shoulders of employees to contain and manage risk on behalf of the organisation leads to heightened levels of stress. Therefore, risk management is stressful and becomes a burden to these employees. A merger and acquisition are by default stressful endeavours filled with diversity. In the initial stages, the absence of trust in this new relationship, or the potential breach thereof, together with a multitude of diversity elements, leads to increased levels of stress, another psychosocial factor, and becomes a risk in itself. Diverse elements, experiences, demands and uncertainties create fear and anxiety, resulting in employees experiencing risk management as stressful and this impacts on employees' engagement with risk and dictate their behaviour.
- In acknowledging risk management and giving it the right to exist is a psychosocial factor that will result in employees (both the older and younger generations) embracing this concept, together with its subsequent change.
- A country's national legal system is imperative to effective OR management. If such a legal system does not act as a deterrent against criminal offences and behaviour, which include acts such as fraud, bribery and forgery, amongst others, it negatively impacts on and hampers effective OR management.
- Risk management and its consequent policies and procedures are seen as a capitalist mechanism. How then does such a capitalist mechanism impact on another economy such as a socialist system? The impact hereof can be found in employees' appetite for risk and the way this appetite is informed by the worldviews present in the socialist roots of one role player in relation to the capitalist desires of another role player.
- The operational nature of risk management impacts on psychosocial behaviour. Risk management is in itself a very complex and risky business. Therefore, choosing an appropriate risk management approach and acknowledging all the

operational challenges found in a foreign environment are vital to ensuring an even playing field. Feeling they have an even playing field to conduct their business and manage risk empowers employees to feel they can contribute positively to the success of the organisation.

- The required process of managing change triggers behaviour at a psychosocial level. This behaviour includes stakeholders resisting the change as a result of ineffective communication and a lack of consultation.
- An appetite or willingness to collude and form alliances is a psychosocial component impacting on the effective implementation of ORM models. Colluding relationships are formed based on an ‘I know’ versus ‘you know’ relationship and results in the formation of alliances. Negative alliances are based on a ‘them’ versus ‘us’ relationship where the fear of one’s own survival becomes the driving force behind behaviour and subsequent actions, perhaps assisting in rationalising fraudulent acts. Alliances can also be positive as groups collude and stand up against unethical behaviour and report on fraud.
- Accountability and responsibility inform psychosocial behaviour. Employees are not only accountable to their employer with regard to risk management but also to other stakeholders, including external stakeholders such as society as is the case with a socialist economy. Employees are faced with a dilemma as they have specific obligations towards both their employer and the society within which they have particular roles and responsibilities to fulfil. With the introduction of OR management, employees have become burdened in their accountability and responsibility towards their employer and society. From an organisational point of view, employees are required to report on unethical behaviour; yet, from a societal point of view, Tanzanians have a responsibility towards society to protect its members from harm and to serve the greater good of society (see 3.1.1.1). Thus, the bank requires its employees to report fraudulent activities; yet, the community expects them not to report on their fellow community members as the community wishes to deal with them instead of the organisation. The organisation requires its employees to lead by example, take ownership and work with right versus wrong and report the wrong.

6.7 CONTRIBUTIONS

This section reflects the contributions of the findings of this research towards me as researcher, the field of industrial and organisational psychology, risk managers and OR management, and towards Africa and the rest of the world.

6.7.1 Contributions to the researcher

This research has enriched me both as a researcher and as an industrial and organisational psychologist. Through this research, I have gained insight into the lived experiences of risk managers and their challenging journey towards implementing an ORM model in a unique context filled with a multitude of diversity (Greeff, 2006; Henning et al., 2005). Through the participants' voices, I have become intensely aware of the importance of respecting and acknowledging every person with whom one comes into contact and affording them the opportunity to be heard (Smith et al., 2012). In this awareness, I have also become aware of a new risk with which one is continuously faced. Should one choose to ignore these voices or should you choose to acknowledge them, either way, it holds within it a risk for oneself. Ignoring these voices, one risks acting in ignorance and setting yourself up for failure. Should one choose to acknowledge these voices, you stand the chance of gaining insight and knowledge, which will enable you to act more wisely. Yet, it demands accountability and responsibility.

In my roles as researcher and industrial and organisational psychologist, I have gained new knowledge and insight through this research, and I have subsequently become more aware of the risks that surround me in my daily interaction with others and the responsibility and accountability that rest on my shoulders (De Vos, 2006a; Kelly, 2006c; Stephens, 2009). I realise the importance of engaging with the risks that surround me, irrespective of the context within which I find myself, as I work with behaviour and realise the important role I play in working with and managing these risks.

6.7.2 Contributions to industrial and organisational psychology

This study highlighted the severe impact psychosocial behaviour could have on the successful implementation of an ORM model. It is without doubt imperative to involve the expertise of industrial and organisational psychologists during the design, planning and implementation stages of OR management. Industrial and organisational psychologists could assist in understanding organisational behaviour and the context within which such behaviour occurs and the subsequent impact of such behaviour on successful organisational functioning and performance better (Cascio & Aguinis, 2011; Schreuder & Coetzee, 2010). Gaining insight into how psychosocial components impact on OR management allows industrial and organisational psychologists to contribute effectively in establishing collaborative interdisciplinary relationships (Stahl et al., 2013). Within these relationships, industrial and organisational psychologists are given a platform on which they can contribute to the development of senior risk managers' ability to identify and work with psychosocial components present during the implementation of an ORM model (Cascio & Aguinis, 2011).

6.7.3 Contributions to risk managers and operational risk management

Many organisations are looking at expanding their business, whether it is across the regional boundaries of a country or internationally such as within the African continent (Gbadamosi, 2013; Kodongo et al., 2015. Even though this study was conducted in a specific context, the findings and subsequent psychosocial model of OR management provide a basis for risk managers to search for similarities and/or differences in terms of their unique organisational contexts (Creswell, 2009; Crist & Tanner, 2003; Dreyfus, 1991). Gaining a better understanding of the psychosocial components present within a new context that could either hinder or enhance effective organisational functioning and performance, is vital. Therefore, incorporating the psychosocial model of OR management into their chosen risk management model will empower organisations to design a more robust business and risk model. Risk managers must identify, acknowledge and incorporate the risk enablers (i.e. history, culture and climate; diversity management; transactional fundamentals) and risk drivers (i.e. national culture; organisational culture; organisation as a social system; interdependence amongst stakeholders; right of existence of risk management; operational nature of risk management; management of change; enablers of fraud) which are present within the OR management context, into their risk management model. Illuminating the psychosocial components present in such a risk management model will result in risk managers acknowledging and working with the interpersonal factors which are present. In turn, that will allow for the effective implementation of such a model, regardless of the uniqueness or diversity of the context. Giving consideration to the propositions derived from this study (see 6.6) will help illuminate these psychosocial components (see Figure 6.3).

6.7.4 Contributions to Africa and the rest of the world

Africa has in herself a magnetism, which beckons one to explore the continent in all its most wonderful, unique and diverse splendour. Africa is rich in its diversity (Adogame, 2014; Zoogah & Beugré, 2013). In Africa and as Africans, we are from the same people; yet, we are different. Many similarities are evident when one moves from one country to another or when you engage with an African from, for example, Tanzania or an African from South Africa. Yet, with all these similarities, Africa with its diversity also reminds one of how different and unique we all are. This research highlighted the importance of learning how to embrace differences. By being cognisant of listening to a new context within which we find ourselves, such as during a merger, as well as to each other, we can enrich ourselves with new knowledge and manage the magnitude of risks facing us to ensure the prosperity of Africa.

One can also apply this thinking to the rest of the world. The world is filled with wonderful, unique and diverse splendour. Similarities and differences are present between various world contexts (Öberg, 2015; Viegas-Pires, 2013). We should acknowledge and embrace these differences through learning and listening to what these diverse contexts have to tell and teach us. By embracing the diversity, uniqueness and subsequent knowledge, we are in a much better position to manage all the risks surrounding us, as we interact with each other as citizens of the world (Backes-Gellner, Schneider, & Veen 2011; Cappelli & Novelli 2010; Fineman, 2011; Maurer, Barbeite, Weiss, & Lippstreu 2008; Ng & Feldman, 2012).

6.8 LIMITATIONS

During the planning stages of this research, I was quite aware of the fact that the research team and I only had limited time available in which to conduct as many interviews as possible and to collect as much data as possible (Durrheim, 2006; Fouché & De Vos, 2006). This resulted in conducting perhaps more interviews than necessary, even beyond the point of data saturation. Subsequently, having to analyse such a vast amount of data collected from the 46 participants proved to be my biggest challenge during this study. Working with so much data over such a long time, from data collection to data analysis and writing up the findings, my judgement and bias as researcher could have impacted on the outcomes. To me it was very important to analyse every interview and to present the voice of each participant in a succinct manner. It was also important for me to stay true to the high regard hermeneutic phenomenology gives to ethics, including researcher bias (De Vos, 2006a; Kelly, 2006c; Stephens, 2009; Van Manen, 1997). During the data collection, the research team regularly met to discuss possible bias and in doing so, contained it well during the data collection phase of the research. However, in the data analysis phase I was alone and I no longer had the support of other researchers to assist me in the process of working with possible researcher bias. As this was something I had to reflect on and deal with alone, I spent many hours thinking about my own possible bias and how this could influence my analysis and interpretation of the data as well as the writing up of the findings (De Vos, 2006a; Stephens, 2009). I know I took great care and caution to address any possible bias; however, I am aware of my own humanity and that I could have failed in some instances of which I might not have been aware. In order to counteract my own bias, I implemented a system whereby I rigorously followed the data analysis steps as discussed in Chapter 2 (see 2.3.5). I also continuously referred back to the researcher notes and the interviews to ensure I stayed true to the voices of the participants (Mauthner et al., 1998)..

As a researcher, I was restricted in my ability to conduct the interviews in Swahili, or to review the pertinent literature in that language, as I am not proficient in it. My lack of proficiency may thus have restricted access to potentially valuable data and literature on the topic under study. Collaborating with Tanzanian researchers who are proficient in Swahili (to assist with data collection) and Tanzanian academics who are specialists on the topic may have helped me gain access to richer data, and could potentially have broadened this study. Nonetheless, I exerted great effort in planning the interviews, and received good support from those team members who acted as translators. I also searched for, and considered, studies in English which were true to the Tanzanian context.

Interdisciplinary knowledge relating to the management of operational risk during a cross-border merger – or mergers in general – and the field of organisational behaviour is restricted. Through this research, I have made an attempt to gain more insight into and subsequently present new knowledge in this regard. OR management is, however, a very complex field and so are multi-cultural contexts with all their diversity. Therefore, more research needs to be conducted in order to expand on the current knowledge available on the interplay between OR management (within different national and international contexts) and organisational behaviour.

This study considered the experiences of participants within the Tanzanian context and financial institution and did not obtain the perspectives and experiences of participants who were involved on the other side of the cross-border endeavour (i.e. South Africa). This study was therefore limited to a one-sided view and experience of ORM model implementation. Obtaining the experiences and view of all the stakeholders involved and incorporating these findings into the psychosocial model of OR management would further enrich this model and enable a more robust understanding of the psychosocial components which impact on the implementation of an ORM model.

The findings present the personal experiences of participants within the Tanzanian financial services sector and as interpreted by myself. As it was not the purpose of the study, and considering the complex nature of OR management and the African and world context, care should be taken not to generalise the findings when transferring it to another context, but rather to explore the usefulness of this psychosocial model of OR management in another context. In this study, I have taken care to provide a thick description of the research process and context to enable others to decide whether the findings could potentially be of value in their unique context.

6.9 RECOMMENDATIONS

It was evident from this research that psychosocial components impact significantly on the effective implementation of an ORM model. Therefore, through this study, I make recommendations applicable to organisational practices and the effective management of operational risk. I also make specific recommendations for further research which could enhance our knowledge and understanding of psychosocial components and its impact on OR management.

6.9.1 Application within organisational practices

Employee behaviour is influenced by the national culture, the organisational culture and climate, diversities and various transactional fundamentals embedded in the process of ORM model implementation. The anxiety, fear and stress resultant from this process are frequently experienced at an unconscious level and resonate in the behaviour of employees if not managed effectively. Evidence indicates how this then impacts negatively on the behaviour of employees, resulting in resistance to change, ineffectiveness, reduced productivity, high staff turnover and even fraud.

Understanding the importance of organisational climate and the organisation as a social system cannot be emphasised enough. Employees want a psychological rewarding experience. Research by Lyons, Duxberry, and Higgins (2005) explored the generational differences in values with regard to the workplace. They explored the following values:

- intrinsic (psychologically rewarding);
- extrinsic (tangible rewards);
- altruistic (benefiting people and society);
- social (social interaction); and
- prestige (esteem and recognition).

Findings from this study showed that Millennials (born between early 1980s and early 2000s), as expected, value social aspects most, compared to previous generations. Millennials consequently have preferences towards working in teams in a social environment. It is also important for them, as mentioned earlier (see 4.1.1.2), to receive positive feedback and gratification frequently, much to the frustration of their Generation X and Baby Boomer colleagues (Lyons & Kuron, 2013).

Tanzanians live within a collectivist culture focused on sharing, cooperation and group harmony (see 1.3) (Dennehy, 2015; Van Niekerk et al., 2012). Why then is it that the South Africans are experiencing the Tanzanians as non-cooperative and not working together towards ensuring effective ORM model implementation? In addition, within the collectivist culture, the Tanzanians have a visible hostility to the outgroup members, i.e. the South Africans. It is therefore proposed, that when one country crosses the border of another to engage in business, or one organisation merges with another, a trust relationship should be formed as the first order of business. In this trust relationship, all stakeholders should be afforded the opportunity to share knowledge, resources and goals and cooperate with each other, in order to gain entry into the in-group and share in-group harmony to enable effective ORM model implementation. As boundaries are porous and easily penetrable in this collectivist culture, gaining entry is supposedly not impossible (Okeke, Draguns, Sheku, & Allen, 1999; Olausson, Strafström & Svedin, 2009). Therefore on perhaps a more global level, OR management should take cognisance of the economic context (i.e. socialism, capitalism, etc.) of the country or region in which they wish to conduct business. Gaining insight into the rules of the relevant economy will enable a better understanding of how to establish a trust relationship and gain entry into the in-group with the aim of enabling effective OR management.

The context within which OR management has to be introduced and managed is filled with many complexities (Bunn, Guthrie, & Smit, 2013; Campbell et al., 2015; Constanza et al., 2012; Hofstede & Peterson, 2000; Jackson, 2011; Lyons & Kuran, 2013; Olausson et al., 2009; PwC, 2011; Rothman & Brand-Labuschagne, 2009; Twenge et al., 2012). This implementation also creates a transitional space between business and cultures, which need to be harnessed so as to ensure the effective containment and management of operational risk and all its complexities. This study proposes that investing in relationships is crucial during any organic business initiative and even more so during cross-border mergers. It is important to understand and acknowledge the primary task of a financial institution and the importance of transacting with its clients.

However, OR management must be approached holistically, allowing for a more balanced view of OR management, and thus acknowledge the impact of psychosocial components on the successful implementation of OR management. It is furthermore imperative to establish and nurture a culture of trust and reliability. Acknowledging the unconscious dynamics situated within the psychosocial components will lead to employees taking ownership of the risk management process and responsibility whilst being able to build strong interpersonal relationships based on trust (Hirschhorn, 1999; Levin et al., 2012).

The focus of implementing the ORM model appears to have been a transactional drive, and less of a transformational process (see 3.1.2.3) (Mullins, 2010). This can be ascribed to the heightened level of anxiety experienced by the parent organisation in doing business in another African country and context with all its subsequent risks (known and unknown). These risks are however not only limited to conducting business across borders in Africa, but also to conducting business both internationally and nationally in any unique context filled with its own diversities (Stephens, 2009). Therefore, irrespective of the context within which two organisations merge, this study proposes for a transformational approach to be followed during the implementation of an ORM model.

Another proposition to consider is the impact of stress and anxiety on effective ORM model implementation. The required change, and the subsequent stress and anxiety experienced as a result thereof, that come with this initiative are dealt with differently at individual level, within and between teams as well as between organisations. In order to deal with the change and the resultant stress effectively, organisations should assist employees with facilitating interventions during which employees could engage in exercises where they can gain self-knowledge and become aware of their own preferences and take that into consideration in managing the required change.

I further recommend for an investment in employees to promote positive job attitudes, commitment, engagement and employee motivation (Kalangulla, 2015; Lazaroiu, 2015; Mullins, 2010; Roodt, 2010; Zoogah & Beugré, 2013). Consequently, a motivational risk framework should be incorporated within an ORM model to address the psychosocial components present within the HR sphere, addressing matters such as capacity and skill shortages, inadequate training and development and remuneration challenges. Firstly, it is proposed to invest in human capital development through training and development initiatives (Jagero et al., 2012; Maugo, 2013). Employees should become knowledgeable and gain a better understanding of the constructs of risk, risk management and OR management. In this process, employees should become skilled in working with these constructs and taking ownership to manage risk and to contribute towards an effective and successful organisation. Secondly, it is proposed that organisations and their management invest in the social capital development of their employees. Employees strive towards existing in improved social settings and being able to live a good life with more comforts than what their parents from the socialist era perhaps enjoyed. Employees want to feel they are financially well rewarded or that they can rely on financial support, should their situation require it. Thirdly, it is proposed that organisations regard the importance of psychological capital development. Employees have a strong need to feel they are valuable – not only their society, but also to their organisation. Employees want to experience feelings of self-worth and self-esteem and they want to be able to find their own identity within the sphere of an ORM model.

Senior management of an organisation, and specifically senior risk managers, have a very important role to play in achieving effective OR management (Mullins, 2010; Roodt, 2010). They are however reliant on the risk employees to implement the necessary ORM model. From this research, it is evident how human behaviour and its psychosocial components could hamper effective OR management. It is therefore imperative that senior risk managers, as well as senior management in general, be aware of the presence of these psychosocial components and how they could impact on OR management. Senior risk managers should furthermore be skilled in identifying these psychosocial behaviours or at least have access to the services of human behaviour specialists, such as industrial and organisational psychologists, to assist them with identifying the psychosocial components. Senior risk managers should also attain the ability to work with these psychosocial components and implement the necessary interventions to contain these psychosocial components as a possible risk to effective OR management. In working with these psychosocial components, senior risk managers should also be able to see the value of joining forces with behaviour specialists, such as industrial and organisational psychologists. Partnering with industrial and organisational psychologists could assist senior risk managers in their own growth and development. Such a partnership could serve as a platform on which senior risk managers could obtain and develop their own ability to identify psychosocial components, as well as ascertain, develop and implement the necessary interventions to deal effectively with these psychosocial components.

Employees should be made aware that risk management is not intended to burden them or restrict them in their thinking at work. Risk management is also not merely a checklist exercise in which boxes are ticked and the risk management model is cast in stone (Bansal, 2015; Senge et al., 2014; Steele, 2014). Risk managers should partner with industrial and organisational psychologists to establish and nurture a risk management culture in which the importance of employee accountability is emphasised. With the assistance of industrial and organisational psychologists and their subsequent knowledge of human behaviour, risk managers should use accountability as a tool to develop employee skills and to motivate these employees to advance their careers, increase their effectiveness, productivity and drive to set and achieve personal and organisational goals. Employees should be encouraged to broaden their thinking on risk management through interventions aimed at triggering their thoughts. Such interventions can be identified or developed and implemented with the skilled assistance of behavioural specialists such as industrial and organisational psychologists. Employees should also be allowed to share their thoughts and knowledge and participate in designing more effective ORM policies and procedures (Brown, 2014; Mullins, 2010). Risk management is not an end in itself, but rather a dynamic journey towards managing risk as effectively as possible.

Lastly, but perhaps most importantly, organisations should establish an ethics management system within their organisational culture and climate (Asante, 2007; Gichure, 2000; Iya, 1999; Milanzi, 1997). Such an ethics management system should focus on shaping employees' choices. Clear differentiation should be made between rules and values. Rules are driven by policies, procedures and laws, whereas values are driven by 'want to', i.e. choices. Employees should be encouraged to want to make ethics their business. Employers should focus on shaping employees' choices and develop them into ethical activists focusing on managing risk.

6.9.2 Further research

When a study is completed, the need for further research always emerges. As a result of the findings of this study, a need for further research has been identified.

It is necessary to explore the experiences of employees involved in risk management who is positioned within the parent organisation and not only the subsidiary. Gaining insight into the views and experiences of employees from the South African (SA) parent organisation will enable risk managers and industrial and organisational psychologists, to establish a more holistic view of the psychosocial components that impact on the implementation of an ORM model during cross-border mergers and acquisitions.

As part of its organisational strategy to manage risk more effectively, an organisation need not implement an ORM model only during a merger – it can be done as the need arises. Therefore, further research is needed to explore the implementation of an ORM model, in any organisation in Africa, yet outside the context of a merger. Such research will enable risk managers, as well as industrial and organisational psychologists, to obtain a more holistic view of those psychosocial components that have an impact on the implementation of an ORM model within an African organisation.

Further in-depth exploration is also needed of the psychosocial components presented in the theoretical psychosocial model of OR management (see Figure 6.3).

As was mentioned in the study by various participants, in the process of building interpersonal and communal relationships of trust between management and followers, the hierarchical position seems to be regarded as more important than race. Therefore it is proposed that future research consider the intersection between diversity characteristics as it can be of great importance during (cross-border) business.

The *Uhuru* generation of East Africa was born with political roots, yet similar to the Generation Xers of the West, they have continued to challenge social and moral boundaries (Ntarangwi, 2013; Zeleza, 2014). Not enough is known about generational differences in Tanzania, therefore, studies should be conducted to explore the behavioural characteristics of various age groups, and the impact each generation has had on employee and organisational performance, within that nation's specific context.

A broader study on generational differences should include an investigation into the appetite for risk, as it manifests itself amongst different generations within the financial services and banking sectors in Africa – and, more specifically, Tanzania. The results of this study clearly indicate that there is an appetite for risk amongst the ambitious younger generation, as reflected in their quest to accumulate money and wealth, and improve their social standing.

Mirroring is an important construct present in a cross-border merger and in the context of OR management. Further research is necessary to obtain a better understanding of how mirroring behaviour affects relationships and organisational systems within an OR management context, or during a cross-border merger. Such research can guide risk managers on how to use layered mirrors to identify the strengths of a system, with a view to successfully managing operational risk.

Further research needs to be conducted on the impact the Tanzanian legal system has on the effective management of operational risk. As was found in a study conducted by Li and Moosa (2015), a direct correlation exists between the legal system of a country and possible ineffective OR management, especially when such a legal system does not act as deterrent against criminal offences and behaviour, including fraud, bribery and forgery. Further research could however give further insight into the exact extent such a correlation might have within the Tanzanian context.

This psychosocial model of OR management was developed theoretically and empirically through this study. However, it is necessary to evaluate the effectiveness of this model as part of an ORM approach applied in practice, from beginning to effectiveness. Therefore, the usefulness or effectiveness of this psychosocial model as part of an ORM model should be further explored. Such an exploration could furthermore provide insights into how this model could be developed further and/or enhanced.

To conclude, further research needs to be conducted in respect of utilising this psychosocial model of OR management to develop possible key risk indicators (a measurement/tool used by organisations to indicate possible risk factors, to monitor and mitigate risk, and facilitate risk reporting) (Renn, 2008; Young, 2006). The psychosocial model of OR management indicates possible key risk indicators as psychosocial enablers and drivers, but more specifically as psychosocial components (see Figure 6.3). The potential of these enablers, drivers and components to identify, monitor and mitigate risks should be studied more closely, to determine their effectiveness in preventing potential operational failures during ORM model implementation.

6.10 CONCLUSION

The general aim of this study was to identify the psychosocial components that impact on or influence the implementation of an ORM model in a target organisation in Tanzania. Through this study, a better understanding was gained of how Tanzanians perceive risk. This understanding assisted in the identification of the psychosocial components that impact on the implementation of an ORM model, and to present these psychosocial components in a conceptual framework. This framework was instrumental in the development of a psychosocial model of OR management that aimed to achieve more effective ORM model implementation during cross-border business in particular and in organisations in general.

In conclusion, a better understanding of the psychosocial enablers of history, culture and climate; diversity management; and transactional fundamentals, and subsequently their psychosocial drivers, and how these all inform organisational behaviour will guide OR managers towards the development of a more effective ORM approach and successful ORM model implementation during cross-border business or business merging in general. Through obtaining a better understanding of the way in which people behave and act during ORM model implementation, risk managers and industrial and organisational psychologists could structure interventions aimed at influencing the employees’ and risk managers’ experiences of OR management positively. In doing so, the required process of organisational change can be introduced and facilitated more effectively. Risk managers could furthermore direct employee behaviour towards the successful implementation of the ORM model and in doing so, achieve effective OR management.

I find it necessary to emphasise again that the management of operational risk works within a triad as illustrated in Figure 6.1. One of the fundamental insights gained through this study is the need to offer all the stakeholders who are involved in ORM, whether at individual, organisational or societal level, a more positive and healthy experience of ORM model implementation. I believe this research succeeded in meeting its aims and that through the psychosocial model of ORM will raise awareness about the importance of acknowledging the psychosocial components that inform organisational behaviour. Lastly, it is important to acknowledge the uniqueness present in each ORM initiative and its present-day national and organisational context in which these psychosocial components are born and exist. This uniqueness should be used to discover the dynamics of the psychosocial components and guide the development of ORM models.

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ANNEXURE A

Researcher notes (RN) on experiences, observations and preconceptions during data collection

No.	RN1	RN2	RN3	RN4	RN5	RN6
1	Relationship building - Hanging on both sides (SA & Tanzanian staff) - Expats not allowed entry into Tanzania - Eventually fight or flight - Trust not yet established	Entry - Hanging is not comfortable - Effort to stay in discomfort is needed to see loyalty and be allowed in - Allowing yourself in	Organisational culture - No names on office doors - Hierarchical levels o Not talking to each other o Dept. in two different worlds, e.g. operations and legal - Defensive to survive - SA preventing culture from forming - Culture disables SA from controlling - SA fears the culture - SA doesn't know the culture - Continuous feeling of transition - Social relationships between staff - Silo functioning between levels and departments	Tanzanian financial institutions' hierarchy - Lower levels angry at Tanzania - Higher levels angry at SA	Informal lending works well in Tanzania	Socialist system - Runs on both goodwill and corruption - Not as sharing/co-operative as is believed - Moral society – see loopholes in system yet don't report on them - Whistle-blowers casted out if known

No.	RN1	RN2	RN3	RN4	RN5	RN6
			- Business relationships not established between levels			
2			Hierarchy - SA - Tanzania (management, mid-management, juniors) - Operations (Branch Managers, Clerks)	Acquisition perceived as hostile takeover by Tanzanians	Relations and social community important in Tanzania. SA not acknowledging that	Risk management system works well. Monitoring thereof seems problematic.
3			Infrastructure - Structure not well implemented and organised			
4			HR needs to be: - Supported - Allowed - Entertained i.e. acknowledged			
5			Compliance - Indoctrinated so much just to comply - Do bare minimum - Focus on compliance also during setting up of interviews for this research			

ANNEXURE B

The semi-structured interview guide

QUESTIONS TO INTERVIEWEE:
1. What do people normally do when they want to buy something and they do not have money?
2. What are your experiences when a client applies for credit with you? *What's being displayed?* *Probe for depth & breadth –* • *Internal factors/Processes* • *People* • *Systems* • *External events/factors*
3. What makes you ***comfortable*** to do business with a client who wants to borrow money/applies for credit?
4. What makes you ***uncomfortable*** to do business with a client who wants to borrow money/applies for credit?
5. What role does your relationship with the client play?
6. Does your culture/belief system have an influence?
7. Why would you give or not give credit? *Probe in direction where necessary –* • *Internal factors/Processes* • *People* • *Systems* • *External events/factors*
8. What power do you have to make decisions about giving credit? *What's being displayed:* *Probe in direction where necessary –* • *What helps?* • *What hinders you/obstacles?*

• *What they perceive their power to be?*
9. Now that the South African financial institution has come into this bank what are your experiences of working here? *What's being displayed?* *Probe in direction where necessary –* • *Are they in the dark?* • *How they experienced the acquisition?* • *What they experience their power is now because of the acquisition?*

ANNEXURE C

Interviews P1 to P46 list of topics (Data analysis step 4)

BANKING HISTORY IN TANZANIA	
Saving culture	P1
Individualism (what I know to be right) vs. collectivism (what is right for the collective)	P3
Government bank means it's the people's money	P4
Tanzania – high cash-driven economy	P6
Banking history	P1
Huge cultural diversity ±120 different cultures and languages	P8
South African bank introducing risk into the Tanzanian bank	P10
Decision to lend money lies with individual. Mostly do not discuss with anyone else	P7, P8
90% of purchases done cash	P8
SA vs. Tanzania - People use banks differently - SA – bank to manage your money - Tanzania – borrow and not saving	P11
Methods of lending - Personal vs. banks vs. SACCOS (micro lending)	P14/15
Tanzania has a culture of not repaying loans	P17
Government moved to encouraging: - Privatisation - Individuals in business - Foreign investment	P20
Society - Fraud not talked about - If it benefits society its ok - Society doesn't realise the impact of risk on society - Religion – choose the middle road	P22/P23

Socialism vs. bureaucracy - Same & complementary to each other - Commitment vs. ownership	P25/P26
I represent the bank - Thus I am the bank - Work for the good of o Myself o The bank o The economy	P25/P26
SA does not understand Tanzania e.g. property market	P27/P28
Tanzania - Creditless society - Banks inaccessible to people	P29
Lending - Use acquaintances, micro-lending or community associations - Treasury bills	P29
Lending - Do not expect it back - African way – reciprocity – return in kind	P29
Tanzanians ignorant of all possible risks e.g. information technology security and power cuts	P29
No national switch system - Info not shared between banks in Tanzania - Creates opportunity to be dishonest/fraud	P30
Culture of support - People have to be helped - Results in fraud/dishonesty	P30
Historically - After no. of years' service one can demand promotion	P30
Lending from - Banks - Credit unions - Family	P31

Tanzania cash-based economy - Majority not banking - Not aware of credit products - SA vs. Tanzania different markets - No national identification - Tanzanian bank native bank since 1967 - No banking database	P34/P35
Banking & economic history - Cash economy - Cheques eroded - 3% use debit cards - As per BOT & revenue authority have to EFT in excess of 10 million - No cash in wallet – feel lost - Money laundering only academic - ± 10% of individuals have bank account – salary or business related - POS limited. Withdraw money & pay cash - Growing middle class - Debt is taboo - Strong culture - Fear of alienation if defaulting – Tanzanian culture values support - Tanzanian liberation banking to reform first - 1991 laws changed - Some banks/insurers went under	P38/P39
Lending from - Employer - Bank - SACCOS	P36/P37
Risk - Introduced by SA bank - Risk is everywhere - Managed through controls - Prior to SA bank only audits - Now risk management	P40

Associations/schemes SACCOS - No formal agreement OPATU – pyramid scheme banned Chama (informal cooperative society) - Informal association - Social support i.e. weddings - Group sets standards for repayment - Align rules with the law Lack of insurance necessitates schemes Banks remunerating better – thus can afford associations/schemes now Phasing out of associations due to: - Other businesses – risk of money being used for associations - Tanzanian bank resources used for associations – staff have to declare involvement, then prohibited.	P38/P39
Risk - Shareholders do not understand nature of environment is a risk - Africa fraud risk is in the organisation - SA & the rest of the world is outside the organisation	P32/P33
Ability to identify people - Borrow from close relative as they know you - Tanzanian bank do not know you	P34/P35
SACCOS - Borrow from financial institution to lend to their members - Membership requires being known - Default – kicked-out – negative effect on group	P34/P35
SA vs. Tanzania - SA lending based on credit ratings - Tanzania lending based on trust or position/seniority	P34/P35
Cultural changes - Women earn equal to men - Women changed how they dress - Women's intelligence acknowledged - Women occupy senior positions	P34/P35

- Younger generation raised differently i.e. independent and equality - Government initiatives to encourage equality	
Decision to give credit - Lies with yourself - Tell wife depending on your relationship - Dictated by tribal rules - Younger generation consults with spouses - Bad history – do not borrow - Listen to rumours	P36/P37
Default borrowers - press to collect - friends also yet: o relationship damaged o trust no longer o friendship over - community sees defaulters as not worth it	P36/P37
Foreign banks - Aided in developing banking in Tanzania - Issues o To whom do you report? o Compliance responsibility not with local banks o Group policies	P36/P37
SA/Tanzanian bank acquisition - People hostile - Resisting change - White expats were a shock - 4 strikes – cultural diversions - Cultural differences o Communication/misinterpretation o Language differences - Change period o Confrontational o Death threats o Verbal abuse	P38/P39

- Older people insecure o Inability to see future o Retrenchment fear - Younger employees with university qualifications appointed	
Defaulting - In the past to default was ok - Even proud to default	P38/P39
Social system - Work on relationships - Doesn’t work in business - Previous social system protected all through unions - Today social system doesn’t protect in business - Today people greedy for money - In SA heads roll if there’s fraud. Not in Tanzania	P38/P39
Culture - National vs. banking vs. economy - Past socialism - Present individualism - Law developed with socialism in mind - Law not addressing individualism - Socialism known and predictable - Individualism unpredictable - Socialism aids fraud o Influence used to sidestep prosecution - Socialism stealing not a priority o Lacked intelligence, education, confidence	P38/P39
SACCOS - Easier than banks - Growing fast - High interest (member vs. non-member) - Consider lenders lifestyle & discipline - Independent organisation - Anyone can join - Members give you guarantees	P41

History - Tanzania not a saving culture - Income too low to save - Saving is psychological o Compare self to the rich o Saving unrealistic - Culture of complaining yet earns well	P43/P44
Historically - No risk management culture - Change to risk management difficult - Still building on a risk management culture - Of late people starting to understand risk management	P46
Help vs. borrow - Help o No expectation to repay o Community aid - Borrow o Expect repayment	P42
Culture - Funerals ask who owns money - African tradition o Husband not to consult wife o Wife has to consult with husband - By consulting confidentiality is broken - If know, all will want to borrow from you	P41
Acquisition - Socially a bad experience - Perception of public negative - Historically Tanzanian bank the pillar of the economy - Tanzanian bank was very big - Socially Tanzanian bank is the symbol of the nation - Pride of the nation taken by someone else - Staff unsure of the future - Resisting due to fear of unknown	P43/P44

- Cultural differences – caused conflict - Union/SA bank friction o Not consulted on policies or worker rights o Unions irritated - Government not consulting with nation on the sale - Tanzanian bank sold below market value - Public angry towards government and buyer - Government not transparent - Culturally o Can't be angry at government o Anger directed to buyer - World Bank grant o Expected privatisation o Resulted in lower selling price - Good policies and procedures yet staff resist	
Tanzanian history - Past branch manager all power = high fraud - Now branch managers can't decide on loans - National banks focus o To help individuals o Not profit driven	P41
SA vs. Tanzania - SA open account – gives loan shortly thereafter - Tanzania open account – customer then transacts for a while – give loan later	P42
Informal lending works well in Tanzania	RN5
Acquisition perceived as hostile takeover by Tanzanians	RN4
Organisational culture - No names on office doors - Hierarchical levels o Not talking to each other o Dept. in two different worlds e.g. operations and legal - Defensive to survive - SA bank preventing culture from forming	RN3

- Culture disables SA bank from controlling - SA bank fears the culture - SA bank do not know the culture - Continuous feeling of transition - Social relationships happening between staff - Silo functioning between levels and departments - Business relationships not established between levels	
EDUCATION/TRAINING	
Education/training on what is risk	P3
Policies to be understood to be implemented	P5, P9
Understanding what needs to be done and why	P5
Risk management requires culture to change - Report fraud - Creating awareness through training	P4
Education & training - Create awareness - Aim for understanding - Sharing incidents to learn from - Need for risk management qualification	P9
Access to information e.g. policies - trust on seniors to pass it on - comm. is an issue	P7
Risk policies heightens risk awareness - Information technology security - Career security	P8
Training of staff and education of customers	P18/P19
Educate people on responsible risk management	P21
Training on risk management – Training on relevance is important - Staff not always communicated with or informed - Not everyone has access to the info system	P22/P23
Education - Staff need to know the benefit of the policies and procedures - Clients need to know the benefit of policies and procedures	P25/P26

Training valuable - SA exchange programmes works well - Increase amount of training - SA bank training of international standard	P27/P28
Training - create an awareness of what is a risk - provide material to aid - initiatives to improve control environment	P29
Training needed - Lack of knowledge - Train on originality of documents	P31
Fraud awareness training necessary	P34/P35
Government - Politicians from socialist past - Do not understand impact of defaulting on economy - Good relationship with private sector - Tanzanian bank sector great success of the private sector - 35 banks in Tanzania - Government to regulate acquisitions of some of the banks - Private sector is majority of business	P38/P39
RELATIONSHIPS	
Relationship matters: - Trust - Contract - Interest - Size of loan	P4, P7
Relationship important: - Defaulting shouldn't influence it - Give something rather than nothing	P8
Personal loans depend on relationship or friendship with the person and what the money will be used for.	P10
Relationship management (business clients vs. private clients)	P1
Repay loan to keep trust in tack	P10

Hope/trust in the system/bank	P5
Assisting someone in getting a loan: - Help with application process - Getting a cut - Is about whom you know.	P7
Trust: - Borrow less if trust is low - Culture of sharing, thus have to trust - Signing contract = distrust	P8
Trust relationship more important than banking regulations	P8
Obtain trust through knowledge, i.e.: - Do you know the person? - References from others - Obtain salary slip or financials	P11
SA bank's attitude towards Tanzanians perceived to be disrespectful and aggressive	P12/13
SA bank side vs. Tanzanian bank side. Them vs. us.	P2?
Decision power taken from Tanzanian bank - Results in long processes - Losing clients	P12/13
Racial issues Tanzanians feel whites see them as inferior	P12/13
Rights and humanity important	P12/13
Good community relationships important	P12/13
Borrowing based on trust	P14/15
Tanzanian culture - Need to please - Fears bad relationships	P14/15
Relationship between bank and staff - No trust - No transparency – withholding information - Language barriers - Lack of feedback	P18/P19

- Staff not paid sufficiently - Staff not valued - No consultation - Culture of punishment - Bank strategy not clear - Segregation based on position - Trade unions not regarded as effective	
Relationship between bank and client - Bureaucratic processes - Trust - Money swindling	P18/P19
Private lending not expected to repay - Like a present to someone - Budget for it	P22/P23
Being consulted with important in the Tanzanian culture	P25/P26
Relationship with line management - consultative - run business like it's your own - full mandate	P27/P28
Est. a culture open for new possibilities	P27/P28
Need consultation from bottom upwards	P29
Trust - Important - Tanzanian culture do not trust easily the first time	P30
Social – no shame in community if dismissed	P31
Trust - If deceased o Formal contract might be absent o Family deals with debtors/creditors - Policies and procedures impact on trust as policies and procedures are more important than the relationship	P34/P35
Relationship - Fairness important - Help each other. You might need help later	P41

Bank employees perceived to have a lot of money	P41
Bank to give back to the community	P41
Relationship building - Hanging on both sides (SA & Tanzanian staff) - Expats not allowed entry into Tanzanian bank - Eventually fight or flight - Trust not yet established	RN1
Entry - Hanging is not comfortable - Effort to stay in discomfort is needed to see loyalty and be allowed in - Allowing yourself in	RN2
Hierarchy - SA - Tanzania (Management, mid management, juniors) - Operations (Branch Managers, Clerks)	RN3
Tanzanian bank hierarchy - Lower levels angry at Tanzanian bank - Higher levels angry at SA bank	RN4
POLICY DEVELOPMENT	
Involvement in policy development	P2
Consulting with the people on the ground	P4, P5
Policies are adopted	P6
Customisation: - Double regulations. - Middle ground (trade-off) - Choose and apply most stringent regulations	P9
Relevance of policies to the Tanzanian environment	P2
Consulting with all parties	P5
Relevance of policies	P5
Consultations - Share information - Being positive	P5, P9
Policies should be practical	P20

Policies and procedures minimises and mitigates risk Training/discussion of policies and procedures important, both individually and collectively	P21
Policies and procedures appropriate - Slight variations needed - Compliance o Nature of docs can be adjusted if not valid	P25/P26
Policies should be customised to incorporate Tanzanian culture and law - SA polices too advanced for Tanzanian culture - Restricts business	P27/P28
Policies and procedures - Policies not applicable – results in non-compliance - Forced/duty to comply - Comply – make a plan to get it to work	P27/P28
Policies and procedures - Compliance important and pushed by the board - Challenge BOT on inappropriate issues - Board will not easily support policies and procedures if there's financial implications	P30
Policies and procedures - Works well - Customise as per Tanzanian environment - SA vs. Tanzania – different products thus different policies and procedures needed	P31
Policies and procedures - Do not bend the rules - Policies and procedures are appropriate - Go extra mile to assist and educate clients - No segregation of duties - Comply with policies and procedures yet keep personal touch with client	P32/P33
Policies and procedures - Tanzania to be aligned with Group - Group assumes policies and procedures meet risk better than local policies and procedures	P34/P35

- Aligning United Kingdom bank – SA bank – Tanzanian bank - Need to customise - Policies and procedures implement differently in different cultures. - Policies and procedures informed by reckless lending of other banks in Tanzania - Know the environment prior to implementation	
Policies ensures good procedures	P36/P37
Policies - Not always relevant - Irrelevant operations to be considered - Facts on ground to carry more weight.	P38/P39
Policies and procedures - Dictates all actions - Customer complaints point to poor policy - Policies overall good	P40
Policies and procedures - Now in place - Develop policies through o Consider current procedures o Look at systems o Consider environment o Do research on the internet o Consult with other banks o Previous experience - Use policy structure and just customise content - Review annually - Compare with international banks	P46
Policies and procedures - Works for Tanzanian clients - Last 10 years Tanzanian bank operates fine - Thus, policies and procedures fine	P42
RISK IS MANAGED	
Risk is identifiable (policies, rules, controls, etc.)	P3

Using your gut feeling vs. a checklist	P4, P9
Look at the individual when considering a loan, not culture	P7
Bank loans – not influenced by relationships. Determined by bank rules and procedures.	P10
Own money vs. the banks money	P4
Believe controls help to reduce risk	P14/15
Risk management is important	P17
Calculated risk required from time-to-time	P20
Increase controls and adherence to policies	P20
Risk management is different in business compared to culture	P21
- Historically risk wasn't talked about. - Currently risk is being dealt with. - Truth is important. - Majority of people take responsibility to deal with risk	P21
Deal with issues as they are risk management indicators	P21
Changes brought by risk management is impressive	P21
Risk management staff is like a mirror - Shows you at branch level what's going on - What path to follow	P21
Loans - Get background info - Not given to entrepreneurs and self employed	P22/P23
Personal finances a risk to all in Tanzania - Food - Extended family	P22/P23
Card division more independent - Own control implemented and works well - Combines with SA bank info – best of both worlds	P22/P23
Risk management - Focus on management risk with merchants - Reducing the risk of costs	P22/P23
Ownership of risk management through - Acceptance	P24

- Taking responsibility for procedures	
Verification of physical business happens	P24
Credit - Check business skills of client - Check for positive business trends	P25/P26
Risk management - Helps a lot - System helps to identify and track clients - Easier to trace problems	P25/P26
Lending - Only business loans and group loans - Personal loans high risk – revert to micro-lending	P27/P28
Loan applications - Normal client – not allowed to negotiate bad outcome - VIP clients can negotiate with branch manager	P27/P28
Decision making powers - Lies in SA - Results in long turnaround time - Losing clients/business - Locals to be trusted with decision making	P27/P28
Tanzanian bank vs. other banks - Tanzanian bank too many policies - Too busy with compliance - Hinders getting down to business - Other banks has more branches, less staff, more profitable	P27/P28
Banks vs. personal - Checklist vs. intuition - Formal vs. informal	P29
Bank risk high because of interdependencies	P29
Lending risk - Partial repayment - No repayment at all - People not faithful	P31

- Follow procedures - Check authenticity of documents - Work on checklist - Tanzanian bank bad lending history Bank staff colluding with outsiders	
Objective vs. subjective criteria - Objectivity difficult due to lack of reliable data - Objective criteria can be falsified	P32/P33
Gut feeling - Look upon documented evidence i.e. financial statements etc. - Look at bigger picture	P34/P35
Risk management - Too many controls yet no management of risk - Business identifies risk then sets controls o Should be id with risk management o Risk management to then set the controls - Tanzania in need of a central credit database - Responsibility to be taken for risk management	P34/P35
Bank vs. personal lending - Bank base on checklist - Personal base on relationship and trust - Existing bank customers already has relationship with bank	P36/P37
Due diligence – done on corporates, not individuals	P36/P37
Community bank vs. Tanzanian bank risk - Community banks less risky – only one branch - Tanzanian bank higher risk o More branches o More complex products o More complex systems i.e. technology	P36/P37
Support from group - Tanzanian bank to be treated like subsidiary and not a branch - Support with technology, knowledge, operational - Tanzanian bank board not just for compliance purposes. - Tanzanian bank board to have final say	P36/P37

Locals more knowledgeable - To set policies - Knows markets and business	P36/P37
Selection of board members - Criteria not sufficient - Regular seminars	P36/P37
Tanzanian bank credit - Consider the nature of the business - Look at repayment ability - Approval based on nature of business, not friendship or position - Policies and procedures dictates lending - Clients disadvantaged i.e. poor financial knowledge like drafting financial statements - Branch manager no authority or approval power due to misuse in the past - Head office approves all credit - Application turnaround time too long, hinders competitiveness.	P40
Risk management - Controls not sufficient - Expand first then want to control – leads to fraud - Frameworks not yet fraud proof - Addressing lack of controls is a continuous process - Bureaucracy not a risk - Overwhelmed and unproductive staff is a risk - Strategic and ops decisions made by people not understanding the Tanzanian environment - Tanzanian bank nosedived when SA bank acquired due to lack of environmental knowledge - Run Tanzanian bank from Tanzania not SA - United Kingdom – SA – Tanzania Prescribe – not rational – to implement - Risk management system to sophisticated i.e. police fraud report	P38/P39

Lending - Individuals or banks - Banks require collateral/guarantees - Individuals can't give guarantees - If default, won't ask again - Default – if forceful breaks relationship - Give asset as security - Guarantee from employer - Often no contracts - Bank requirements difficult - Borrow small amount to minimise risk - Short term (personal) - Long term (SACCOS)	P41
Lending - Friends, family, other financial institutions - Contract depends on relationship - Integrity of relationship important - Repayment ability - Repayment schedule - Provide security i.e. business - Defaulting – no lending or asking again	P42
Lending - Large amount – employer or financial institution - Small amount – friend, family, neighbour - Postpone and save - Obtain references - Trust - No written contract if close relationship - Written contract if no close - People pay loans or reschedule - Purpose of loan convince lender to give the loan - High risk = higher collateral	P43/P44

Decision to lend - Yes if employed - If business plan can be given - Planned event or not - Own financial ability - Consider urgency of the matter	P41
Criteria for lending - Trust - Reason for loan important - Repayment capability and source - Period of loan - Background of lender	P43/P44
Checklist - No VIP treatment allowed	P42
Checklist - Comfortable to lend if policies and procedures is followed - Too many supporting documents and forms to submit	P45
Risk management checklist - Mitigates risk - Checklist differs between Tanzanian banks - No VIP treatment - ORM works – need leniency and local input.	P43/P44
Risk management - Lots of components - model good - Implementation problematic - History - Policy - SA bank - Government	P43/P44
Risk management - ORM confused with internal audit - See risk management as preventative - Management through procedures	P46

- Risk is transferred through insurance - Lot of education necessary - Internal training challenging - Introduced risk management committee	
Loans - Head office approves - Pre-SA bank branches approved - Communication to and education of people important - Head office turnaround time problematic i.e. losing customers - Branches wants more power - Pre-SA bank had study loans for staff	P45
Decision to lend - Consult first - Depends on trust relationship - Due diligence on lender - Regret politely - Close relatives/friends, seek help on their behalf at 3rd party - Repayment – consider 3rd party involved - Lender to understand lack of money	P43/P44
Head office - Approve the loans - Branch manager no authority, unlike in other banks - Need quicker turnaround time - Need regular feedback on loan application status - Head office to enable branches through their service - Application timeframes to be honoured	P42
Tanzanian financial crisis - Review credit risk policy - Set new credit limits	P46
Relationship between customer and procedure	P46
VIPs - No special treatment - Use language and psychology to explain to them - Only branch manager acknowledged	P43/P44

- Staff seen as small - Branch manager the leader - Complain about checklist - Interpersonal skills important	
Banks - Criteria more strict - Checklist not catering for all scenarios - Business (business plan) - Individuals (no security/collateral) - Procedures to be followed – no VIP treatment - Segregation of duties and controls - SA bank brought more controls	P41
Risks with lending - Nature of the business - Loan money used for intended purpose or not	P42
Business and economy - Change necessary - Business has to grow - Common ground – culture vs. business	P43/P44
Risk management system works well. Monitoring thereof seems problematic.	RN6
GENERATIONAL DIFFERENCES	
Younger generation has different views	P4
Younger generation - Mostly X and Y - Ambitious - Sees it only as business - Stick to the book	P9
Impact of a younger generation as managers	P2, P9
Generational differences Young vs. old - Young embrace modern/professional ways - Change often resisted by the old	P11

- Old struggle with technology - Young people in senior positions initially creates a problem	
Younger generation wants to use technology	P6
Young people want a good life. Thus high appetite for risk if they do not yet have a family to support	P17
Young generation - New perspective like SA Bank - Want to earn fast	P31
Younger generation - New kids on the block o Standing together o Barriers to change – blocked by group o Seniors not wanting to be told about risk management by youngsters	P34/P35
Young vs. old - Old generation fears being indebted - Young generation sees loans as aid to advance	P32/P33
Generations Younger generation - more intelligent - higher risk to steal - bigger appetite for money - want to live different than parents did - use opportunities Older generation - won't steal due to socialist past	P38/P39
Older generation - Still resisting Tanzanian bank - Lost what they build - Challenging	P43/P44
INDIVIDUALISM vs. COLLECTIVISM	
Always first consider your own interest before giving a loan	P7
Culture of sharing. If you have you must give.	P8
Putting the others feelings, needs above own	P8

Communities expectations above the banks regulations	P8
Rambaiya – if you do not share/help you are seen as cold/dark	P8
Social economy and social society - Politics - Dishonesty - Social system gone - Own personal gain	P18/P19
Relations and social community important in Tanzania. SA bank not acknowledging that	RN5
Socialist system - Runs on both goodwill and corruption - Not as sharing/co-operative as is believed - Moral society – see loopholes in system yet do not report on them - Whistle blowers casted out if known	RN6
FRAUD	
Responsibility to deal with fraud. Community vs. organisation	P3
Defaulting of loans	P1
Loop in the system – reason for fraud	P6
Fraud uncovered - Client defaults - New employees not in loop - Prosecution	P7
Tendency towards fraud and illegal activity	P17
Laws, bad enforcement of laws & poor economy leads to fraud & corruption	P17
Corruption in Tanzania a risk for the financial industry - Foreign investors wary of investing	P22/P23
Moral responsibility - If fraud benefit society its acceptable - Many commit fraud	P22/P23
Fraud and age - youngsters bigger appetite for risk - older people more careful in the how	P22/P23

Fraud starts with leadership - Even encourages sometimes	P22/P23
Bribery - Still often used in Tanzania - Referred to as commission	P30
Ex bank officials train others on how to commit fraud in the bank.	P38/P39
Fraud - Student identity fraud o Steel individuals identity o Claim stolen card - Company documents often fraudulent	P45
HUMAN RESOURCES	
Need for teamwork	P2
Fear involved - Understanding - Segregation	P3
Ownership of policies by those responsible for implementing.	P2, P5
Experiences of long service vs. recently employed employees	P6
Impact of change on small vs. large departments.	P2
Attitudes must change	P7
Many HR (people) issues	P7
Market related salaries important	P17
Low salaries leads to low employee commitment resulting in high appetite for risk	P18/P19
Work ownership by employees. Need to safeguard it through risk management	P21
Majority of staff has high integrity	P21
Expats high cost to Tanzanian bank Other banks do not have expat costs	P27/P28
Skills shortage - Shortage of skilled people - Limits effectiveness - People develop skills slowly	P30

- Expats used to transfer skills, yet no. of expats allowed limited to 5	
Performance management issues - Before 2000 vs. after 2000 - Not allowed to fire someone then - Now you can dismiss - Big difference between performance management scores awarded and financial result of Tanzanian bank	P30
Compensation issues - Older generation demands sitting allowance - Younger generation ignores it	P30
HR - Below average salaries - Staff feel uncared for - Segregation through salaries - Older employees earn less than newer ones - Older people worked many years – nothing to show for it	P31
HR risk - Staff compliment - Skill shortage - Staff efficiency - Long working hours - Low morale	P38/P39
HR - All branch managers Tanzanians - Managing director Tanzanian – very good - Community runs the business, thus staff to be Tanzanian - Management by Tanzanians better - Decisions informed by culture	P40
HR - Recruitment – conduct due diligence on staff moving between banks - BOT regulates appointment of senior management - Banks regulate rest of appointments.	P36/P37
HR – SA bank/Tanzanian bank large = personal touch with staff lacking	P41
HR needs to be:	RN3

- Supported - Allowed - Entertained i.e. acknowledged	
INFRASTRUCTURE	
Technology challenges (phone lines, emails)	P2
Environmental differences e.g. culture and techno.	P7
Infrastructure investment	P6
Technology must be embraced more	P7
Relevance of the product range	P1
Banking system and infrastructure needs development - Transactions takes too long - Paper and not electronic	P11
Application turnaround time too long	P14/15
Still working on a manual system	P14/15
Choice of policies and products - Branches not consulted e.g. group loans & funeral cover - Not in line with Tanzanian culture i.e. not appropriate to speak about death yet funeral cover offered	P14/15
Banks not organised to effectively manage loan portfolios	P17
Systems - National identification a problem - Banks starting to share info on bad clients	P32/P33
Structures - Credit rating system still in progress - Lack of credit system setback to banking in Tanzania	P36/P37
Information sharing - share info on staff movement – not required as per law - share info on client movement – mandatory as per law - Agreement o TBA – to share staff info o Framework to be developed by TBA	P36/P37
National identification - To aid in sharing of credit info.	P36/P37

Credit system - Log fraudulent staff onto the system.	P38/P39
Infrastructure - Need a credit office in all branches - Small branches o Need more employees o Resources a challenge	P42
Infrastructure - Structure not well implemented and organised	RN3
COMPLIANCE	
Compliance to policies and procedures	P2
Instructed by head office/management.	P5
Authority of branch manager - Can only recommend - Head office decides - Branch manager knows customers better than head office	P10
Credit application - Branch recommends - Head office approves/or not	P21
ORM Framework application - For now just compliance exercise - Staff not yet gained insight - Synthesis not yet reached - All policies not relevant - Understaffed o Comply only o No time to learn/insight	P29
Lack of understanding - Importance of risk management is not grasped - SA bank system is not understood - Purpose of policies and procedures not clear - Importance of Master and Visa systems not understood by BOT	P30

Compliance - Indoctrinated so much just to comply - Do bare minimum - Focus on compliance also during setting up of interviews for this research	RN3
REGULATORY MATTERS & LEGISLATION	
Lack of local regulations to support policies	P2
Environmental differences - No physical addresses - No identifications	P9, P11
Relies only on: - Voter cards - Passports - Letter from local authority	P11
Authentication of physical address a problem	P14/15
New products brings new regulatory challenges	P6
Lack of identifications and company registration verification hinders risk management	P21
Law - Business law too loose - More prosecutions will aid risk management	P21
Legal - Legal system no adequate - Biggest risk is getter fired, yet you keep the money stolen - Bank must push for better laws and enforcement	P22/P23
Legislation - Policies are localised in line with law - Law used as minimum	P30
Sharing info between banks – initiative underway	P31
Legal system - Tanzanian bank takes action - Fails due to lawyers mingling - Evidence a problem	P31

- No prosecution	
Legal - Asset forfeiture of fraudsters - In the law but not enforced - Use criminals money to fight crime - E-crime no legislation	P34/P35
Regulator (BOT) - Reviews significant policies - Requires credit investigations - Role and clients o Provide financial stability o Advice to government and economy o National payment system o Review and sign bank policies - Require policy customisation	P36/P37
BOT lending to banks - Collateral treasury bills	P36/P37
RM vs. law - Controls and law not on the same standard - SA law feared, not Tanzanian law - Bribery – lack of investigation and evidence	P38/P39
DISTANCE	
Distance - Johannesburg vs. head office - Head office vs. shop floor	P5
Relationships - Tanzanian bank close with head office in SA - Telephone, visits, conferences, reports	P9
Distance of branches from head office	P7
RISK MANAGEMENT APPROACH	
Advanced vs. standard approach (Basel)	P6
Code of banking practice - Ethics	P9

- Communication - Sign	
Risk management in Tanzania - Being worked with. - Respected - Supported by Central Bank	P9
Advanced approach requires: - Less capital - Less time to conduct business - More time on compliance	P6
Advanced approach enables stronger client base.	P6
Risk management framework not appropriate to Tanzania - SA vs. Tanzania – economies & customers are different - No consultation done - Needs to be revised - Just a compliance exercise - Paperwork exercise – paperwork also not always used	P22/P23
Standard approach - Appropriate - Yet too technical - Somewhat advanced - Driven from the top (SA bank)	P29
Risk management requirements - SA more advanced in their development - Large gap to be closed between SA and Tanzania	P30
Standardisation - Need standards between banks - Tanzanian bank more strict than other banks - Uneven playground	P43/P44
TANZANIAN TOP MANAGEMENT	
Tanzanian bank top management - Must be Tanzanians - If not, perception that it's not a Tanzanian bank	P10

Effectiveness of Tanzanians vs. SAs as management.	P6
OLDER EMPLOYEES	
Culture must change - Older employee still rigid, sticking to old ways.	P7
Older employ believes SA bank got Tanzanian bank for a steal. New employees see it different.	P6
PRIVACY AND CONFIDENTIALITY	
Privacy of lender and confidentiality important	P7
Confidentiality of lender important	P7, P8
Tanzanian culture influences risk management - Confidentiality and privacy hinders risk management - Not willing to share	P17
BUREAUCRACY	
Short time frames	P2
SA bank always works with deadlines	P7
Bureaucracy - Long time to process loans - Customer complaints	P10
Difficulty to obtain loans	P1
COMMUNICATION	
Language is a barrier to communication	P5
Communication - Not effective - SA and Tanzania both work on assumptions - Info systems do not talk to one another	P30
Communication - Made various requests over time - Ignored - frustrated	P40
Communication - Frustrated – not listened to - London not communicating decisions - Language is an issue.	P38/P39

LENDING BEHAVIOUR	
Microfinance industry - Run by young professionals who has money - Security is a problem - Salary slips & financials - Bad debt - Legal matters	P11
Lender credibility. Consider: - Reputation - Nature of business - Repayment track record	P16
Clients credit history, contracting and securities are important	P20
Lending criteria - Clients previous lending behaviour - Confirm the need Ability to pay back i.e. income	P31
Sign informal agreement – evidence of loan	P31
Credit applications - Small amounts – friends and family - Large amounts – bank or seller	P32/P33
Lending criteria - Previous lending behaviour - Do not expect repayment - Small amount – no formal agreement - Won't follow-up on outstanding debt	P32/P33
Credit - Earn salary or have formal business - No national identification and lack of education as to banking - Have some sort of relationship - Obtain background info - Lenders reputation - Ability to repay - Personal lending – no contract	P34/P35

- Tanzania you decide on your own – can consult if you want to.	
Credit - Small amounts do not expect repayment - Large amounts expect repayment - No formal agreement – tell wife or write a note - Only lend to someone know to you - Lending is confidential - If you do not lend when asked to, community turns against you - African tribes - sharing	P36/P37
Lending - Lend from people you know i.e. family/friends - Look at what money is for - Placed in difficult position when approached for credit - Friendship is important - If you have money and its family you have to give - Expect repayment - Defaulting leads to mistrust	P40
Social - If one's asked for loan and couldn't repay, won't ask again - People know they'll be treated in accordance with policies and procedures - People with social standing get special treatment based on two assumptions o Either they earn a lot, o Known to others thus won't default on loan	P32/P33
Micro-finance - Easy loans - High interest - contracts	P34/P35
Account history - Affects loan outcome - No immediate lending - Get to know the client	P42

CHANGE MANAGEMENT	
Frequent change - Frustrates - No stability - No opportunity to learn	P29
Aspects affecting the change - Old staff – manual vs. electronic - New staff – lack of experience - New managing director to help change move quicker	P38/P39
Changes - Generational - People's needs	P41

ADDITIONAL NOTES
P36 & P37: Lending to a friend - Some would say they won't follow up if the friend doesn't pay you back - Others say they will keep pressing until they recovered what was owed to them - In the end the relationship is damaged irrespective if followed up or not.
P38 & P39 Younger generation vs. older generation National culture vs. banking culture vs. economic culture Socialism vs. liberation vs. bureaucracy Group (i.e. UK & SA) vs. Tanzania
P43 & P44 RM: - Checklists followed - Requires a lot of supporting documents - Direct as client sees the checklist Personal: - Also has a checklist - Affordability - Background

- Purpose of the loan
- References
- Trust, etc.
- More subtle

ANNEXURE D

MAJOR TOPICS	UNIQUE TOPICS	LEFT OVERS
BANKING HISTORY IN TANZANIA	TANZANIAN TOP MANAGEMENT	COOPERATIVE ECONOMICS
EDUCATION/TRAINING	OLDER EMPLOYEES	STORYTELLING
RELATIONSHIPS	PRIVACY AND CONFIDENTIALITY	TRACEABILITY OF CLIENTS
POLICY DEVELOPMENT	BUREAUCRACY	
RISK IS MANAGED	COMMUNICATION	
GENERATIONAL DIFFERENCES	LENDING BEHAVIOUR	
INDIVIDUALISM vs. COLLECTIVISM	REMUNERATION	
FRAUD	SA LEADERS & TANZANIAN FOLLOWERS	
HUMAN RESOURCES	WOMEN IN BUSINESS	
INFRASTRUCTURE		
COMPLIANCE		
REGULATORY MATTERS & LAW		
DISTANCE		
RISK MANAGEMENT APPROACH		
CHANGE MANAGEMENT		

ANNEXURE E

Co-coding of interviews

The table below provides an overview of the coding done by the two independent co-coders of the first ten interviews and the subsequent themes, categories and evidence of categories reflecting the perceptions of Tanzanians of operational risk and the psychosocial components that affect the implementation of a risk management model in a targeted organisation in Tanzania.

<table>
<tr><td colspan="3">At the time of the study, there seemed to be a discordant relationship between the banks and the Tanzanian individual. This had a historical base and influenced behaviour and trust as the two worlds merged. Individual factors contributed to risk profile which often led to informal lending/borrowing behaviour.</td></tr>
<tr><th>Theme</th><th>Category</th><th>Sub-category</th></tr>
<tr><td rowspan="10">Historical and contextual events shape behaviour and influence trust: two worlds</td><td>Local banking history</td><td>The government as rescuer. The government and communal property/socialist mindset</td></tr>
<tr><td rowspan="7">Foreign banks: a process of change and relevance</td><td>Do not take into account contextual realities</td></tr>
<tr><td>Impose policies</td></tr>
<tr><td>Business agenda</td></tr>
<tr><td>Processes and procedures</td></tr>
<tr><td>Lack of personalised customer services</td></tr>
<tr><td>Lack of ownership and accountability</td></tr>
<tr><td>Inequality in services</td></tr>
<tr><td>Regulatory and technical issues lagging behind causing strain</td><td></td></tr>
<tr><td>Management style could lead to resistance and resentment in the uptake</td><td></td></tr>
</table>

Theme	Category	Sub-category
	Building internal relationships	Takes time
		Community focus
Personal factors contribute to risk profile often leading to informal lending/borrowing behaviour	Savings culture	
	Lack of financial knowledge and education	Risk and language
	Lack of security and collateral	
	Discipline to repay	
	Informal lending/borrowing behaviour	Family
		Friends
	Risk assessment and culture	'Gut feeling'; politeness
Discordant relationship between banks and the individual	Issues of culture	
	Motivation driven by benefit and fear	Self Organisation Society
Develop buy-in from all stakeholders (don't treat them like children) Provide information and training Increased interaction		

The table below provides a summary of my own coding of the first ten interviews following the first three steps of Tesch's content analysis

No.	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
1	Saving culture	Involvement in policy development	Education / training on what is risk	Using your gut feeling vs. a checklist	Distance - Jhb vs. HO - HO vs. Shop Floor	Advanced vs. Standard approach (Basel)	Privacy of lender and confidentiality important	Huge cultural diversity ±120 different cultures and languages	Policies to be understood to be implemented	SA introduced risk in Tanzania
2	Difficulty to obtain loans	Compliance to policies and procedures	Individualism (what I know to be right) vs. collectivism (what is right for the collective)	Consulting with the people on the ground	Instructed by HO/Mgt.	Policies are adopted	Relationship matters: - Trust - Contract - Interest - Size of loan	Relationship important: - Defaulting shouldn't influence it - Give something rather than nothing	Customisation: - Double regulations. - Middle ground (trade-off) - Choose and apply most stringent regulations	Personal loans depend on relationship or friendship with the person and what the money will be used for.
3	Relationship management (Business clients vs. private clients)	Need for teamwork	Responsibility to deal with fraud. Community vs. organisation	Government bank means it's the people's money	Ownership of policies by those responsible for implementing.	Infrastructure investment	SA always works with deadlines	Decision to lend money lies with individual. Mostly don't discuss with anyone else	Code of banking practice - Ethics - Comm - Sign	Bank loans – not influenced by relationships. Determined by bank rules and procedures.
4	Relevance of the product range	Short time frames	Fear involved - Understanding - segregation	Younger generation has different views	Relevance of policies to the Tanzanian environment	Experiences of long service vs. recently employed employees	Always first consider your own interest before giving a loan	90% of purchased done cash	Environmental differences - No physical addresses - No IDs	Repay loan to keep trust in tack
5	Banking history	Technology challenges (phone lines, emails)	Risk is identifiable (policies, rules, controls, etc.)	Own money vs. the banks money	Consulting with all parties	Tanzania – high cash driven economy	Look at the individual when considering a loan, not culture	Culture of sharing. If you have you must give.	RM in Tanzania - Being worked with. - Respected - Supported by Central Bank	Authority of BM - Can only recommend - HO decides - BM knows cust better than HO

No.	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
6	Defaulting of loans	Relevance of policies		Trust	Understanding what needs to be done and why	Loop in the system – reason for fraud	Environmental differences e.g. culture and techno.	Confidentiality of lender important	Younger generation - Mostly X & Y - Ambitious - Sees it only as business - Stick to the book	Bureaucracy - Long time to process loans - Customer complaints
7		Lack of local regulations to support policies		Risk mngt requires culture to change - Report fraud - Creating awareness through training	Hope/trust in the system/bank	Adv. Approach requires: - Less capital - Less time to conduct business - More time on compliance	Assisting someone in getting a loan: - Help with application process - Getting a cut - Is about who you know.	Trust: - Borrow less if trust is low - Culture of sharing, thus have to trust - Signing contract = distrust	Education & Training - Create awareness - Aim for understanding - Sharing incidents to learn from - Need for RM qualification	NBC Top Mgt - Must be Tanzanians - If not, perception that its not a Tanzanian bank
8		Impact of change on small vs. large departments.				Adv. Approach enables stronger client base.	Access to info e.g. policies - trust on seniors to pass it on - comm. is an issue	Putting the others feelings, needs above own	Relationships - NBC close with HO in SA - Telephone, visits, conferences reports	
9		SA side vs. Tanzania side. Them vs. us.				Younger generation wants to use technology	Fraud uncovered - Client defaults - New empl. not in loop - Prosecution	Communities expectations above the banks regulations	Consultations - Share information - Being positive	

No.	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
10		Impact of a younger generation as managers				New products = new regulatory challenges	Culture must change - Older empl still rigid, sticking to old ways.	Rambaiya – if you don't share/help you are seen as cold/dark		
11						Older employ believes SA got Tanzania for a steal. New employ. see it different.	Attitudes must change	Trust relationship more important than banking regulations		
12						Effectiveness of Tanzanians vs. SAs as management.	Technology must be embraced more	Risk policies heightens risk awareness - IT security - Career security		
13							Distance of branches from HO			
14							Many HR (people) issues			

ANNEXURE F

Letter of Consent

I, ____________________________, agree to take part in the research project being conducted by Annelize van Niekerk as part of the requirements for her Doctoral Degree in Industrial and Organisational Psychology at the University of South Africa (UNISA).

This data may also be used in the analysis required for the publishing of journal articles and presentation at conferences. I understand that the information which I will supply will be confidential and will not be disclosed to anyone but will only be used in summary form in the research findings. The researcher will protect my identity and so ensure my privacy and anonymity.

The information which I provide will be held securely until the research has been completed (published), after which it will be destroyed. The information which I provide will not be used for any other purpose.

I have been informed that I may withdraw from this study at any time and that any information which I have supplied will not be used and any records held relating to my contribution will be destroyed.

Signed at _________________________ on this _______ day of __________________________.

__________________________ __________________________

SIGNATURE OF PARTICIPANT SIGNATURE OF RESEARCHER