

**AFRICAN MANAGEMENT PRINCIPLES
WITHIN THE COMMUNITY BANK**

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ABSTRACT

The research exposes a developing African Management model, within a case study framework, and deals with its management approach, structures and processes. Through the qualitative research methodology employed sufficient evidence was found to suggest that African Management is (1) eclectic in nature, embracing Lessem's (1990a, 1990b, 1993a, 1993b) constructs of 'Western' empiricism, 'Northern' rationalism, 'Eastern' idealism and 'Southern' humanism in a dynamic whole; (2) that the natural inclination of organisations and/or sections thereof operating within an environment of collective consciousness is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational, or 'Eastern' developmental bias; (3) that such 'Southernness' is pre-eminently concerned with themes of voluntary subordination of self-interest to communal objectives, rights and obligations, relationships built on trust, community ownership, inclusive and transparent arrangements, democratic decision making processes, celebration, humanistic values, primacy of language and African humility; further to which (4) the pathological down side of over developed 'Southern' humanism - at the expense of 'Western' empiricism, 'Northern' rationalism and 'Eastern' idealism - is heightened expectation, prolonged consultation, favouritism, patronage, and nepotism.

DECLARATION

I declare that this research report is my own, unaided work. It is being submitted in partial fulfilment of the requirements of the degree of Master of Management (Human Resources) in the University of the Witwatersrand, Johannesburg. It has not been submitted before any degree or examination in any other University.



Patrick Gerard Keogh

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CHAPTER 1 - INTRODUCTION

1.1. Research Framework

The Research Report to follow forms part of the "South African Management Project" initiated by the University of the Witwatersrand's Faculty of Management. The aim of which is to provide impetus to the study of African Management philosophies, concepts and applications in the pursuit of finding indigenous solutions to local organisational problems. To which end benchmark organisations practising African Management were identified for research purposes. This Research Report details a single unit of study within a multiple case study framework involving other researchers. Replication of the Research Findings, arising out of the single unit of analysis, is beyond the scope of this Research Report and forms part of the research objective of the "South African Management Project".

1.2. Research Justification

At the outset it is with regret that one has to acknowledge Khoza's (1993) assertion that while there has been much talk of the economic triad, involving the United States, the Pacific Rim and Europe over the past decade, crucial debates about Africa have invariably been off screen, as if the entire continent does not exist. Reason for which lies in the continent's negligible contribution to the world economy. Given this bleak scenario the question is asked whether a case can be made for a . Afrocentric management approach. To which Khoza (1993, p117) answers philosophically, "No, because there is no real management track record to blow our trump . about. Tanzania's *ujamaa* and Zambia's African humanism have delivered very little, ostensibly because of socialist embroidery. Yes, because this continent has an economic date with destiny. Africa is essentially an underdeveloped geo-economic, socio-political entity with potential."

While Khoza (1993) answers the question philosophically, Human (1993) sees the development of African Management theory as an economic imperative.

Human (1993, p206), in an assessment of the socio-economic and political transformation taking place in South Africa at the moment, forwards the motion that, "The need for a theory of the firm and a sound understanding of its essential features is, moreover, crucial since South Africa, and the world in fact, are entering perhaps the most dramatic period of punctuated change in history. The consequences of such change for the business firm are, as yet, not fully appreciated. The importance of the business sector, as the wealth creation element in the equation for the successful outcome of a transforming South Africa, cannot be underestimated."

1.3. Strategic Human Resource Management

Theories of Strategic Human Resource Management which call for congruency between organisational strategies, structures and processes are acknowledged as being in-separable to the development of an African Management theory.

This main stream theory is however well reported and readily accessible. As a consequence it is not the intention of this Research Report to paraphrase over prescribed definitions of Strategic Human Resource Management. Instead the Research Report offers a practical illustration of how these concepts of organisational fit, congruence and integration find application in a transcultural management setting.

1.4. Transcultural Management

The term transcultural management is used throughout this Research Report to define philosophies, structures and processes needed in the management of an eclectic or multi-cultural workforce.

1.5. Contemporary Studies

It is noted that, while published papers and journal articles on the topic 'African Management' abound, very little research has been conducted to substantiate a host of identifiable abstractions. As a consequence the study of African Management is restricted by the need to avoid:

- *Inappropriate Assumptions About the Functioning of Formal Organisations:* Blunt (1983, p.xi) argues that, "... management text books used by lecturers and students in Africa have up to now been mostly British or American in origin, written by Western academics for a readership in the West, and taking as a starting point a Western business environment. Very few books indeed have been written which deal with a third world or African environment, or provide an alternative perspective relevant to issues and problems faced by managers in our developing societies."
- *Sweeping Generalisations About African Management:* Khoza (1993, p118) cautions that, "Afrocentricity remains a broad concept, a content-wide challenge with attendant vexing questions : Is the continent sufficiently culturally homogeneous from Cape Town to Cairo, East to West Africa? Are there values that are characteristically African, transcending African boundaries?" An answer to this can be found in Blunt and Jones' (1992, p1)

assertion that, "Even where empirical studies exist it is unrealistic to suppose that we can say anything about the contexts of African organisations which will have equal validity across the whole vast continent, even if we confine our analysis to those nations generally referred to as the south of the Sahara."

- *A Tendency Among Management Researchers to Focus Narrowly on Internal Organisational Processes:* Blunt and Jones (1992, p1) warn that among African Management researchers, " ... there is a tendency to focus heavily on internal organisational processes at the expense of developing a more complete understanding of the environment in which formal organisations operate. One serious effect of this is that whereas African organisations may find they can apply Western management concepts and practices to their technical core with few modifications, these imported ideas and practices are generally found to be inadequate and / or inappropriate for the organisations' relationships with their environment."

- *Normative Prescriptions:* Human (1993, p205) points out that, "There is a paucity of serious scientific studies of the South African business firm. Most of the books and published articles on management and the business firm in South Africa tend to be normative prescriptions about what management should do and what the business sector should become. Our researchers and writers on organisations appear to be exclusively interested in idealistic futures and exotic answers and would seem to find the very important project of explaining reality for what it is, distinctively unattractive. The past and the present are perhaps less attractive than the simplistic and idealistic end states so passionately offered to us by the 'corporate crusaders'."

- *Outdated Research Material:* The problem with dated research is that it reflects the bias of various subjective forces which include amongst others the bias of a predominantly white sample. Human (1993, p213) draws our attention to a societal paradox inherent in certain dated management research, "The diversity in business organisations found in this society is far less than the diversity found in society as a whole. The environment in which business organisations operate has been specific to the needs of the elite. The majority of the population, who were viewed as 'visitors', had little significant impact on the nature of the specific and relevant environments served by the business organisation. The environment of business could be seen as protected and isolated enclaves in the broader South African environment. Apartheid structures and racist attitudes created small white islands only vaguely conscious of the African sea surrounding its shores." Unfortunately, up until very recently it is within these skewed islands of homogeneity that samples of management research were drawn.

For all the reasons stated above this Research Report should be viewed as a contemporary study without a reliable framework for theoretical triangulation.

1.6. Layout

The organisation of the Research Report follows logical format to denote the research methodology employed.

Chapter Two serves to identify and contextualise the Research Problem, which at times is seemingly obvious but difficult to isolate, to which end Beck and Linscotts' (1993) metaphor of a human crucible is referred to, to describe the socio-political environment within which South African management operate. Further to which a brief synopsis of Graves' "Double Helix Model of

Biopsychosocial Systems Development Model", as reported by Beck and Linscott (1993), is given to isolate the Research Problem.

Chapter Three, a detailed Literature Review, unpacks the Research Problem and serves to integrate the teachings of various theorists and writers on the topic of African Management. As a consequence the Literature Review is divided into two sections, the first deals with broader theoretical ideas raised by Lessem (1990a, 1990b, 1993a, 1993b) and Koopman (1987, 1991, 1993), while the second section is confined to the identification of a number of conceptually formulated assertions to support the mainstream theory. The literature review is narrow in the sense that it deals primarily with emerging principles on African Management at the expense of more widely accepted global management principles.

Chapter Four serves to summarise the Literature Review findings through the coding of four Research Propositions upon which the Research Report is based.

The Research Methodology employed is elaborated on in Chapter Five together with a methodological appraisal to guide future researchers attempting to study a contemporary phenomenon, such as African Management, within a case study framework.

Chapters Six, Seven and Eight, the crux of the Research Report, outline the Research Findings with reference to three headings, namely : Exploratory, Descriptive and Explanatory to reflect the method of data analysis employed.

The final chapter, Chapter Nine, concludes with a brief synopsis of the significance of the research findings, key assumptions and limitations and avenues for future research.

CHAPTER 2 - RESEARCH PROBLEM

2.1. Introduction to the Research Problem

Beck and Linscott (1993) describe South Africa as a dynamic crucible whose contents are - sometimes quite literally - exploding in the chaos of change. The crucible, as described by Beck and Linscott (1993), is seen as a vessel in which disparate and often incompatible elements are forced by circumstance into fusion and transformation under intense heat, with high and focused energy. As an apt metaphor for human development, the crucible is seen to melt down old systems, refine out impurities, form new alloys, create new entities, destroy old orders, contain and re-focus energy and spark thresholds of change.

Beck and Linscott (1993, p93) alert us to the fact that, "Into the human crucible of South Africa are being poured some of the most explosive elements and forces to have plagued the planet itself through history - the legacy of colonial disposition, war, bizarre racial theories, perceived historical slights and injustices, warped religious cults, and ideologies with pretensions to transcend truth. All the value systems which have developed over mankind's long psychological ascent are present in pristine form in South Africa, impinging one on the other. Along with this is the daily contrast between first-world and third-world life styles."

According to Beck and Linscott (1993) the manifestations of the above are all too evident: South Africa's relatively small and fragile first-world component is in danger of being swamped by an emergent, demanding, yet under educated third-world mass; literacy and numeracy deficiencies are alarming; many organisations are still coloured by paternalistic or authoritarian attitudes; and heightened and altogether unrealistic expectations of affluence for all are impetuous and naive.

Echoing Beck and Linscotts' (1993) assertion van der Merwe (1993, p223) concludes, "While the forces for a vicious downward cycle into chaos in this amalgam are great, the potential for a virtuous upward spiral based on creative synergy amongst this incredible diversity is equally great."

The question to be asked is whether there can be order in human chaos and whether South Africa has the ability and capacity to forge a common language to escape the confusion of change?

2.2. Definition of Research Problem Parameters

In an attempt to isolate the nature of the challenge confronting South Africa management Beck and Linscott (1993) make reference to Graves' 'Emergent, Cyclical, Double Helix Model of Biopsychosocial Systems Development'. The main features of which are captured in Table 2.1 below:

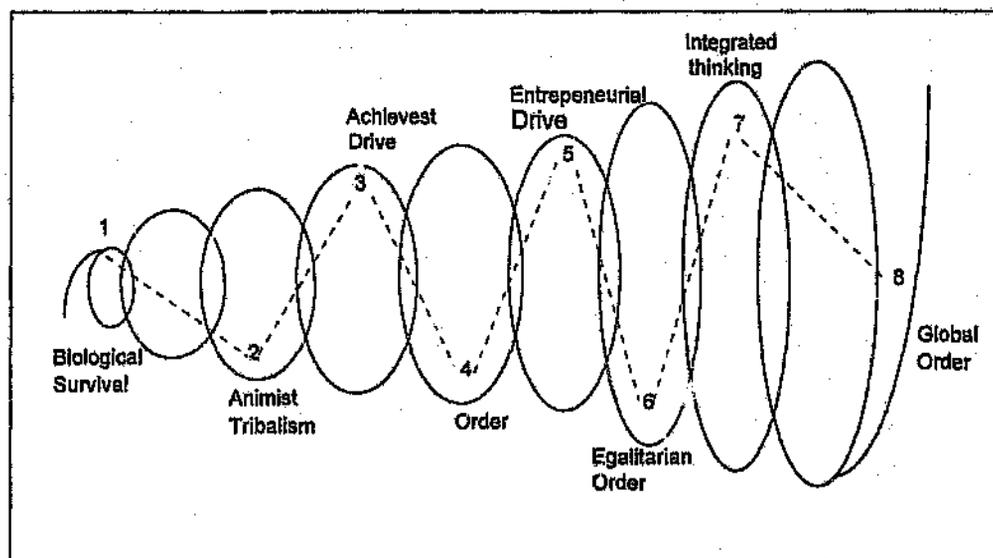


Table 2.1.

The Emergent, Cyclical, Double Helix Model of Biopsychosocial Systems Development.

Source: Reprinted from Beck, D.E. and Linscott, G. (1993): "The African Crucible - Unity in Diversity", in *African Management: Philosophies, Concepts and Applications*, Christie, Lessem and Mbegi (editors) Randburg: Knowledge Resources (Pty) Limited, p94.

Gravesian theory holds that the thinking patterns of individuals, groups and societies are the product of their response to challenges of existence in their environment. As the challenges of existence and environment change, so do thinking patterns and values. As a result individuals and groups can and do move along the helix or spiral to levels of greater conceptual complexity in order to cope with the rigours of their new environment.

The thinking patterns to emerge at each particular level are summarised in advancing order of complexity in Figure 2.1 below:

Level	Description	Manifestation
1	Biological Survival	Characteristic of hunter / gatherer bands.
2	Animist Tribalism	A belief in spirits and magic, close identification with tribal order.
3	Achievist Drive	A breaking away from tribal order, strong personal ambition, often accompanied by a ruthless urge for power.
4	Order	A concern for order, correctness, doing things the right way, an intolerance of dissent.
5	Entrepreneurial Drive	A quest for materialism, the good things in life here and now. Strategic thinking and the capacity to strike deals.
6	Egalitarian Order	A reaction to level five, a concern for justice and community.
7	Integrated Thinking	Integrated, holistic thinking, a capacity for taking the large view, interacts with leaders at all levels without seeking to manipulate, marginalise or patronise them.
8	Global Order	Still emerging, a concern for global issues and continued human survival.

Figure 2.1

Thinking Patterns at Each Particular Level of the Gravesian Double Helix Model.

Source: Adapted from: Beck, D.E. and Linscott, G. (1993): "The African Crucible - Unity in Diversity", *African Management: Philosophies, Concepts and Applications*, in Christie, Lessem and Mbegi (editors) Randburg: Knowledge Resources (Pty) Limited, p95.

Beck and Linscott (1993) note that in a country of South Africa's heterogeneity, where there is a flux from tribal to urban environments, the Gravesian 'Double Helix Model of Development' has profound implications, the logic being that South African's of diverse backgrounds are at different levels of development and by inference perceive the world about them in different ways. The dynamic of which leads Beck and Linscott (1993) to conclude that South African's are already experiencing, in the workplace, the World to the Power of Seven, a level of complexity which would confound their counterparts in virtually any other country.

2.3. Management Implications of the Gravesian Double Helix Model

The essential message of the Gravesian 'Double Helix Model of Development' is that problems of existence created by competition, interaction and conflict among the value systems of the first six levels cannot be resolved by thinking exclusively in terms of any one of the first six levels of thinking. Hence, Beck and Linscott's (1993, p102) assertion that, "The Law of the Spiral dictates - as interpreted through Level Seventh thinking - the importance of creating managerial models that can deal with all the other levels both individually and collectively."

2.4. Research Objective

The objective of the Research Report is therefore to expose a developing African Management model, which is seen to be managing the entire litany of social problems listed above, both individually and collectively, and to offer not only a description of its structure and processes but an explanation of its business outlook, managerial orientation and leadership style.

CHAPTER 3 - LITERATURE REVIEW

3.1. Section One : Theoretical Framework

The section to follow covers a broad theoretical framework of emerging African Management theory as outlined by Lessem (1990a, 1990b, 1993a, 1993b) and Koopman (1987, 1991, 1993).

The purpose of this section is to provide a basis for classifying various abstractions and generalisations to follow in Section Two of this Literature Review.

3.1.1. Cultural Foundations of South Africa's Businessphere

In spite of a general paucity of contemporary research material inspiration upon which this Research Report is based is found in the works of Lessem (1990a, 1990b, 1993a, 1993b) and Koopman (1987, 1991, 1993) who provide theoretical frameworks against which emerging theories on the subject of African Management can be classified.

Lessem's work (1990a, 1990b, 1993a, 1993b) is similar in intent to that of the Gravesian 'Double Helix Model of Development', presented by Beck and Linscott (1993), in that it recognises and deals with the complexities of South Africa's socio-political and economic heritage.

Lessem (1993a) posits the idea that South African management thinking has to a greater or lesser extent been influenced by four world views, drawn from a number of sources, namely:

- Empiricism which is rooted in South Africa's British or 'Western' culture. This Anglo-Saxon culture is seen to have given rise to an experiential or primal manager who is concerned with free spirited individualism and the need to be enterprising;
- Rationalism which is grounded in South Africa's French Huguenot or 'Northern' European heritage. This northern heritage is seen to have given rise to the professional or rational manager who is concerned with meritocracy and conventional wisdom associated with planning, organising, directing and controlling;
- Idealism or 'Eastern' philosophy which is grounded in South Africa's Dutch philosophical tradition. This eastern philosophy is seen to have given rise to what is termed the developmental manager who is concerned with holistic thinking and co-operation; and
- Humanism which is strongly rooted in 'Southern' and African soils. This southern approach is seen to have given rise to the convivial manager who relates to people in terms of morals and emotions rather than in terms of roles and functions.

The main tenets of these four world views, as developed by Lessem (1990a, 1990b, 1993a, 1993b) and refined by the "South African Management Project" (1994), are tabulated in Figure 3.1 below.

World 1 - West	World 2 - North	World 3 - East	World 4 - South
Empiricism	Rationalism	Idealism	Humanism
Competitive and personalised	Co-ordinated and managerial	Co-operative	Communal
Primal management	Rational management	Developmental management	Humanistic management
Free enterprise	Planned corporate growth	Industrial renewal	Socio-political reconstruction
Business leadership	Dirigisme, economic planning	Sustainable development	Spiritual transformation
Privatised competition	Public / Private co-ordination	Co-operating clusters	Networks of re-construction
Entrepreneurship	Professional cadre, elite	"Japan Inc."	Communal enterprise
Process re-engineering	Corporate planning	Kaizen, continuous improvement	Ubuntu - community building
Empowering people, customer care	Industrial democracy	Quality circles	Story telling, value sharing
Improving work rate	Undertaking work study	Enhancing work flow	Building work rhythm
Adding value	Allocating value	Enhancing value	Value sharing
Economy	Technology	Ecology	Spirit

Figure 3.1.

Four Management World Views

Unfortunately, as Lessem (1993a, p18) points out, "Business enterprise in Southern Africa has not emerged in a vacuum. In effect it has evolved out of one particular cultural heritage and duly ignored its others. More specifically, it has drawn strongly on its competitive and personalised world (Western) and weakly on its

co-ordinated and managerial world heritage (Northern), while ignoring its co-operative (Eastern) and communal worlds (Southern)."

3.1.2. Positive and Negative Pathologies of the Businesspheres

While Lessem argues (1993a) that African Management is a dynamic whole representing the interplay between all four worlds he draws attention to the need to engage and integrate the neglected dimension of the 'Southern' approach into management thinking. The premise being that only those organisations which can harness the collective forces of 'Western' competition, 'Eastern' co-operation, 'Northern' co-ordination and 'Southern' community will be able to compete successfully in the global market.

Lessem (1993a) cautions however the extent to which any one of these dimensions is overdeveloped at the expense of the others, so the organisation will exhibit distinct pathologies in the form of overdone 'Western' materialism; 'Northern' mechanism; 'Eastern' cartelism; or 'Southern' nepotism.

In an affirmation of Lessem's (1993a) concern about 'Southern' nepotism, Blunt and Jones (1992, p37) caution, "It is clear that African managers are linked to extensive networks of social obligation; and that values of reciprocity and social exchange that characterise social systems still impinge directly on the working lives of African managers."

Hence, the need to view African Management as a dynamic whole of differentiated yet integrated forces so as to alleviate the likelihood of any of the above pathologies developing.

3.1.3. Equal Esteem Between the Businesspheres

Alexander (1990, p1) in a philosophical paper tracing the historical and commercial origins of business isolates the challenge identified by Lessem(1990a, 1990b, 1993a, 1990b), " ... even big businesses are constellations of small clusters of discernible identity, in cousinship with other clusters of equally discernible identity. What makes the difference is the quality of the people in each cluster, and the affinity they have with those in other clusters. No doubt some men and some clusters spend great sums essential to the corporation. Other men and some clusters spend small sums - equally essential to the limbs of the corporation. It is not easy, in the face of their differences of scale and function, to achieve a condition of equal esteem between the clusters."

The essence of African Management is therefore to be found in the manner in which it seeks to bring about a condition of equal esteem between people of different world views.

3.1.4. Pragmatic Humanism

Koopman's (1987, 1991, 1993) seminal work in the area of transcultural management is seen as a practical illustration of how Lessem's (1990a, 1990b, 1993a, 1993b) four world views can be elevated to a condition of equal esteem through the promotion of pragmatic humanism.

Pragmatic humanism seeks to liberate the work ethic of transcultural organisations by finding congruency between structures of corporate governance and social purpose, in which instance a distinction between the management of hard and soft variables is made.

In a foreword to Koopman's (1991) book, *Transcultural Management: How to Unlock Global Resources*, Lessem summarises the notion of hard and soft management variables, "In many ways the polarity between hard and soft is reflected in the stereotypical character differentiation between male and female, business and society, First World and Third World. Yet, if we follow the healthy road to business and economic development, we find that the two forces of what the Chinese have termed yang (hard) and yin (soft) need to be combined."

Pragmatic humanism might therefore be seen as an openness of heart and mind; combining individuality and community; integrating people and tasks; balancing human with economic growth; and finding symmetry between autocratic and democratic controls.

Viewed differently, pragmatic humanism is a simultaneous process of maintaining control over the technical core of the organisation - strategic decision making - while issues related to quality-of-work-life and work rhythm are democratised.

Through democratisation of soft management variables emphasis is placed on shared values, common citizenry and the need to be enterprising. Koopman (1993, p55) argues that, "... the sense of social purpose thus achieved will, in turn enhance the dignity, respect, pride and consciousness of the worker, enabling him to give expression to the work ethic."

3.2. Section Two : Artificial versus Natural Management

In order to elaborate on the central themes of pragmatic humanism - the tool through which the neglected Southern management approach can be engaged to liberate the work ethic in transcultural organisations - reference is made to the teachings Agha Hasan Abedi, as referred to and expanded upon by Lessem

(1990a). Abedi (1984) draws the distinction between artificial management, which is seen to be synonymous with the old order of the United States and Europe, and natural management which focuses on interdependency rather than on individuality.

Against this backdrop of artificial versus natural management a series of dimensions is provided against which the extent of the 'Southern' management approach in transcultural organisations can be assessed. Each of the dimensions will be discussed in turn, albeit indirectly, to draw attention to a primary African Management theme.

3.2.1. Individual versus Collective Consciousness

Lessem (1993a, p20) argues that, "For the first time in its history South Africa is developing interdependently from within rather than its constituent parts battling independently, each in a state of apartheid. At the same time work spirit rather than physical labour, human as opposed to financial capital, intangible information rather than tangible resources, culture rather than the economy, have become the primary resources."

Unfortunately, while a great deal is known about the visible aspects of management in general very little is known about the invisible aspects of African Management, let alone its positive and negative manifestations in the workplace. Figure 3.2. refers.

Visible	Invisible
For the artificial manager the process of management and organisational planning, organising, staffing, directing and control, can each be precisely defined and analysed.	The natural manager searches for management truth that lies beyond conventional wisdom, both administrative and behavioural. Real truth often lies in the unseen world behind everyday perceptions, and this reflects the larger, cosmic truth that contains the smaller, conventional managerial wisdom.

Figure 3.2.

Visible versus Invisible Management

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p43.

In the quest of discovering the truth beyond that of conventional wisdom van der Post (1955, p42) alerts our attention to the fact that, "... European man arrived in Africa already despising Africa and African beings. He arrived there, not for Africa's sake, but for what he could get out of Africa on his own behalf. He arrived as a superior person ready to impose himself and his way of living on Africa, not doubting for a second that his was a better way and that it was all for Africa's good. The same thing which made him despise the African made him despise the African's social organisation, his goods and chattels, his agriculture, the way he tended his crops as well as his cattle. Chiefs, tribal organisations, witch doctors and ancient rituals were abolished swiftly by the administrator with a pen."

Van der Post (1955, p47) concludes, "No human being or society, however self sufficient and rational it may appear, can live without institutions which deal with those aspects of life which cannot be explained rationally."

Coldwell and Moerdyk (1981) argue that while questions may be raised as to whether, after decades of christianisation, industrialisation and urbanisation, there remains much of anything that can be called traditional African culture, there is something that may be termed transitional culture displaying many grades of enculturation.

While not ignoring the role of supernatural forces - mystical spirits and ancestors - in African Management, socio-economic deprivation is seen to pervade both rural and urban African life and it is within this adversity or life experience that the visible / invisible aspects of African Management find special meaning.

Kotze (1993) points out that in order to cope with socio-economic deprivation people are forced by circumstance into a collective interdependency. According to Kotze (1993, p4) the corollary of this is, "If widespread poverty is replaced by widespread affluence, a different perceptual style will develop simply because collective consciousness was not designed for affluence."

The interplay of a collective versus individual consciousness therefore is not so much an issue of race, as it is an issue of affluence. Unfortunately, by the very success of apartheid these perceptual styles, albeit black or white, have not been fully explored or acknowledged.

Kotze (1993) points out that a collective consciousness would appear to be incomprehensible if interpreted with the intellectual tools formed by individualistic consciousness, and vice versa.

Kotze (1993, p.vii) argues further that, " ... people do not adhere to a particular perceptual style merely because of some romantic notion connected with tradition, but because they are forced to do so. If we can accept this, and we need

to do so for the sake of progress in human relationships in South Africa, whites will change their own perceptions about the perceptions of blacks and vice versa."

Hence, the importance of extending ones intellectual horizons to come to terms with the invisible aspects of African Management albeit within the realm of values and perceptions.

The manifestations of a collective versus an individual consciousness, as developed by Kotze (1993, p8-20), are summarised:

- "People with a collective consciousness are socially open, whereas people with individualistic consciousness are socially closed;
- Communities characterised by collective consciousness of necessity require collective democracy i.e., consensual procedure. People with individualistic consciousness regularly demand their individual democratic rights;
- In communities dominated by collective consciousness, adjudication is a matter of reconciliation. The legal process in societies dominated by individualistic consciousness is clinically geared to establish right or wrong, innocence or guilt;
- People with collective consciousness are forced to divide their loyalty between the group / community and the workplace. Persons with individualistic consciousness subordinate social loyalty to professional loyalty;
- Collective consciousness creates an insatiable need for people and social situations; individualistic consciousness creates an acute need to escape from people at times; and

- Collective consciousness defines time socially and in terms of the immediate present; individualistic consciousness defines time in terms of economic surplus and the future."

The central themes of collective versus individual consciousness, as developed by Kotze (1993), are elaborated on throughout the rest of this section and their application in the workplace should become apparent.

3.2.2. Shared Values and Vision

Following South Africa's first democratic election on the 27th April, 1994 business enterprises have not only been challenged to develop new business formulae but to implement these through well-harmonised policies in real time. Consequent thereto, there is a need for a new guiding vision which goes beyond the bound of Western and Northern thinking, Figure 3.3 refers.

Plan	Vision
The artificial manager commits his thoughts and actions to a strategic plan. Such a plan determines the long-term direction of a particular company within a competitive environment, and the allocation of its physical human and financial resources.	The natural manager commits his thoughts, feelings and actions to a business vision. He sees the organisation within a larger cosmic environment. It is unbounded, individually or geographically, and unconstrained by physical or business competition.

Figure 3.3.

Plan versus Vision

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p43.

Beck and van Heerden (1982, p3), quoting from the late General J.C. Smut's book, *Holism and Evolution*, contextualises the challenge, "The old concepts and formulas are no longer adequate to express our modern outlook. The old bottles will no longer hold the new wine. The spiritual temple of the future, while it will be built largely of the old well-proved materials, will require new and ampler extensions of our intellectual horizons."

It might further be argued that African Management will not come into its own until it is able to draw a distinction between the topsoil, subsoil, deepest roots and bedrock foundations of organisational existence, as illustrated in Figure 3.4. below.

Description	Manifestation
Topsoil	The physical and material manifestations of the organisation - quality circles, share schemes.
Subsoil	Rational, logical and mental nature of the organisation - passion for performance, personal accountability.
Deepest roots	Spiritual integration of the organisation - participative processes, corporate citizenship.
Bedrock	Soul and deepest expression of the organisation's existence - shared values, trust.

Figure 3.4.

Mother-Earth

Source: Adapted from Nel, C. (1993): "Value-centred Leadership", in *African Management: Philosophies, Concepts and Applications*, Christie, Lessem and Mbegi (editors), Randburg: Knowledge Resources (Pty) Limited, p139.

Nel (1993) contends that the cultural and structural changes called for in African management will not come about through an adherence to physical and material immediacy or through individual endeavour. Nor is it to be found in the primacy of

participative processes. It starts and ends at the bedrock of shared values and vision.

Beck and van Heerden (1982, p3) illustrates the point, "New management will contain much of what now exists but in a different form. It is analogous with the emergence of a dragon-fly from the chrysalis. Until it rids itself of its old skin completely, that dragon-fly is going nowhere. While the essential parts have always been present, or in the making, new arrangements and new emphasis have produced a creature of beauty, highly effective, and in a new environment."

The secret of African Management is therefore seen to lie in its ability to create shared values and vision without which transformation will not be possible.

3.2.3. Metaphysical Management

Further to the need to break the shackles of bounded Western and Northern thinking there is a call for proponents of African Management to anchor themselves, in what Khoza (1993) calls their own continent, its histories, traditions, cultures, mythology, creative motif, ethos and value systems which exemplify the African collective will.

Mbigi (1993a, 1993b, 1993c, 1994), while acknowledging the importance of collective consciousness in African management as identified by Kotze (1993), draws ours attention to undercurrents of Afrocentric religion.

Mbigi (1993c) contends that the Divine Will of Africa lies in ceremonies, rituals and symbols. More specifically traditional African culture, according to Koopman (1991), is seen to find expression in:

- The fact that wisdom's are carried forward in the form of metaphors and stories as opposed to the written word which preserves information in Western culture;
- The reverence paid to ancestors and other departed relatives who are believed to be able to affect the living; and
- In the value accorded to ceremony and ritual in social life.

Mbigi (1993a, 1993b, 1993c) posits the motion that managers should start adopting these traditional African practices and consciously integrate them with Western management techniques and values. Hence, the concept of metaphysical management which represents the interaction between the tangible and the intangible in a dynamically charged system, Figure 3.5 below refers.

Tangible	Intangible
The artificial manager lives in a world of objective reality. The real world is one which can be seen and heard, touched felt - people, money, machines, materials.	The natural manager recognises the invisible forces, or psychic energies, governing the visible world. The natural world is the interaction of the seen and the unseen in an indivisible, living system.

Figure 3.5.

Tangible versus Intangible

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p43.

In order to come to grips with the tangible and the intangible aspects of Metaphysical management one has to have a clear understanding of what Mbigi (1994) calls *Nhorowonda*.

Nharowondo, a management tool traces the roots of a concept namely: the evolution of the concept, the history of the concept, the key actors and their agenda's, environmental circumstances, and relevant themes.

The caution is that while certain customs, rites and rituals are no doubt important not all have application or relevance in an organisational setting.

In keeping with African culture Mbigi (1993c) calls on organisations to free the enterprising spirit therein through the creation of their own distinctive myths and rituals, including stories of its creation, so as to turn vision into action.

3.2.4. Holism

As pointed out by Lessem (1993a) African Management, as a dynamic whole, is represented in the interplay between the four world views of empiricism, rationalism, idealism and humanism. The extent to which any one of these dimensions is overdeveloped at the expense of the others leads to distinct pathologies in the form of overdone 'Western' materialism; 'Northern' mechanism; 'Eastern' cartelism; or 'Southern' nepotism. Hence, the need to view African management holistically in order to avoid the development of any of these negative manifestations, Figure 3.6 refers.

Part, or	Whole
The artificial manager sees the management process in parts, in principles, in separate entities, as are management and workforce, or skilled and unskilled workers.	The natural manager conceives of the management process as a whole. He believes that the managerial essence is lost in pursuit of the parts. He sees himself managing the whole process and the whole person. He integrates individual and organisation, business and environment, people and things into a management eco-system.

Figure 3.6.

Part versus Whole

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p43.

To illustrate the concept of holistic thinking, Nel (1993, p136) draws our attention to the fact that, "It is impossible to conduct even the simplest process in a modern organisation without utilising the skills of a variety of people. Imagine for instance, a soccer team consisting of the eleven best goalkeepers in the world! Their individual and collective skills would be undoubtedly great, but their lack of diversity would ensure a goalless game!"

In an organisational setting a similar lack of diversity is a virtual guarantee that certain essential points of view, attitudes and approaches will be ignored or not allocated the importance that they deserve.

Beck and van Heerden (1982, p5) argue, "In terms of the organisation's people and their brain power, the whole becomes greater than the sum of its parts. Instead of

destroying people it puts them back together as individuals and teams, wherever they are at every level of existence."

In support of the above assertion Coldwell and Moerdyk (1981, p191) alert our attention to the fact that, "It is easier to restructure a role than to restructure the character of either an individual or society. In accordance with this argument, and in order to build upon the individual's existing values and abilities rather than deny them, it is argued that attention should be given to the development of organisational and managerial structures that are more culturally correct."

3.2.5. Mechanistic versus Organic Management

Riding high on the wave of socio-economic and political change workers are currently demanding greater organisational transparency, democratic control, and empowerment.

In order to bring about this socio-political reconstruction Koopman (1987, 1991, 1993) and Mbigi (1993a, 1993b, 1993c) argue that business leaders need to go beyond the confines of closed / mechanistic systems and embrace the collective energy of open / organic systems. Figure 3.7 refers.

Mass, or	Energy
The artificial manager visualises the organisation as a structure. He concentrates on organisational form and managerial content. His institution is structured by means of a series of pyramidal levels, which are periodically reformed. People belong when they have a place in the amassed structure.	The natural manager visualises the organisation as a process, a vast stream of energy to which all contribute and from which all draw. He concentrates on such energy, on its quality, velocity, vitality, quantity and direction. Organisational changes are viewed as continuous and evolutionary, rather than as episodic. Moreover, he views each person as being in progress, a self-directing source of energy rather than as an inert mass.

Figure 3.7.

Mass versus Energy

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p43.

To unpack the notion of collective energy further reference is made to what Koopman (1991) calls a role based culture (closed / mechanistic) versus a task based culture (open / organic), the latter being the more culturally correct of the two, the main tenets of which are captured in Figure 5.8 below.

Role Based Culture	Task Based Culture
A systems approach.	A human approach.
Design programmes to assist the system.	Design processes to improve human enterprises.
Based on knowledge and skills.	Based on your ability to interact with other humans.
Conventional : reward for effort.	Non-conditional : recognition and rejection by people.

Power given to you by a higher authority.	Power given to you by people further down the line.
A right is granted.	A right is earned.
People seen as an extension of a machine.	People integral in process.
Alienation with fellow man.	Solidarity with fellow man.
Strong hierarchical design for control, little communication.	Organic and fluid structures for control through a lot of communication and consultation.

Figure 3.8.

Role versus Task Based Culture

Source: Adapted from Koopman, A. (1991): *Transcultural Management: How to Unlock Global Resources*, Great Britain: Basil Blackwell Limited, p109.

In transforming culturally incorrect organisations, closed and mechanistic, into enterprising concerns Koopman (1987, 1991, 1993) and Mbigi (1993a, 1993b, 1993c) refer to importance of implementing participative and value sharing structures. The Venturecomm system associated with Koopman (1987) at Cashbuild and *Pungwe* sessions with Mbigi (1993c) at the Eastern Highland Tea Estates in Zimbabwe are summarised for illustrative purposes, Figure 3.9 refers.

	Venturecomm - Participative Structure	Pungwe - Open Air Sessions
Structure	Formal constitution setting out management / worker representation, proceedings of meetings, powers and authority etc.	Open-air session, initiated by management on a need to do basis.

	Venturecomm - Participative Structure	Pungwe - Open Air Sessions
Characterised By	Open discussion, sharing of information, joint-decision making.	Singing, dancing, drinking, eating and moral instruction. Everyone present given an opportunity to express his or her feelings.
Purpose	Joint-decision making, effective communication, trust building, development of human potential and dignity - quality and productivity regarded as spin offs.	To improve morale, create a new spirit in the company, change attitudes to western business values, communication of corporate vision.
Mandate	All hard variable issues (profitability, expenditure, Return-on-Investment etc) are discussed participatively while all soft variables (customer-service, stock, safety, employee needs etc) are managed through joint decision making by vote.	Each session was dedicated to a primary theme.
Representation	Indirect involvement of between 80-100% of employees through elected representatives.	Full participation of every worker in each session.
Shared Vision	Venturecomm is an integrated, focal point of the total business plan. Employee involvement and participation viewed as a 'way of life' in the business.	The sessions were effective in the creation and communication of a gripping corporate vision. Junior managers and supervisors went on to incorporate them into their management practices.

Figure 3.9.

Organic Management Structures

African Management is therefore seen to be concerned with work rhythm and the need to embrace the collective energy of employees through participative structures and value sharing workshops.

3.2.6. African Humanism

In terms of Mbigi's (1993a, 1993b, 1993c, 1994) portrayal of African culture, a person only becomes a person through other people hence, the much vaunted term *ubuntu*. The term denotes a reciprocal relationship between the individual and his or her community. Each individual is entitled to respect from his or her group and in turn he or she must give loyalty and support to the group. As a consequence a source of social alignment akin to Kotze's (1993) notion of collective consciousness. *Ubuntu* nonetheless has a further foundation, and according to Mbigi (1994), is based on the following central values : compassion and care; acceptance and respect; regard for the rights of others and tolerance of differences; human dignity and co-creation; and morality as a basis of human existence and actions.

In terms of this portrayal of humanism the notion of feeling finds special application in African Management, Figure 3.10 refers.

Thought, or	Feeling
The artificial manager maintains that thinking is primary, and, as a result, that scientific management is the ultimate management force. Feelings have their place, but they tend to cloud the scientific process. Intuition is suspect.	The natural manager believes that thinking is important but that feeling is primary. In fact feeling energises and humanises thought. Without feelings thoughts are lifeless, they lack movement and flow. Intellect and reason have their limitations. Ideas can be developed using the thought processes but thinking alone does not originate ideas.

Figure 3.10.

Thought versus Feeling

Source: Lesser, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p44.

Koopman (1993) reporting on the effect of *ubuntu* on collective decision making, observed a natural inclination amongst the members of a task based team to:

- Focus on morals and emotions, rather than on roles and functions;
- Work through problems aurally and emotionally;
- Think out aloud and use continuous debate and argument as the main part of their reasoning process;
- Remove dissent before the group could proceed, a factor which is in keeping with the traditional *indaba*; and
- Check out how the other members of the team feel and whether proposed solutions are acceptable to all.

Koopman (1991, p58) concludes, "This marriage amongst the team members is driven by trust, sharing and commitment and the group's harmony and cohesion of spirit becomes the main concern."

Christie (1993, p196) captures the interplay between feeling, thinking and acting in African Management through the analogy of a human body, "If the brain of the organisation relates to its goals, and the body of the organisation relates to its tasks, then the heart of the organisation is mostly clearly evident in its relationships. The interplay between the organisation's goals and tasks, between its economic and technical subsystems, is expressed as a result of the relationships between organisational members. The heart of the organisation then, its emotional element, is in essence a social entity. If thoughts and actions are mediated through the individual's emotional reality, the organisation's economic and technical orientations are mediated through its social reality. Hence, the social subsystem integrates the economic and technical subsystems within the organisation."

Christie's (1993) analogy illustrates the importance of integrating the hard and cold aspects of Lessem's (1990a, 1990b, 1993a, 1993b) four world model, primarily 'Western' and 'Northern' in approach, with the heart and soul of the organisation, primarily 'Eastern' and 'Southern' in approach, so as to develop sustainable and superior performance.

3.2.7. Voluntary Subordination to Communal Goals

As with collective decision making the concept of *ubuntu* finds expression in the need to develop the life skills of the collective, Figure 3.11 refers.

Work Skills, or	Life Skills
The artificial manager focuses on the person's business and technical skills with a view to improving performance. His first requirement is to ensure that both he and the people he manages perform tasks at a satisfactory level. Performance can be enhanced through training and development.	The natural manager focuses on life skills for the whole person, including his technical and commercial abilities. He therefore concerns himself with the individual's physical, mental and spiritual well-being. His first requirement is that both he and the people he manages should be whole, should be people of quality. The quality of performance will then follow. Furthermore, he believes that managers must develop fellow managers to be better than themselves.

Figure 3.11.

Work Skills versus Life Skills

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p44.

Adonisi (1993, p311) cautions that, " ... it is inconceivable that individual careers can be formed and actualised outside of the communal context that provides meaning and anchors in life for people. In our choices and pursuit of careers we seek to uplift the community and in the process improve our well-being as individuals. The prosperity of the community is the prosperity of individuals within that community."

In order to illustrate this paradox, of the individual existing for himself and concurrently for others, reference is made to Ramudzuli's (1993, p304) experience as a prisoner on Robben Island, "The *kolkhoz* (a structure to facilitate group learning) although important from the perspective of sharing of resources, played a more important role in respect of human relations between the prisoners. This

role helped to establish and perpetuate a belief that no one individual should depend on any other individual. This implied the interdependence of prisoners in relation to both their individual and collective learning needs, and is a further indication of the inclusive thinking that prevailed on the island. Access to learning was not restricted to the whims of those with greater resources than others. On the contrary, each prisoner could depend on the *kolkhoz* to look after him. Akin to the traditional custom of drinking beer from the host's calabash, the *kolkhoz* provided the structure for educational *mrabulo*, that each should sip from the fountain of knowledge."

African Management might therefore be seen to be founded on the principle of capacity building through personal sharing, and as such denotes a high level of maturity to give knowledge and resources unselfishly for the greater being of man.

Koopman (1993, p51) illustrates the point, "... each individual has a special role but more as a thread in the societal fabric than apart from it or in opposition to it. He wants to voluntarily subordinate himself to group or societal objectives because he is inherent in them. His worth is in his willingness to work together, and virtue lies, therefore, in the domination over self, rather than the exteriorisation of self in conforming to communal expectations, rather than individualistic self-assertion and differentiation."

3.2.8. African Humility

Mbigi (1993c), quoting Alexander Solzhenitsyn, argues that, "A society based on the letter of the law and never reaching any higher, fails to take advantage of the full range of human possibilities. The letter of the law is too cold and formal to have a beneficial influence on society. Whenever the tissue of life is woven of

legalistic relationships, this creates an atmosphere of spiritual mediocrity that paralyses men's noblest impulses."

In order to get around this paralysis inherent in overdone 'Northern' rationalism van der Merwe (1993) advocates the adoption of *ubuntu* or humility as a means of bringing about social alignment. Figure 3.12 refers.

Control, or	Humility
The artificial manager sees control as a strength and humility as a weakness. For submission involves loss of control. As a result he tends to produce fixed positions or positions of conflict. He visualises central headquarters as a control centre.	The natural manager sees humility as a strength. In effect natural control is achieved by taking the risk of relaxing control, by detaching one's ego from a certain position. To let go of one's control is to let inter-fusion happen. The natural manager visualises his company as a support centre, rather than as a control centre.

Figure 3.12.

Control versus Humility

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p45.

According to Coldwell and Moerdyk (1981, p73), African humility, " is a combination of Western and Oriental systems due to its *guilt* and *shame* dimensions as captured in the notion of community spirit or *ubuntu* Each is his brother's keeper. Each has a right and an obligation to expect help from, and give help to his neighbour Seek the good of community, and you seek your own good. Seek your own good, and you seek your own destruction. Mutual aid is a moral obligation."

The *guilt* dimension of African humility refers to an internalised conviction of sin while the *shame* dimension refers to a reaction to other people's criticism. The physical manifestation of which is illustrated by way of example of an African *stokvel*.

The *stokvel* system - a type of credit union based on a tradition of communalism, sharing and co-operation - epitomises the strength of social as opposed to legalistic bounds in governing anti-social behaviour. Likhela (1990) reports that the social pressures brought to bear on defaulting *stokvel* members failing to pay their monthly instalments or support the activities of their *stokvel* can be considerable, often culminating in social exclusion. Hence, a high level of conformance to unwritten codes of conduct is to be expected.

Koopman (1993, p50) illustrates how these forces of social alignment can be incorporated into the workplace through the advance of mutual rights and obligations, "To create such a basis for communal morality and values will require that you develop open dialogue with all employees and involve them in circumscribing what your (all employees) values will be, in order to serve as guidelines for good and antisocial behaviour at the workplace. This in fact, implies building a community of people within the business. Typical areas to cover will be aspects of teamwork, justice and fairness, quality work, customer service, participation and wealth creation. In fact, all performance areas are covered, but in the context of relationships a 'community' of people working inside the organisation. Adherence or non-adherence to these values (alignment / non-alignment) therefore becomes the explicit code of conduct of the business community."

3.2.9. Spiritual Transformation

Van der Post (1955, p12) argues that, "The human spirit is being served by words, ideas, and world-concepts that have become totally inadequate for the meaning which it is trying to express and the being which it is trying to create ... I believe one of the reasons why Western man has been failing in increasing measure in his contracts all over the world is because the ideas wherein his spirit expresses itself are no longer contemporary. They need to be deconditioned from associations that do not belong to our age, and to be reassessed in terms of our own living experience in its fullest contemporary meaning."

In order to bring about the spiritual transformation called for by van der Post (1955) there is a need to move away from strict adherence to notions of self-assertiveness toward notions of self-improvement as illustrated in Figure 3.13 below:

Self-assertiveness, or	Self-improvement
The artificial jungle fighter of a manager believes in the survival of the fittest. The world, for him, consists of winners and losers. Even the modern search for win / win situations retains the language of winning and losing.	For the natural manager winning is a non-event, irrelevant in the co-operative pursuit of purpose. Competition is only with oneself and this takes the form of self-improvement. The natural manager commits himself to unique success in pursuit of extraordinary vision and purpose.

Figure 3.13.

Self-assertiveness versus Self-improvement

Source: Lessem, R. (1990): *Developmental Management: Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p45.

Mbigi (1993b, p27) places the issue of self-improvement in context, "In the Afrocentric religion, in order to know what you can become, you must start by knowing who you are. This cannot be done through a memo or privately - it must be done in a ritual and ceremonial manner. It must also be done collectively."

Mbigi (1993b, p22) illustrates the point metaphorically, "Most African tribes in Southern Africa do not bury a dead body if it shows a shadow. A shadow in Afrocentric religions signifies negative feelings such as guilt, bitterness, fear and anger which will prevent the dead person from moving on and being transformed into a useful ancestral spirit If this happens during the burial ceremony, the mourners go onto an open burning platform to discuss what exactly went wrong in the deceased's life and then carry out cleansing ceremonies to allow the spirit of the dead person to continue with the transformation journey."

African Management might therefore be seen to encapsulate the need for a spiritual transformation without which socio-political and economic reconstruction, no matter how well intending, will not be possible.

3.2.10. Inclusive Evolutionary Process

While not detracting for the need to bring about socio-political reconstruction, the notion of process or timing is of equal importance. The concept is illustrated in Figure 3.14 below.

Time, or	Timing
<p>The artificial manager tries to control time. He imposes his time schedule on others. This forcing of events may accelerate or delay achievement. While he recognises the importance of timing, this may be subordinated to the need for power or task achievement.</p>	<p>The natural manager knows that one cannot control time but only the timing of one's interventions. He pursues a course of action with persistence and perseverance, exercising patience and waiting for the right moment. he intuitively perceives others need for direction, support and inspiration, and intervenes accordingly.</p>

Figure 3.14.

Time versus Timing

Source : Lessem, R. (1990): *Developmental Management : Principles of Holistic Business*, Great Britain: Basil Blackwell Limited, p45.

According to Kotze (1993) people with a collective consciousness define time socially and in terms of the immediate present whilst people of a individualistic consciousness define time in terms of economic surplus and the future.

Kotze's (1993) argues, "For people with surplus material assets the present is part of history, life is projected into the future, and time is of utmost importance. To people who possess no, or insignificant, surplus material assets, survival is a serious matter of here and now. To them life holds very little predictability. To be concerned with the future in terms of material considerations would therefore be neither sensible nor practical. Predictability is consequently sought in social relationships which are constantly maintained and re-inforced for the sake of long-term security. Social relationships, though, demand a lot of time."

For African management the value of time does not lie in a precise mathematical moment but in the need to make provision for sufficient time to do the right thing - to develop sustainable social relationships - through an inclusive and evolutionary process.

3.3. Conclusion

From the literature review it is evident that there are a host of identifiable abstractions and generalisations which need to be validated and tested, the central themes of which have been coded as Research Propositions in Chapter Four to follow.

CHAPTER 4 - RESEARCH PROPOSITIONS

4.1. Research Proposition One

In view of the stated Research Problem and Lessem's (1993a) assertion that the resolution of South Africa's economic problem lies in the need to integrate the differentiated yet complementary forces of 'Western' competition, 'Eastern' co-operation, 'Northern' co-ordination and 'Southern' humanism the following Research Proposition is forwarded:

- African Management is eclectic in nature encompassing all four world views of Lessem's model.

The Research Proposition recognises Lessem's (1993a, p20) assertion that, "For the first time in its history South Africa is developing independently from within, rather than its constituent parts battling independently, each in a state of apartheid."

4.2. Research Proposition Two

The second Research Proposition finds expression in the teachings of population ecology. Human (1993, p209) points out, "The population ecology perspective proposes that organisational form and underlying deep structures can best be explained by the salient features of the environment in which the population of organisations evolves since organisations are isomorphic to their relevant environment." In view of failing parasitic business relations created under ambit of apartheid and the emergence of new symbiotic business relationships with its environment, the following Research Proposition is forwarded:

- The natural inclination of those enterprises which have managed to engage the hearts of its black employees is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational or 'Eastern' developmental bias.

This Research Proposition gives credence to reported initiatives, such as Koopman (1987, 1991, 1993), aimed at integrating South Africa's small first-world component - predominantly white and exclusive in nature - with the values of the country's large third world component - predominantly black and inclusive in nature.

4.3. Research Proposition Three

The third Research Proposition forwarded, an extension of the second, gives recognition to teachings of Agha Hasan Abedi, as referred to and expanded upon by Lessem (1990a), and encapsulates the notion of natural management.

- That such 'Southernness' is pre-eminently concerned with socio-political reconciliation and spiritual transformation and subsequently with building networks of reconstruction / enterprising communities through the adoption of shared vision, organic organisational structures, inclusive processes, *ubuntu*, metaphysical management and capacity building.

4.4. Research Proposition Four

The final Research Proposition forwarded gives recognition to Lessem's (1993a) caution of the need to be wary of the pathological downsides of overdone 'Western' materialism; 'Northern' mechanism, 'Eastern' cartelism; or 'Southern' nepotism. Consequent thereto, the following Research Proposition is forwarded:

- The extent that any one component of the businessphere is exclusively in evidence, so the organisation will exhibit distinct pathologies in the form of overdone 'Western' materialism; 'Northern' mechanism, 'Eastern' cartelism; or 'Southern' nepotism.

The issue of paternalism, patronage and nepotism are well reported in South Africa, albeit by doomsday theorists of country's fledgling democracy, and it is precisely for this reason that the various components of Lessem's (1990a, 1990b, 1993a, 1993b) four world model need to be integrated so as to transcend the limits of a particular world-view.

CHAPTER 5 - RESEARCH METHODOLOGY

5.1. Case Study Methodology

Lawler (1985, p2) argues that "Traditionally, researchers of organisational behaviour have not focused on the issue of usefulness. We have assumed that if a research project is methodologically sound, it will contribute to scientific knowledge and ultimately to practice. Indeed, many researchers seem to have found comfort and justification for their basic position in Kurt Lewin's statement that nothing is as practical as a good theory. This has often led to their doing research that is far removed from practice." Consequent thereto, this Research Report sought to not only to contribute to theory and practice but to satisfy the requirement of usefulness.

Lawler (1985, p3) goes further to say that, "... in the case of organisational behaviour research there seems to be a particular danger that we will do research that is more a product of the methodology than of the phenomenon being studied."

In order to ensure that the Research Report was phenomenon as opposed to method driven, a case study methodology was employed, justification for which is summarised:

- The objective of the Research Report was to uncover the meaning, not just the frequency of human events in a particular environmental setting.
- "In general, case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within a real-life context" (Yin, 1984, p13).

- "Observed relationships between particular events, actions or circumstances in one organizational setting may suggest hypotheses which can be explored elsewhere" (Blunt, 1983, p24).
- "Just like most other data, case studies can be employed as primary data; that is, they can be used to test the robustness or validity of theories or generalisations about organizational life" (Blunt, 1983, p24).
- In line with the notion of holism outlined in the Literature Review of this Research Report a broader perspective is required albeit within a tightly defined sampling frame. In this instance meticulous attention to detail, exposure to actual practices and access to multiple viewpoints were deemed essential in achieving the Research Objective.
- Case study methodology takes cognisance of Orpen's (1987, p250) caution that management research should, "... attempt to explain the actions of people in organisations by showing how they are affected by the total context in which they occur, and in turn how they affect the various elements that constitute this context."

For the purpose of clarity, Yin's (1984, p23) definition of a case study was employed, "A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between the phenomenon and context are not clearly evident; and in which multiple sources of evidence are used."

5.2. Literature Review

The Literature Review, contained in this report, simply served in the identification of Research Propositions and as such was not altered in anyway to support the Research Findings of this report. The Literature Review should therefore be viewed circumspectly for what it is - a means toward an end and not an end in itself. Reference to alternative and often more appropriate research material is quoted in Chapter Eight of the Research Report.

5.3. Parameters of the Case Study

The four Research Propositions outlined in Chapter Four define the parameters of the case study. Concomitant thereto, the Research Report is confined to three mutually inclusive dimensions, namely:

- The business outlook of the organisation under review in terms of Lessem's (1990a, 1990b, 1993a, 1993b) four world view model;
- Structures of corporate governance; and
- Management processes / systems in place which facilitate the integration of differentiated yet complementary forces within the organisation under review.

To be more specific, the unit of study is the *Community Bank* which was identified as being sufficiently 'Southern' to be classified as balanced African organisation in terms of Lessem's (1990a, 1990b, 1993a, 1993b) four world view model.

Chapter Six to follow provides an in-depth description of the Community Bank, suffice to say the organisation caters for low income / un-banked communities and was formally opened in April 1994.

For research purposes the Community Bank, as a unit of study, was seen to have sufficient substance in terms of the size of its venture capital - two hundred million rand - and its human resources - currently 90 and expected to rise to one thousand five hundred over the next five years - to justify its analysis.

5.4. Sample Population

As will become clear in Chapter Six to follow the Community Bank is made up of two primary arms - the Bank and the Foundation - each serving a particular purpose.

The Banking arm, incorporating a Head Office and permutations in the form of regional branches and outlets, conforms to the provisions of the Mutual Banks Act of 1993.

The Banking arm, at the time of the research interviews, was manned by 70 employees, the majority of whom were new recruits holding clerical positions. The senior management team covering the functional areas of operations, finance, technology, marketing and human resources on the other hand had longer service and had been intimately involved in the formation of the Community Bank. These senior managers, with the exception of the Human Resource Manager, were all experienced bankers.

At the time of the interviews four regional branches were in operation, namely Benoni, Hillbrow, Johannesburg and Athlone. Community outlets affiliated to the

regional branches were in the process of being operationalised. The Benoni branch being the most notable as it was the first of the four branches to be opened. The branch managers, as with their colleagues at the Bank's Head Office, were all experienced bankers. Interestingly, junior clerical banking staff were drawn from both the formal banking fraternity and from local communities. The latter category of recruits were selected due to their affinity with the Bank's clientele rather than for their banking skills.

The Foundation, a separate division of the Community Bank, is registered as a Section 21 Company and is grant funded. More specifically the Foundation is responsible for creating awareness and building the capacity of local communities to utilise the services of the Bank through community workshops. At the time of the research interviews the Foundation was staffed by 20 employees drawn from a variety of sources, including amongst others political and trade union movements, local community structures and Non-Governmental Organisations (NGO's). Some of the staff employed by the Foundation were drawn from the ranks of the unemployed.

Based on a research agreement between the Community Bank and the researcher, access to various stakeholders in the organisation was assured.

5.5. Non-Probability Sampling

A convenience sampling technique was employed whereby the research subjects generated a list of referrals, not all of whom were interviewed for logistical and sampling reasons.

The referral's were first streamed in accordance to their broad representation of the core Bank, its regional branches and the Foundation. The purpose of stratifying

the target population in terms of these distinct yet homogeneous groups was to ensure that the population was not skewed or biased because of the inequality in any of the sub-populations.

The sample population was thereafter streamed in accordance to functional responsibility, designation, race and sex.

This two step stratification process while crude in application ensured that the eclectic nature of the study was captured hereby contributing to the qualitative nature of the research.

A possible weakness of the Research Report lies in the fact that junior personnel were purposefully not interviewed. The reason behind the exclusion of junior staff from the research sample lies in the fact that the Community Bank is a relatively new business venture, with the majority of junior personnel being new recruits with less than six months service. As a consequence it might be argued that while these junior members of staff may have a heightened appreciation of the *Community Bank's* service ethic, they are not in a position to comment on the rationale behind the way the Bank has been structured. Asking 'how' and 'why' style questions with respect to these employees might have contaminated the data received.

As an extension of the above point, the choice of a more acceptable sampling technique was restricted by the fact that the Community Bank is just as much an evolving business concept as it is living reality. As a consequence the researcher had to be directed to knowledgeable sources by the respondents themselves.

While the sampling technique employed was deemed appropriate for the generation of exploratory constructs, it does not purport to be generalisable to the wider population.

5.6. Sample Size

Due to the qualitative nature of the Research Report, involving in-depth interviews, the size of the sample population was purposefully limited and guided by the principle of, 'as small as possible and as large as needed.' As soon as information from a particular stakeholder group started repeating itself, then the data obtained was deemed sufficient. Emphasis was placed on the quality of the data, as opposed to representation of the organisation.

A summary of the research sample is tabulated in Figure 5.1 below:

<p><u>BANK</u></p> <p><u>Head Office</u> Staff complement of seventy, interviewed six senior management representatives covering the functional areas of finance, marketing, technology, operations and human resource management.</p> <p><u>Regional Branches</u> Four Branch Managers, interviewed two (Johannesburg and Benoni).</p>
<p><u>FOUNDATION</u></p> <p>Staff complement of twenty, interviewed three respondents.</p>

Figure 5.1

Research Sample

As was to become evident in the analysis of the data obtained, a study of this nature needs to be purposefully contained so as to avoid a perceptual overload.

Observable traits of the various respondents interviewed is summarised in Appendix Two of this Research Report.

5.7. Nominal Data Gathering Technique

Yin (1984, p78) alerts one to the fact that, "Evidence for case studies may come from six sources : documents, archival records, interviews, direct observation, participant observation, and physical artefacts. ... In addition to the attention given to these individual sources, some overriding principles are important to any data collection effort in doing case studies. These include the use of (1) multiple sources of evidence - that is, evidence from two or more sources, but converging on the same set of facts or findings; (2) a case study data base - a formal assembly of evidence distinct from the final case study report, and (3) a chain of evidence - that is, explicit links between the questions asked, the data collected, and the conclusions drawn. The incorporation of these principles into a case study investigation will increase its quality substantially."

In adherence to this case study protocol two sources of data collection were employed, to vary degrees of success, namely: semi-structured in-depth interviews and a review of supporting documents, the aim of which is to increase the construct validity of the case study.

While the use of semi-structured in-depth interviews proved successful, it is regretful to report that a review of supporting documentation was constrained by the fact that policies were still in the process of being documented and were not

readily available for scrutiny. A founding document, a mission statement, a comic strip and a newspaper clipping were nonetheless sourced. These secondary sources of data proved useful in the compilation of Descriptive Research Findings to follow in Chapter Six.

5.8. Semi-Structured / In-Depth Interviews

The appropriateness of conducting focus groups and group interviews as a means of data collection, in keeping with the communal nature of African Management, was dismissed for the following reasons:

- The respondents may feel uncomfortable about revealing the organisations' management style, successes and failures in a public forum;
- Peer pressure may inhibit open discussion;
- One respondent may dominate proceedings and exert undue influence on the groups' thinking; and
- The respondents may succumb to giving a more socially acceptable view to the group.

Consequently, a more traditional approach associated with semi-structured in-depth interviews was employed, the aim of which was to provide a framework for the subjects to speak freely about a set of concerns which the researcher brought to the interaction. Although free narration by the subjects was encouraged the narration was guided to ensure that the data collected contributed to the research objectives.

The merits of the approach are summarised:

- Blunt (1983, p29) argues that "... in many respects the approach manages to achieve the spontaneity of a natural conversation. This aspect can be of some importance in Africa as very often subjects are unaccustomed to the formality of the question and answer of a structured interview and are made to feel uncomfortable by it."
- The technique ensures that the subjects interpret the questions in the intended manner. This point proved to be of particular relevance. By the very nature of the Community Bank's structure, some of the respondents interpreted the research questions in terms of their immediate frame of reference, namely their functional responsibility, instead of interpreting the research question in broader generic terms. As a consequence, clarification of questions was required to uncover the organisational dynamics of the Community Bank as a whole. Furthermore, some of the research terminology, such as structures of corporate governance, needed to be demystified by way of example and analogy.
- Information attained can be checked for its validity on the basis of the subject's non-verbal behaviour.

The interview technique employed took cognisance of Blunt's (1983, p29) advice that " ... age differences between the interviewer and the subject may make it difficult to conduct a formal interview : older men in particular may resent being closely questioned by a younger researcher. Better results are often achieved, therefore, when the subject is allowed to pass on his experiences to the interviewer - in much the same way as an elder might have dispensed advice or opinion in a traditional setting."

5.9. Open-Ended Questionnaire Design

Considerable planning went into the design of a semi-structured interview schedule (see Appendix One). The purpose of this was to ensure researcher detachment, while at the same time addressing the specifics of African Management as identified in the Literature Review and stated in terms of the four Research Propositions. Furthermore consideration was given to the need to avoid the use of leading questions. As a result, all references to specific examples of African Management were eliminated.

In order to respect the respondent's time and to avoid the possibility of losing focus during the in-depth interviews, the range of open-ended questions was purposely limited. The semi-structured interview schedule distilled therefrom was deemed to be concise and no longer than absolutely necessary.

5.1.2. Interview Quality

During the interviews care was taken to avoid manipulating the respondents into giving a socially acceptable answer. Consequently, the probing technique employed, in line with the intent of the semi-structured interview schedule, was purposefully confined to avoid the interview becoming an interrogation through an endless array of secondary questions. The premise was that a first response to a question is based on some form of objective reality / experience, while a second or third response to a question of similar mould becomes more fictional and detached from objective reality / experience.

Following a review of the interview transcripts it is evident that the quality of some of the interviews is better than others. It might further be added that, even within

a good interview, certain sections are better than others. Consequently, while each interview has unique merit, meaning is found in their collective analysis.

For the sake of completeness verbatim transcripts of the in-depth / semi-structured interview schedules are submitted as an annexure, Appendix Two refers. The transcripts contain a wealth of information from which alternative research themes, other than that defined by this Research Report, may be inferred.

5.11. Data Analysis

According to Ferreira (1988, p109) "A qualitative research strategy is inductive in that the researcher attempts to understand a situation without imposing pre-existing expectations on the setting. Qualitative research designs begin with specific observations and build towards general patterns. Categories or dimensions of analysis emerge as a researcher comes to make sense of and organises patterns that exist in the empirical world which he is studying. He then begins to focus on testing and elucidating what appears to be emerging. The qualitative researcher thus develops analytical, conceptual and categorical components of explanation from the data itself".

To which end the accumulated data was analysed at three levels, namely:

- *Descriptive:* The data to emerge out of the in-depth interview was analysed in the first instance by a factual account of the Community Bank's organisational genesis and history; a mythological or societal contextualisation of the organisation and its operating environment; and a biographical account of its structures of corporate governance; systems and processes.

- *Exploratory:* The data to emerge out of the in-depth / semi-structured interviews was analysed in the second instance by means of content analysis. The purpose of which is to reduce the accumulated data into manageable statements and to develop suggestive ideas for future quantitative research which can stand the rigours of statistical testing.

This section deals specifically with the substantiation of the four Research Propositions outlined in Chapter Four of this Research Report.

The steps employed in the content analysis of the raw data include:

Text within each interview transcript was colour coded using highlighting pens to denote each of the four Research Propositions;

The colour coded text was separated and transferred onto a matrix detailing emergent themes per Research Proposition and respondent;

Constructs were built by entering short sentences from the interview schedule and secondary data sources;

Long descriptions were summarised with care being taken not to lose the content and meaning of the sentences;

Additional descriptive words were added to the original constructs so, as to build in-depth meaning to develop a cross tabulation of constructs; and

Causal and association analysis of the constructs was conducted against the following predetermined criteria, namely: (1) to what extent was

there consistency among the respondents on the sub-issues and definitions identified above; (2) to what extent were contradictions and divergent views on the sub-issues and definitions evident; (3) to identify the underlying sources of these contradictions and divergent views; (4) to determine the relationship between the sub-issues; (5) and to identify the underlying issues and factors supporting or rejecting the research propositions.

- o *Explanatory:* The goal at this stage was to develop explicit theory so as to explain the empirical generalisations to evolve out of the case study. In accordance with a guideline submitted by Yin (1984) on exemplary case study protocol an iterative process involving the following steps was employed:

Make an initial theoretical statement or an initial proposition;

Compare the findings of an initial case against such a statement or proposition;

Revisit the statement or proposition;

Compare other details of the case against the revision;

Review the statement or proposition again;

Compare the revision to the facts of a second, third, or more cases (beyond the scope of the proposed research report); and

Repeat the process as many times as required.

5.12. Conclusion

By following the above analytical framework, the Research Report is deemed be holistic in nature and by implication conducive to comparative studies.

CHAPTER 6 - DESCRIPTIVE RESEARCH FINDINGS

6.1. The Community Bank's Genesis

The section to follow pays homage to Blunt and Jones' (1992) caution that there is a tendency among African Management researchers to focus heavily on internal organisational processes at the expense of developing a more complete understanding of the environments in which formal organisations operate. As a consequence a full contextualisation of the Community Bank is given with reference to the Bank's socio-economic and political environment, the pioneering spirit of its leadership and the legislative framework within which the Bank finds definition.

6.1.1 Socio-Economic and Political Environment

The Community Bank, a product of South Africa's socio-economic and political reconstruction, was created for the explicit purpose of addressing the issue of socio-economic deprivation. Moreover the Community Bank is a reaction to the inherent structural weaknesses of traditional financial institutions, who are incapable through the design of their structures of corporate governance, to deliver a cost effective financial service to underdeveloped and marginalised rural and urban communities.

Through years of neglect low-income rural and urban communities have become distrustful of the motive and intentions of traditional financial institutions, reasons for which include:

- *Years of neglect and exploitation:* Financial institutions traditionally operated on the basis of profit maximisation and as a consequence showed preferential treatment to their more affluent clients at the expense of low income earners who are accordingly treated as second or third class customers;

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- *Lack of Empathy:* Traditionally financial institutions have been bastions of white domination devoid of warmth and understanding toward the financial and service requirements of black clientele;
 - *Inaccessibility of Banking Facilities:* Due to social, political and security reasons low income urban and rural communities were denied access to banking facilities in their immediate locality;
 - *Artificial Credit Requirements:* Black South Africans until very recently were not allowed to own property, hence, a restriction on their ability to access finance due to a lack of collateral;
 - *Politicisation of Banking:* Due to the prevalence of redlining - a conscious decision to avoid granting home finance in certain black townships - banking became politicised.

As a consequence to the above points an inordinate amount of capital, estimated to be seven billion rand, was taken out of productive circulation in low-income rural and urban communities, and quite literally placed under mattress's for safe keeping. The prevailing ignorance of basic banking concepts precludes the mobilisation of savings and the financial gearing thereof.

6.1.2. Pioneers and Inspired Leadership

Bob Tucker, the former Chief Executive Officer of the Perm Building Society, recognising the inability of traditional financial institutions to service the needs of low-income communities, provided the inspiration for the formation of the Community Bank. While Cas Coovadia, the present Chief Executive Officer of the Community Bank, gave a measure of legitimacy to the initiative, at a grass roots level, through his involvement in respected community and political structures.

As a team, Bob Tucker and Cas Coovadia, initiated a process of conceptualisation and consultation which is directly attributable to the formation of the Community Bank.

In terms of Lessem's (1990a, 1990b, 1993a, 1993b) four world view model Bob Tucker, the visionary behind the Bank's formation, is seen to exemplify the qualities of an idealistic manager. The strength of an idealistic manager lays in their ability to think holistically and their capacity to forge co-operation. While idealistic managers are renowned for their helicopter vision, they are found to be lacking in their attention to detail. To which end the services of a rationally based manager in the form of Archie Hurst, former Group Executive of ABSA, were required to set up systems and procedures without which the Council of South African Bankers, the South African Reserve Bank and the Registrar of Banks would not have accorded the process the credibility it needed to get off the ground. It can be equally said that without Cas Coovadia's involvement, as with other community leaders, the process would have failed to have gained legitimacy at grass roots level. Cas Coovadia, a humanistic manager with an acute understanding of community processes, provided the political sensitivity that Bob Tucker lacked.

In as much as the formation of Community Bank was a result of Bob Tucker's guiding vision, Archie Hurst's banking experience and Cas Coovadia's support on the ground, the Bank is a consequence of widespread involvement.

Unlikely bedfellows ranging from businessmen, experienced bankers, political and community activists, trade unionist and development workers were pulled into the process of conceptualisation and consultation. Together, rather than apart, the formation of the Community Bank was made a realisable dream. One's weakness was the another's strength, the creative tensions of which gave impetus to the promulgation of the Mutual Banks Act of 1993 in January 1994, hereby providing the framework within which the Community Bank was to find definition.

6.1.3. Mutual Banks Act of 1993

The Act replaced the Mutual Building Societies Act of 1965 and provides for mutual building societies, which were largely restricted to mortgage lending, to become mutual banks and expand their lending into other areas.

Banks operating under this Act are subject to the same principles of accountability as Banks regulated under the Banks Act, along with complementary standards of risk management. The differentiating feature is that Banks formed under the Mutual Banks Act do not have to comply with the Companies Act. As a consequence provision is made for them to obtain their primary share capital through the issue of permanent interest-bearing shares. Ideally, in the spirit of the Mutual Banks Act, these Banks should be capitalised by the communities they serve.

Informal deposit-taking activities, such as self-regulatory credit unions, *stokvels* and workers' saving clubs, are not regulated under the Mutual Banks Act. These informal deposit-taking activities are allowed to hold up to 9.9 million rand in subscriptions, provided they are affiliated to the National Stokvels Association or a similar approved body by the Registrar of Banks.

6.1.4. The Community Bank

The Community Bank - established in April 1994 - is a hybrid organisation and as such cannot be classified as a bank, building society or credit union in the true sense. It incorporates elements of all three. For clarity the essential differences between a bank, building society and credit union are summarised:

- o According to Quinn (1994, p5), "Building societies were traditionally similar in origin and philosophy to credit unions. Both sprang from the same stable of Victorian self-help societies, owned by members for mutual benefit". These societies brought people together into a mutual association with the explicit purpose of mobilising savings toward a specific end, such as the provision of housing.

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- Credit unions are owned and managed by their members through the principle of 'one member, one vote'. The word 'credit' being derived from the Latin verb, *credere* - to trust, to believe - and the Latin noun, *creditum* - a thing entrusted to another, a loan. Trust forming the key to the operational success of credit unions. Credit unions provide a basic savings and loans service.
 - Building societies, an advanced permutation, have a number of distinguishing features which set them apart from credit unions. The distinguishing features include a wider membership base; less restrictive depository requirements; and a wider array of financial services. In recent years many building societies have gone down the yellow-brick road of commercial big business, and are in the process of transforming themselves into banks.
 - Whilst credit unions are owned by member shareholders on a mutual co-operative basis, banks are owned by shareholders on a commercial basis. The source of credit for credit unions is generally the members themselves whereas banks operate in wider financial markets.

The Community Bank, as will become apparent, transcends all three levels of operation described and is characterised by its benevolent and development bias.

In accordance with its mission statement, the Community Bank is committed to and is actively engaged in building the individual and collective capacity of its clientele and employees, along with the public in general.

In as much as the Community Bank provides a primary banking service, it recognises that it cannot deliver its product effectively without the development of the target market that it serves.

6.2. Operating Environment

A number of dimensions specific to the Community Bank's operating environment, have had a direct impact on its structures of corporate governance and management strategies / processes.

6.2.1 Target Market

The low-income urban and rural communities which the Community Bank serves are by definition principally black rather than white. This unfortunate quirk of South African life does not mean the Community Bank is a black bank. It is everybody's bank irrespective of colour, ethnicity, creed or religion.

More specifically the Community Bank services the needs of (1) the poorest of the poor and their relatively more affluent neighbours; (2) the illiterate and the educated; (3) individual and group accounts; (4) informal and formal business; (5) the unemployed and the employed; and (6) the un-banked, under-banked and the unhappily banked.

In summary it might be concluded that even within low-income rural and urban communities degrees of affluence exist, as do lifestyles and literacy levels.

As a consequence a branch of the Community Bank catering to the needs of cosmopolitan clientele working in the inner city will differ substantially from a branch located in the depths of a sprawling urban township or in the locality of a traditional rural community.

6.2.2. Collective Consciousness

The common denominator of these communities is their collective experience of socio-economic deprivation and a concomitant collective consciousness as espoused by Kotze (1993) in the Literature Review of this Report. By implication

the formation of branches or outlets in these areas is not a fait accompli or decision that can be undertaken unilaterally.

As Kotze (1993, p11) points out, "In terms of collective democracy, decisions by the group (or the community) are only, truly legitimate ones - no individual, no leader however big, may take decisions for the group on his own. Very few things cause so much bitterness and anger as decisions taken on behalf of the community without its consensus. As in more traditional times, no modern leader (be it a headman, chief cabinet minister, or any informal leader) enjoys popular legitimacy unless he seeks and follows the opinion of his followers."

The decision to open or not open a branch or outlet therefore needs to be process driven principally, because of community mistrust of the motives and intentions of financial institutions.

6.2.3. Community Ownership

The question of community ownership - a reaction to the achievist and entrepreneurial drives of the Gravesian 'Double Helix Model', as referred to in Chapter Two - is central to the formation of the Community Bank. In order to illustrate the significance of community ownership, reference is made to Clarke's (1983) depiction of four different types of relationships that organisations can have within their operating environment, Figure 6.1 refers.

Predation	One of the parties in the association benefits (the predator), the other is destroyed.
Parasitism	One of the parties in the association benefits (the parasite) and the other is harmed (the host).
Commercialism	An association where one party gains and the other is unaffected.
Symbiosis	An association where both parties benefit.

Figure 6.1

Typical Environmental Relationships

Source: Clarke, H.G. (1983): "Business Ecology - A New Science", *South African Journal of Business Management*, 14, 2, p69.

Given the low level of trust in the prevailing operating environment, the Community Bank would not have been able to establish itself by trying to emulate the success (failure) of traditional financial institutions.

The perception amongst local communities is that traditional financial institutions had, for the best part of their long ascendancy been parasitic, 'while they were quite prepared to take our money, they denied us access to capital!'

Where a sense of commercialism prevailed it did very little for the well being of local communities beyond that of philanthropic and altruistic gestures, not to mention the fostering of learnt helplessness.

In light of these insensitivity's to the needs of local communities anything less than a symbiotic relationship - community owned and managed - would have been tantamount to failure.

Furthermore, it might be argued that in the absence of collateral, novel means of credit assessment and control were required, hence the need to harness and make use of forces of social alignment inherent in the concept of *ubuntu* whereby the community becomes co-responsible for credit management. The application of this calls for a reconstitution of structures of corporate governance, along the lines of a symbiotic relationship, as illustrated in Figure 6.2 below.

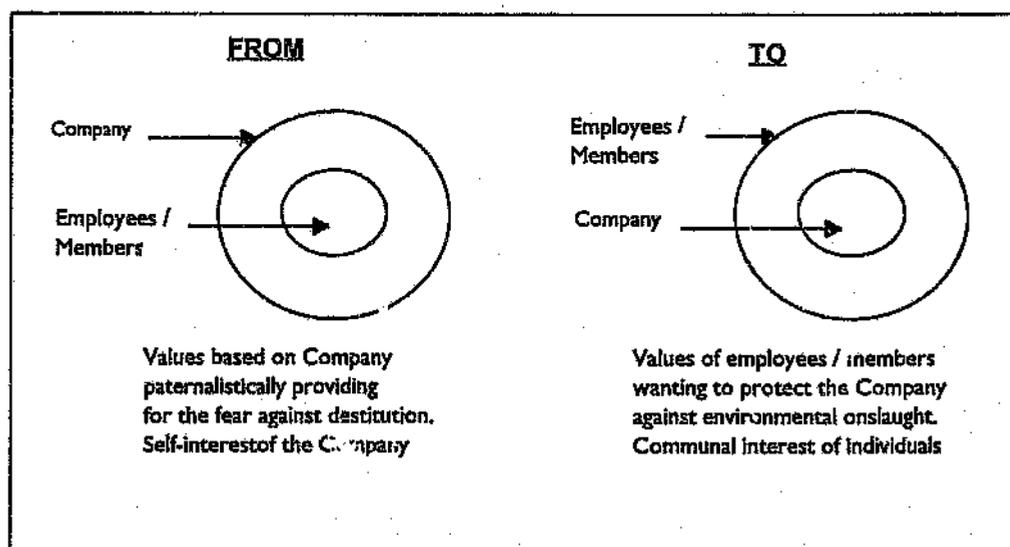


Figure 6.2

Organisational Governance

Source: Adapted from Koopman, A. (1993): "Transcultural Management: In Search of Pragmatic Humanism". in *African Management: Philosophies, Concepts and Applications*, Christie, Lessem and Mbegi (editors) Randburg: Knowledge Resources (Pty) Limited, p52.

Through this reconstitution of structures of corporate governance, the inseparableness of each employee / member from his or her community is recognised. As Koopman (1993) points out each employee / member has a special role to play, more as a thread in the social fabric than apart from it or in opposition to it.

6.2.4. African Humanism

Due to the demographic profile of traditional financial institutions - predominately white - these institutions are indifferent to the needs of the Community Bank's target market, which includes amongst others the poorest of the poor and the illiterate. Consequent thereto the need for staff to show compassion, care, respect and tolerance become critical success factors in product delivery and operational

success. Above all else, staff need to be friendly and willing to communicate in the language of the customer. In summary the target market finds it difficult to relate to bank personnel who are not grounded in community life.

6.3. Structures of Corporate Governance

In response to the need to (1) develop the capacity of its employees, members, and the public in general, without which product delivery would not be possible; and to be (2) community owned and managed, a unique structure of corporate governance is in evidence, Figure 6.3 refers.

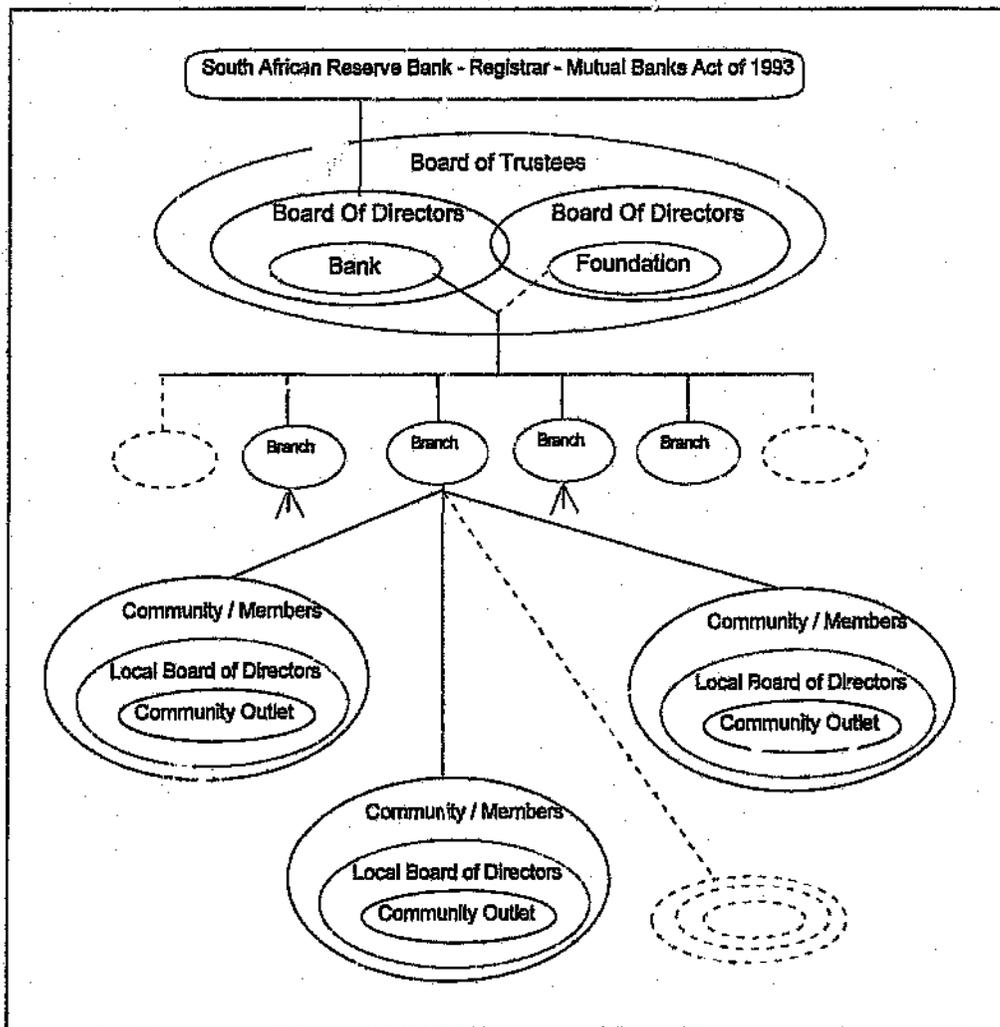


Figure 6.3.

Structures of Corporate Governance

Each of the above structures of corporate governance and the significance behind their architecture is elaborated on in the paragraphs to follow.

6.3.1. Corporate Identity

By its very nature the Community Bank is eclectic. On the one hand it needs to conform with statutory provisions set out in the Mutual Banks Act of 1993 and on the other hand it has to provide a people centred service incorporating notions of trust, compassion and care. This marriage of 'Northern' rationalism and 'Southern' humanism is of particular significance. It is noted that the registration of the Community Bank with the Registrar of Banks brings confidence to the people the Bank serves. Even at the bottom rung, among the poorest of the poor, it is important that the Community Bank is seen to have an identity and that it can be held accountable for its actions.

6.3.2. Board of Trustees

In terms of the provisions of the Mutual Banks Act of 1993 it is the intention of the Community Bank to be capitalised by the communities that it serves through a process of savings mobilisation. To speed up the process two hundred million rand was obtained on the open market and is held in trust. This share capital is transferred to local communities through the issuing of twenty rand permanent interest-bearing shares. Through the purchase of these permanent interest-bearing shares the status of the Bank's customers is changed to that of member or co-owner. The share entitles the member to vote in a Local Board of Directors at community outlet level, hereby giving affect to the Community Bank's vision to be owned and managed by the communities that it serves.

The role of the Board of Trustees is first and foremost to ensure that the two hundred million rand held in trust is transferred to communities responsibly. In

addition the Board of Trustees is responsible for ensuring that the Bank's vision does not become corrupted or mis-managed by the self-interest of any stakeholder group. As a consequence the integrity of the Community Bank is ensured through the nature of the people represented on its Board of Trustees which is made up of businessmen, experienced bankers, community and political activists, trade unionists, and development workers.

As the Local Boards of Directors at community outlet level are empowered so they will eventually form a National Board, responsible for the nomination and voting in of new members to the Board of Trustees.

While it is the role of the Chief Executive Officer of the Community Bank to forge a common culture in the bank, it is reported that he works through the Board of Trustees in reaching consensus as to the strategic direction of the Community Bank. This approach de-politicises decision making and in the absence of a common organisational culture and counters the likelihood of an operating arm, such as the core-Bank or Foundation, from refusing to follow a particular path due to self-interest and hereby paralysing the whole process.

6.3.3. The Bank

The Banking arm, incorporating a Head Office and permutations in the form of regional branches and outlets, conforms to the statutory provisions of the Mutual Banks Act of 1993. The Bank has its own Board of Directors, distinct from the Board of Trustees, and is run along business lines.

Profit maximisation, while important from a sustainability point of view, is considered a means toward and end, rather than overriding objective.

The Bank's Head Office is functionally structured in the key areas of operations, finance, technology, marketing, human resources and support services. While

functionally based, the organisational structure is relatively flat with an emphasis on speed of communication and delivery.

6.3.4. The Foundation

The Foundation, a separate division of the Community Bank, is registered as a Section 21 Company and is grant funded. More specifically the Foundation is responsible for creating awareness and building the capacity of local communities to utilise the services of the Bank through community workshops.

The intention of these community workshops is to (1) dispel myths and misconceptions about banking in general; (2) create awareness about the Community Bank; (3) appraise the banking needs of each community; (4) determine whether the Bank has a role to play in satisfying those needs; (5) quantify whether local communities have a strong enough social fabric to support a community outlet; (6) determine whether the community themselves will accept the Bank coming into their area; (7) build relationships with local structures; and to (8) educate members and prospective members how to utilise the facilities of the Bank.

Community Liaison Officers, drawn from a variety of sources, including amongst others political and trade union movements, local community structures, such as civic associations, and Non-Governmental Organisations (NGO's) are responsible for the above mentioned community workshops.

in the formative stages of opening a community outlet, a Liaison Committee comprising the Community Liaison Officers and voluntary community representatives drawn from local structures would be formed. This temporal Committee falls away once the workshopping process is complete. Invariably due

to the knowledge and skills picked up by the voluntary community representatives on the Liaison Committees, they would be elected to the Local Board of Directors, to represent member interests at community outlet level.

6.3.5. Branches

Branches affiliated to the core-Bank represent the first level of field operation and form the technical hub around which community outlets operate. This regional entity, comprising a branch and a web of community outlets, is evaluated as a whole. Consequently, cross subsidisation between outlets is made possible. These branches are run along formal banking lines and oversee the operations at outlet level.

Depending on the nature and size of credit applications, the application is referred to the most efficient means of delivery, be it outlet or branch level. In this way various levels of financial sophistication are catered for. As a result micro loans and small business development loans, up to a predetermined level, may be catered for at community outlet level while larger loans such as home finance will be handled at branch level.

6.3.6. Community Outlets

Accessibility is the key word in delivering a product to rural and urban low-income communities. As such the community outlets give expression to the term, 'taking banking to the people'. Accessibility is ensured through (1) point of location; (2) operating hours to conform to the needs of the community; (3) staff members who understand and speak the language of members; and above all else (4) access to credit based on a savings pattern and trust.

In order to give substance to the Community Bank's vision to empower local communities through a process of capacity and institutional building, a significant proportion of members of staff are drawn from the communities that they serve. These appointments are made on the basis of the staff member displaying an affinity with the Bank's clientele rather than for their banking skills.

Further to Lessem's (1993a) caution about the need to be wary of the dangers of nepotism, favouritism and bribery, outlet managers are not appointed from the immediate community that they serve. This is a conscious decision to ensure that the outlet manager applies objectivity in the granting of credit and the processing of employment applications.

As community outlets develop and grow in stature they may take on additional responsibilities previously performed at branch level, which will enhance the possibility of their status being up graded to that of a fully fledged branch with their own network of community outlets.

6.3.7. Members

Through the purchase of a twenty rand permanent interest-bearing share, the status of clients of the Bank is changed to that of member, hence the notion of rights and obligations. The rights of the member, enforceable through the principle of 'one member, one vote irrespective of the extent of shareholding', include the right to know what is happening in the Bank, and the right to influence the direction of the Bank through the Local Board of Directors. Reciprocal obligations include an obligation to attend outlet meetings to elect an accountable Local Board of Directors and an obligation to support and promote the activities of the Bank.

In view of the fact that members have little or no form of collateral to secure access to capital, a regimented six months savings pattern is called for. During this initial six month period, following the purchase of the twenty rand permanent interest-bearing share, the member is required to make regular monthly savings deposits. By complying with this requirement the member builds a relationship with the Bank. Staff get to know the new member and in this way the credit worthiness of the member can be assessed. Once satisfied that the member has shown a propensity to save, the member is given an opportunity to apply for a loan. In this way the character of the borrower, as opposed to collateral, becomes the main source of security in acquiring a loan.

6.3.8. Local Board of Directors

The Local Board of Directors, born out of the need to maintain a constant link and liaison with target communities, are a voluntary and transient body. Moreover the Local Board of Directors are elected by outlet members to represent their interests in the day-to-day running of the Community Bank. The powers of the Local Board of Directors are advisory rather than definitive in the sense that their influence is limited to making recommendations to the Outlet Manager. While the Local Board of Directors can not hire or fire anyone, they influence (1) product development; (2) how the community outlet operates; (3) how staff handle customers; and the (4) processing of credit applications. The latter point of assisting in the processing of credit applications is of particular significance.

In the absence of collateral, the Community Bank has to make a judgement call as to the credit worthiness of a loan applicant. These decisions are mediated through the Local Board of Directors who are best positioned to make such decisions due to their proximity to the applicant who might be a neighbour, a fellow member of *stokvel* or church. As a consequence the risks associated with the granting of a

loan are diminished. The chances of the borrower renegeing on loan repayments are further diminished through forces of social alignment inherent in a collectivist consciousness. If a borrower fails to meet his or her loan repayment, the whole community suffers as a consequence of a diminishing pool of capital being made available to other members of the community.

6.4. Organisational Culture

The four world views identified by Lessem (1990a, 1990b, 1993a, 1993b) are clearly in evidence in the day-to-day running of the Community Bank, each of which will be elaborated on under the headings 'Eastern' Idealism; 'Western' Empiricism, 'Northern' Rationalism and 'Southern' Humanism.

6.4.1. 'Eastern' Idealism

This dimension is clearly reflected in the visionary leadership of Bob Tucker who not only forged a socio-economic pact between unlikely business partners, but through a process of consultation and conceptualisation forged a mental image of the Community Bank, the work of which has subsequently been taken over by the Board of Trustees.

6.4.2. 'Western' Empiricism

This dimension is reflected in the Community Bank's rise to ascendancy which is characterised by its pioneering spirit. In many respects the staff that make up the Community Bank are comrades in adversity, each learning in the process of doing, hence an element of risk taking which requires giant leaps of faith to be made on a daily basis. The Community Bank is breaking new ground. In the process of discovering what works and what does not work, the Community Bank is in the process of setting benchmark standards for other banks entering the low-income market to follow.

6.4.3. 'Northern' Rationalism

In as much as the Community Bank is breaking new ground it carries with it an inescapable legacy of the need to conform to accepted banking practices, principally through the statutory provisions of the Mutual Banks Act of 1993, consequent thereto a high degree of rationalism prevails. The technical core of the Community Bank epitomises the principles of co-ordinated management as practised by a professional cadre of experienced bankers.

6.4.4. 'Southern' Humanism

The principal competitive advantage of the Community Bank lays in its community interface, which is exemplified by (1) an understanding of the social fabric of the communities it serves; (2) a commitment to socio-economic reconstruction; and (3) attention to people centred values. This humanistic approach is clearly evident in the Foundation and will no doubt become more pronounced as community outlets are opened and Local Boards of Directors appointed.

6.5. Systems and Processes

In an organisation such as the Community Bank which displays the combined dimensions of 'Western' empiricism, 'Northern' rationalism, 'Eastern' idealism, and 'Southern' humanism, one would expect a number of integrating mechanisms so as to prevent the domination or compromise of any particular interest group.

While an uneasiness exists within the Community Bank about how to manage its diversity, a number of integrating mechanisms are in evidence.

6.5.1. Shared Vision

The Community Bank has a powerful sense of purpose which is clearly articulated in a mission statement. Consequent thereto individual stakeholders are able to distinguish between what is good and bad for the organisation. The mission statement, or the Bank's vision as it is commonly referred to, provides a framework for mediating all decision making. In addition it is the role of the Board of Trustees to ensure that the Bank's vision of empowering low-income rural and urban communities does not become corrupted through the domination or compromise of any stakeholder.

6.5.2. Value Sharing

The Bank's senior management team comprising delegates of the core-Bank and the Foundation, with the assistance of an outside management consultant, participated in a *bosheraad* or bush conference which culminated in identification of shared values. These shared values deal principally with the importance of trust and human dignity, hereby reinforcing the Bank's service ethic.

6.5.3. Orientation

Through a process of careful recruitment and selection, care is taken to employ people who have an affinity not only with the vision of the Bank but with its espoused people centred values. Further to which all new recruits undergo an intensive one week orientation or induction programme. During this orientation programme new recruits are sensitised to the values of the Bank. In addition to which new recruits receive instruction on how to manage diversity and how to run meetings. The orientation programme culminates in a field excursion to a local community. For certain white traditional bankers, this field excursion can lead to a 'Road to Damascus' type experience and a heightened appreciation of community life. The orientation programme is of equal benefit to new staff members steeped in community life but who have no previous banking experience. This source of

social alignment is seen as a important mechanism of ensuring synergy and integration.

6.5.4. Communication

At the present juncture in its development the Community Bank is characterised by a relatively flat organisational structure which is conducive to direct and clear communication. It is nonetheless noted that a traditional chain of command is more prevalent within the core-Bank than it is in the Foundation, which is process driven. This discernible difference in communication styles is a reflection of the individual versus collective consciousness of the two operating arms of the Community Bank. While the core-Bank calls for a more exclusive arrangement, the Foundation champions the cause of inclusive arrangements, hence a source of potential conflict. The perception amongst the core-Bank is that open-forum discussions involving all personnel are lengthy and inconclusive. The Foundation on the other hand view widespread participation as a source of strength, without which sustainable solutions to problems would not be possible.

6.5.5. Consultation and Information Sharing

While the Community Bank values transparency and accountability, the Bank does not, at this point in time, have a formalised co-determination committee which transcends the needs of management and staff. In the absence of which informal open-air meetings and briefing sessions involving all staff members seem to be the order of the day.

6.5.6. Management-By-Wondering-Around

In addition to open-air meetings and briefing sessions the Community Bank places reliance on informal open communication. This open style of communication epitomises what Koopman (1987) calls, 'management-by-walking-around (MBWA) and the management-by-fumbling-around (MBFA).

Koopman's (1987, p99) note on MBWA and MBFA as applied at Cashbuild is of equal validity to the Community Bank, "Management realised that it would have to live with the discomforts of fumbling around and understood that this exploratory process required a great deal of faith and willingness to take risks. The success of MBFA depends on how much MBWA is done. The fumbling around process is not confined to the boardroom but through consistent participation and negotiation takes place at all levels of the organisation. The formulation of strategy and direction is therefore based on management's awareness of needs and feelings at the operational level, which plays a major role in the successful execution of any strategy."

6.5.7. Cross-Functional Teams

The Community Bank's ability to put together cross-functional teams and its ability to manage the diversity therein is reported to be its greatest organisational strength.

In a traditional sense a Management Committee comprising, all heads of departments from the core-bank and the Foundation, meet on a weekly basis to discuss operational issues of concern.

Effective cross blending is given further substance in what is called a Roll-Out Committee comprising members of the core-Bank and the Foundation. The Roll-Out Committee - a transient body tasked with the responsibility of initiating, developing and operationalising new branches or outlets - provides a forum within which mediated decisions are reached. The ascendancy of recommendations emanating out of this Committee are devoid of any direct affiliation to any stakeholder group.

A cross-functional Launch Committee, responsible for the launching of new branches and community outlets, is operational together with a cross-functional training team comprising staff from both the core-Bank and the Foundation. It is

the reported intention of the Community Bank to develop more of these cross-functional teams in the future.

6.6. Human Resource Policy

Given the humanistic orientation of the Community Bank in its interface with its members one would expect the organisations Human Resource systems and procedures to be Afrocentric in nature.

According to Khoza (1993, p118), "Afrocentricity is about Africans putting Africa at the centre of their existence. It is about Africans anchoring themselves in their own continent; its history, traditions, cultures, mythology, creative motif, ethos and value systems exemplifying the African collective will."

Unfortunately, the systems and procedures identified in the Community Bank seem to be more rooted in 'Western' empiricism and 'Northern' rationalism rather than in 'Southern' humanism. No doubt as the Community Bank begins to operationalise its community outlets the influence of 'Southern' humanism on human resource policy and systems will become more pronounced.

For the sake of completeness, rather than a definitive statement of intent, 'Southern' humanism is seen to be making tentative in-roads in a number of areas.

6.6.1. Recruitment and Selection

Whilst recruitment is conducted through traditional means of recruitment advertising and the employment of recruitment agencies, selection is conducted on a panel or group basis so as to ensure transparency and prevent the possibility of social exclusion due to the bounded rationality of any particular stakeholder.

6.6.2. Recognition of Traditional Healing

The Community Bank is reported to be amenable to conscripting a Medical Aid Society which recognises the role of traditional homeopathic medicine should there be a need.

6.6.3. Bereavements

The importance of an office collection and the offering condolence to a family in bereavement, was shown to be in evidence in the Foundation. The death of a member of staff or his / her immediate family represents not only a loss to the family but a loss to every other member of the community, whose wholeness is of crucial importance given the vulnerability of its constituent parts.

6.6.4. Leave to Attend an Initiation School

In recognising the influence of traditional African culture it was reported that consideration may be given to a special leave requirement for staff wishing to attend an initiation school. This practice being more prevalent amongst rural communities than in urban communities. It was nonetheless cautioned that there is a cut off point at which business principles have to be applied.

6.6.5. Celebration

A strong need to celebrate the collective achievement of staff in the opening of new branches was alluded to as a means of harnessing the good will of employees. The symbolism attached to the slaughtering of a beast in the celebration and re-enactment of past achievements was also alluded to. The significance of the latter point was reported to be more of a rural than an urban phenomenon.

6.6.6. Open and Close Meetings with a Pray

Depending on the leadership style of a Committee Liaison Officer and the nature of the community in which he or she serves, the Community Liaison Officer may call upon a respected community elder or local priest to open and close community workshops with a pray.

6.7. Conclusion

The Community Bank's success as an emergent African Management Model is clear for all to see. The Community Bank, within its first year of operation, is reported to have (1) opened 9 branches / community outlets; (2) committed itself to 900 housing loans worth approximately R43 million; (3) set-up 300 thousand rands worth of micro-business loans; (4) issued 400 personal loans for household and educational needs; and to have (5) taken on 9,500 new shareholders. The latter group is reported to have saved an astonishing R8 million with the bank. A figure that belies the perception that low-income people have no need for saving.

Variables directly attributable to the success Community Bank are expounded up in the Chapter to follow, entitled Exploratory Research Findings.

CHAPTER 7 - EXPLORATORY RESEARCH FINDINGS

7.1. Exploratory Research Methodology

The Exploratory Research Findings to follow address the stated Research Problem - how to deal with different levels of socio-economic development both individually and collectively - and by implication address the four Research Propositions forwarded in Chapter Four.

The methodology employed in compiling the Exploratory Research Findings, to follow, is detailed in Chapter Five.

7.2. Research Proposition One

As described in Chapter Six there are strong indications of the presence of 'Western' primal management, 'Northern' rational management, 'Eastern' developmental management and 'Southern' humanistic management in the Community Bank. In light thereof the first research proposition was held to be provisional true pending refinement in Chapter Eight to follow.

- African Management is eclectic in nature encompassing all four world views of Lessem's model.

Support for the Research Proposition is found in three areas of commentary, namely (1) regard for diversity; (2) evidence of four businesspheres; and (3) pre-eminent themes of integration. The summation of which presents an interesting interplay between what appear to be differentiated yet complementary forces.

7.2.1. Regard for Diversity

The term 'valuing diversity' has special significance for the Community Bank and it was not surprising to find that all of the respondent's identified with the term, albeit a source of motivation or frustration. Anecdotal points of interest include:

Black Male Branch Manager, "The Community Bank is a melting pot of cultures, there is no single culture, we need to manage diversity."

Black Male Graduate, "The Community Bank is a hybrid bank made up of good mix of people from different backgrounds, we accept and actively encourage diversity."

Black Male Professional, "The Community Bank is made up of people from different walks of life, we are part of an evolving culture, we value diversity of opinion, it is part of the Chief Executive Officers job to not only manage but forge a common culture."

Black Male Banker, "The Community Bank is a hybrid initiative made up of community leaders and experienced bankers, at times there is cultural conflict but there is a realisation that we cannot succeed without each other".

White Female Foundation Manager, "The Community Bank is a total mix of people and management styles, in the long run we will have a common culture but for the time being we are different, it does not matter that we have different perceptions as long as it can be controlled."

Black Male Community Liaison Officer, "The Community Bank is like a fruit salad, you do not want to blend it, you keep it mixed so as to maintain the creative tensions, diversity is more of a strength than a weakness."

It was implied by a significant number of the respondents that there is an evolving culture within the Bank. This assertion is taken to mean that diversity is and will remain a way of organisational life.

7.2.2. Evidence of Four Businesspheres

Themes of diversity in evidence in the Community Bank are deciphered upon under Lessem's (1990a, 1990b, 1993a, 1993b) headings of (1) 'Western' primal management; (2) 'Northern' rational management; (3) 'Eastern' developmental management; and (4) 'Southern' humanistic management.

7.2.2.1. 'Western' Primal Management

Four recurring themes of primal management deserve particular mention, namely (1) inspired leadership; (2) customer needs driven; (3) profit motive; and (4) open communication.

- *Inspired Leadership:* One of the most impressive aspects of the Community Bank is its overwhelming sense of purpose brought about through inspired leadership. In the absence of this primal force the formation of the Community Bank would not have been possible - a point acknowledged by all of the respondents. It was nonetheless cautioned that the Community Bank is as much a living reality as it is an emerging concept. The unleashing of dynamic yet contradictory forces therein provide a source of creation or destruction. The role of inspired leadership is to keep opposing forces in check and to bring about co-operation without which the release the organisation's free spirit would not be possible.

Qualities called for in inspired leadership, as expressed by the respondents, include vision, political sensitivity, empathy and a conceptual ability to transform ideas into practical and achievable goals.

- *Customer Needs Driven:* Servicing the needs of customers, albeit in the form of a defined community, exemplifies a primal approach to management. It implies knowledge of who ones market is, what the needs of the market are, and how to effectively deliver a customised product. The following anecdotal comments, whilst selective, represent a consensus view:

White Male Banker, "We satisfy client needs where they are rather than where the Bank finds it convenient to deliver, we try to provide services which the client needs rather than develop products according to our own perspective and then looking for a market, we look at things from a grass root level up rather than adopt a top-down approach."

Black Male Professional, "We engage communities and listen to what they are saying, it is a community needs driven approach."

Black Male Branch Manager, "The Community Bank is about the community, it deals with the community and is for the community."

Whilst the words 'community needs driven' will be discussed more aptly under the heading 'Southern' Humanistic Management, the phraseology is seen to be pre-eminently concerned with the need to be enterprising through the delivery of a targeted and customised service.

- *Profit Motive:* Eight of the respondents, all within the Banking arm of the Community Bank, emphasised the importance of profit and financial sustainability. Anecdotal comments appertaining to this overwhelming need to be performance orientated include:

Black Male Graduate, "We are running a business and at the end of the day we have make a profit."

Black Male Professional, "A bank is a bank, it is driven by bottom lines and set targets."

White Male Banker, "The Community Bank might be seen as a crash course in capitalism, we need to generate enough profit to sustain ourselves."

In spite of the selectivity of the above comments it is acknowledged that whilst the issue of profit and financial sustainability is of utmost importance, the Community Bank will not be able to maximise earnings relentlessly at the expense of social responsibility. The principal objective of the Community Bank as defined in its founding documents is that of community up-liftment and capacity building. Consequent thereto, the Community Bank has a built-in safety mechanism to prevent an ascendancy of overdone 'Western' materialism.

- *Open Communication:* A primal approach, within the Community Bank, is further typified by its open and participative communication channels. These traits, whilst more amplified within the Foundation, provide for free flowing communication, albeit horizontally across departments and/or vertically between hierarchical levels within the organisation. Pertinent anecdotal comments include:

Black Male Professional, "We have an open door policy and communication is levelless, structuralless and classless."

Black Male Banker, "We have an open door policy, we have regular open forum meetings where people can air their views irrespective of their seniority."

Black Male Community Liaison Officer, "Communication within the Community Bank is both formal and informal, horizontal and vertical."

White Male Banker, "We practice a participative hands-on style of management, communication structures within Banking arm are functional

without necessarily being remote, we have regular briefing sessions both within the banking arm and across divisions."

As will be elaborated on more fully under the heading 'Southern' Humanistic Management issues of accountability and transparency are crucial to the Community Bank's success and transcend all aspects of the Bank's espoused policy on open communication.

7.2.2.3. 'Northern' Rational Management

Through necessity, rather than grand design, the top echelons of Community Bank's Banking arm are experienced bankers. Their focus of attention been the operation of controls, procedures and systems designed to withstand the scrutiny of internal and external audits. The prevailing technocratic / professional approach within the Banking arm, as described in Chapter Six, is a source of great pride and conflict. Anecdotal comments substantiating this observation, include:

White Male Banker, "Further to the conceptualisation of the Community Bank the services of a technocrat were required to give substance to those ideas through the development of appropriate systems and procedures, the Bank has to comply with the legislative requirements of the Mutual Banks Act."

Black Male Banker, "Within the Banking arm there is a business culture, the bank is run along business lines, we have to ensure that business ethics and standards are maintained."

White Male Banker, "We have to deliver a quality service, this is minimum standard which all customers - rich or poor - call for, regrettably the Foundation are not used to working in a structured way."

Black Male Community Liaison Officer, "There is a professional bias within the Banking arm, they are set in their ways."

Black Male Community Liaison Officer, "The Banking arm functions with a hierarchy and is bureaucratic, they value people in rands and cents."

Rational management tendencies in evidence, whilst diametrically opposed to 'Southern' humanism, ensure that critical decisions affecting the Bank are mediated through the application of tried-and-tested dictates of financial management.

7.2.2.4. 'Eastern' Developmental Management

Further to 'Western' primal instincts to be customer needs driven, and to prevailing 'Northern' rational tendencies to set up internal systems and procedures, an 'Eastern' or developmental capability is required to bring about productive partnerships among unlikely parties.

Prominent themes of an 'Eastern' developmental capability include (1) external networking, (2) cross functional teams; and (3) capacity building.

- o *External Networking:* Putting together a business concept as big the Community Bank is a daunting task which defies the ability a single individual and/or organisation. Due to resource constraints - albeit intellectual, financial, physical involvement, community grounding and/or technical ability - internal and external networking is of operational necessity. In recognition thereof, all the respondents alluded to the need of the founding doyen, subsequent successors and people in the field to source and work in collaboration with other institutions. These relationships, as described in Chapter Six, are mostly transient in nature. The importance of which is captured in the following anecdotal comments:

White Male Banker, "Experienced bankers and community leaders were brought together to give expression to Bob Tucker's vision, the formation of the Community Bank would not have been possible without this unique process of conceptualisation and consultation, equally the establishment of

community outlets would not be possible without networking with local structures such as NGO's and other development agencies."

Black Male Community Liaison Officer, "We could not do our job without the support of the community and the assistance of other networks such as civic associations, churches and NGO's."

As will be elaborated on under the heading 'Southern' Humanistic Management, networking skills such as ability to source, engage and develop productive partnerships are more indigenous to a collective consciousness than an individual consciousness.

- *Cross-Functional Teams:* In an endeavour to capture and utilise unique streams of vitality within the Community Bank great importance is attached to the establishment and management of cross-functional project teams. As with external partnerships these cross-functional project teams are transient in nature. The following anecdotal comments refer:

White Female Foundation Manager, "There has to be team work, we have joint teams between various departments within each arm and across each arm."

Black Male Community Liaison Officer, "We have a number of cross functional committees, we have to work together collectively, there has to be a sharing of responsibilities.

Besides harnessing the benefits of cross fertilisation of ideas, the multi-functional project teams facilitate the sharing of work loads.

- *Capacity Building:* Due to reasons of community impoverishment, suspicion and ignorance of formal banking structures, as described in Chapter Six, the issue of capacity building is seen by all the respondents to be vitally

important. This multi-faceted term is given expression through use of anecdotal comment:

Black Male Community Liaison Officer, "Our ability to train and develop capacity is a distinguishing feature which separates us from other financial institutions."

Black Male Graduate, "You have to have an appreciation of the developmental needs of local communities, you cannot simply set up an infrastructure and expect customers to come through the door."

White Male Banker, "The Community Bank concept is based on developing relationships, training and capacity building, we do not want to be the only bank in the communities we serve, there is room for all."

Black Male Community Liaison Officer, "We are actively involved in building the capacity of both communities and staff."

White Female Foundation Manager, "You empower communities through capacity and institutional building."

White Male Banker, "Capacity and institutional building is facilitated through community workshops."

The anecdotal comments referred to give credence to the fable, "give a man a fish and he will not be hungry for a day, teach a man how to fish and he will never be hungry again." It is further concluded that the Community Bank's benevolent nature will undoubtedly lead to a mobilisation of previously un-utilised capital which bodes well not only for members of the community but the Community Bank itself and other business enterprises.

7.2.2.5. 'Southern' Humanistic Management

The topic 'Southern' humanistic management transcends all our Research Propositions. Consequent thereto, the section to follow is purposefully limited to two recurring themes so as not to detract from impending discussion. The themes dealt with include recognition of (1) humanistic values; and (2) inclusive and transparent arrangements. Each of which will be elaborated upon, in the body of this Chapter, with reference to Research Propositions Two, Three and Four.

- *Humanistic Values:* All of the respondents alluded to the fact that the Community Bank's competitive edge is to be found in its humanistic approach. This competitive edge is actively encouraged and nurtured within the realms of work performed by the Foundation and at the Bank's member / customer interface. The following anecdotal comments refer:

White Male Banker, "The Community Bank differs from traditional banks in the terms of its humanistic approach, the Foundation is very humanistic, if you are not comfortable with the humanistic side of things you are not going to stay very long with the Bank."

White Male Banker, "It is like operating in an entirely different world, we promote personal contact with people, you need to have people sensitive values."

Black Male Banker, "Employees must have that humanistic touch, the market in which we operate requires that type of feeling."

White Female Foundation Manager, "Within the Foundation there is a humanistic and community orientation we need to be culture sensitive, staff must show a propensity to work with others in a friendly way, we value each member as a person."

Black Male Community Liaison Officer, "You need to make people feel welcome, we are not just talking about *ubuntu* we are practising it."

People centred values touched on by the respondents include the need for integrity, honesty, trust, respect for the elderly, empathy and understanding, restoration of human dignity, putting oneself out on behalf of others, and being courteous and friendly. These people centred values are elaborated upon in Section 7.3 to follow.

- *Inclusive and Transparent Arrangements:* All the respondent's recognised the need for 'inclusive' and 'transparent' organisational arrangements, albeit a source of frustration or motivation. The necessity for which, as described in Chapter Six, is found in the need to move away from dated styles of management characterised by adversarial relationships, intolerance, polarisation and mis-trust which excluded people from decisions affecting their quality of work life. Whilst the terms 'inclusive' and 'transparent' arrangements are identifiable as distinct and separate issues they are inextricably linked and mutually dependent. The following anecdotal comments refer:

Black Bank Manager, "The Community Bank is a group process and as such would not succeed unless it is totally open and transparent."

Black Male Branch Manager, "There is transparency in our meetings, the whole bank is involved, members of the Board of Trustees oversee and provide legitimacy to the whole process."

White Female Foundation Manager, "In an initiative such as this you need political sensitivity, the people that we deal with have a democratic background, you cannot over emphasise the importance of group processes."

Black Male Community Liaison Officer, "We need to be accountable and transparent, we have to avoid paternalism and develop democratic values,

staff have to be consulted in the formation of policy and issues that affect them, the principle of group consultation needs to be institutionalised."

The above comments give credibility to the assertion that people steeped in a collective consciousness or community way of life require collective / democratic decision making processes.

7.2.3. Pre-eminent Themes of Integration

In recognition of the disabling effect that conflict can have - at variance with overdone rationalism or humanism - the respondents, particularly those steeped in a communal way of life, pay homage to the theme of 'constructive conflict'. Anecdotal comments of interest include:

Black Male Liaison officer, "You must allow for conflict it is healthy."

Black Male Liaison Officer, "There are fights, while some might feel frustrated, I feel excited, it is all about exposing misconceptions, you need to put mechanisms in place to manage those misconceptions."

Moreover the respondents recognise the need to maintain equal status and harmony amongst the four differentiated world views in evidence in the Community Bank. The primary means of ensuring harmony and equal status within the Community Bank is accorded to the Board of Trustees and thereafter to the Chief Executive Officer, Chapter Six refers. In addition to these structural safeguards, two processes designed to maintain equal status and harmony amongst the four differentiated world views were touched on by the respondents, namely (1) commonality of purpose; and (2) orientation.

- o *Commonality of Purpose:* While commonality of purpose can take ...any forms, albeit a mission statement or shared set of values, the importance thereof cannot be underestimated. The following anecdotal comments apply:

White Male Banker, "Commonality of purpose is essential, without it the Banking arm of the Community Bank would do things autocratically and in isolation to the Foundation."

Black Male Professional, "The role of the Board of Trustees is to ensure that the Bank operates within the mission / vision that it has set itself, we are fortunate in that the people that we have here understand and appreciate what the Bank is trying to achieve and where it is heading, whatever discomfort they might feel by being in a strange environment is overcome by their willingness to participate in the venture."

White Female Foundation Manager, "Everyone is working toward the same end, it does not matter that we have different perceptions as long as it can be controlled, the CEO has not only a leading role but a mediating role to play."

Black Male Community Liaison Officer, "Both arms of the Community Bank have to work together, we require a common understanding and interpretation of our vision."

Black Male Community Officer, "We recognise that we come from different backgrounds but at the same time we recognise we have to respect each other, we have a common understanding of each other."

- *Orientation:* Orientation or induction processes for new employees serve an important function in bring about commonality of purpose. Anecdotal comments confirming this assertion include:

Black Male Graduate, "Employees entering the Bank come from different backgrounds and they all have to undergo a certain amount of unlearning, we all go through an induction process and are told this is the market and the type of people that we are going to be dealing with."

White Male Banker, "All employees undergo an orientation programme run by the Foundation which focuses on our values and the need to be humanistic."

White Male Banker, "If you are not use to this type of environment it is like going into an entirely different world, hence the importance of our induction programme."

Black Male Professional, "Our induction programme gives one an appreciation of managing diversity."

White Female Foundation Manager, "Our one week induction programme is very important, bankers by their very nature are risk adverse and they need to unlearn a lot of what they have learnt."

Black Male Community Liaison Officer, "Orientation plays an important role, it helps employees understand the Bank's vision."

Whilst the above mechanisms to bring about social and business integration might seem overt, there is tentative evidence to suggest that integration will become a more natural and metamorphic process in time to come.

7.3. Research Proposition Two

Based on the themes of diversity submitted thus far it can be concluded that African Management is by necessity multi-cultural. There are nonetheless strong signals to suggest an affirmation of Research Proposition Two, pending refinement in Chapter Eight, which reads as follows:

- The natural inclination of those enterprises which have managed to engage the hearts and minds of its black employees is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational or 'Eastern' developmental bias.

It is cautioned that the inclination toward a 'Southern' humanistic approach within the Community Bank is a more prevalent feature at the organisations customer interface than a feature of its technological core.

Evidence to support the assertion of a natural inclination toward a 'Southern' humanistic orientation, at the Bank's customer interface, is listed with reference to the importance attached to (1) a voluntary subordination of self-interest to communal objectives; (2) democratic decision making processes; (3) community ownership; (4) empathy and understanding; and (5) primacy of language.

- *Voluntary Subordination of Self-interest to Communal Objectives:* As detailed in Chapter Six the Community Bank was created for the explicit purpose of addressing the issue of socio-economic deprivation. To which end there are indications, particularly within the Foundation, of a voluntary subordination of personal needs in the pursuit of larger communal objectives. The prevailing collective consciousness and desire to address the needs of others is not only 'Southern' in approach but a source of motivation. The following anecdotal comments refer:

White Male Banker, "People hearts should be in their jobs, that is what the Community Bank is all about, it is a philosophy of serving client needs rather than about reward."

Black Male Community Liaison Officer, "The Community Bank is a philosophy of life."

Black Male Community Liaison Officer, "Joining the Bank is an extension of my political life, the Community Bank is part of the struggle and I have been caring for it, it is a new type of vision, it is about empowering people and about ensuring that the youth credit."

White Female Foundation Manager, "Employees are attracted to the Community Bank because of its African management style, they have something to contribute, they want to feel valued, their heart is in the right place."

The latter comment being a prevalent feature of the work ethic in evidence in the Foundation. The premise being that the struggle, albeit political or economic, will only give way when there are visible signs of social up-liftment. Concomitant thereto, the call for self sacrifice for the greater being of the communities remains a strong mobilising force both within and outside the organisational setting.

This willingness and desire to work together in conformance with a communal expectation is an indictment of a 'Southern' humanistic inclination within certain areas of the Community Bank.

- *Democratic Decision Making Processes:* As pointed out by Kotze (1993) communities dominated by a collective consciousness by necessity require collective democracy or consensual decision making procedures. The need for which was reiterated by all the respondents. Pertinent anecdotal comments in support thereof include:

Black Male Branch Manager, "The whole process has to be transparent, every body is consulted, employees through open forum meeting and members through elected Local Boards of Directors, everyone is involved in decision making, people do not feel threatened to speak their mind."

Black Male Graduate, "Everybody here participates in the decisions that have to be made, everyone is given an ear."

White Male Banker, "Everything is process driven, it is very participative, a lot of negotiation takes place, where appropriate employees at lower levels are involved in the processes that directly affect them."

Black Male Professional, "The name Community Bank conjures up the notion of involvement by the people, community involvement is paramount."

White Female Foundation Manager, "The business concept is based on community participation, we insist on having mass meetings, it is part of our culture."

Black Male Branch Manager, "The development of policies, systems and procedures is participative and process driven, employees must feel comfortable with group dynamics."

Regrettably, as will be elaborated on in Section 7.5, there is an inherent danger of this 'Southern' tendency becoming unmanageable.

- *Community Ownership:* For reasons explained in Chapter Six the Community Bank is founded on the concept of being 'community owned and managed.' The concept is unpacked by way of anecdotal comment:

Black Male Branch Manager, "The Bank is owned by the community it serves."

White Male Banker, "The sense of ownership created through the purchase of permanent-interest-bearing shares is important, in time members will take over this initiative."

Black Male Professional, "You are not just a customer but a member and membership means you are entitled to a vote and have a say in how the Bank is run."

Black Male community Liaison Officer, "We do not talk about customers but members because it is their bank, ownership is important because it creates a sense of pride."

Further to the above it is concluded that the Community Bank has a strong 'Southern' inclination due to the inseparableness of each employee / member from their community(s).

- o *Empathy and Understanding:* All of the respondents alluded to the cold interface that traditional financial institutions have with their clientele. In acknowledgement thereof the respondents advocate the placement of special measures to accommodate the 'Southern' humanistic orientation of their members. The following anecdotal comments serve to contextualise the importance thereof:

Black Male Community Liaison Officer, "Traditional banks are intimidating in the sense that they are not friendly or physically accessible, emotional sensitivity is of utmost importance."

Black Male Branch Manager, "Traditional institutions use a whole lot of jargon which our members do not understand, a lot of our members are illiterate and cannot fill out forms."

White Female Foundation Manager, "It is difficult for a black person to sell himself to a white manager, you cannot force technology onto people, although we wanted to use bank cards members feel more comfortable with saving booklets."

Black Male Community Liaison Manager, "Our modus of operandi is different to that of traditional banks, instead of looking at high tech management styles we concentrate on the needs of the illiterate."

Further to the above, local conditions dictate that staff be recruited from the communities that they serve. Reasons for which are apparent in the following anecdotal comments:

Black Male Professional, "Locality has a huge influence on how the bank operates, local residents have credibility and know the peculiarities of their area better than anybody else, so it makes sense to employ them even if they do not have any previous banking experience."

Black Community Liaison Officer, "Employees serving the community have to be from that community, they have to know each another, they have to know very member by name, people have to be able to say he belongs to us, the Bank has to be seen to be run by people with credibility."

Besides providing a measure of creditability, local recruits have a localised understanding of what is required in terms of the correct display of dignity, empathy and hospitality when dealing with members from their own community. Further to which local recruits are able to build on the life experiences peculiar to that area in the explanation of key concepts. In this instance there is evidence to suggest that the use of similes and metaphors are an important yet under utilised business skill.

- *Primacy of Language:* As an extension of the above point the recruitment of local residents gives substance to a need to observe the language requirements of local communities. This sensitivity gives credence to the Community Bank's espoused humanistic or 'Southern' approach. The following anecdotal comments apply:

White Male Banker, "We have to be sensitive to different languages, literacy is a major issue."

Black Male Graduate, "A strength of ours lies in the fact that we speak the clients language, people behind the counter can speak at least one if not more African languages, we explain things to people in their own language."

Black Male Branch Manager, "Whatever we do we must speak the language that people understand, we talk the predominant language of the area."

As a cautionary note it is observed that while there is evidence of a natural inclination toward 'Southern' humanistic approach, the intensity thereof varies within the Community Bank depending on the pull of other forces such as 'Western' primal management; 'Northern' rational management; and 'Eastern' developmental management. For this reason the Bank's technical core whilst politically amenable to open to inclusive / consultative arrangements, may at times be insensitive to humanistic / community values.

7.4. Research Proposition Three

The third Research Proposition, an extension of the second, was affirmed with minor modification to follow in Chapter Eight. The Research Proposition, as provisionally forwarded in Chapter Four, is repeated for reference purposes:

- o That such 'Southernness' is pre-eminently concerned with socio-political reconstruction and spiritual transformation and subsequently with building networks of reconstruction / enterprising communities through the adoption of shared vision, organic organisational structures, inclusive processes, *ubuntu* and metaphysical management.

Before reviewing pre-eminent themes of 'Southern' humanistic management the pre-conception that the approach is concerned with notions of Afrocentric religion, metaphysical management and spirituality is dispelled. The following anecdotal comments refer:

Black Male Graduate, "African customs have not really been incorporated in the way in which the Community Bank conducts its business, we are trying to give responsible credit to people."

White Male Banker, "No deep rooted African beliefs, customs or traditions have been incorporated in the way in which the Community Bank manages its people."

White Male Banker, "No deep rooted African beliefs, customs or traditions have been incorporated in the way in which the Community Bank goes about its business, the Foundation might be a little bit more progressive in this regard."

Black Male Banker, "The only deep rooted thing would the concept of *ubuntu*, to say that we are adopting a distinctive African culture at this point in time would be premature because we have not really made any in roads into rural areas."

Black Male Community Liaison Officer, "There are hardly any deep rooted customs, traditions or beliefs have been incorporated in the way in which the Community Bank goes about its business."

Black Male Community Liaison Officer, "I do not think that we have adopted any deep rooted African customs, traditions or beliefs, people living in the townships are sought of living in the modern world, when we move into rural areas this might be a key issue."

Black Male Banker, "No deep rooted African beliefs, customs or traditions were incorporated into the way in which the Community Bank goes about its business, if there is something really important to a particular community such as attendance at an initiation school we might consider it but there is a cut off point."

In view of the above anecdotal comments it is tentatively concluded that notions of Afrocentric religion, metaphysical management and spirituality are not of overriding concern at this juncture of the Community Bank's development.

Whilst pre-eminent themes of (1) humanistic values; (2) inclusive and transparent arrangements; (3) voluntary subordination of self interest to communal objectives; (4) democratic decision making processes; (5) community ownership; (6) empathy

and understanding; and (7) primacy of language have been dealt with in Section 7.3., a number of supplementary themes deserve particular attention, namely (8) people centred values; (9) relationships built on trust; (10) rights and obligations; (11) African humility; and the (12) importance of celebration.

- o *People Centred Values:* As previously mentioned all eleven respondents alluded to the fact that the Community Bank's competitive edge is to be found in its humanistic approach, albeit a more prevalent feature of the Bank's customer interface than its technical core. These people centred values, as alluded to by the respondents, include, amongst others, the need for integrity, honesty, trust, respect for the elderly, empathy, restoration of human dignity, putting oneself out on behalf of others, being courteous and friendly. These central themes of *ubuntu*, whilst developed more fully in Chapter Eight, find expression by way of anecdotal comment:

Black Male Branch Manager, "The only tradition that has been incorporated in terms of how we operate is a question of being respectful, courteous and friendly."

White Male Banker, "The core values of the Bank include honesty, trust and integrity."

Black Male Graduate, "The two most important values displayed by the Bank are trust and integrity."

Black Male Professional, "The Bank is about the restoration of human dignity, *ubuntu* is one thing that sets us apart from other financial institutions, we need to harness and develop that empathy."

Black Male Banker, "The basic values which the Bank feels important about include : integrity, respect and concern for others, a service ethic and professionalism, the concept of *ubuntu* will come through strongly at outlet

level, *ubuntu* is essentially the ability to sacrifice and to be sympathetic but not necessarily to take pity on others."

White Female Foundation Manager, "The word community means having empathy, understanding and connecting with people, you learn about modesty by going into communities."

Black Male Graduate, "The two most important values displayed by the Bank are trust and integrity."

Black Male Community Liaison Officer, "Trust and respect are important, respect in the sense that if you do not greet a person it will be taken as a sign that you do not recognise that person."

From the above comments it is evident that a definition of *ubuntu* remains illusive. In the words of Archbishop Tutu, as quoted by Prozesky (1996, p9), "It means the essence of being human. You know when it there, and you know when it is absent."

- *Relationships Built on Trust:* As reiterated by all the respondents trust is central to the extension of credit to low-income earners who might not be formally employed or have collateral. Concomitant thereto the Bank's success is largely dependent on relationships built on trust. The following anecdotal comments refer:

Black Male Graduate, "We are a mutual Bank, we build relationships with potential borrowers, this relationship is built on trust."

White Male Banker, "Trust and integrity are built up through members developing a savings pattern with the Bank, during this phase a relationship is built up with the client, that is how trust is developed."

White Male Banker, "The Community Bank epitomises the importance of personal relationships in banking, the granting of credit is based on a trust relationship rather than on financial security."

Black Male Professional, "The Community Bank is more of a relationship than an institution, we need to allay fears and build trust and confidence."

White Female Foundation Manager, "By building a relationship members know what they are getting themselves into, the fact that people can be trusted is important."

Black Male Branch Manager, "Borrowing is not based on security but trust, that relationship built on trust is what distinguishes us from other organisations."

- o *Rights and Obligations:* By inference the Community Bank's association of trust with its members has a reciprocal aspect which finds expression in the form of mutual rights and obligations. The following anecdotal comments apply:

Black Male Graduate, "There have to be checks and balances, people understand that, what ever you borrow you must pay back."

Black Male Banker, "You have to educate people of their rights and obligations."

Black Male community Liaison Officer, "The Community Bank is a realistic approach, everyone understands what it can and cannot do."

Black Male Branch Manager, "Members have rights and obligations, if you acquire something it must be paid for, you cannot just borrow from the Bank without saving first."

Consequently to the above, it is concluded that 'Southern' humanistic management is not about weepy sentimentality as it calls for great strength of character, self-sacrifice and discipline.

- *African Humility*: Further to the concept of mutual rights and obligations a mechanism is required, albeit an unwritten code of conduct, to bring about social alignment. Anti-social behaviour is dealt with through an understanding and application of African humility. Anecdotal comments affirming the assertion are listed:

Black Male Graduate, "Peer pressure plays an important role in the repayment of loans, if you renege on your loan repayment you let down the whole community, peer pressure does us a lot of good, the credit worthiness of the individual is found in the group, to get into the group they have to trust you, there is an element of *ubuntu* right there."

White Male Banker, "In the credit screening process we investigate how well the members supports his *stokvel* or church, this is where peer pressure comes to bear."

Black Male Banker, "The social fabric of the community is important to us, the more cohesive the social fabric the greater our control over credit management."

Black Male Community Liaison Officer, "We look for a strong social fibre before committing ourselves to opening a new branch or outlet, successful projects have to be people driven and managed, you have to look no further than people initiated and driven *stokvels* and burial societies to understand what I mean."

Black Male Branch Manager, "The ability for the next person to qualify for a loan will be on the good of another to repay, the Local Board of Directors put their head on the block every time credit is granted, if the borrower

does not repay his loan, questions are going to be asked of the Local Board of Directors."

African humilit¹ as described above, gives credence to a central theme of *ubuntu* that each is his brother's keeper. In the words of Coldwell and Moerdyk (1981, p73), "Each has a right and an obligation to expect help from, and give help to his neighbour Seek the good of community, and you seek your own good. Seek your own good, and you seek your own destruction. Mutual aid is a moral obligation."

- *Celebration:* Great importance was attached to the need to celebrate past and planned events in a style befitting a communal way of life. Regrettably, the desire for such celebrations, particularly amongst those steeped in a community way of life, seems to be off set by resource limitations within the Community Bank. The following anecdotal comments illustrate the importance attached to ritual and celebration:

Black Male Branch Manager, "When one opens a branch or outlet one should celebrate the occasion, you should have speeches and a choir singing, these celebrations should reflect the values and culture of the community."

White Female Foundation Manager, "Celebrations to mark the opening of a new branch is important, if there is a feast in the community you do not send out invitations, everyone is invited, it is your community."

Black Male Community Liaison Officer, "Festivities should be used to mark the opening of a new branch, these festivities will have a local content to reflect the values of the community, slaughtering a beast in a rural community would be a foregone conclusion."

Black Male Community Liaison Officer, "When opening an outlet, although we do not have the money for it, we would typically slaughter a beast and

process sorghum beer, we would have a number of respected elderly people to come and speak at the opening in townships."

The relationship between the listed variables of 'Southern' humanism is developed in Chapter Eight through the use of three interrelated constructs of *ubuntu* involving (1) fellowship; (2) institutional logic; and (3) people centred values.

7.5. Research Proposition Four

Further to the Community Bank's natural inclination toward a 'Southern' humanistic approach certain management pathologies were acknowledged by the respondents hereby affirming the intent of the fourth Research Proposition forwarded for consideration, as detailed below:

- The extent that any one component of the businessphere is exclusively in evidence, so the organisation will exhibit distinct pathologies in the form of overdone 'Western' materialism; 'Northern' mechanism, 'Eastern' cartelism; or 'Southern' nepotism.

Pathologies associated with overdone 'Southern' humanism were identified to include (1) heightened expectations; (2) prolonged consultation; and (3) favouritism, patronage and nepotism. The acknowledgment and acceptance thereof has given rise to the implementation of certain checks and balances to counter their disabling effect.

- *Heightened Expectations:* The Community Bank in many respects is regarded as a panacea to all community problems. In the face of this heightened expectation it is reported to be easy to become engrossed in championing the cause at the expense of exercising constraint. The following anecdotal comments apply:

Black Male Branch Manager, "Communities want us to bring in ten million rand right now, unfortunately if we did so it would simply disappear, as result ones passion to work with and serve communities has to be balanced with rational resource utilisation."

Black Male Professional, "Certain standards need to be upheld, you have to mobilise capital before you can lend it out, unfortunately people from communities do not fully understand these finer concepts."

Black Male Banker, "We cannot afford to be seen as an African bank operating with a pure African culture, that in my opinion would be unsuccessful as we would forego certain business principles such as profitability, unfortunately people from NGO's have a relaxed attitude and find it difficult to apply business principles."

White Male Banker, "We have to constantly be careful about not over extending our human and financial resources no matter how deserving or pressing a communities needs are."

From the above it is evident that heightened expectations and an unabated desire to serve community needs to be balanced with sound business principles.

- o *Prolonged Consultation:* Whilst employees steeped in a community way of life prosper within an open consultative environment, this can be a source of alienation to those employees who display 'Northern' rational tendencies. Anecdotal comments reflective of experienced frustration with prolonged consultation include:

Black Male Branch Manager, "Management has to reserve its right to make the final decision otherwise you would forever be in consultation and transparency will start eroding control, without this final discipline you will

end up in endless talks and consultations without any results, you need someone to say we are under achieving so lets come to a situation where we can make a decision."

Black Male Graduate, "A consultation process involving people of such diverse backgrounds can have a downside, it is difficult to reach agreement."

White Male Banker, "We are definitely too much in the process mode, in setting up new branches we need to involve everybody, some of those meetings become laborious and repetitive."

White Male Banker, "The consultation process has caused a bit of conflict between the Foundation and the Bank, the Foundation want to go through the whole consultation process regardless of how long it takes, everything has to be discussed with the whole staff, we need to create a structure where the decision making process is not so long."

Black Male Bank Manager, "Because of the size of some of our meetings things can become bogged down with very little visible progress, it is good that people debate and test issues, it nonetheless needs to be controlled otherwise it can delay progress."

In spite of these expressions of agitation amongst members of the Banking arm there is a realisation that consultative processes are important and will improve overtime.

- o *Favouritism, Patronage and Nepotism:* The danger of favouritism, patronage and nepotism are acknowledged and it is precisely for this reason that the various components of Lessem's (1990a, 1990b, 1993a, 1993b) four world model need to be integrated so as to transcend the limits of a particular world-view. The following anecdotal comments refer:

Black Male Bank Manager, "Recruitment and selection at outlets remain a function of management, if these appointments were to be made by the local communities themselves all sorts of problems could come up."

Black Male Graduate, "Ultimately somebody has to be held accountable for the issuing of loans as there is an issue of nepotism, there have to be checks and balances to counter this."

White Male Banker, "We are very conscious of nepotism and those sought of things, we are trying to steer away from it, for instance we would not like to see the appointment of a Community Outlet Manager from the community they serve because there is a perception that there will be pressure on him to give favourable finance to members of that community."

White Male Banker, "I am concerned about the fact that people on our Local Boards of Directors may be subject to pressures of bribery or whatever terms you want to use to give some sought of advantage, like recommending bigger loans than the applicants can handle or put their names at a top of weighting list, for that reason you have to implement strict audit programmes."

Black Male Professional, "We would like the Community Outlet Manager to have independence, there could be influences that might be to his detriment if he where to live in that community."

Black Male Community Liaison Officer, "In my interaction with communities the issue of nepotism keeps on emerging, that is why transparency in employment practice is so important, we insist that our outlet staff with the exception of the Outlet Manager be recruited from the local community that they serve."

Black Male Branch Manager, "Until we get all South African's working we cannot hope to solve the issue of employment, so there is a danger of favouritism."

White Male Banker, "The Community Outlet Manager should be from a local community but not from the community that he serves, this measure is required to avoid the danger of assimilation."

Themes of favouritism, patronage and nepotism are distinct pathologies of overdone African humanism. While the positive features of *ubuntu* and African humility have been alluded to it is cautioned that these forces of social alignment can be equally destructive.

7.6. Conclusion

The Exploratory Research Findings submitted, whilst in need of refinement, validated the four Research Positions forwarded for consideration.

CHAPTER 8 - EXPLANATORY RESEARCH FINDINGS

8.1. Explanatory Research Methodology

The passage to follow builds on the emergent themes of African management identified in Chapter Seven. The achievement of which was made possible through the employment of an iterative process of refining the stated Research Propositions. In addition to the iterative process employed the refined Research Propositions were cross referenced to appropriate research material and narration.

8.2. Research Proposition One

Research Proposition One, whilst held to be true, was modified slightly to give substance to Lessem's (1990a, 1990b, 1993a, 1993b) four world view model. The revision is summarised in Figure 8.1. below.

Pre-Study Research Proposition	Post-Study Research Proposition
African Management is eclectic in nature encompassing all four world views of Lessem's model.	African Management is eclectic in nature, embracing Lessem's (1990a, 1990b, 1993a, 1993b) constructs of 'Western' empiricism, 'Northern' rationalism, 'Eastern' idealism and 'Southern' humanism in a dynamic whole.

Figure 8.1.

Research Proposition One

The nuances of the Research Proposition have been discussed at length in Chapters Six and Seven, suffice to say the Community Bank has a purposefully differentiated yet integrated approach to management. Diversity inherent therein is

found in the form of 'Western' empiricism; 'Northern' rationalism; 'Eastern' idealism; and 'Southern' humanism. A summary of each businessphere, as mooted in Chapters Six and Seven, is presented in Figure 8.2.

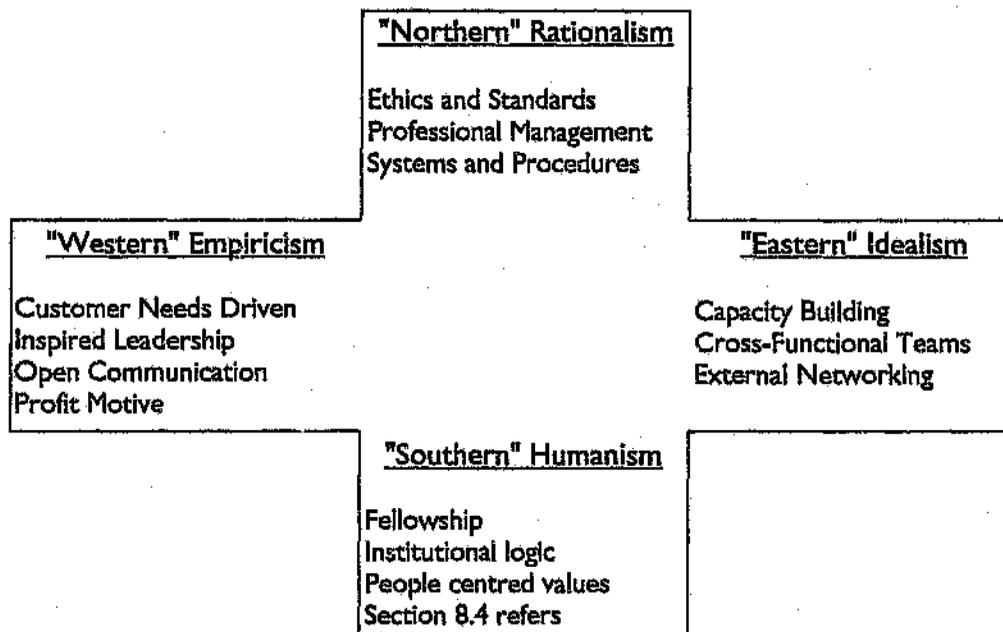


Figure 8.2.

Four World View

The above forces of 'Western' empiricism; 'Northern' rationalism; 'Eastern' idealism; and 'Southern' humanism are similar in intent to those identified by Lessem (1990a, 1990b, 1993a 1993b) and the "South African Management Project". The summation of which - Chapter Three refers - presents an interesting interplay between what appear to be differentiated yet complementary forces. The embodiment of which provides a source of creative tension which needs to be managed. As pointed out by Beck and Linscott (1993) there is evidence to suggest that these forces of 'Western' empiricism; 'Northern' rationalism; 'Eastern' idealism; and 'Southern' humanism need to be dealt with both on an individual and collective level.

8.3. Research Proposition Two

Based on the themes of diversity submitted it is concluded that African Management is by necessity multi-cultural. Be-that-as-it-may there are strong signals to suggest backing for Human's (1993) population ecology perspective which proposes that organisations are isomorphic to their relevant environment. In view of the population ecology perspective Research Proposition Two was affirmed with qualification to Kotze's (1993) account of socio-economic environments dominated by a collective versus individual consciousness. The former being a salient feature of economically deprived environments. The revised Research Proposition is summarised in Figure 8.3. below:

Pre-Study Research Proposition	Post-Study Research Proposition
The natural inclination of those enterprises which have managed to engage the hearts and minds of its black employees is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational or 'Eastern' developmental bias.	The natural inclination of organisations and/or sections thereof operating within an environment of collective consciousness is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational or 'Eastern' developmental bias.

Figure 8.3.

Research Proposition Two

Whilst evidence of a natural inclination toward 'Southern' humanistic management will be dealt with in-depth in Section 8.4 to follow, attention is focused momentarily on its environmental archetype.

Kotze (1993) points out that in order to cope with socio-economic deprivation people are forced by circumstance into a collective interdependency. The manifestations thereof, as developed by Kotze (1993, p8-20), are compared to that

of an individual consciousness found amongst more advantaged members of society:

- "People with a collective consciousness are socially open, whereas people with individualistic consciousness are socially closed;
- Communities characterised by collective consciousness of necessity require collective democracy i.e., consensual procedure. People with individualistic consciousness regularly demand their individual democratic rights;
- In communities dominated by collective consciousness, adjudication is a matter of reconciliation. The legal process in societies dominated by individualistic consciousness is clinically geared to establish right or wrong, innocence or guilt;
- People with collective consciousness are forced to divide their loyalty between the group / community and the workplace. Persons with individualistic consciousness subordinate social loyalty to professional loyalty;
- Collective consciousness creates an insatiable need for people and social situations; individualistic consciousness creates an acute need to escape from people at times; and
- Collective consciousness defines time socially and in terms of the immediate present; individualistic consciousness defines time in terms of economic surplus and the future."

Further to the above it is concluded that collective consciousness, a feature of the Community Bank's customer interface, dictates a 'Southern' humanistic approach,

whereas an individual consciousness akin to the Community Bank's technical core, calls for 'Northern' rational tendencies.

8.4. Research Proposition Three

The third Research Proposition, an extension of the second, was affirmed with minor modification. The revision is summarised in Figure 8.4. below:

Pre-Study Research Proposition	Post-Study Research Proposition
That such 'Southernness' is pre-eminently concerned with socio-political reconstruction and spiritual transformation; and subsequently with building networks of reconstruction / enterprising communities through the adoption of shared vision, organic organisational structures, inclusive processes, <i>ubuntu</i> and metaphysical management.	That such 'Southernness' is pre-eminently concerned with themes of voluntary subordination of self-interest to communal objectives, rights and obligations, relationships built on trust; community ownership, inclusive and transparent arrangements, democratic decision making processes, celebration, humanistic values, primacy of language, and African humility.

Figure 8.4.

Research Proposition Three

Before reviewing plausible relationships amongst the various themes of 'Southern' humanistic management, as identified and described in Chapter Seven, the assumption that the approach is pre-eminently concerned with notions of Afrocentric religion is dismissed with qualification. The qualification being that whilst there seems to be little or no evidence of Afrocentric religion in Community Bank at this juncture, it might be a feature of rural communities which are in the process of being engaged. This qualification is made with reference to research conducted by Chown (1994) which found that African managers from rural backgrounds are more traditional or Afrocentric in their approach to management than their urban counterparts.

Further to the identification of pre-eminent themes of 'Southern' humanism, an attempt was made to narrow the themes down into meaningful and interrelated constructs. Consequent thereto, 'Southern' humanism is seen to comprise three dimensions involving (1) fellowship; (2) institutional logic; and (3) people centred values. The summation of which accounts for the term *ubuntu*. Figure 8.5. refers:

Construct	Pre-Eminent Themes of "Southern" Humanism
Fellowship	Voluntary subordination of self-interest to communal objectives; Rights and obligations; Relationships built on trust; Community ownership;
Institutional Logic	Inclusive and transparent arrangements; Democratic decision making processes; celebration;
People Centred Values	Humanistic values; Primacy of language; and African humility.

Figure 8.5.

UBUNTU

Each construct is discussed with reference to appropriate research material and narration.

- *Fellowship: Ubuntu* is first-and-foremost a survival strategy. It implies, as posited by Kotze (1993) and Mbigi (1993a, 1993b, 1993c, 1994) in separate reviews, group cohesion and solidarity. Allegiance to the furtherance of communal goals, as opposed to an indulgence in self-interest, is needed to cope with a life experience of widespread poverty. According to Coldwell and Moerdyk (1981, p73) it not only calls for but necessitates, "Each being his brother's keeper. Each has a right and an obligation to expect help from, and give help to his neighbour Seek the good of community, and you seek your own good. Seek your own good, and you seek your own destruction. Mutual aid is a moral obligation." This bond gives identity to mutual associations such as *kolkhoz* shared learning facilities and *stokvels*, as accounted for by

Ramudzuli (1993) and Likhlele (1990). By inference each of the Community Bank's outlets requires a similar sense of social identity, cohesion and purpose. All of which is given definition and meaning through the promotion of community ownership. It is a prospering and situational relationship built on trust and good will rather than on the immediacy of physical resources.

- *Institutional Logic:* Whilst *ubuntu* implies social identity, cohesion and purpose it requires an institutional logic to provide order and stability. In keeping with open structures of governance, such as traditional *indaba's* and management derivatives such the *Venturecomm* system associated with Koopman (1987) and *Pungwe* sessions with Mbigi (1993c), inclusive and transparent arrangements are called for. These arrangements provide a mechanism for not only eliciting the views and opinions of people affected by decisions but for the removal of dissent before the group can move forward. Related group processes, as reported by Koopman (1993), include the need of the collective to (1) focus on morals and emotions rather than on roles and functions; (2) to work through problems aurally and emotionally; (3) to think out aloud and use continuous debate and arguments as the main part of their reasoning process; and to (4) checkout how other members of the team feel and whether proposed solutions are acceptable to all. By implication these inclusive and transparent structures of communication, consultation and decision making provide for the ascendancy of legitimate leadership and authority. The strength of social as opposed to legalistic bounds inherent therein govern behaviour aimed at maintaining group identity, cohesion and purpose. The threat of social exclusion ensures a high level of conformance to group values and unwritten codes of conduct. All of which is ratified and/or re-inforced through planned ritual and spontaneous celebration of group achievement.
- *People Centred Values:* Sharing life with others and being intrinsically fulfilled thereby is seen to pervade every aspect of *ubuntu*. Moreover, in accordance with Mbigi (1993a, 1993b, 1994a, 1994b) and Prozesky (1996), *ubuntu* is seen to include a host of people centred values such as the need to

be caring, compassionate, dignified, forgiving, friendly, generous, helpful, hospitable, respectful, self-disciplined, supportive, tolerant and above all else understanding. As such it calls for great strength of character and humility to subordinate self-interest in the furtherance of communal objectives. Affinity to the nuances of these espoused values is to be found in ones grounding in a particular community and ones observance of the language requirement and aural tradition of that community.

The above constructs of 'Southern' humanism are seen to be inextricably linked and intertwined.

8.5. Research Proposition Four

Further to the Community Bank's natural inclination toward a 'Southern' humanistic approach certain management pathologies are acknowledged hereby affirming the fourth Research Proposition, as modified in Figure 8.6 below:

Pre-Study Research Proposition	Post-Study Research Proposition
The extent that any one component of the businessphere is exclusively in evidence, so the organisation will exhibit distinct pathologies in the form of overdone 'Western' materialism; 'Northern' mechanism, 'Eastern' cartelism; or 'Southern' nepotism.	The pathological down side of over developed 'Southern' humanism - at the expense of 'Western' empiricism, 'Northern' rationalism, and 'Eastern' idealism - is heightened expectation, prolonged consultation, favouritism, patronage, and nepotism.

The acknowledgement and acceptance of the above pathologies of overdone 'Southern' humanism gives rise to the need to implement checks and balances to counter their disabling effect.

- *Heightened Expectations:* In the face of heightened expectation it is reportedly easy to become engrossed in championing the cause of communal needs at the expense of exercising constraint. As defence thereto, education

and training by way of community workshops is seen to be fundamental to the alignment of organisational and communal expectations. Common understanding about what can and cannot be delivered needs to be forged in the formative stages of new relationship in order for the association to flourish. The establishment of mutual rights and obligations being central to the understanding that needs to be forged. In the absence of nurtured realism there is a danger of disappointment and a reciprocal breakdown in trust.

- *Prolonged Consultation:* Whilst employees steeped in a community way of life prosper within an open consultative environment, this can be a source of alienation to those employees who display 'Northern' rational tendencies. Their frustration is a result of what is perceived to be unproductive time spent on directionless, extended and inconclusive meetings. In recognition thereof, and in line with Koopman's (1987) experience at Cashbuild, it is suggested that hard and soft variables of management be separated so that issues may be dealt with pragmatically in appropriate forums providing for varying degrees of worker participation and collective decision making. As managers, employees and other stakeholders become more attuned to inclusive and transparent processes so the process may be extended in a controlled manner to other issues of mutual concern.

- *Favouritism, Patronage and Nepotism:* Whilst positive features of African humility have been alluded to, it is cautioned that these forces of social alignment can be equally destructive. Identified pathologies of favouritism, patronage and nepotism are in keeping with Blunt and Jones's (1992, p37) assertion, "... that African managers are linked to extensive networks of social obligation; and that values of reciprocity and social exchange that characterise African social systems still impinge directly on the working lives of African managers." As a result systems and procedures need to be put into place so as to minimise risks associated with informal networks of social obligation, albeit in the area of personnel recruitment, financial management or external relations with service providers.

8.6. Conclusion

In view of the above, and in recognition of the need to transcend the limits of any particular world-view, it is concluded that the various components of Lessem's (1990a, 1990b, 1993a, 1993b) four world model need to be integrated.

CHAPTER 9 - CONCLUSION

9.1. Affirmation of Research Findings

Through successive levels of analysis involving descriptive, exploratory and explanatory techniques the following Research Propositions were affirmed:

- African Management is eclectic in nature, embracing Lessem's (1990a, 1990b, 1993a, 1993b) constructs of 'Western' empiricism, 'Northern' rationalism, 'Eastern' idealism and 'Southern' humanism in a dynamic whole;
- The natural inclination of organisations and/or sections thereof operating within an environment of collective consciousness is toward a 'Southern' humanistic orientation as opposed to a 'Western' primal, 'Northern' rational or 'Eastern' developmental bias;
- That such 'Southernness' is pre-eminently concerned with themes of voluntary subordination of self-interest to communal objectives, rights and obligations, relationships built on trust, community ownership, inclusive and transparent arrangements, democratic decision making processes, celebration, humanistic values, primacy of language, and African humility;
- The pathological down side of over developed 'Southern' humanism - at the expense of 'Western' empiricism, 'Northern' rationalism and 'Eastern' idealism - is heightened expectation, prolonged consultation, favouritism, patronage and nepotism.

Affirmation of the Research Propositions, forwarded for consideration, caters for the extended development and testing of African management theory.

9.2. Key Assumptions and Limitations

Whilst evidence supporting the Research Propositions is of significance, the following assumptions and limitations need to be taken into account in the extended development and testing thereof:

- The Research Project was guided by the assumption that African management is a product of all South Africans and not the exclusive preserve of one group over another.
- It was assumed that the research subjects had sufficient grounding in the Community Bank to articulate what makes their organisation unique compared to traditional South African organisations.
- Research studies in the area of African management were limited in their scope and as such did not offer a reliable framework for theoretical triangulation.
- External validity of the case study was limited by the sampling method employed and its size.

Further to the above it is cautioned that the Research Findings submitted are idiosyncratic to the Community Bank.

9.3. Avenues for Future Research

Avenues for future research, albeit of a qualitative or quantitative nature, include:

- *Content Analysis:* Independent content analysis of the interview schedules submitted in Appendix Two could be undertaken to determine inter-individual reliability between researchers.
- *Modification of Research Instruments:* Due to possible deficiencies in the areas of sampling and data collection, primary themes of African management identified in the pilot study could be validated further through the employment of more scientific research techniques within the same unit of study. Suggested refinements include the use of probability sampling and the employment of focus groups as a means of substantiating the primary research themes identified in this Research Report.
- *Before and After Study:* At the time of data collection the Community Bank was in its formative stages of development. Subsequent to which new branches and outlets have opened in rural areas which might be considered more Afrocentric in approach. The impact of these new branches and outlets on the Community Bank's business outlook, management orientation and leadership style justifies further research, albeit to substantiate or dismiss notions of enculturation.
- *Replication of Research Findings:* Literal and theoretical replication of the research findings across successive organisations, using the same case study protocol, is considered highly desirable.

- *Quantitative Research Instruments:* Based on the face validity of the Research Propositions forwarded quantitative research instruments may be employed to test the Research Report's criterion validity across a wider research population.

9.4. Significance of the Research Findings

The case study methodology employed, proved useful, as it not only addressed the stated Research Problem but tested the robustness of a host of generalisations about African management. Further to which the descriptive, exploratory and explanatory nature of the Research Report satisfied a methodological requirement that the project be practical and phenomenon driven.

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Appendix One

AFRICAN MANAGEMENT QUESTIONNAIRE

- 1 What does the name Community Bank mean to you? How do you feel being associated with the Community Bank?

Tested Research Proposition 2

- 2 In your opinion what gave rise to the Community Bank's formation and how did the Bank develop into the organisation that it is today? What is the driving purpose of the Bank? Would you tell me about the personalities who pioneered the formation of the Community Bank? Have their roles within the Bank changed at all?

Tested Research Proposition 2

- 3 How does the Community Bank differ from traditional financial institutions?

Tested Research Proposition 2

- 4 How have structures of corporate governance within the Community Bank developed? To what extent are these structures in line with the Bank's core values - that which is held to be important to the Bank?

Tested Research Proposition 2

- 5 To what extent was the formation of the Community Bank and its management approach a product of South Africa's cultural heritage and socio-political struggle? Does the Bank encourage diversity of opinion or commonality? Do you consider this emphasis on diversity / commonality to be a strength of weakness?

Tested Research Propositions 1 and 4

- 6 Is it possible to identify different management approaches within the Community Bank, for instance between management hierarchies, functions and disciplines? How do you see these differences in management approach - or lack thereof - evolving over the next five years?

Tested Research Proposition 1

- 7 How would you describe the operating environment of the Community Bank with reference to the Bank's employee, and community profile? What impact has this environment had on the way in which your organisation operates and carries out its business? (Probe for specific examples)

Tested Research Proposition 2

- 8 Have any deep rooted African beliefs, customs and traditions been incorporated into the Community Bank's management style? Has the Community Bank developed any of its policies and procedures to accommodate community management principles? (Probe for specific examples)?

Tested Research Propositions 2 and 3

- 9 To what extent are employees and the community engaged in the day-to-day running of the Community Bank? What mechanisms have been put into place to encourage and facilitate their participation? Have these mechanisms led to a spiritual and economic empowerment of employees and the community?

Tested Research Proposition 3

- 10 What aspects of the Community Bank's management style can be defined as unique? (Ask for documentary substantiation i.e., a policy or procedure, ask for possible explanations of why certain practices are considered unique)

Tested Research Proposition 3

- 11 To what extent does the Community Bank promote the collective needs of employees versus their individual needs? Is there any reason for promoting the one above the other? (examples of group versus individual needs may be found in the manner in which performance reviews are conducted, the way in which rewards are distributed, and way in which employees are recruited and selected etc.)

Tested Research Proposition 3

- 12 How do communication channels between the Bank, its employees and the community differ from those in traditional financial institutions? (examples may include the way in which meetings are run, the use of storey telling and the use of rituals and celebrations etc.)

Tested Research Proposition 3

- 13 How does the Community Bank define and measure its success? What are the primary and secondary considerations in the way in which the Bank sets out in achieving its goals? Has the incorporation of community concepts contributed or detracted from the Community Bank's measures of success?

Tested Research Proposition 4

- 14 What advise would you give other organisations attempting to implement community concepts into their day-to-day management? Is there anything that they should avoid?

Tested Research Proposition 4

Appendix TwoSEMI-STRUCTURED IN-DEPTH INTERVIEWS

The eleven in-depth / semi-structured interview schedules to follow are verbatim transcriptions of the interviews as recorded on magnetic tape during the months of August and September 1994. While a primary spell check has been applied the grammar and diction of the records has not been tapered with. As a consequence the interview schedules might be difficult to read due to bad diction and incomplete sentences. The interviews are listed in the order in which they were recorded. Hence, it is possible to track the learning curve of the interviewer and the development of secondary questions around the primary semi-structured interview schedule.

For clarity all questions asked by the interviewer are numbered and presented in italics.

INTERVIEW ONE

Respondents Job Title	Branch Manager
Biographical Data	Black, male
Graduate	No
Background	Experienced Banker, line management responsibility.
Personal Comments / Reflection :	
I forgot to ask the respondent about his background. I feel that I was too mechanical in my interview approach. A possible reason being that I was scared of being side tracked and deviating from the intent of my research propositions. I lost critical information at the end of the interview as a result of not paying attention to my tape recorder which ran out of tape. I left the interview feeling a little bit uncertain as to whether or not I was on the right track.	

1. As a first question, can I ask you what does the name Community Bank mean to you?

Well, Community Bank, that is owned by the community which it serves. That ownership can come in various ways. By the community buying shares in the Bank. The other way of course you want to have a Community Bank that focuses on community needs. It is also that relationship with that community.

2. What gave rise to the Community Bank and its formation, what was its origin and the need that kicked off the initiative?

In our discussions about how the Community Bank came about or the concept itself, as even applied in other parts of the world. I think the concept itself is about making credit accessible to communities. You know, communities, you may ask the question are for instance the other banks not serving the interests of the community. In communities you might talk of a millionaire. They are part of the community. So the question is does not the millionaire who gets serviced by one of the more formal banks get serviced by the Community Bank, after all he also forms part of the community. Then it is necessary to narrowly define community banks. That then means that community banks serve the interest of people who normally have problems in finding finance because normally we find the banks or the well established banks have high yield, in terms of profitability. You know they benefit the middle and high income groups. Normally they do no focus on the lower end of the market and that is where the Community Bank focuses attention on. But then that does not mean that you can really say for instance that because they focus on that market specifically that they do not have a community orientation. The Community Bank per se has defined the concept as on that small lower income. We have people who have been marginalised, you know that type of aspect.

3. Why have we had to wait until 1994 before we got a Community Bank, why has nobody picked it up on the concept earlier?

It is a question of intent because if you look at the building societies their operations for instance is not very much different except that banks did not go into the housing market in a big way. That was always left for the building societies. Now with the change in market conditions, with banks going into the former domain of the building societies, you know, the capital requirements for building societies to remain competitive. The dividing line between banks and building societies was re-grouped and once legislation prepared, you know, if building societies continued in that old fashion way they would have eventually seized up and eventually swallowed up and lost market share. So the concept is really not that different. You know except with the Community Bank it can do all sorts of things that banks cannot do. For instance building societies would not lend money for business, you know, for small business enterprises. The Community Bank conducts that because that is still in the domain of banking.

4. I believe that there is a Board of Trustees within the Community Bank and that it is unique in a sense, how is that structured and how does it work?

Ja, that is in terms of this Community Bank specifically because this one is the pioneer of community banking in South Africa. It is unique in the sense that you have two arms to the Bank. You have the arm which concentrates on the providing of banking services and then you have the education arm. Now normally banks when they establish a branch they do so first then they do their marketing afterwards but now with us it is situation where we first identify what the needs of the community are and if the bank can play a role. The next question is to establish whether the communities will accept Community Bank coming into their area and training. And if that is the case then of course our team go out there and explain the concept of banking. As opposed to the other who do not explain this type of thing and expect them to know how banking works. We are saying that we have this arm here that teaches people how banking works before we go in there. They are trained how to use the bank properly.

5. By engaging the community would they decide where to open up a new branch?

It decides where we are going to open branches. Because one other aspect which by engaging the community we are lowering the risk in that market.

6. You were saying that Community Banking is not novel to South Africa, I hear that in India they have a similar concept as they have in the United States.

Yes the Grameen Bank in India. The idea in this country about community banking was made by Bob Tucker ex-Chief Executive Officer of the Perm Building Society and he then roped in the well known civic association personnel together. They had this idea and made it operationally possible.

7. Could you tell me about some of the other people who got involved in the impetus to get the Bank off the ground?

We have Dr Ellen Khuzwayo she is an ex-member of the Urban Foundation, she is very well known community worker. We also have Ishmail Khabela.

8. Could you tell me about how they got involved with the drive with Bob Tucker in getting the bank up and running?

I think, look my history about what role that they played is limited but I know that the driving force, the people that drove this idea, was really Bob Tucker and Archie Hurst. Once it became feasible the banks seconded people to support it. Archie Hurst was consulted and did most of the spade work to ensure that feasibility studies were carried out and that the concept could work. So there was this expertise.

9. There is a bit of confusion in my mind to hear about the PWV Community Bank and the Community bank, are they one and the same?

No they are not one and the same the PWV I think that is the type of bank Tokyo Sexwale is talking about. That relates to the financing of housing. The similarity in names may be a mistake for a bank that does mainly the financing of houses. That is what the PWV is talking about. Their calling it a Community Bank is perhaps a lack of the right word to describe that bank. Community is something that is being banded about and they then just came in and just started using the word. Now they are using it more in a descriptive sense whereas this Community Bank is a name already given to the Community Bank as it exists now. But if you were to describe the functions that it would be carrying out then it would be the Community Bank, the Community Bank. The PWV bank uses the word in a descriptive sense of the type of bank it is to focus on, the needs of the community. Not as an enemy.

10. I believe that you have a branch out in Benoni, why Benoni, how was the venue selected?

One I think a feasibility survey was done in Benoni and number two it so happened there was this area Tamboville which proved to be a suitable ground area because why there were already established communities there who would benefit immediately. And those communities had a social fibre in the sense that they had organisations that were very much feasible. Like you had Tamboville Civic Association, the Wattville Residents Association. And for instance if you go into Wattville whilst it is an informal settlement it is very much advanced. So it is easy really to establish there. And also people in that area were very much receptive to that, to the idea. They were able to comment that they would benefit from it so they could help develop this Community Bank.

11. How does the Community Bank differ from say traditional banks as we know them?

It has got to be more. We are actually a mutual bank. In that sense it means that there is relationship between the bank and its client or members. I think that the other thing is that it differs from the other banks, you know, it is focused on providing housing to low income groups. Now when one starts talking about low income groups, we are focusing on what we call un-bankable communities. That is what we are focusing on. I mean we are saying that we will be in a position to provide finance for twenty houses in an area which is full of shacks. They would however say wait that is not our area. That is the first difference. The second difference is the establishing of an outlet. It involves the community. Which means at the end of the day you are going to have members of a community being voted who are members of the Bank, I mean, being voted into our Board of Directors. As part of the Board of Directors they will then be responsible for the running, I mean not the management but the broader objectives of how the particular outlet is to run and decisions regarding credit in that area. They will be involved, you know, in having an input in the running of the branch or outlet in that particular community. The second and the most important difference with the other banks is that they just have a Board of Directors. They are not however localised. They are at Head Office. So with us the communities are involved and they are consulted in the whole process whether it is in lending or not lending in a particular area. The Community Bank by having people, a Local Board of Directors, whatever changes regarding the lending operations of the Bank they will be consulted which therefore means that the community actively participates.

12. In terms of stokvels and other organisations like that did you borrow any concepts from them in the way in which you go about your business?

I think that the ideas of stokvels really was one of those ideas generated about whether people could save and how they could save. The concept of stokvels as it existed has been there for years and it has been a very important savings scheme especially in the black communities. I must say for instance that it is not the exclusive right and domain of black communities. I know for instance that some whites and coloureds have that type of thing. You know in different communities it is called different things. That concept was also built into the idea of the Community Bank. For instance in terms of drawing up products that stokvels, you know, will be used for savings in communities. Information from stokvels and how they operate clearly plays an important part in identifying what our members are prepared to do in saving.

13. You mentioned earlier on that the element of risk in the credit lending in the Community Bank is different to that of traditional banks, how do you determine the credit worthiness of your clients to make sure that the money that you lend out is repaid?

We first of all have to clarify the point that we still have to stick to accepted credit norms. But the market which we are serving has very little to offer in terms of security. So an innovative way in dealing with the aspect of security had to be found and by growing the communities group process, we say that if one person defaults, we could use peer group pressure for instance or community pressure to say make up for your loan because if you do not it means that this community is going to suffer. It is not going to have access to credit. So it is hoped that we can use that process to lower the credit risk. It is going to work, it is going to work, this is new waters that we are testing. At the end of two, three, four or five years it will be interesting to see whether that in fact works. If you draw from experiences of community banks in India or Canada or some credit associations and the World Bank in Kenya for instance it seems to have worked. Obviously you cannot transpose conditions in England and South Africa and hope to get the same results.

14. If we were to talk and look at your whole management structure, it is interesting you have got your Foundation, a Localised Board of Directors and the Banking arm, is there anything else in that line of interest that sets you apart from traditional banks?

For instance if you look at our banking structures we have, where should I kick off? We have a management structure that is transparent where it is not a top / down approach. I would not call it a bottom / up approach which means that everything is initiated from the bottom. But where decisions are taken or where decisions are made is where everybody gets involved. You do not want one to feel threatened to speak their mind. Normally in other institutions you either have a bottom up or top down approach but having emphasis on the top / down approach. You get participative management or what you call it. But people will say we are talking about the concept of participation but the participative with the ideas generating from the top. At the end of the day it is not so much what is felt what needs to be done from the bottom / up. Whereas here it is. We can throw an idea around if it is found to be feasible it can be implemented. If it is not found feasible it will not be implemented. It is still the right of management to make a final decision otherwise we would forever be in consultation.

15. How do you define the hard variables that are the exclusive domain of the people at the top and the soft variable of your business which are more open to participative decision making?

Um, look we have not really sat down and discussed it. From Archie's style of management it is apparent for instance that the strategic decisions will have to be left to management. People can have an input and make suggestions for instance. Systems and financial decisions will have to be the domain of management. Not everybody has the expertise to make those type of decisions in terms of how to run a bank. Those things are left to people who are specialists and who are good in those functions who have a number of years experience. Strategic decisions I think and the viability of something will have to be left up to management.

16. Coming into the Community Bank for the first time and in my Introduction to Archie I asked why the colour blue in the Community Banks corporate logo and how was it decided upon, could tell me a little bit about the process behind that decision?

They had the five colours of the flag and just said lets go for the blue and yellow. People were consulted. I think that Personnel or something like that must have played around the colour and would have gone through a process of consultation. It was then decided upon with the assistance of outsiders. That was when the colour blue was identified. If you had gone to other institutions the top guys would have said this colour whether or not they would have had the expertise. The clerks were having their views asked about it. I joined the bank when that process was under way. The same process happens in the purchase of furniture for instance, staff get involved there. The material, the colour everything.

17. If you do not mind I would like to re-track and go over my list of questions that I would like to ask you so that I can keep a focus. Could you tell me whether the formation of the Community Bank and its management approach is a product of South Africa's dual cultural heritage and socio-political struggle?

Well, I think to a great extent. Just from my personal views and observations the way that I perceive things. You have on the one hand the so called liberation movement, people preaching transparency. That people need to be consulted. This process needs to be transparent that is one thing and then you have for instance the traditional way of doing

things which needs to be brought in away in order to try and control and balance the act which to me is also a good thing. Because why if you imagine if you had a situation where everybody lets say said lets be transparent, lets be transparent. That in itself would begin to, you know, erode control sectors in that and you will end up with a situation where you will be endlessly be talking and consulting without results. In the traditional way whilst you are talking you are moving to, you know, a position. Those two schools of thought where able to produce what we have today in terms of the culture of the Community Bank. Because you cannot to my mind do away with certain things that are in existence. It is good that we talk but we need to control the process and at times say fine and stop the talking in order to reach results. Even with that I am sure that people will be talking to each other. You should look at what happened with the formation of the JMC - Johannesburg Metropolitan Chamber - in Joburg last week and you read what happens. You can see clearly the influence of guys within the Council who will say okay guys we have been talking but time is moving ahead and we are under achieving so lets come to a situation where we make a decision.

18. Obviously there are community structures in the areas where you plan to open your branches and that things are politicised to a point, has that effected the way in which you set up at all? For instance did you have to go and consult with Civic Associations at all to get their acceptance before establishing a branch?

How is that?

19. How did it effect the way in which you structured yourselves?

I came here in April and already certain plans were filed with regard to opening branches and I can only talk about what I have seen when I came to the Community Bank up to now. I think in the first place decisions where based on what the community was expecting. That was most probably when market research was done in certain areas to see whether people wanted a bank there. That is how we go into a particular community. The Joburg branch and the setting up of the Joburg branch. For along time people where talking about establishing a branch where there was a community with a strong social fibre. And it was not possible to find that type of community drive not that it did not exist. It probably does exist but it is not very visible. It is very weak in terms of organisations and the end result was where do you eventually have your branches. We have one in Hillbrow, we have one in the Joburg centre itself. And that delayed the final decision about whether we should have a branch in Joburg and eventually they came up that we are going to have Joburg here. it is not going to be community driven. Now we have broken from first establishing a links around a certain community and establishing a branch there. This branch will act as a source of assessing communities around it and then we can begin to identify who the communities in these areas.

20. Do you see communities themselves coming forward and saying we want a branch out here where we are? Would you then go out there and assess the feasibility of the request?

It is interesting we get calls from Durban and all other and they would say come here we have a strong communities, we need a bank here. For instance people say why are you opening a branch in Butterworth? Butterworth is small compared to such and such. And those type of questions came up.

21. In terms of the Banks management style do you encourage diversity of opinion or commonality of values?

I will give you my personal view, ones has got to have diversity because I personally believe that in this country we will have to move away as time goes on from managing people who, you know, have been disadvantaged and in bringing them into the mainstream of the economy. As we go into the workplace, as we develop as a society we will find that we have to manage diversity where colour does not play a part. Where you start to see people as people as people with different values with different cultures. That will be the challenge for us in this country.

22. In terms of operating environment you have just described has this had an impact on the type of person that you employ and the way in which you do things?

Ja, I think that it has but, you know, it is difficult really to quantify it properly. The impact at the moment because we have not been operating for a long time but it has had an impact. We have just opened up our Benoni and Johannesburg branches and other branches will be coming up. I think from that one can see the impact that having had those type of staff. But it may be different from one area to another. For instance we need to ask ourselves what type of staff do we need to employ in the different areas that has emerged.

23. You mentioned earlier on that the community might well decide upon the employees working there, what role does the Local board of Directors in the recruitment and selection of staff?

What I said is not in terms of the type of staff that we employ there. Ultimately the responsibility to employ staff remains the with senior management and of course specialists in that field. Lets make an example assuming that the community would not really be in favour of a particular branch manager. I think that those communities would be in a position to have an input in saying that we are not getting on well with him and then specialists in those functions like human resources will then find out what the problem is. Why they cannot work with the branch manager or staff there. If it maybe means that the wrong profile of staff was employed then that causes a problem and they will have to take a corrective action. But we decide who has to employ people at the outlet level. It remains a function of management otherwise it could become a situation where it would become impossible to have staff members because those staff members must be employed by the local communities because all sorts of things might come up.

24. Have any deep rooted African beliefs, customs and traditions been incorporated in the way in which you go about your business and how the community bank operates?

What kind of?

25. African beliefs, customs, traditions.

I think that the only type of tradition that has been incorporated in terms of how we operate really is a question of friendliness in communities, you know, how to relate to people in terms of being friendly, courteous, respectful. those are the only things. Overall at the end of the day we must not forget that even a traditional person with a well developed deep rooted culture stills expects a service. Whilst we have respect in terms of talking to people, not hurrying them up, you must still provide them with a high level of service.

26. Does that embrace the concept of Ubuntu?

Yes it does operate in terms of that. How far it goes we do not know as we have not been in the market for a long time. But if you take the whole concept and attempt to try and apply it vigorously whether it will be successful or not I do not know. I know that if I go into a bank, whilst I want to meet friendly staff, communicate and relate with them too I still want service.

27. Has the Community Bank developed any systems or procedures around these beliefs or traditions?

I do not think that we have a specific guideline but I think that is the culture that is beginning to emerge and I think that it will also take a couple of years before we can start having something by it. At the end of the day it is a melting pot of different cultures. I hope that this is not a racist point of view. It is many different colours. One of the things that we are saying is that eventually we will have programmes that will be developed in Sotho or whatever languages of the people that we serve. So the challenge is to sit down and write a programme that delivers to the market in a particular region in a language which is predominant in that particular region. That will be testing.

28. I was thinking in terms of recruitment techniques and appraisal systems is that peer driven?

It will have to be definitely performance related. I do not know about peer pressure. Once you have peer pressure, peer pressure can be good or bad. If I happen to be liked then I can rock the boat. I can stand up to management. That does not translate into performance.

29. The way in which you go about recruiting people, do you put out a notice, do employees bring forward suggestions?

Form what I have seen they have used the more traditional process of advertising. Maybe the guys who are involved in the process will tell you more about that. But what I have seen is more typical of recruitment advertising.

30. In terms of any other human resource systems and procedures is there any difference to that found in more traditional organisations?

We really have not have any grievance or disciplinary procedures and things like that which I know of. They are most probably being developed. But I have not heard of anyone being disciplined maybe because there has not been a need for that, I do not know, I am not aware of that.

31. In terms of your day to day engagement with people in the community, what kind of forums and decisions would they get involved in?

For instance we have meetings with representatives of certain communities where they come in and we ask them what type of products they want and how are we going to be in a position to help them. They say they want housing loans and we say fine where in Orange Farm, Natal? But only after a process of saving will you get a loan. We have been very transparent because some people ask what procedures are being following. So we will be able to deal with that and say fine this the way we will deal with that. In terms of that the plan is evolving. Things change, I mean we have a lot of practical experience. Things will change but communities can rely on us to come and advice them on our product and how the bank operates. We are very willing to do that. Normally I do not know of any other bank that is willing to go out and advice communities about their

products or commit themselves. We will not be red lining. Not that it exists in any defined way. They would ask would you lend in this area and that area to buy a house? We would have to say yes up front as opposed to traditional banks if you ask them whether they will lend money. Their answer might be we do not lend in that area but maybe if you made him a proposal he might say otherwise.

32. What about mechanisms in the Bank to encourage people to come forward with suggestions within the Bank?

It is a key role of the Foundation. We have various workshops in which people are encouraged to ask questions, they are encouraged, they can always phone and request information or if they want to have an input. I remember when we opened Benoni one of the people from the Foundation side said that people are happy with the customs of the bank. They will be structures available to them to give their opinion.

33. In terms of the Localised Board of Directors, would there be an equal representation of Community Bank people and community people?

No. The bank manager will work in conjunction with them in the development of maybe the placing of facilities, you know, the granting of loans, getting info from them and conveying that to Head Office for possible policy making. That is about all. Well at the end of the day they will not have the powers to dictate to the outlet or to the bank manager as to what he can do. They can only make recommendations that can be forwarded to Head Office or wherever final decisions. They do not have the expertise in the first place for instance they cannot make decisions for the granting of credit. But if they have concerns they will be able to raise them up with the normal structures that have been arranged for them to raise their concerns.

34. Are there any other aspects of the management style of the Community Bank that you see as being unique?

We have participation at all levels I think that is one that we talked about it a little bit earlier. Something else besides the fact that we have participation at all levels which is neither top down, or bottom up.

35. So an open and free system?

Ja.

36. To what extent does the Community Bank promote collective as opposed to the individual needs of its employees?

Um, look my view is that there will be certain aspects that will be driven by financial needs but there will definitely be have to be some aspects which are going to be determined by management on what is best in terms of their expertise. Otherwise if you have things that are already been driven by collective needs I do not think that could work in all cases. I mean if you talk about social clubs for the Community Bank and fringe benefits may be that way collective needs will be met. But if you talk for instance about what operational responsibilities, financial strategy issues these cannot be made on a collective needs basis while the experts in their fields think that it is meant for them.

37. In terms of communication channels within the Community Bank do they differ at all from communication channels in other banks? For instance the way in which your meetings are run, and the medium used to get your marketing message across.

Again we cannot change communication. To me communication is one where it is two way. Feedback or talk where someone responds to this instead of, you know, something that is being relayed to him or her. Typically they are engaged in a dialogue as opposed to a communication. I doubt that you will find that in all institutions, you talk about information obviously but you attempt to filter something from up and about. I mean you cannot really reinvent communication.

38. Um do you make use of storey telling as opposed to reliance on policies and procedures? Do you promote that at all?

I have not come across that at all but we this comic which was for the launch I do not know how to classify that, you know, whether it is story telling or not. It was a comic in which people discuss what they hear about the Community Bank. I do not know whether you can classify that as storey telling.

39. It sound interesting, you are obviously engaging people in a different way. It no doubt says more than me writing out a memo and sending it off to everyone. The comic sounds interesting.

It is directed and targeted at our end users. May be in that sense if you talk about end users but if you are talking about my staff members we rely on normal circularly structured meetings.

40. They talk about within African traditions about the importance of rituals and celebrations do you promote these ideas at all?

In the Community Bank we have that, what do you call it, local entertainment. I mean in African culture, I do not know if it is the same in white culture, but I bet it happens, it is sought of how do you do it. I mean for instance when you go to the opening of a store there could be balloons and speeches and some kind of entertainment. A choir coming in to sing may be sing in between the different speeches. The normal conferences have speeches, music and cocktails. What is the difference there?

41. Christmas is coming up soon do you have any special arrangements for that?

We are going to have something for staff all together.

42. That sounds very traditional would you consider something more radical like the slaughtering of a beast which would have some a deeper symbolic meaning?

I do not think that we can go that far. Lets put it this way may be in certain outlets perhaps the Community Bank has done every well and it calls for a celebration. It really lies with the outlet the way it celebrates and it should reflect the values and the culture of that outlet. If it is a predominately African community it might be possible to do that. But for instance say in Joburg we want to celebrate we have a melting pot of all races. Not one single culture or tradition. It will be slightly different.

43. How does the Community Bank measure its success?

That is a very nice interesting question? There is only way really that you can measure yourself with. That is how profitable you are. That is number one. And how have you used your profits to render more service giving more people access to banking to satisfy their needs whether it is in terms of finance, credit or finance for owning houses, or for

business. I say that it has got to be profit because if you cannot make your profit then you will not have the money to lend more people, you know, aspirant business people. The only difference how are we going to apply the profits because how many houses you are able to finance is a function of how profitable you are. If you are not profitable how can you finance these things. You cannot finance without being profitable. That is the only way I know.

44. With that profit is it all ploughed back into the community?

The concept that is being talked about at the moment is not to make shareholders rich. Sure shareholders need a return for their money so they get interest depending on their share certificate. You can call it a dividend if you want to. So that is part of their interest, call it anything you want. Then the other aspect of course is that the money that the Community Bank would have made will have to be one for, you know, for the Community Bank to sustain itself. Two, you know, if we can then sustain ourselves we can offer facilities or credit to more people. And three part of the money lets say for instance in the outlet in Wattville or wherever may have made such profits whereby part of that money can be used for building of a school. Clinic or something like that. So if a community outlet does well profits will be ploughed back into that community.

45. We have touched very briefly on it earlier on, we had mentioned the whole thing about community based projects do you see that as being an important focus about your business?

Ja, I think that it is, it is part and parcel of the business. The reason why I say so is that because in the past institutions of the corporate world they would not say fine where does our profit emanate from. We would try and use this profit from the community in the community. They would normally have their community affairs manager or whoever as part of their social responsibility decide where they have to make grants or donations to a particular community. The fact that profits could of been made in Soweto does not really matter. Maybe using a mixed basis or tinkering that to the broader objectives of the organisation.

46. In terms of community values have these contributed or detracted from the success of the Community Bank?

Well, we cannot really talk about success at the moment. We are in a formative stage. So we have never said that we can talk about it. Yes we can talk about the idea and the concept. Now comes the question of profits which will come perhaps after one year when we will be able to say fine this is where we where and this is where we are now, how have we managed, how many people have we helped to start a business. We are talking about measurable success. At the moment the only success that we can talk about is that yes we have money, we have got branches, they have been formed but have not financed houses yet.

47. As a last question what advice you give other organisations or companies trying to emulate what you have done in terms of introducing community management principles into the way in which they go about their business?

Look I would say that what we have done has proved, you know, that it can work. As far as saying that it is going to be the same is one bit of advice that I would give. You know thing change. You need to decide on a strategy according to the needs of people at a particular time. What I would say for instance with the bankers with regard to un-bankable communities is that what they have to change is how they design programmes

to meet certain aspects of the needs of the un-banked. In other words the products must be designed to the needs of certain markets. Because if you have a product you will always find that product cannot be suitable to all types of markets. They do not talk about emerging markets. Some people talk of un-bankable communities. So if you have a situation and define the market or how you see the market dictated by the needs of the market, you know, the way it wants to strata. Even amongst the low income groups you will find differences in needs. You might go to a certain area where the average income is say one thousand rands and below and your delivery must be designed in a way which will suit that market. But now say you have another low income group where the average income is two thousand five hundred. Their needs will be different to the needs of the group where the average income was lower. Therefore the products which we have to suit those different needs. My advice would therefore be that institutions must, you know, determine or design products suitable for these particular areas instead of having products which they think will work in all areas. I do not think that can work. We need to move a way from the concept that if products worked in Benoni that they will have a wider application.

48. What advice you give other organisations trying to emulate your success in terms of things that they should do differently, is there anything that they need to be cautious about or avoid?

As I said it all depends on what income group the community falls into. To answer your question say you have a situation where you have a white person earning two thousand rands per month then you have a black person earning two thousand rands per month their needs are not exactly the same because of historical reasons because the one might have access to financial facilities. The other one also because of historical reasons might not have access. Furthermore they both come from different communities. Now you can not if you have a product, lets say housing. Now you do not have an informal settlement in white areas so now can you now start a housing loan facility in the same way that you have designed for black communities. Definitely not so what I am saying is that the money that I will give to say a person that wants to do things is not to say that the Community Bank differs successfully but to say that it identifies a certain segment of the market and to make sure that their research regarding products is paid out to meet the needs of those people. What I am saying take for instance, start in identifying those communities, involve those communities, in the process of making decisions, in the process of deciding what is good for them, as opposed to a market survey that says this is their needs. You must involve those communities in that particular situation

49. Is there anything that other companies should avoid?

I am going to give you my personal view. My personal view is simply that Recorder ran out of tape. Information lost.

INTERVIEW TWO

Respondents Job Title	Marketing Manager
Biographical Data	Black, male
Graduate	Yes

Background	Business / product development specialist, counselling and training entrepreneurs, youthful and dynamic in approach.
<p>Personal Comments / Reflection :</p> <p>While I remembered to ask the incumbent about his background I failed to record his reply on magnetic tape, I nonetheless made hand written notes to verify the information contained in the summary box above. I think that this was one of my better interviews. The respondent came across as young and dynamic. I left the interview with a heightened understanding about the Community Bank which was to stand me in good stead for the interviews to follow. At this stage of my research I felt pleased that I had persevered with my original line of questioning. Instinctively I knew I was on the right track. The answers given supported my research propositions.</p>	

1. What does the name Community Bank mean to you?

The name actually you know carries a message. Something like the institution is not just in existence, existing for the sake of it, it exists for the community. We are registered as the Community Bank. So it is kind of generic in the sense that it really addresses our target - the community.

2. What about the PWW Community Bank, are other companies latching onto to the nation?

Yes that is the generic aspect that I was talking about. We are legally registered so nobody else should be allowed to use it. They cannot use the combination Community Bank.

3. What does the name conjure up in you, do you identify closely with the name?

Yes definitely, it is my bank, this is my bank. I am the community and we hope that even the people out there will share the same. In fact they told us so in many ways. Yes, this is the institution. We initially played around with the name Peoples Bank before settling on the name Community Bank.

4. In terms of your logo, what does it mean to you, the colours do not look very African?

Well, those are soft colours and there is a blue and yellow. The yellow being like a sort of sun. I say maybe an awakening to a service, a market that has not been looked after. I would say it carries that symbolism.

5. That is a nice way of putting it. In your opinion what gave rise to the formation of the Community Bank?

I would say Cas and Bobby some three years ago realised that traditional institutions could not cater for certain markets because of the amount of work involved in trying to cater for that market. We are talking about lower income people. Banks are traditionally set up for profit. Profit being the overriding factor and you do not want to spend a lot of time on small accounts. People just coming in to take out moneys and really those institutions are conservative and not being in touch with realities of the people so I would say amongst other things the short comings of traditional institutions were realised and drove the idea

behind the Community Bank. They had to find ways of servicing this market. Discussions and research led to where we are and really everything was pointing in the right direction. There is a need, a very huge need, that can be addressed in that market.

6. What would you say the purpose of the Community Bank is?

Well there are three things that we are looking at which we are trying to service. The purpose is really to bring services to those communities that for whatever reason, you know, have not had their needs satisfied by the existing institutions. So in a nutshell I would say we have maybe three groups of people. Some have accounts with existing institutions but they cannot access credit, you know, because I mean it was law until a couple of months ago that blacks could not own property. The irony being that you then go to an institution for finance and they say fine put up collateral. I mean I was never allowed to own property so where was I supposed to get collateral. So we do recognise that. Then there is another group of people that would like to have banking services in their location, in nearby surroundings and you have people who have just not been using banks for reasons best know to them. So I would say the Community Bank addresses these three targets and not only brings credit but a holistic financing arrangement, bring banking services to those people. In order to build capacity, as you would appreciate, we set up as two divisions. The Banking division and the Foundation where a lot of work shopping, consulting is taking place to sell the concept. They go and really start the process and find out if people have the need for them to come into their area. You know we do not just move into their areas we find out first if people have those needs.

7. In terms of the Foundation does the community appoint them?

The structure in the Foundation you have the manager and the senior trainers. They recruit their own people. They have certain needs. Their recruitment will be different to the Banks. The Bank is looking for people who have experience in banking. From the Foundation side you will find that they need someone who knows about organising, who is from the community structures. So they do their own recruitment and the Human Resources Manager from the Bank is involved in the process.

8. In terms of Cas Coovadia and Bob Tucker what happened to them since the Community Bank is now up and running?

Bob is no longer with the Community Bank. He has moved onto other initiatives with Standard Bank. Cas is the Chief Executive Officer of the Bank, the whole Bank both the Foundation and the Banking division. He is really the man on the top.

9. Is there anything about his personality that drive this initiative?

Well, I would say he has been involved in lot of community work. He has been instrumental in lot of things like Actstop, for people in the inner city to ensure that they get a fair deal from their landowners. He was involved with Pageview as well for the people. He is a well known person.

10. Tell me about the Trustees, they are a different body altogether?

You have the Board of Trustees who actually drive the Bank and drive policies. The Board of Trustees comprises people from various backgrounds. You have people that are from a corporate environment. You have people that are from community organisations, from civics and from all those types of arrangements. Sought of a good mix of people. I would

say that what is also interesting about this Community Bank is that you have people who are really of diverse backgrounds who make up this organisation.

11. A-political?

Yes a-political. I mean people in their individual capacities belong to whoever they wish. As the Community Bank is a neutral body with no leanings this is just a Bank for communities wherever we go it does not become that the Bank talks to a certain structure as opposed to another. You talk to the whole community, whether they are IFP, ANC whoever. They all want banking services.

12. How would you say the Community Bank differs from traditional financial institutions?

I say point one there is no institution to my knowledge that is structured the way we are where you have capacity building on this side you have a division that is banking on the other side. That is two bodies. We are a hybrid you know of a bank. We are sort of in the middle. We are not just banking or just a developmental organisation. So we are providing financial services with developmental backup. If you get what I mean. One thing is the way we go about establishing a branch is very different to traditional institutions which identify a location and do their research. If the numbers are there they put in a structure and that is it. We consult with communities a lot of consulting, seemingly it pays out. You know we have at least one operation running and we are looking whether our consultation is what has drawn people into the bank or vis versa. After now we think yes that is what has been happening. People that mostly open accounts are coming from the workshops that we have conducted with them and also I think you know that whilst in certain instances we will require things like collateral and what not we are cognisant of what the needs of the area in which we will be working. To recognise that people have problems or what not and we have to be creative in trying to be helpful to those people and we should not just have a sheet there and do points scoring. We have to be creative and to be helpful to those people. So we will operate differently along those lines.

13. Considering that the Community Bank cannot count on collateral and established credit worthiness guidelines, do you rely on community pressure to ensure the repayment of loans?

Yes community pressure you know at outlet level, people form their own Boards of Directors and all those sort of things and people always know where you work, I would not say work but you make them conscious that the funds that they borrow are the funds of the community because each community will be able to access as much credit as it can mobilise savings so we can leverage those savings. If they put up one million that enables the Community Bank to go out to the market to obtain say another two million. So that we can lend to more people. So if John Doe in one community is not returning his fifty thousand rand that he has borrowed he is doing the community down. People have that culture of peer pressure you must contribute. What we want to emphasis to these communities is the importance of savings mobilisation. People cannot borrow what they do not have. So they need to understand that. There is a lot of education that has to take place, even as we open it has to be continuous. That peer pressure is going to do us a lot of good. Just community pressure.

14. Does the solidarity principle of ubuntu have anything to do with it?

As I mentioned to you when we go to communities where there are groups there is credit worthiness for individuals. So you get into a group because you trust the other people and because they trust you as well. They put up the groups savings for collateral. So there is

that element of ubuntu right there. We talk of Housing Associations now, they are our target, we want people to build for each other. That is ubuntu at its best because we build for you and wait until you pay off and then we will build for the next man. It is Ubuntu at its best.

15. How have structures of corporate governance evolved in the Community Bank. Did you structure the Bank and then approach the community and say this is the way we can serve you or did you first approach the community and thereafter structure the bank?

There was consultation first, although I was not involved in the process, I would say someone identified a certain need in the community that people have not been having certain needs met by traditional financial institutions so at that point they started talking to people and tried to identify their needs. So I would say the Community Bank really came after those needs were identified. It was demand driven. There is a demand. The biggest one being the need to build homes. That is what is driving the Community Bank.

16. In terms of the Local Boards of Directors, what say do they have in the day-to-day running of the Community Bank?

They influence operations. There are things like people wanting to get loans. Somebody will be involved in issuing of loans and there is the issue of nepotism. There have to be checks and balances. The behaviour of staff. People on the Board, if one member of the Bank complains that they did not get the right treatment they can complain to that Board. That Board can straighten up things, you know, talk to management but what they cannot do is hire or fire anyone. They can just complain. So I would say they influence the day-to-day running of the Bank and also I am sure if there becomes the need they can look at the books of that particular outlet.

17. So they are there to ensure transparency?

There is transparency, that is correct. At the same time they know that they cannot go around talking about peoples affairs. They have a fiduciary responsibility. This is a kind of client / attorney relationship.

18. To what extent was the formation of the Community Bank a product of South Africa's dual cultural heritage and socio-political struggle?

Well, I would say I mentioned something about black people not being allowed to own any properties. So most of the problems in the communities stem from that not having the right collateral. I mean apartheid by its nature said black people should not get amongst other things education so there were no people around to educate people about banking, especially in the communities that we deal with. So I would say that facilities were never really provided for so you begin to see that people where in this position because of the system. We have to correct that. We were not allowed to buy houses. We did not even know about government subsidies that we qualified or how to apply for them. So really the politics has a whole lot to do with the work that we now need to do to clean up.

19. Does the Community Bank encourage diversity of opinion or does the bank look for commonality?

We are so diverse, we accept and encourage the diversity that we have.

20. Is this considered a strength or a weakness?

I would say it is a strength because we come from various backgrounds with what I would say is a lot of different skills that we can really use positively here to benefit this Bank. I do not see it as a weakness per se. There could be a down side in that in the consultation process we have such diverse things to bring into a meeting I mean how I come to an agreement. But it has not been a problem so far. In fact we have been doing very well taking into account where we come from.

21. Within the Community Bank itself are there are different management approaches say between different management levels and across functions and disciplines?

Well, we are trying with time to have as flat a structure as possible. For now we have a hierarchy top / down arrangement but management has encouraged that cross talk and the up / down down / up type of communication. We have open lines of communication. We are trying to stay away from rigid structures of the past or like that of other companies where you find a lot of bureaucracy. We are trying to do away with a lot of that because what is important in this market is speed of delivery. We cannot afford to be bureaucratic about a lot of things. Speed of delivery is one of the critical success factors. We have to be able to communicate quickly.

22. How do you see things changing over the next five years?

I see us becoming a bigger family. We have targets that we have set ourselves and I am sure there is going to be long hours. It is not going to be easy because we have a target of 1.5 billion in assets and looking at a staff complement of fifteen hundred. So I would say that we are looking at a flat structure. We want more accounts.

23. In terms of the way the Community Bank is set up is it possible to identify areas of your management style that are more Eurocentric as opposed to Afrocentric and vice versa?

Lets look at our product line for instance, I would say that most of the products that are there are close to what other institutions have with one or more slight changes to address our market. We have a fixed deposit or lets say investment accounts, we have loan accounts, whether that is Eurocentric or not I cannot say. But our delivery is different as I was saying we are targeting groups schemes such as Mushisowazi or Mogioneswazi what we call them. People give them different names, then I would say that is African.

24. How would you describe the Community Banks operating environment?

Considering the fact that the bank services marginalised communities, low income, or should I say previously disadvantaged.

25. Has this operating environment had an effect on the employee profile of the bank?

Employee, as I say at the Foundation and the Banking division there is a difference. On the Banking side you would find people that come from traditional institutions so there is some unlearning to do in the sense that when people join they go through an induction process where they benefit from the development aspects that communities need. So they begin to get a feel okay of how we can be helpful and, what not, then you have people on the Foundation side who work daily or most of the time with communities be it around civic things or political or whatever at least they are closer to the target.

26. In terms of the Local Board of Directors, do they have a say in who will be employed at that Branch?

No not really. What we target if we open an outlet, we will employ people from that community and of course the process has to be the right one after all we are running a business at the end of the day so you have to get the right people in terms of the right qualifications and who can carry out their daily duties. The Local Board of Directors there cannot do two things, they cannot hire and they cannot fire. They can only make recommendations. The bank has to make its own decisions as to who it hires in those communities.

27. Presuming that a lot of the Community banks customers are illiterate, do you make any special provisions for that?

Yes indeed. I would say a plus or a strength of our is that people behind the counter can speak at least one African language and in the induction that they undergo they are taught or told this is the market that we are dealing in so they must understand the needs of the market. I do not even perceive it to be an extra mile. It is just recognition that we may get someone who is illiterate who cannot write their names but they still want the services. So that education process is on going. We are trying to demystify banking. A lot of people do not put their money in a bank account because they walk in there and no one has time to speak with them either they do not understand English and may be they cannot even write their names. We want our people to be more sensitive.

28. I believe that when the Benoni branch was opened you issued a comic strip.

A booklet was given out to communities role playing what banks do. We have workshops for those that cannot read. We have someone there explaining to people what this is all about in their own language and all that type of thing. There is a lot of education that we are doing.

29. Has the Community Bank consciously looked for and incorporated African traditions, customs and beliefs in the way in which you conduct your business?

No, not really. No there are no customs. This is a business and we are trying to satisfy a need. We are trying to give responsible credit when people borrow. They know they must pay back. So I think it is just something natural. It is not something African or Eurocentric or whatever to borrow or pay back.

30. I was thinking specifically in terms of the way in which people are recruited, disciplines, are any of these procedures done differently compared to the procedures in traditional institutions?

I would say on a normal day when someone walks into the Bank I am sure there will be something different. The approach of reaching out to those communities entails expending energy. The community programmes we run are in the community's own language. In that way we are African. but at the end of the day we run a business. We are a bank and need to run efficiently. We bring a service to the community and that has to be a quality service.

31. How are employees and the community engaged in the day to day running of the Bank?

The community are involved. Their mouth piece being the Local Board of Directors. In this way the community owns the bank. The Local Board of Directors are active and do have an influence. We are a mutual bank in terms of savings and mobilisation and are trying to stay away from collateral. We will use collateral in some instance and some instances not. People are required to put some money with us for sometime. We are talking about

relationship banking so when we start off you buy your share. The first six months you are depositing money with us may be withdrawing it at times. So you are building a track record for yourself. So we are watching that. In six months time then you pop along and you know you want a loan for one thousand five hundred or something like that and at least you are able to go back and say okay this guy has been a good person and look over six months and say he has a nice track record with us and then on that basis you will have built up a relationship with us. The staff in the Bank know you because you have been coming along and you know we can trust you because it is very important to know this Bank will be driven by this trust that we want to develop with our members or client base. That trust comes in during that six months. So you are not limited to buy one share. You can buy as many as you like but on the condition that you are only entitled to one vote no matter how many shares you have. That way we will not have one big person buying a whole stack of shares and then you know just running the bank literally and you know doing this and that. So you could have a hundred shares or just one.

32. With those shares are dividends declared?

Yes, they are interest bearing, so interest is paid yearly on those shares.

33. Profit where does that go, to the Community Bank or the community it serves?

It should be going back to the communities. I mean it can be invested, you know, there are only so many shares. They can only redeem them or transfer them to another person. See the way it works I have talked about a Board of Trustees. Right now the Board of Trustees is sitting with all the shares so when people buy they are transferred from that to the individuals that are buying so come next week and someone wants to sell them they come back to the bank and the Trustees will buy back the share or he can transfer them to someone else.

34. In terms of this you have actively engaged the community and got capacity building off the ground.

Ja, it is working very well as we have on-going workshops in the communities all the time and the people we have, we call them Community Liaison Officers, they are on the ground. They work and live in those communities. So I have been myself to attend a few workshops, especially those around product description where people want to know about the different products. I have done a couple of presentations and have had discussions and workshops with these people so that is going very well.

35. What other aspects of the Community Banks management style would you describe as being unique?

I would say internally, I mean we, I say top senior management is accessible. Okay we encourage suggestions, ideas on different issues within the Bank. There are still policies and things of that nature but overall the structure is not rigid. There is room for people to bring up suggestions on different issues. I would say the uniqueness also comes in that management is also prepared to go out into those communities. To meet with actual grass root clients. So management is not this mysterious body and being unknown. Not like an untouchable. Clients out there can really get to our management. I would say it bodes well for the organisation.

36. To what extent does the Community Bank promote collective versus the individual needs of employees and clients?

In terms of clients we are targeting individuals and group business. There is a lot of group business out there like stokvels. That is big business. They circulate hundreds of thousands of rands. So it is good business and you also have individual needs, you know, business or someone wanting a housing loan or education for their children. So we want all that business.

37. What about internally, do you promote group or individual needs, for instance how do you reward performance?

Well here there is a lot of team work. I would say that we are still in the beginning stages, you know. Reward systems are in place. We are new so I will not really comment on that. It is still early days.

38. How do communication channels within the Bank differ from those in traditional Banks?

Well in traditional banks you get layers and layers of management. Here we try and facilitate communication. You know speed of delivery being one of our critical success factors. So our communication channels we are trying to make them as easy as possible. There are lines of communication. You still have to, you know, if I have an issue that I am discussing with my boss if it is not resolved I can go to his superior and to another superior. I cannot just cut across it. We still have you know, formal lines of communication but they are easy and quick. We are not really bureaucratic.

39. What about other participative structures that you may have?

Not structures as such, you know, here the style is participatory because we have management meetings in the morning on Mondays and we have a lot of other associations that take place and management is open to hear and discuss other peoples problems. So really every body here participates in the decisions that have to be made. You are given an ear. There is an open window.

40. How does the Community Bank define and measure its success?

We define our success really one we have some targets that we have set for ourselves also we are looking at the traffic that is coming into the Bank because we have to know are we building the accounts and also if we get repeat business from people. That is can we get their accounts and hold them. Then we know we are doing something right and I would say another success would be the development of the staff and management inside the Bank. At the moment they are being developed as a critical resource and within the time they will really start doing a fantastic job, you know, showing a return on the bottom line. It will be positive sign the Bank would surely be doing something right and we go into communities and expand and expand.

Telephone interruption.

41. We were talking about the primary and secondary success considerations that are considered important in the achievement of your goals?

Well, one thing that is very important is the image that we want to portray to communities. It has to be a real positive image we should not be saying one thing and be doing another. We really want to be perceived to be different to other financial institutions and if we are not able to do that then we are going to have a problem. Sensitivity to the communities that we deal with is going to be very crucial. I think that the

education process the Bank has set itself to do, you know, demystify banking and really showing our target that is possible that people can, you know, have a whole range of banking services from savings mobilisations to investments and things to loaning. If we do that right then we are able to communicate properly. I think that we will be well on our way. It is still early days. It will still take us sometime before we see the benefits. Well the accounts will show us that we are at least attracting numbers as we roll out. I cannot think of anything secondary. All those things are important.

42. Has the incorporation of community management principle contributed or detracted from the success of the Bank?

Actually the concept of ownership has been a plus. That is what is really what is selling. So it has benefited the existence of this institution. We are thinking that is one of the features, saving features of community banking. It is a measure of success people have brought into the concept. The initial stages of going into communities and telling them about how they will own an institution has really struck some interest. We get calls here from the North West and where ever people have heard about Community Banking and people want to own something and they really want to be involved.

43. Would you elaborate on the significance of the twenty rand share?

Well we are looking at affordability. That is why it is twenty rand and that twenty rand when you look at the size of the client base it is said that if we are able to get 30% of that we are doing extremely well. Just 30%. That tells you just how vast the demand is for the banking services. So twenty rand is saying to people formally employed and to people informally employed that they should be able to afford to purchase that share. Twenty rand is not a lot of money. It was really a question of looking at the client base and saying how much can they afford. It is interesting in market research when we asked them how much they hoped to pay for the share, people were quoting about five hundred rands and some one thousand five. Once you tell them no it is twenty rand - baaa they say I want to buy.

44. What advice would you give to other organisations who want to emulate the success of the bank in the implementation of community values into its business? Is there anything that they should avoid?

I would not say avoid as such. I think that people try and shy away from trying consultation because they say it takes too long time and what not. If you really want to be successful you need to be demand driven. You need to consult in order to address their actual needs. So I would say that consultation to a certain extent really helps. It helps a whole lot. People like to be involved. People have been talking about boycotting this and that. In the past there used to be a housing boycott. Institutions were not talking to people or involving them. By addressing communities in the ways in which we do we are hoping that they will look favourably to us whenever things happen as we are an institution, you know. If someone borrowed and owed money on their housing loan they should not just boycott because you know that they are letting their own community down and doing their own community a disfavour. So engagement and involving communities is important. I am sure you will not involve them in every thing it depends really on ones product line.

45. Is it possible for one branch to have a different product line to that of a neighbouring branch?

We try to standardise products but we are not rigid. In this marketing division we will continue to develop products around peoples needs. I mean we started off with a few

products. In time we will constantly be looking at other credit needs of those communities. It is an on-going process. some will be canned, some will continue. Just normal marketing. We want to standardise as we do not want a situation where the left foot does not know what the right foot is doing. It does not bode well for control.

46. Thami, those are all the questions I would like to ask, is there anything that you think that I have missed or which needs to be emphasised?

The most important thing is that we are about relationship banking. That is the thrust of what we are trying to do. Where people come in and we build relationships with them during the first six months during which time they deposit their money with us and we get to know them and their face and that they have integrity in their community and all those type of things. Doing that does not mean that we will not have corporate governance and sound business principles. We run a business and we will insist on the right business principles being followed. So we are combining those elements to have the hybrid we have. Also this education process, you know, if you go to the Johannesburg stock exchange you are confronted by this big animal, you are scared of going there. We are trying to say to them it can be done. It is amazing in my talks with people you find that they did not know about fixed deposits or thirty day notice. They did not know what you were talking about. So consciously we have taken an effort to teach 30 days notice. We take this money and do like this. That is why it is costly and why traditional institutions are not prepared to do that. You must look at the amount of time involved in it. I mean you take a hundred thousand loan, it takes the same amount of time to process as the loan for two hundred rand. So which way would you rather go? For the one hundred thousand rand loan because you make better profits out of it. We go for the smaller one and teach the people. We have to be creative in finding ways to make money. There are other institutions that are very successful in other parts of the world that are addressing this particular market.

47. Are there any articles on the subject of community Banking that I could look at?

Well we do not have articles as such but what I have been doing is just collecting cut out from news papers on different things to find out about schemes, low cost housing and such. Look what he says - tie savings to home loans. So that is the relationship banking that I am talking about. Because you want that six months period that shows me a track record that this man can afford to save this much a month. They come here and say that they want a loan for fifteen thousand I look at their track record and can say no they are not going to be able to make their repayments but lets only give them seven thousand.

INTERVIEW THREE

Respondents Job Title	Operations Manager (User Interface)
Biographical date	White, male
Graduate	Yes - busy with a Masters degree in Industrial Psychology
Background	Experienced Banker, played a formative role in the conceptualisation and formation of Community Bank, systems expert.

Personal Comments / Reflection :

I felt relaxed and confident during the interview. I think that I was starting to develop a natural rhythm in my interviewing technique. My only reservation being that I may have rushed my questioning. As soon as I heard what I wanted to hear I moved onto the next question without too much probing. The respondent had a lot to contribute. Everything was going according to plan.

1. To start off, could you tell me about yourself and how you came to be involved with the Community Bank?

Right I am from ABSA. I was approached by Bob Tucker going back two years and he had this vision about community banking and he was looking for someone to move on the technical side. I am not a technocrat as such. Uh, I have a bit of a branch background with the United in Capetown. Then I found my way to Joburg and I got through an aptitude test for programming. I landed up in a user interface situation purely because of commercial qualification rather than technical qualification. So I have really been in the user interface in terms of the development of products for United and ABSA. I also got involved in various functions purchasing and management operations.

2. Did you have any reservations about transferring over to the Community Bank?

I was trying to get out of the business at the time. I studied further in the line of HR. I was in fact doing a Masters degree in industrial psychology. My aim in ABSA was to get into the human resources side. Then this particular opportunity came up. I was called over and became side tracked.

3. What does the name Community Bank mean to you?

It is really about meeting client needs rather than the perceived way in which banks traditionally did their business. The traditional perception being that they are there to satisfy share holders requirements. Meeting client needs in that instance is a bi-product. Our focus is really the other way around. We satisfy client needs where they are rather than where the bank finds it convenient to deliver.

4. Could you tell about the core values upon which the Community Bank is founded?

Honesty, trust and integrity these are central.

5. In your opinion would you tell me about the formation of the Community Bank?

Well, Bob Tucker along with Cas Coovadia and Mark Swilling, they were the main players and they perceived a need amongst communities for banking services and facilities which traditional banks were not satisfying. Traditional financial institutions were prepared to take savings provided they were profitable accounts but they were reluctant to give credit to low income earners because the risks were too high. The Community Bank on the other hand was looking for a mechanism to address that credit need. The whole premise being based on training first, then mobilisation of savings, and relationship banking. There are two issues, the affordability issue as at some stage loans have to be repaid. By having a relationship with the client one can look at the persons savings pattern before looking at the credit side.

6. Was there anything about those key drivers, Bob Tucker, Cas Coovadia or Mark Swilling that gave impetus to the rise of the Bank?

They were all very idealistic about the perceived needs of low income people. They then had to go through a number of workshops to crystallise or operationalise the concept. It was really a concept that had to be fleshed out. That happened through a whole process of workshops where we got in a whole lot of consultants and spoke through the concepts to find out whether we were barking up the wrong tree or not and to find out viable options. The results of that process was produced in November 1992. It was put down in black and white how we saw the whole process going forward.

7. Could you tell me a little bit more about the November 1992 report?

What happened with that November report, was that there was myself and about three other people seconded from various other banks. We had some assistance from Deloitte and Touche and that document was produced at the end of November 1992. That document then went to the Council of South African Bankers who were asked to examine it and tell us whether we were on the right track or not. To do that then they got Archie on secondment to head up that whole investigation. We established a team of people seconded from other banks. Looking at the human resources, finance, systems and all the major aspects that were required for this particular bank. We then produced a report round about February 1993 which said yes that they were in agreement with the principles that had been laid down. The only thing that they did not agree with was that we could go with a big bang approach. Because initially in our 1992 document we had envisaged that we get hold of an institution and take it over and have an immediate infrastructure and presence as opposed to going an incremental route being too slow in meeting the requirements.

8. Have there been any significant changes in the process since Bob Tucker's departure?

Bob's leaving, yes, many people were upset by that. Bob had always made a statement all along that he did not feel that he was the right person to be the Chief Executive Officer of the Community Bank. Personally I agree with that. He is great in terms of being a visionary. Tremendous. But as things cascade down there are people better equipped in operationalising things. So he was really an inspirational force.

9. What about Cas Coovadia and his involvement in community structures such as Actstop?

Besides his network connections he brought legitimacy to the whole process. If Bob had to come forward on his own it would not have had the same legitimacy. But again Cas's legitimacy is very local. It is not national.

10. Does this pose a problem with regard to the Bank opening a branch in Athlone, Capetown?

I do not think that you will find any one who has that national profile. I do not know if that is what one should be looking for. Everyone comes with a certain amount of baggage. It is how you manage that baggage whether you want to shout about it or want to hide it. I think Cas is extremely good. He is an extremely good negotiator. His business function over here is to try and manage the two different cultures within the Community Bank. I think that he is very suited to that.

11. You also have a number of well respected people on your Board of Trustees, is any one of them driving the process?

They are all very involved. At our very first Trustees meeting they all said they want to be involved. They really want to make a contribution and not just rubber stamp everything. They want to make a positive contribution. So each one of them has distinct qualities and drives to satisfy the particular needs of the people.

12. How are the Trustees elected?

The initial Trustees were approached and asked whether they were prepared to sit on the Board of Trustees. They identify with the organisation. We spoke to organisations to get a feel of who would be appropriate. Many of them came from the ANC but the Community Bank per se is apolitical and what they come with is their business and not the Bank's business. So there are a lot with an activist background which is great.

13. How would you define the primary purpose of the Community Bank?

To satisfy the banking needs of low income earners.

14. I have read about something called an E-Bank in a recent newspaper article, is that a different concept to that of the Community Bank?

It is a division of Standard Bank and yes I think that they will be servicing the same market as we are serving. Whether they give the loans that we envisage giving in terms of the lending side I do not know. I do not know much about that. But they are certainly from what I have heard relying on electronic mechanisms to do the banking facilities so I envisage that they will have these electronic banking halls. But to make credit available you need a humanistic interface. But from the client point of view it is good to have as many players as possible. I would not like to see the Community Bank being the only player servicing low income earners. We will not have the capacity to service all their needs.

15. How would you say that the Community Bank differs from traditional financial institutions?

The humanistic approach and we are trying to provide services which the client requires rather than developing products according to our perspective and then looking for a market. We are looking at it from grass roots upwards rather than top down.

16. Being very customer driven how does that find expression in the internal mechanisms or the way in which you go about your business?

Yes it does everything is process driven. There are very few autocratic decisions. They are decisions which effect many people and if done autocratically they will fail. It is very participative. The more people you involve, the more relevant people you involve, the better the decision making process.

17. We have touched on it briefly, but could you tell me more about the structure of corporate governance within the Community Bank, namely the management structure within the bank?

Well very much like a traditional bank we have a Head Office, we have our various functions say finance, human resources, operations, marketing and support services. That is the functional structure.

18. What I found interesting was the fact that the Community Bank has two distinct sides, the Bank which you have described and the Foundation, are there distinct cultures in both?

Yes definitely. The Foundation is very humanistic. They are the humanistic side and they come along with those particular values which is very good whereas the banking side is very job focused at the expense of not going through the process properly. The Bank is very focused.

19. To what extent has the formation of the Community Bank and its management styles been a product of south Africa's dual cultural heritage and socio political struggle?

Well definitely it reflects that whole socio-political struggle. We are definitely too much in the in the process mode which has really become the way things are at all levels. There is a lot of negotiations and talking. The whole management style is not the traditional banking style. I think that if we did not have the Foundation we could quite easily lapse into just another bank. I think that it is necessary to have that different approach even though it can be disruptive at times. It just needs to be managed more than anything else. I do not think that either side should be able to move away dramatically from their particular focus.

20. Does the Community Bank value diversity of opinion or commonality?

There is commonality other wise people employed by the Banking side would be doing things automatically within our own organisation. But the Foundation is very involved in the initial orientation of new employees. That focuses on the need to be humanistic. Obviously if you are not comfortable with that you are not going to stay with the Bank. I think that it is also very good at lower levels. I am thinking of traditional financial institutions where you have hierarchies everything gets done as set by the top, without much input from below. We are trying to keep the structure of the bank very flat. So that everyone at the bottom need not go through a hierarchy. So people at the lower levels where relevant are involved in the process that directly affects them.

21. The Community Bank is in its twilight years and is relatively small with a few branches. How is growth going to affect the Bank and its management style?

Ja, to an extent we will become more formalised. But I would hate us to lose our uniqueness. I do not believe that we will lose our process and the way of tackling things.

22. If some the key players had to leave would the process that you talk about crumble?

I think that everyone that comes into the Bank subscribes to the way we are doing our business and it is really goes from the top to the bottom. It is not just a top process. It transcends the whole Bank. So if we lose some of the top people we will lose specific skills. I believe that there are enough other people to carry the process through. The only place where it could be a problem is if someone like Archie had to leave. The person who we replace him with would have to be legitimate in terms of the banking community and the registrar and those sort of things. Ja certainly from the point of view of having skills.

23. How would you describe your operating environment in terms of your customer and employee profile? For instance your customers are low income earners and may be illiterate or semi-literate.

Sure a lot of communication has to take place and it is the work of the Foundation. So in establishing new outlets rather than the way traditional banks go we look at the client. In other words the other way round. The Foundation run workshops with particular communities who have approached us and who have shown an interest in community banking or going through organisations who have identified particular communities. But any way working with communities who feel that they need banking facilities we go through a process of education, capacity building and mobilising capital and then once certain targets have been met the actual opening of the outlet.

24. So the Foundation is responsible for that whole education process after which a decision is made to open a branch?

Yes and then there is a question of membership. Really before a client can become a borrower or saver we say he or she has to take out a twenty rand PIB or a permanent interest bearing share. That entitles him to participate in the election of the Local Board of Directors at the community outlet. It also gives them a sense of ownership in the bank. So it is mutual institution. That is where ownership comes in. In town ownership rests with the Trustees because they hold most of the PIBS. Ownership will be gradually transferred to the clients.

25. Is there any other selection criteria over and above the purchase of the share that would preclude someone from becoming a member of your Bank?

They must have a need for a particular product. So unless the client wants to get into a savings programme which will ultimately lead to a credit facility there would not be much of an incentive to purchase the share.

26. Each share entitles you to a vote at the Local Board of Director's level. Typically how many directors would be voted in?

No there is a minimum number set done in our Articles of Association. I think that the number is six. But the idea is that each community outlet would have their own board which will be involved in assisting the outlet manager when they get an application for credit. So the idea is where the manager feels uncertain about certain applicants he would refer them to that Board of Directors or lending panel and they would actually give him the thumbs up, yes these are actually the good guys or they have concerns.

27. So it reduces the risk of lending?

Yes, but it is about the whole ethos about giving them that sense of ownership of the Bank because the money that is saved in those communities is re-lent in those communities having been geared up obviously. So there is an awareness that some of the money invested is at risk. That is where the local input comes in.

28. We all know about stokvels and the power of peer pressure, to what extent have principles from these institutions been adapted and implemented in the way in which the Community Bank goes about its business?

All right, we are very supportive of stokvels. We do not seek to replace them. We will have things called Club Savings. But going back to Stokvels if they want to invest their money that is great and we will support them. We will possibly get into group lending. We do not seek to replace any of those informal saving schemes or mechanisms that exist. We just provide a safer place to leave those funds. But certainly it is one aspect that has come up. A fear that the Community Bank is now out to replace these informal institutions. In

some of our workshops there was concern of this. I think that is something that we will have to work hard on during our workshoping. We do not want to be a threat to the community. It is about this ethos of building them up.

29. Have any deep rooted African beliefs, customs or traditions been adopted by the Community Bank in the way in which it goes about its business and managers people?

Not consciously, apart from the aspect of trying to establish within established communities. I think it is more process than anything else. I do not know if that is African per se?

30. The word ubuntu does it mean anything to you?

It has been thrown around at various workshops and it can be interpreted in many different ways and it certainly has not come out consciously as a buzz word in our environment.

31. Besides those structures already mentioned are there any other mechanisms within the bank through which you encourage worker participation?

Aright we have had a number of workshops that have revolved around communication. We have been initiated by the Foundation a lot to find out what community banking is all about.

32. Archie Hurst was telling me in an earlier conversation that the Bank had run workshop with a management consultant by the name of Christo Nel. Could you tell me something about that?

There they were really just trying to see what the vision was all about and what it is we are trying to achieve. We had previously done a workshop with Falkenberg and that only really involved senior management from the Bank and the Foundation and that really looked at the communication issues, the vision and about operationalising that. Everyone came forward with ideas to see how we could set up meetings and set up various communication mechanisms.

33. Do these communication mechanisms that you are referring to differ from those in traditional financial institutions?

Um, I do not know, may be something in the middle. Uh, I think what happened initially was that we tended to be quite job focused and busy with opening initial outlets. As a result in some of our meetings they did not stick to that which they meant to be dealing with. But then in setting up those branches we had to involve everyone. We needed everyone's input and some of the meetings did become laborious because of the repetition between various meetings and different levels of participation.

34. How would you run a typical meeting?

We have an agenda. It depends very much who is in the chair to what extent they permit side tracking and inconsequential discussion.

35. Besides the participative meetings mentioned and the workshops do you have any internal publications or social functions which are worth mentioning?

At this stage we do not have any internal publications. In terms of social events they are focused more around company relays. There is a social club that has been established.

36. They talk about the need for celebrations and rituals in African tradition. Is there anything in that what you have considered?

Certainly after the opening of the Benoni Branch. The person working on the Foundation side invited everybody to his place in the East Rand for a Gumba. I think that certain people, myself included, were a bit hesitant about going into the townships. That is one part that we need to address. Whether those fears are real or not we do not know. I mean that you can give reassurances that you are safe but you never know.

37. Given the demographic profile of your client or membership base, what employment practices have you implemented to accommodate their needs?

They will have to sign the withdrawal slip, whatever the system produced, but they would not actually have to write out the amounts. On the brochure side we need to be very sensitive to different languages. But then again the literacy thing is a significant issue.

38. I believe that you also put out a type of booklet or comic strip is that successful.

The Foundation does not like calling it a comic strip but yes there is a booklet which depicts what the Community Bank is all about and that is been used in the workshops. It is also available at our branches. Yes it has been quite successful in getting our message across.

39. What aspect of your management style do you think are unique to the Community Bank?

The degree of participation. The fact that we have gone back to grass roots building society operations where you save in a community for specific needs in terms of a credit facility.

40. I have never quite understood what difference between a bank and a building society is?

The roots of the building society is to move into communities, people would get together and save. Then on a regular basis as money became available would make loans on a regular basis as money became available, would make loans available to the particular members of the groups or to people within that community. Some of the building societies where in fact terminating building societies. Once everyone in that community had been given a loan, there would be no further savings and you would get the balance repaid going back to the members. Or else you had the permanent building societies just an on going cycle of savings and making finance available. So that is what we are really about. But without the focus being completely and utterly on home finance but some business and personal loans also depending on what the credit requirements of a particular community are.

41. In terms of the way that you go about recruitment and selection, discipline and rewarding of people, is that different?

Recruitment yes, particularly in the community outlets we will look for suitable staff from those particular communities. So it is really going through and developing people from those communities rather than taking people with banking experience from different

environments and then putting them into a community where they feel unsafe or unhappy about working in those conditions rather draw in people and develop them. So that is on the recruitment side. We are also utilising psychometric tests which have been accepted by the people who have undertaken them. Grievance procedures and that we have not had any. But then again I think those again I will guess will be humanistically applied and strictly by the letter of the law.

42. One thing about recruitment is there a danger of nepotism?

We are trying to steer away from that. We are very conscious about those sort of things. You see the other side even with the manager within the community outlet. We would not like to see them drawn from that community because there is a perception that he will have pressures on him to make finances available to people in the community. He needs to be more objective and less subjective to pressures from the community. But the rest of the staff we see as being developed from the community.

43. The way in which you reward people, is it biased toward individual or group effort?

We have not got into those type of sectors at this stage. I think that we are going to have to be very careful about, you know, not been seen to favour one or the other. I just have a perception that may be we need to stick to competitive salaries rather than get into the scenario where we get into incentives per se. I think that the peoples hearts should be in their jobs. You know the whole philosophy of servicing those clients needs. It should not be reward driven per se. It does have implications in terms of marketing effort. You know, what is the incentive to go out and get new accounts. That is something that we need to think through.

44. We spoke about the community becoming members in your Bank via the purchase of shares, is there a similar share option available for employees?

I think that most of our Head Office staff, when the Benoni branch opened up, became members of the Bank. Most of us got our PIBS. In fact I would be very surprised if any one has not.

45. In terms of those shares, there may be interest, do you declare it, what happens to it?

Yes interest is paid. Those are paid half yearly interest on that particular investment.

46. The notion of social responsibility, giving back to the community and developing them in other ways, does that play a part in the Banks philosophy at all?

We spoke about that in the earlier days in saying where branches or outlets are very successful and there are profits directly attributable to those outlets how would we handle those. The ideas played around with initially where that we could possibly get involved in social projects like clinics or whatever was needed in that community. But what I think would happen in practice is lets say a branch did get a profit which was attributable to that community we would work through the Local Board of Directors to see what they felt was most appropriate and handle it through a process like that. It definitely could not be a top down decision. Saying okay we will establish an art gallery would be totally in appropriate.

47. We mentioned earlier on the whole need to be sensitive about trust, respect, integrity and so on how do you see that manifesting itself in the Community Bank? In other words

that whole humanistic side of approaching people. Could you tell me something about that?

That is really the workshopping of the Foundation. The trust and integrity is built up through the savings programme. In other words building up that client relationship or building up relationship banking really. So from the Bank's point of view they learn how to trust that particular client. Equally from the clients point of view they perceive that their savings are safe in the Bank. They learn how to trust the Bank and they do see that their friends do get loans. So that whole relationship is made more meaningful.

48. Community banking is not unique to South Africa, you hear about examples in India and Indonesia, did you borrow any concepts or principles from them?

We spoke to people from Indonesia. We spoke to a person from the Grameen Bank, Mohammed Eunice and we found out how they actually operated. A lot of it is NGO based. We are not an NGO, apart from the Foundation. So we did not actually latch onto any direct ideas. We got input from these circumstances and experiences to see what had come out of them. What were the major things that we had to be aware of, what presented dangers and opportunities and see how we could build those into local initiatives. We had Jacklins from the UN with us for quite awhile. He was very involved and helped us prepare that initial document. He brought quite a few good ideas in terms of products that we could potentially modify or apply within the South African environment. But then again those were things that had worked well elsewhere and time will tell whether we will in fact need particular permutations.

49. So it is a home grown indigenous concept more than anything else?

Ja, but taking cognisance very much of what has happened around the world. We are not reinventing the wheel. I think that is one of the good things of Hank's experience, saying that certain things had not worked well elsewhere they had been tried. This whole thing about peer pressure is very much a debatable point. It works in some communities. It does not work in others. Just to take it as a basic assumption and base your whole premise on it your whole initiative could be floored.

50. Does peer pressure work in South Africa?

It works in certain communities. I do not know whether it works in all initially. It will only really work effectively I think where the group is set up by the members. Where it is artificially established there is no commitment to the group. Therefore your peer group pressure is not going to work. Something like a Stokvel where the members are elected. Ja it will work. Where you get into a group lending situation like they have in Northern Transvaal and groups themselves formed together and they are selective as to who comes into the group. Ja, then it is effective.

51. You have a branch down stairs which is not within a Community per se, do you see that as a problem with this particular branch?

I do not think that we will have a Local Board of Directors down here. We will more than likely land up providing services to clients who want to save as individuals here. It is seen as a platform for servicing clients who live in the Western part of Johannesburg who actually work in town. During the day that may be the most convenient time and place to do their banking. But we are not directly in the community, as we are or intend to be in Daveyton and Wattville. In Athlone we are more close to the community than elsewhere. Down here we are completely remote to a community. I think that this part of our whole

learning experience - too see how we work in different environments. Because there is no ways that we are going to land up in a community every time. I mean if you take Hillbrow there are many different potential groups of clients. Whether we identify communities per se or focus on hawkker associations or what ever else. There are many different ways to handle the situation. We do not see communities per se.

52. To what extent does the Community Bank promote collective versus individual needs?

We handle both. In terms of the lending side we will definitely look at employer sponsored schemes where there is a provident fund or where the pension fund comes in or where a hawkers association wants to get into the scenario where finance is provided to the group and where the advances to the individual members we will consider it. It is really about providing credit where the formal banks say forget it because of red lining, where security is bad or where they just do not know their clients.

53. How does the Bank define its success?

Our success at the end of the day is whether or not we are going to be financially viable. That we are in fact able to meet our financial projections in terms of our financial viability model and I think that a measure will be that each area in itself will be financially viable and sustainable entity. I do not know whether you have covered this area previously in your discussions with Archie?

54. No

What we are really saying rather than going over South Africa establishing branches everywhere we rather work in geographic entities. Just take Benoni on the East Rand as an example. there we would establish a traditional building society type outlet which would then support community outlets within the surrounding communities. The perception is that our model has been working that the clients needs would most probably be met within the community outlet environment so that clients would not have to trek all the way in from Daveyton into Benoni for example or from Umatwa to do their banking. We would have outlets within those communities operating at suitable times or hours for those clients. But as a total that whole area of Benoni would become a financially viable entity. Although initially, say Wattville, is a newly established outlet it is running at a lose. But the fact that Daveyton, an outlet which has been established for a long time, it is in a profitable mode. Hence, that area as a total would be sustainable and I think that is very important. I do not think that we particularly want to see that the Western Cape is madly successful but there is something floundering in Butterworth. We need to grow and be commercially viable. Because at the end of the day what has been proposed is that although the Foundation was initially grant funded that the profits of the Bank should be used to support the activities of the Foundation. Because we will not be able to get grant funds for every and a day.

55. If an area proves not to be financially viable would you close it down?

Well even before we go into it we do economic viability studies. And we need to make sure that we are not bluffing ourselves that we are going into a place where yes there is a tremendous demand for credit but there is no propensity to save. There is no ways even if they did save that they could establish business that could be viable. Because I have a big concern. It is great to talk about housing but when a person is unemployed what is a house worth if they cannot afford the re-payment? Our focus will thus have to be on the up-liftment of the people in those communities. To give them opportunities to establish

small businesses and develop their capacity to get into a situation where they can say, yes I can now afford to make a repayment on a home loan.

56. What are the primary and secondary considerations which the community Bank holds important in the way in which goes about the achievement of its success?

Sure the staff from both the Foundation and the Bank have to be totally and utterly behind the whole lot. Also what is very important is how we get into a particular environment and the establishment of an infrastructure. Whether that is a system or brick and mortar. You know it is about the establishment of a presence. For example, you will find communities who have needs but there is just no infrastructure to move into and I doubt that they would have sufficient propensity to save to make those communities viable. So how we actually deliver to those communities whether it is through mobile facilities or how else. I think that transport is a big consideration in rural areas. To give you an example if you were to go from Wattville to Butterworth costs sixty rand. So to place ten rand into a savings account does not make sense. It is about the ability to meet those clients needs on an economic basis, really. It is one hell of a challenge.

57. You spoke of the type of social fabric and said that if it is in tack it is easier to go in, what kinds of things do you look for in your socio-economic feasibility studies before deciding to open a branch in a particular community?

Well that is very important. Well lets put it this way. The communities that we have gone into, with the exception of Hillbrow and down stairs, is an identifiable community in the first place, is it significant in terms of the number and in terms of economic capacity. This is often established through working with other organisations. Plan Act being an example. They have a lot of demographics that are valuable to us. The emphasis is definitely on consistency and in terms of our man working in that community. Otherwise we might just as well be like any other bank and establish a branch where it suits us rather than looking for people to service.

58. You work closely then with local NGO's?

Yes, a hang of a lot whenever we go through the workshopping process. It is not about the Community Bank going in and doing its whole thing. It goes through a process of getting together the relevant organisations and that introduction is done through an organisation working there, whether it is a church or whatever getting those people together or representatives from the various organisations. Telling them what community banking is all about and then putting the ball back into their court and saying right is there a need for what we are talking about. Appoint a committee amongst yourselves, which is a Community Liaison Committee, and then we start taking the process forward in that community. They might decide who the appropriate Community Liaison Officers to be appointed are. Those people would then be on contract to the Foundation to workshop within those communities. Especially in terms of educating what we are about, what banking is really about. It is about the first step in empowering that community. So, yes, they would say we need this facility. We do not simply go and deliver. They help us get through this process.

59. Since the community Bank's inception, its founding documents and the opening of outlets in the past three months, what kind of mistakes have you encountered along the way, and what advice would you give other organisations trying to emulate what you have done?

All right the one thing in our financial model we projected a certain volume of business, now that has not been met. I think that initially we were expecting that a lot of the workshopping, let's take Benoni for one example in particular, well we thought that a lot of the workshopping that had taken place in Wattville and Daveyton would have a spin off on the number of accounts that we would actually open in the Benoni Branch. We have now come to the realisation, I do not know whether it is a proven realisation, but the perception, let's put it this way, that may be when we open in Wattville those outlets will see the fruits of that workshopping more so than in the Benoni Branch itself and what we are really saying is to get business going in the Benoni Branch we may need to do some advertising and make the fact known that you can in fact make loans from the Bank in the Benoni Branch and that you do not have to wait for the actual opening of the Community outlet. I mean that someone has actually suggested that we should actually first open the community outlet and then the branch. Whether that is practical or not I do not know. But I think what we have learnt is that we have put too much capacity or spare capacity into the Benoni Branch and its infrastructure. We have now resolved to go very much smaller with 4 or 6 tellers at a maximum and that if there is a need for additional capacity that we open another outlet rather than expand on an existing outlet.

60. Hence a mushrooming effect?

Ja, service points that are convenient to the clients. Maybe we could do for smaller premises. Putting in the ability to have 4 tellers and whatever else and saying well if it gets too busy to open new premises that are convenient. I think that is our one thing and really we have been driven by the need to get visibility.

61. Down the road in Marshall street you find the African Bank, how does the Community Bank differ from them?

They are very much a formal bank. I do not think that they would go to the same extent that we would. I do not know where their branches are. I know they have a few in town but whether they get involved in the townships or not I do not know. There are very few banks in the townships. I mean we went down to Klipriver the other day and there was not an FNB or Standard Bank there. They had pulled out.

62. The way in which you go about involving the community in community banking, does it diminish the kind of security risks that you have with regard to money and its transit?

Not really, not really because it is not the people of the community that are the problem but the people outside of the community who are the problem. So we need to be very aware of security issues. We would like to go with open counters and all these nice things with minimal security. Rather having peripheral security in terms of who comes into the Bank and whether you can get out quickly. Rather than putting up bullet screening. We have input from different staff who say that they feel very unsafe. So in Benoni we went initially with open counters with a bit of a compromise. We have a bit of glass to prevent people jumping over the counter rather than to stop bullets coming through the counter. Downstairs and in Hillbrow we have gone the same route. But when we get into communities we need to be sensitive to what they recommend that we should do there. We need to keep an open mind there. So if a particular community feels that it is inappropriate to put up bullet screening and we have people who are willing to work in that environment we will consider it.

63. Would that be a Local Board of Directors decision?

Recommendation, no they would recommend to us and that would be part of the process of opening up the whole outlet. That is one of the things that I did not really mention. When we opened up down stairs for example the manager because he was on Board he was very involved with everything that happened at the branch. So we did not take a decision and say yes Head Office we think that XYZ should happen. We may have said that but we got his feedback as to whether that was appropriate.

64. Les, I think that I have covered everything that I would liked to have covered and would like to thank you for spending your time with me. Is there anything that you think that I have missed for instance the dynamic between the Foundation and the Bank?

No, there is this perception at times that the Bank would take over this initiative and that came out very strongly when COSAB became involved in doing evaluations. I do not know whether it is still a factor with the Foundation. I think personally the factor was Mary. She still has this perception that the Bank wants to drive every thing and do things in a more formal way without being sensitive to the ways of the Foundation. So there is a dynamic there that is being managed to an extent, but it can be destructive if people go and take it personally. I do not think that Mary means it personally. She uses the word personally, okay, but the whole thing behind it where she is coming from is that is that she has this concern which is very much a Bob Tucker concern which was voiced very loudly on many occasions. But he had this perception that if the Banks tried to get a hold they would try to take it over. We thought around that a lot. You could have any power base but one has to be careful of an interest group taking control. You would be powerless and you vision would become corrupted.

INTERVIEW FOUR

Respondents Job Title	Executive Director - Finance
Biographical Data	White, male
Graduate	Yes
Background	Experienced banker - Finance, involved in the conceptualisation and formation of the Community Bank, responsible for setting up financial / accounting systems and controls, line management responsibility.
<p>Personal Comments and Reflection :</p> <p>Having met the respondent the previous day to set up an interview I thought that he had an imposing manner and I felt a little bit intimidated. Once the interview started I soon relaxed and found respondent to be friendly. The respondent came across as very genuine and sincere. At this stage of the interviewing process I did not fully appreciate the fact that some respondents will interpret questions with reference to their immediate areas of responsibility instead answering in a broader organisational context. I had to probe a little bit harder than in previous interviews to get what I was looking for. The interview nonetheless remained tightly focused without too much off the track questioning.</p>	

1. Before we start could you tell me about your background and how it is that you became involved with the Community Bank?

I am a Chartered Accountant. I worked for JCI for quite sometime. From there I joined Bankcorp, in the Central Merchant Bank or Cenbank as it was called then which through a succession of changes was eventually taken over by ABSA. I was in charge of the Merchant Bank, being the Financial GM and eventually with the rationalisation of that division I was seconded to this position. I have been at the Community Bank from April last year and we have been through the whole process. We have had to draft the Mutual Banks Acts with the Reserve Bank, we formed four separate groups marketing, technological, personnel and finance. I headed up the finance group on a full time basis. There were representatives from all the banking groups on a temporary basis but I was here permanently. When the Community Bank was established I sort of automatically stayed on.

2. Has the experience been enjoyable?

I really came from the one end of banking which is very professional and sophisticated right down to grass roots which in the beginning was a bit of a traumatic or shocking experience for me. The challenge has been so great. To be able to sit back and say we had nothing but a thought and today we have a bank with two hundred million rands worth of capital, we have proper computer systems in place, we have a treasury, we have infrastructure, we have trained staff, we have whatever a bank needs. We have followed the outsourcing route which made the setting up of the items that I mentioned earlier possible but also more complex. From a physical point of view we had to bring in infrastructure. In some of the instances like with the treasury and the computer there was nothing. What makes it so much more complex is the drafting very complex first off agreements. You know what I mean having to be involved in all these negotiations. Some times you are negotiating with ten parties simultaneously for capital, for computer systems, for treasury, what have you. It has been an experience that I think very few people get involved in. You know finance normally sit and write up records for whatever other peoples do. But to really to be part of the process to create something from scratch that has been a very good experience.

3. What does the name Community Bank mean to you?

It means creating a bank for people who have never had access to banking in a proper way.

4. Could you tell me about the Bank's formation and the key personalities behind it?

Well first of all while a lot of what I am saying I am sure you will have heard already before but let me go through them. First of all the whole idea was mooted by Bob Tucker and Cas Convalia and they had this idea and they could not get this thing off the ground and then when COSAB under Piet Liebenberg, I do not know about his personal involvement, but COSAB more from the ABSA group they are the ones who saw the needs for this bank. They have sponsored us to a very large extent. Piet Badenhorst and Mike Tereblanche have really pushed this thing. They have given us rent free premises for along time, they have given us staff and skills at no charge etc. Then once we had a management team that could go with this thing from thereon things started to take off. We were able to negotiate capital and we also then had the expertise and with the capital we can then go and buy the expertise that we did not have to start the process going.

5. Could you tell me about the people on the Board of Trustees and their role?

Oh, yes I forgot about them I was just looking at the Bank. Of course the Trustees really had to legitimise the whole process. I think that they have earned a lot in the process about what banking is all about. They got to know and ask relevant questions and really to think about banking. But at the end of the day I think the whole purpose of the Trustees was to legitimise the whole process for the people to buy into this whole idea.

6. The type of people represented on the Board of Trustees, they come from diverse backgrounds?

Yes, they really come from political parties and then from civic organisations, from labour organisations, development organisations, but the one thing they are always very careful to point out that although they come from those sectors they do not represent them. They are there as individuals. I know that it sounds like a bit of a problem but they are like COSATU. They have now got someone from COSATU. But it is not a COSATU appointee it is just that they have identified someone from COSATU who they feel can make a worthwhile contribution. Then they bring the person on board. The same goes for a lot of other people they have.

7. No doubt as new Trustees are brought on board, they have to undergo a sharp learning curve to come up to speed with the rest of their colleagues?

Yes, the thing is if you have to judge them with just your own personal view then some are quite bright and fast. Some of them, do not know if they should keep quiet and do not say much, whether it is a matter of misunderstanding or not really being a person who puts their views on the table. Some have learnt a lot faster than others. The most remarkable one of the whole lot is Ellen Khuzwayo, a lady of 81 years old. Whenever she says something people really listen to her. She calls herself a developmental worker. She has written a number of books and is well respected.

8. Have the roles of those people that initiated and set up the Bank changed at all since the Bank has been up and running?

Sorry I do not know what you mean.

9. For instance it is reported that Bob Tucker was a great visionary and once the concept of the bank was accepted he withdrew?

Well, Bob Tucker has left and Cas Coovadia who is really more of an outsider and in contact with the civics and who fulfilled almost a political and banking role has moved onto the Bank. But he is the spokesperson to the outside world. So as far as managing the Bank is concerned he is not that involved. I think that he has a task of merging the cultures of the Foundation and the Bank without really managing the day-to-day operation and then to the outside world he is the spokesperson.

10. Is managing cultural diversity very important considering your operating environment?

Yes, of course you need the right person to manage it. You cannot take a traditional banker into that role on the other hand, I do not think that you can take any one without any business sense into that bank. So you need a person who has a foot in both doors.

11. To what extent was the formation of the Community Bank a product of South Africa's dual cultural heritage and socio-political struggle?

Well, I think that if it is a product of it with the whole change that has happened in the whole country it was a kind of a natural product of that change. Just one small cog in the big wheel. So maybe if you say it was a product of that from the Bank's point of view we would say we have neglected this part of the market in the past. Hence, we have to establish something like this. From that point of view maybe there is an input. But I really think that it is part of the whole change. It is just one of the wider parts of the whole change.

12. How does the Community Bank differ from traditional financial institutions?

Well it is very similar to the old building society concept, apart from the fact that we had this two hundred million rand start up. I doubt building societies had that a 100 or so years ago when they started. Apart from that it is really quite similar to the old building societies. Mobilising savings in different ways, such as savings accounts, fixed deposits, long term deposits and that type of thing leading to the other side home lending, personal and entrepreneurial loans which is a bit different to the traditional building societies. That is as far as the Bank structure is. On the other side there is the Foundation which no other financial institution has ever had which is really there to break into the communities as such and gave us a foot in the door in communities who have up until now been very negative toward banking in the traditional sense.

13. The concept of community banking is not unique to South Africa, for instance there is the Grameen bank and other similar set ups in Indonesia, did you borrow any concepts or principles from them?

The only thing that I think that we have really come to understand from the people is really this personal relationship in banking on the one side and on the other side very strict control over credit collection. All the people in this market exercise very strict credit collection. Prompt credit collection is the key word otherwise you will sink. That is one tip that we took from them.

14. Stokvels and other informal saving schemes and the way in which they are managed, did you borrow any ideas from these informal institutions?

Well yes this goes into this whole relationship. It is not just a relationship with an individual but a relationship with a whole group. So yes this what the whole thing about, you know, peer pressure. We have not done any lending yet but it is part of the screening of credit applications. How do you fit into community? How well do you support your stokvel? How well do you support your church and that type of thinking. We are also going to ask for references from those types of bodies. Just now you asked what are the differences between the Community Bank and other traditional financial institutions. This whole credit granting thing is built on relationships rather than financial security or collateral. You know the people that we are going to lend to do not have the collateral or security. So we would look at the relationship that this guy would have in his community and the relationship he builds over a length of time before we grant him a loan.

15. In terms of the way you have set up your whole corporate governance structures, the Board of Trustees, the Banking side, the Foundation and the Local Boards of Directors at outlet level, how do you manage all these interfaces?

Well I think that it all comes together at the end of the day in the Board of Trustees because if you look at the directors of the Foundation, and the directors of the Bank they are mainly nominated from the Board of Trustees and all of them are Trustees apart from

the bank. That is Archie and myself who are Executive Directors. We are not Trustees at this point in time. Now hopefully in time that will change. But at this point in time all those people are trustees.

16. Could you tell me about the powers of the Local Board of Directors at outlet level?

Well, because those people come from those communities they represent those communities. They will approve the credit. Since we have this very close relationship type of lending we need people who know the members or clients. Remembering that we try not to appoint a manager of a branch from that community. We bring him from other communities. We need input from the Communities itself. Now the credit will be suggested or tabled by the manager through the normal channels and then the Local Board of Directors will then approve the credit at the end of the day. They are co-responsible with the manager for the financial results and the performance of the branch.

17. Any they remunerated in any way?

No

18. On the down side of African management one hears of the danger of there being nepotism and favouritism, is the bank conscious of that at all?

Yes, we are quite concerned about the fact that people who are on our Local Boards of Directors may be subject to pressure or bribery or whatever terms you want to use to give a sought of advantage to people in some way or another, give them bigger loans than they are entitled to or put them on the top of the list. And for that reason we are implementing strict audit programmes. That auditors will go and look and audit those process lines as well, you know, applications will have to go through a certain process and added to the bottom of a list. The auditors will be there to make sure that it does not happen.

19. Could you tell me something about the way in which you manage your people or put differently your management style?

Well I have a very small staff, a secretary come legal advisor here next door. He is a professional man and the other side on the financial side I have mentioned and he has two ladies. They are both professional people. Up to now I have left them to sort of manage them by their own rather than, you know, sought of guide them. If there are problems I will resolve that

20. Do management styles within the Bank differ across functions and hierarchies?

Well, I think, you know, that it depends on the functions like marketing Ben has one or two staff members and I handles them in much the same way as I do. On the other side we have the technologic side where we have Les Scott and Allie on the operations side. Because they have more junior people and bigger numbers of people I think that they need a far more structured management style. Myself and Sebastian, the personnel guy, I think that we have more professional people working for us, small numbers and people who can think for themselves to do their own sought of thing

21. Within the Bank there is obviously a fair amount of diversity, do you see this as a strength or as a weakness?

Would you say that again?

22. Within the Bank do you emphasise diversity or do you look for commonality of purpose?

No, I think that we have diversity. No I think that I misunderstood your question. What you are saying is here a lot of different opinions say from a general management level? Now I think that we have a lot of commonality. People who we have are all seasoned bankers apart from Sebastian, the personnel guy, but you can see he has worked in organisations where performance is on the top of the list and up to now I think that the GM's have a well formed base and come together. The difference of opinion is between the Bank and the Foundation rather than between the managers of the Bank itself.

23. Could you tell me about the dynamic between these two sides?

Well up to now it has really been a bit of a problem. You know we must remember that we are talking about two entirely different types of people and they are not used to working in this structured basis, decision making by a single person or by a small number of people making decisions. They want the whole bloody process to be gone through regardless of long it takes. Everything has to be discussed with the whole staff of the organisation. You know in the beginning it was okay now in the bank alone we have a staff of over 70 people. The Foundation, I would say has about 20 people maybe even 30 if you take all the people. So you cannot practically consult a 100 people for every little decision. It has really caused quite a bit of friction up until now.

24. You also have to manage your growth, you are in the twilight years as you get bigger do you see this as becoming more of a problem?

Well no I do not think so. I think that as people come. You must remember you have to get along with a lot of essential disciplines which are not always that occupied, so people have a bit of time to play a bit of politics to make noises about things that are really not that important. I think as we come more onto stream and the pace starts picking up. People will get more into the situation where they will have to get into the days works. Once that happens a lot of this will disappear.

25. In terms of the Community Banks operating environment, serving the un-banked or marginalised communities, have you adapted any of your systems or procedures to accommodate that environment? I am thinking in terms of people management.

Well I think that what we have done, we have quite an extended training programme for people who come on board. I cannot think of the terms that we would use now but if you join the a company, such as your own, I am sure that they take one morning to show you around.

26. Such as an induction or orientation programme?

Yes, in mornings companies rush through this thing. Here they do it in a week, you know. For some people this is too much. For a lot of people it looks after their needs if they are not used to this type of environment up to now he has been living totally in another world. I think it takes more time to get that guy to think along the right lines.

27. Your market is primarily black, no matter how you define it, have you taken any deep rooted African customs, traditions or beliefs into account in the why in which you go about your business?

No, I do not think so, not the Bank itself maybe the Foundation would have done that. You must remember that the side that I have links with is the more formal banking world, the Reserve Bank. So on my side no.

28. What aspects of the Community Banks management style would you describe as being unique or different?

Sorry I am not with you at all, personally?

29. In general, the Bank as a whole.

I see, I think on the operational side the people have to be very much aware of the market out there. You know the way they layout their branches for instance. You cannot go and just put in a counter and teller machines. You need a place for people to sit. You have to greet and treat people the right way. It is not like you and I going into a Bank and the teller just, you know, you just give him your slip and he gives you your money and he hardly says hello. You know you have to go through the whole process of making the guy feel comfortable. Talking to him in his own language. If I say language it may not necessarily mean Zulu or Xhosa but it means the way they are used to doing things and you have to create the facilities for a lot of people on that basis. There has to be a place for them to sit and chat. There have to be communal areas to help them. When we go into the community outlet side we have to create a post office facility for them because they do not have post deliveries in their areas. We might even have post boxes linked to our community outlets.

30. You are in the process of opening branches here in Johannesburg and Benoni, but as such they are not physically located in communities, does that detract from the initial purpose of the Community Bank?

The intention is that these branches that we have in Benoni, Athlone and Johannesburg. Lets come back to Johannesburg as Johannesburg has a very difficult situation. Benoni and Athlone are really going to be regional offices. We just opened the branches there but they will be regional offices as in traditional banks, with outlets being in Daveyton, Urntatawa. So really we hope the branches will generate business in the black areas. It is just that those branches are just the starting point. the infrastructure is there and the systems and so on.

31. Could you tell me about the significance behind selling shares to your clients who then becomes members of the Bank?

Well the thing is you are not only setting up a banking facility for their clients but you put them through an education process. Piet Liebenberg described this Community Bank concept as a crash course in capitalism. While I think it is nice way of putting it. Our clients apart from having limited knowledge about banking up to now are really financially illiterate and you have to teach them a lot of things. One of those things is the whole idea of PIBS issued to people which gives them ownership, not only a sense of ownership but over time they will have to take over this whole Bank. they will be the share holders in this whole Bank. We cannot give them the normal equity type of shares just because of the way things have been structured. So you pay the guy interest on the PIBS rather than dividends. Whatever the Bank does he gets his interest.

32. You have gone out and engaged the community and they have now become members, do your employees have shares?

Well I think that a lot of them have. A lot of them for instance when the Benoni branch opened went out and opened accounts. I am waiting for the Johannesburg branch. I do not want to open up an account in Benoni, I want it here. So really at this point in time I am by default since I am a director of the Bank so I am just waiting for the Joburg branch to open my account.

33. To what extent does the Bank promote the collective versus the individual needs of its employees and its members?

Well I think that if you look at it from the point of view that they are trying to promote this club savings kind of ideas and also getting these groups of people like stokvels and church organisations and so on to become as a group client of the Bank rather than individuals. Well not that they not are pushing for individuals but they are trying to get groups as clients as well.

34. You have existing informal saving structures, such as stokvels, that generate their own money, do you see yourselves as undermining them or working together?

No, they have to bank their money somewhere. Some of them I believe generate large sums of money and we hope that we can mobilise a lot of those savings and taking them away from other banks if we have to. You must realise that I will quote a figure and that is an old figure now, Bob Tucker initially did investigations to get to the stage where we are now, they did a study and at that point in time they estimated that some seven billion rand of money is placed under matrices in the townships which is really out of circulation. If you can just mobilise that or a quarter of that you have already done quite a lot.

35. In terms of capacity building of communities how do you see things unfolding from there?

Ja, this thing about capacity building sometimes I think that I understand it and sometimes not. You know it is a term which the people in the Foundation and communities use. I am not always sure what they are getting at. They will say the Bank will do some basic capacity building. That is all I can say. Let me not show my ignorance.

36. Looking at some of your people systems and procedures such as recruitment, reward, discipline and things like that are they done any differently to the way traditional banks go about their business?

Up to now we used employment agencies. Where they are different from other traditional organisations is that they because we had to employ fairly large numbers of staff. They would interview people on a group basis. That is the first time I have seen that. But also considering the fact that the people they handle are the more junior or branch type staff. You know you could do that. Interesting I was involved in one of these sessions and I do not know whether you have seen this being done but you get people together and they are given different tasks and they have to handle the task in a certain way. You give a question or a case study and they have to work through the whole problem. You leave them and just observe from the side what they are doing. They have to go and appoint a spokesperson, a chairperson, a secretary and so on and then you just watch them and it is interesting that it does not take long to see the people, the leaders come out, the workers come out and the people. You just observe the process from the side and very soon you can identify the people who you should employ.

37. Communication channels and media within the Bank do they differ significantly from those in traditional financial institutions?

Well in this point in time we have got E-Mail going which in my opinion is a bit of a white elephant. The thing with us at Head Office we are still too small to get a benefit out of the thing. You know it is quite expensive and where you have a large number of people who are really eager to get the thing to work. I am sure it can work very well but here I am one of the relaxed guys on that. I like personal contact with people.

38. People talk of African culture as being very oral and open and you have E-Mail, is there a class of worldliness?

Even for me to use a telephone on an internal basis I do not like it. So maybe I am a bit sceptical but I think that it is a white elephant. So that is communication systems. Technologies are almost forced onto third world culture. So in some ways it is not appropriate.

39. What about the ways in which meetings are conducted in the Community Bank?

I think that they are still very much the old style with a chairman, apart from calling him a chairperson now and having a secretary. I mean all that is in place. The one area where we are different is that we tend to over popularise the meetings. Every bloody interest group or people who perceive that they have an interest want to be part of the meeting. You know from my background I am used to having just small groups of people present rather than these large groups. I have been pushing the idea of having more groups but smaller more effective groups and that is now a new procedure that is being set and developed. A lot of things will start going better now.

40. In terms of the Community Bank how do you measure your success?

There are a number of ways that we will have to measure our success. The one is financially. I do not really mean ROE or ROA in a normal sense. ROA maybe but ROE yes. I think that we must generate enough profits to sustain ourselves. We have to pay our shareholders their interest. Bad debt reserves and the type of reserves that the Bank needs. But then over and above that I do not think that we are going to maximise profits. That is on the financial side. On the other side I think the rendering of a service is almost more important than the financial side. There will be surveys done on a regular basis. We have quite a large budget for surveys and research done to see how we impact upon the communities in which we operate. I think that will be almost more important than the financial side.

41. With regard to these key success measures does the bank have primary and secondary values or principles about the way in which it goes about its business?

What do you mean?

42. May a value good be being sensitive to the needs of customers.

O yes I think those people sensitive values. We have to instil those prime values and the cultural thing. Even for me, a chartered accountant, to go into a bank you sometimes get treated as if you do not understand what goes on in a bank. I do not know if you have had the same experience?

43. That is why I prefer using the auto teller machine outside.

You accept that it is not going to smile at you or have a kind word but when you go inside and you have contact with people. The people still treat you as if you do not know what you are talking about. I can imagine how a number of our clients must feel in a bank. I sympathise with them. I really hope that we can do a lot better than that.

44. Since the inception of the Community Bank you have gone down quite a steep learning curve, what advice would you give other organisations attempting to introduce community management principle into their day-to-day business?

Well, I will tell you what I think from a financial point of view. I think to approach a much wider interest groups than we have. You know when we started looking for our capital we went to three big people. The three people who really came with the capital that we have are FCSA, IDT, ABSA. From there we have generated our capital. At that point in time we got our two hundred million rand. It is only a year later now that we are getting out capital. So the main capital is only coming in the next few days. A year after we negotiated those agreements. So I think you must be less dependent and seek out a lot more contributors not only for capital but for expertise and technology and so on. On the technology side we have ABS though a massive contract with ABS which is about two inches thick. We have gone to out sourcing to one agent, I think of ways of getting more people or a much wider interest group involved from the formal sector.

45. Those are really all the questions that I would like to ask with the exemption of one, is there any thing that other companies should avoid in terms of community or African management principle?

Yes, I do not know if they can avoid it but they must try to create a structure where the decision making process is not so prolonged. I can give you an example. We had come up with a logo for this bank and followed this consultative process. After more than a year staff came up with ideas and then the Foundation would say we need to get the community involved. We must start a competition. Get some of our clients to come up with ideas. After a year at one of those community workshops it was asked how can you start a bank if you do not even have a logo? So the logo was designed and decided upon within 3 days I think. It is an example of the unnecessary process. You know you get all these interest groups, who know internal interest groups, such as the Foundation having people talking about things, having meetings and at the end of the day not delivering the results. I think that it is a totally avoidable situation.

46. That is everything, is there any thing that I have skipped or that I should have mentioned?

You know that one of the things that we have a problem with at this point of time and may be it goes back to my comment about out sourcing. We need to be out sourcing to a wider audience. At this stage we have gone down this route of getting communities and development workers involved and at this point in time we sit with a Board of Directors at the Bank which leans towards those people, not that I am saying that it is wrong to have those people on board, but there is not enough bankers stroke banking skills on our Board and I think that it is something that we will have to address and any similar type organisation should avoid falling into the same trap.

INTERVIEW FIVE

Respondents Job Title	Personnel Manager
Biographical Data	Black, male
Graduate	No
Background	Previously employed in the manufacturing sector, experienced human resource practitioner.
Personal Comments and Reflection : In my previous interviews I tended to place emphasis on external relations as opposed to internal relations. Hence, I approached the interview with a view of eliciting more information on this neglected dimension. During the interview I found the respondent to be cautious in committing himself to an answer. At times during the interview I felt a little bit distant and I had to work hard at my questioning.	

1. To kick off could you tell me a bit about your background and how you came to be involved with the Community Bank?

Okay, my background is from a manufacturing side. I was with Unilever for just on 20 years. My experience was varied in the sense that I started off on the technical side and having worked for about 8 years I moved out into human resources. For the most of the time I was in the Industrial Relations side and that has been my background. How I came to be here, I got a transfer from Durban where I used to be or where I spent most of my time. I then transferred up to Boksburg. Unilever have an operation out in Boksburg. So I came up to head their human resources. Then in 1994 there was an opportunity to go back to Natal which came about a time when the Community Bank was looking for people. So it was time to get off the bus and join the Community Bank one. That is the way that I am here.

2. Was there anything in particular that attracted you?

Ja, it came at a time when I felt that I needed a change of scene. I had a number of offers but the one that attracted me in particular was this one. Possibly because of their focus and the fact that it was a new venture. You know everything was starting brand new, that to me coming from a big Company, like Unilever, where you tended to be solid and you would not get opportunities to influence things. Hence, I thought that it was the right decision to go. I think that was one of the things that sold the job to me. I was going to get a break of being able to establish a department. To be part of an evolving culture.

3. What does the name Community Bank mean to you?

The Community Bank means to me not a black bank as people take it to mean. A bank where the community at large wherever it operates has not just a share but a say in the running of the bank. It would be more a relationship than a banking institution where I would think the objective would be the up-liftment of the community in which it is operating.

4. Everyone I have spoken has focused on external relations with the community, could you tell me about the name means internally to the employees of the Bank?

Internally what do you mean?

5. What I mean is that everyone talks about engaging communities and capacity building, the whole relationship between you and your customer or members but what about your internal relationships here within the Bank?

That is a very varied point and something which tends to be overlooked but I think that it is very important. One of the things why the Bank is also an attraction is capacity building. Capacity building of its own employees in terms of banking. Because lets not fool ourselves banking has largely been a white institution. I mean if you had to look, I have not done a study, but my own observation, the management of the formal banks is very male dominated. You will find people of my colour would largely be at the subordinate level. But at the Community Bank I think the focus and philosophy is to enable those people who had largely been disadvantaged and not having taken part in banks to become bankers. We say take people who have had no banking experience whatsoever and training them to be bankers.

6. Would you tell me a little about the Community Bank and how it was founded? What gave the initiative its whole impetus?

Well the history is documented somewhere and I will give you what I can recollect from the top of my head. It was an initiative born out of ideas from people who were instrumental in those ideas. The people are Cas Coovadia, Bob Tucker and they saw this as an opportunity. The banks mission is to serve the low end of the market. It started off as a project two years ago and it has had a lot of people involved in and out and finally I think one of the spin off's of that project has been the promulgation of the Mutual Banks Act and the registration of the Community Bank, I think, in July this year. So it has come quite a long way and I think the most worthy observation to make is that it was born out of community inspiration. And if you even look at the people who comprise the Banking Trust they are drawn from the community and they are leaders in their own rights.

7. Those Trustees where they nominated or where they selected to become members?

Ja, they were nominated. Earmarked because of their particular skills and background and offered positions on the Board.

8. Did they formulate the whole concept or idea as to how the Community Bank would work?

Ja, you see there where these two key people, Cas and Bob who I would say are the brain children of the project but then they brought in the people that were instrumental in getting the project off the ground. They drew in the skills and experience of several and

various people all from different walks of life. Some of whom of course stayed with the bank and some did not.

9. Obviously managing the Banks growth has been a key variable in your success to date, would you tell me about the key players, their roles and do you see them staying with the Bank?

Some have stayed and some have left. Mostly I would say those people who started with the project are still here. I mean people like Les Scott and Archie Hurst and in the Foundation as well. Bob Tucker left recently but he was more involved on the fringes as a Trustee or Chief Executive Officer of the Board of Trustees until recently.

10. How important do you think that somebody like Archie or Cas Coovadia is in managing the dynamic between the Banking and Foundation side of the Community Bank?

Yes, very important. It is very important that Cas as Chief Executive Officer as one of his roles is to manage, not just to manage but to forge a culture which I believe is going to show itself or develop as time goes along. Because I do not believe that there is a culture at this stage that one can say that this is a Bank or a Foundation. We are working on developing one. But yes Cas is very instrumental because he sits as Chief Executive Officer on one side and Archie being a banker on the other side. Then of course you have Mary in the Foundation.

11. How would you say that the Community Bank differs from traditional financial institutions?

I think by its very focus. It focuses on the lower end of the market. It also looks at building relations and building capacity. It is not just an institution that like traditional banks that just establish themselves and the customer just has to fit in. The approach from the Community Bank is to engage the community and to listen to what the community is saying. For example when we say that the community has to have a say the Foundation will go into a community and discuss and look at ways of workshopping with the community to determine whether there is any viability in the Bank establishing itself. And if the community is not committed, the Bank will not establish. So the Bank has a demand driven approach.

12. Looking at other structures and corporate governance in the Bank for example you have the Board of Trustees, the Bank, the Foundation, Branches, and Local Boards of Directors at outlets, do you see the Community Bank as a whole managing in a different way?

Yes, it is different. It is different. You know as far as I am concerned that structure is unique to the Community Bank. I have not come across a similar structure in other conventional banks. So it is very unique to the Community Bank.

13. In terms of the Board of Trustees how would you define their role?

Like all shareholders I think that they are there to ensure that the Bank is sustainable. That they have got loans from the funders which is put to good use and must show a profit at the end of the day. I think that is their function. They need to ensure that the Bank operates within the mission and vision that it has set. That is their function.

14. We have heard that one of the problems associated with mission statements is that management go out on a bosberaad and on their return tell the workforce this is our

policy without involving them in its formulation. Is this a problem associated with the Community Banks mission statement?

Ja, look the mission statement was derived by the Board of Trustees. But I think that it has not been an exercise where there has been a bosberaad and you just produce this thing. Now I think here we had an opportunity and we came on board and we have also looked at this mission statement ourselves and had comments made by staff. I mean that a mission statement is just a mission statement. But I would not see it as one of those futile exercises hanging on the wall and no one identifies with it.

15. Would you tell me about the Foundation, is it very different from the Bank?

Ja, it is separate in the sense that the Foundation, I mean once you have spoken to Mary she will give you more information. It is set up differently. It is registered as a Section 21 Company. It is also grant funded. So it is not like the Bank. It operates more like a non-governmental organisation. It also has its own Board of Directors.

16. In terms of the Local Board of Directors at branch or outlet level, what role do you see them playing?

The Local Board will be involved with the branch manager in setting, not in setting but in implementing policy and also looking at loans, business loans, small micro enterprises and things like that. They would also be responsible for nominating appointments for the Board. You know at Head Office as well. They will also be involved in that.

17. Could you tell me about the significance of the Twenty Rand Share?

In what way?

18. The fact that you are now not a customer but a member of the Bank when you open up an account?

Yes, well that is the approach. You know that this is not about an institution but the relationship aspect of the Bank whereby you are not just a customer but you are actually a member and membership means buying a share certificate and that entitles one to a vote, to appoint, you know vote in the Board of Trustees. It is significant in that sense.

19. To what extent was the formation of the Community Bank a product of South Africa's socio, political struggle and turmoil in the country?

Well I would think that was at the back of the mind of the people who promoted the idea. They had to look at the socio political state of our society and having looked at that there was a whole mass of people. A large majority of them who were in the informal sector who were not banked or poorly banked and who needed to have the restoration of their dignity in terms of the way they were treated by conventional banks. And I think that to me even though it is not always black but by end of history those people were largely black. They have been disadvantaged.

20. Taking what you have said as being a fact that the majority of your customers or members are black has that influenced the type of people you would employ and have there been any spill over effects in the way in which you go about your business?

Ja, I think one of the key and critical factors that had to be borne in mind was that if we are sincere about the whole mission we had to reflect the demographics of society and by

saying so we had to endorse a policy of Equity and Employment practice. It is not just an action policy for blacks only but also for gender as well. We are looking into it but we have not quite got there because there are always problems when you set up a policy but the pool of people you want to draw are not always available. But it is a constant and conscious process.

21. Have you changed any of your personnel policies and procedures to accommodate the notion of community values?

We are at this stage developing some of the policies. Our approach is not to copy what other people are doing but to develop something that is reflective of our mission. Yes we are developing policies but those policies have to be influenced by the mission of the Bank.

22. Could you give me an example of the direction in which your thinking is going? For instance in the areas of recruitment and selection, discipline and reward.

Ja, I am just thinking of which one will stand out clearly. Our recruitment policy is one of those. The discipline and other policies are not so much. I think that they are more reflective of the current trends in the labour movement. We have developed a maternity leave policy which is very much informed with what is happening in SACWU.

23. What is unique about that policy?

Nothing much but if you look at the policy it is very liberal. It gives paternity leave of 3 months for that matter. Ha Ha. That's a joke. But we have not gone that much over board. But we do have paternity leave as one of our policies.

24. In terms of the Community Bank do you value diversity of opinion or commonality?

No, we do value diversity of opinion. It is evident by the different type of people we have seconded from other banks. Most of whom have very strong and established culture form where they come. But that is to us a strength rather than a negative.

25. In terms of what you have just said how do you get all those people, who are possibly head strong to come together and talk?

No, I would not like to say that there would be no tension. But I think that we are fortunate that it is perhaps it is a question of people understanding what it is that the Bank is trying to achieve and where it is heading. And coming to terms with that they also have something to offer even though it might change or be disruptive to the process the Bank has set itself. So I would say they come with a mind set already wanting to be part of the process. So whatever discomfort they might feel being in a strange type of environment it is probably overcome by the willingness to participate in this venture.

26. There are obviously certain values which are central or important to the Community Bank, could you tell me about those values?

We have just gone on an exercise about a month ago. We went out with a team of consultants and went through some of the values which we found. You know it is always something that people discover and find for themselves and that in essence the values would always be the same. So the people values which drive many institutions we also came up with such as the importance of human trust, human dignity and you know such things. We came back with these as a product of that exercise.

27. Trust, dignity and respect are all core components of the concept of ubuntu, did you see your values as embracing this concept?

Ubuntu, Ja, it was one of the things that came up. I hope that it will be one of the things that will set us apart from other institutions. We need to develop that empathy, ubuntu. In fact I think we have as we have already had some feedback from some clients, from some banks, I will not mention names. They have commented favourably about our client relationships and the way in which our staff deal with customers. But it is a focused area for us to hone into, ubuntu.

28. I believe that all new employees go through an orientation programme when they join the Bank, do you affirm these values during that process?

Yes, absolutely.

29. What would you typically take people through?

Well, there are several training modules. I think that you will get that from Mary. But one of the things that we take them through is a training module on managing diversity. You know it is an appreciation of managing diversity. We also have a module on client relations where we emphasise all aspects of dealing with customers. But the induction itself you can get the details from Mary because it is run by the Foundation.

30. Within the Community Bank you have very different cultures, the Banking and the Foundation side, do the management styles within each differ?

Yes, undoubtedly. You see a bank is a bank. It is driven by bottom lines, set targets and all those things. It is very structured. The Foundation is different. It is meetings and meetings. It is an atmosphere of relaxing. It is a laid back type of approach.

31. I have heard the words pragmatic humanism, meaning on the one side we are in business to make a profit and yet on the other side we have to engage people in a humanistic way to be successful. Pragmatic humanism then being a balance between the two. Do you see the Community Bank in this way at all?

Yes, I think there is that balance and it is typified in the approach of the Foundation and by the Bank itself. Because the bank is about banking and the Foundation is about people and the humanistic element I imagine.

32. Has the Community Bank incorporated any African beliefs, customs or traditions in the way in which it goes about its business?

I do not know whether this will answer your question but we are looking at medical aid schemes and we have looked right across the whole spectrum. What we are looking at is medical aid schemes that would not shy away from say homeopathic medicine and I know that some medical aid schemes do not consider those but for us we do not have a problem with African or traditional healers. Because some of our people will come from those areas and those beliefs would still be very much.

33. In African management principles people talk about the whole metaphysical aspect of management. In other words the forces that direct our lives over which we have no control. Does this so called supernatural force have any relevance in the way in which you go about your business?

No, not to that extent.

34. To what extent are employees engaged in the day to day activities of the Bank?

In the day-to-day running of the Bank. Your question is to what extent are they involved in decision making? We have structures within the Bank. For example we have a management committee that meets every Monday and that is presently involving the heads of departments but involves the staff as well. Representatives of staff. The decisions of an operational nature or at that level are made at that MANCO. For the branches we do have meetings once a month. We would go out and the staff are responsible for putting out an agenda and keeping minutes. We go out and have these meetings as I say at least once a month.

35. Does empowerment really take place at that level?

Ja, for example empowerment during the orientation training one of the projects that they get given, each branch has gone through developing a business plan for their own branch. That business plan they would then developed and presented to management and it varies, and when they go out to the branch they have to make it happen. They are assisted here and there to make the thing work. It is meaningful. At the end of the day it is their business and they have together with their bank manager and make it happen.

36. Are there any other initiatives that you have conducted to introduce community management values into the Bank?

At the moment that it the only one so far.

38. To what extent does the Community Bank promote collective needs over individual needs?

Well, we do not have a union at this present time. We are very much open to the unionisation of employees. I have just developed a policy which is a bank policy towards our approach towards trade unions. We are open to trade unions when the people are ready. We will not force it on them. It will have to come from them. Then we will obviously have to work with them in developing something like that. That is as far as we have gone.

39. What about the notion of team versus individual reward?

We have not got that far.

40. How do your communication channels within the Community Bank differ from those of traditional banks?

I would not know what or how the traditional financial institutions operate. Because I am not coming from that background. We are moving toward, to I would say a classless or structuralless, or levelless communication. Where there is real open door, it is real talking to the people. To give you an example Archie Hurst, meets with those people, he goes out to the branches. So there is no question of levels that they have to talk to the branch manager, who talks to the operations director, who talks to Archie. Archie just talks to everybody. Here at Head Office when we have general meetings everybody is there. That is why I call it classless or levelless communication.

41. Sometime back I followed the negotiation process in the Johannesburg Metropolitan Chamber with regard to the endeavour to end the rent boycott in the greater Johannesburg area. What was interesting was the representation of a multitude of interest groups such as political parties and civic associations. At those meetings, involving all these interest groups, there was a special dynamic. How do you handle big open air meetings?

For us it is not so unwieldy. When I say general meetings with staff at Head Office you are looking at 20 say 30 people. So that is not too large. I do not know about the Metropolitan Chamber. The political forces must be something else. Here our differences are not that hardened because we only have the different disciplines such as marketing, operations, finance, human resources and support services. So it is not so much a difference. If you go to the Foundation things will be different.

42. Do you have joint Bank and Foundation meetings?

Only at MANCO on that management committee but that is only once a week, Ja, at which the representatives of both sides meet.

43. Are there any other communication channels or media that you would have inside the bank, such as comic strips?

Ja, those are just product brochures.

44. In African management one hears of communication being oral, is there a discrepancy between your communication media and the technology at your disposal?

On PC we have electronic mail but most of us are still grappling in coming to grips with it. So yes we are being African but we also need to have that as one of our styles. But it is something new. I find that most of us have to make a time and read ones E-Mail. So the easier thing to do is just walk down the passage and network while making coffee.

45. In terms of the Community Bank how do you measure your success and how do you know that you are doing the right thing?

At this stage it is not easy to say but the measurement would be how many customers or members we will be able to deliver in a particular branch and whether we are able to keep those customers or members. So that is our measure.

46. Do you have any primary or secondary considerations which you will not compromise in achieving that success?

Primary I would say is that we establish branches across the country in five years time. One of our objectives is to build outlets around those branches. The outlets would be in the order of 115. Then we would have gone through the whole cycle. We would like to see those outlets developing into branches in their own right. So it is quite a steep objective. That is the way we would like to see the bank developing.

47. Does each branch have its own unique style or character?

Look the policy will be determined centrally. But the way in which the Bank operates in different areas depends on local conditions. For instance an area like this, the Johannesburg area, in the afternoons you still find people doing their business here. We are even contemplating having to stay open late. It all depends on the locality how we will be influenced by what is happening around us.

48. Obviously, the Community Bank has been down a steep learning curve, what advice would you give other organisations attempting to introduce community values in the way in which they run their business?

We are still, learning. We have not yet consolidated our learning. One would have to understand ones community, more and more. Learn as much as one can about the community in which one is operating. I think second of all to do a lot of marketing before you actually start operating. Marketing in a sense of allaying fears that you have been ripped off in history. They are very cautious about, you know, who they trust. So I think it would need a lot of confidence in the community. In a sense you need them on your Board of Directors.

49. Is there anything that other companies should attempt to avoid? For instance the down side of community management?

I think that one has to think very carefully about the image that one wants to project and that it is clearly understood. There is a danger when one says Community Bank that people assume that a community is a community. You know if you understand what I mean. A community also needs to be commercially understood. So we say okay yes this is your bank but as certain standards have to be upheld. People tend not to understand those finer concepts.

50. Correct me if I am wrong but I believe that the branch manager at an outlet is someone who does not live in the community that he or she serves, was that a conscious decision?

Ja we would like the person to have independence. You know, independence in operation. Whilst the person should be a local person there could be influences perhaps that might be to his detriment in living in that community.

51. Other people manning the outlets are nonetheless recruited from that local community.

They are.

52. That is everything that I would like to ask. Is there anything else that I should of covered or which you would like to elaborate on?

I think you have covered pretty much everything, Ja I think you have got the whole thing quiet well. Thanks Patrick.

INTERVIEW SIX

Respondents Job Title	General Operations Manager
Biographical Data	Black, male
Graduate	No
Background	Experienced Banker.
<p>Personal Comments and Reflection :</p> <p>I got off to a bad start with the respondent. In spite of the General Manager personally introducing me to the respondent, the respondent asked for a letter of introduction stating the purpose of my research. I explained that I conducting a qualitative Research Report on African management principles and as part of that philosophy I did not have a list of mandatory questions which could be pre-rehearsed. During the interview the following day I made a point of going through all introductory formalities. In spite of my initial reservations the interview turned out to be enjoyable. I appreciated the respondents personal insights and analogies.</p>	

1. To start off I was wondering if you could tell me about your background and how it was that you came to be involved in the Community Bank?

Well to start off I am a seasoned banker. I worked for First National Bank for quite a long time. About twenty eight years altogether in the areas of management, credit management, in the area of training and more particularly in the areas of small business management giving advice to small and medium size enterprises. I am a banker as far back as I can remember.

2. How was it then that you came to be involved in the Community Bank?

Well you see when the Community Bank was started Bob Tucker obviously touched base with a lot of companies to sell the concept to them. He looked at development agencies and he looked at COSAB, the Council of South African Banks to sell the initiative to them. He said well here is an opportunity to enter uncharted waters and the un-banked or lower income people where not considered. So he mentioned that he had this idea of mixing community leaders with bankers and coming up with a hybrid situation of the initiative and indeed he started the ball rolling with development agencies and banks. Once they had bought into it they had to show their commitment. The commitment was not only financial commitment. It was also in terms of resources and I was then seconded to come and give a hand in helping things get started due to my experience in enterprises and having started a division within First National Bank. So they felt I could make a contribution to the Community Bank.

3. Where you hesitant coming here and doing something different to what you where used to?

I would have to say initially not. It was a challenge from a distance to come to the Community Bank. But as soon as I got in I realised that it was also about a culture conflict within the organisation itself. For the first time I came into contact with people who worked for NGO's and who were very relaxed about things. They had their way of doing things. That just did not gel for me. From that point onwards there was bit of frustration and obviously I then said to myself accept this as a challenge. It would teach me new ways of doing things and I should try and get out of my comfort zone and do other thing. I said to myself if you buy yourself a new pair of shoes obviously they pinch you and so forth but in time you forget about that uncomfortable situation and you now wonder how comfortable the shoe is and it becomes a real part of oneself. So I looked at that analogy and I said to myself that perhaps that is the approach that I need to take. So I entered the initiative with that attitude and it is working well.

4. What does the name Community Bank mean to you? What does it conjure up inside you?

It conjures up involvement by the people which you are operating and it is actually very important to me. It really means that you are closer to your market.

5. What about the whole notion of ownership within that?

Yes, of course this is the exciting bit about the Community Bank not only does it profess to be close to the people but it also empowers communities. One would have a problem with the word empower. I would personally feel it is not the something that we bestow upon people it is something that people bestow unto themselves. So it should be self help empowerment by the communities in that they are allowed to buy shares for the first time. The good thing about this is that the Community Bank demystifies a number of concepts. concepts such as purchasing and ownership of an institution. And again banking concepts are demystified. So the Community Bank has quite a lot to offer to the people out there.

6. Earlier on you touched upon Bob Tucker's vision, what do you think gave rise to the formation of the Community Bank?

Well it was not only Bob's initiative he hooked in people from community structures. People such as Cas Coovadia who has a strong community link and started discussions with Dr Ellen Khuzwayo. Who is the chairperson of the Board of Trustees. Those are the people that Bob Tucker networked with. People with strong community associations and I think that it was through that very line that the concept was given fruition with the opening of our first branch.

7. Community banking is not unique to South Africa, the Grammen bank is well reported, given this fact to what extent is the Community Bank a home grown South Africa product?

Community Bank is not a new concept. I mean there are a lot of these concepts in Indonesia and in other areas such as Bangladesh and the like. In America you have the community banking service but I think the distinguishing factor here is in our approach. Communities are made to feel part of the organisation even if they are not borrowers in that institution. In our instance whether a person is a borrower or not a borrower he feels part of the organisation because that is our requirement. He must be part of the organisation. He must purchase a share of no less than twenty rand. That is the unit price of the shares.

8. With Bob Tucker leaving, how has the issue of leadership change affected the course that the Community Bank has taken? Has the change brought with it an unique perspective?

It has not really changed with the departure of Bob Tucker. I think that everyone who comes on board here tends to buy into the concept Archie Hurst for instance is a thorough bred banker. He has obviously had an impact on the banking side of things. Although Bob Tucker and certain community leaders started this initiative there is a clear distinction and this is what is actually distinguishing this organisation from other organisations. In that we have these two strong arms, the Banking arm and the Foundation arm. They both need each other in this initiative. I think that the Banking side will not succeed if the Foundation does not do its side and the Foundation will likewise not succeed if the Bank does not perform. So people coming on board it depends on where they slotted into. If you come into the Banking arm as I did as much as we have to grapple with other peoples culture from other institutions, banking institutions. Because remember not all banks have the same culture. So it is sort of easy to adjust to that culture, a business culture, but if one had to move to the Foundation side I would definitely have a problem in working in that area and so the Foundation has not had so much of an influence on the Banking arm and I do not think that the Banking arm had an influence on the Foundation. They still do their thing. They stick to their rules and regulations and I think that in that way people coming on board will identify with a particular part or division.

9. Are there any other distinguishing factors which separates the Community Bank apart from traditional financial institutions?

Ja, I would say that the other distinguishing factors are first such as relationship building. It is something that we think that we have to encourage. We are not endowed with a lot of assets so it is critical that we establish that relationship because when we lend out moneys to people we are dealing with one of our basic criteria is that we would like to see some form of savings mobilisation. A person developing the savings pattern. I believe that is actually critical to the success of this organisation. Because people must start showing that before they can start accessing funds. They must exhibit that savings pattern. Even though it is minimal it is at least some form of commitment and determination.

10. We have spoken about the Community Bank's interface with its members in particular communities, what type of values are considered important in that interface?

Well, that is to me, well we cut across all spectrums of business endeavours and even human endeavours as such the basic values such as integrity, respect, concern for others and service quality are held to be important. You know these things are the type of things that people tend to say that low income earners or the un-banked do not cherish and I do not believe that. I believe that even the low income earner cherishes those values that you as a corporate client hold dear. Those same values are held dear to low income earners. Believe me people do not really want third or second rate service whether they are low income earners or the un-banked people. They still want professionalism. They want to be treated with respect and that is one thing that we are not going to lose sight of. Our values are more or less the same as some of the corporate institutions, the values that people hold dearly to any association.

11. Does the word ubuntu have any special meaning within the Community Bank?

Well ubuntu is a very clear concept. While the Community Bank is not primarily a black bank the majority of people who are un-banked and who are low income earners are

blacks. The concept of ubuntu is known as the ability to sacrifice not necessarily to take pity on others but being sympathetic to a person's cause. I believe that in the Community Bank the concept of ubuntu will come out very strongly at each of our outlets. In that at outlet level we have a Board of Directors who advise the manager at the outlet of risky deals. This is where people will come in and people will be sympathetic to their fellow human beings in terms of access to credit facilities.

12. Could you tell me about some of the structures of corporate governance in the Bank and how they work in terms of the Board of Trustees, the Banking and the Foundation arms? Is that unique in any respect?

I would not say that it is unique in its structure but rather unique in its functions. For instance we have a main Board of Trustees. Their duty is to look after the entire initiative. Cas Coovadia, the Chief Executive Officer, reports to the Board of Trustees. On the Trust we have the Board of Directors of the Bank and the Board of Trustees of the Foundation. I do not know much about the Board of Trustees of the Foundation. But the directors of the Bank are charged with all responsibilities. They have a fiduciary duty towards the depositors' funds. The Bank is run along business lines. They have to ensure business ethics are kept to the required standards and it is their duty that they do so. Archie as MD reports to the Board of the Bank. The branches have obviously their managers and advising committee but it is not as powerful as the Board of Directors. At the outlets we feel that we are reaching the people. In the outlets, which are mainly in the townships we will have different trading hours. The Board of Directors will be drawn from the locals and as I have said will advise the manager on all shaly deals and you know all matters affecting that community in the area.

13. Would that Board of Directors at outlet level meet on a daily basis?

They would meet maybe once a month initially, quarterly thereafter or as the need arises. No they are not going to meet on a daily basis it is a voluntary duty that they perform. They will not be remunerated for it. So we cannot stretch them too far.

14. Would the customers or members of the Bank, upon the purchase of the twenty rand share, vote them into power?

The members of the Bank vote them into power at the general meeting that they will be holding.

15. What is the significance of those annual general meetings and the ability of members to elect and appoint directors?

Well the significance of those meetings is that, that is where power rests and it exhibits our stated objective of taking banking to the people.

16. What would the outlet manager's powers be? Can the Local Board of Directors dictate to him?

The outlet manager first of all has the responsibility of running the outlet in terms of business ethics and so forth and of course he is ultimately responsible. He is still the captain of the ship. He reports to the branch manager of the area. So you will find in an area such as Benoni you may have say ten outlets. Those ten outlet managers will report to the Benoni branch manager who then reports to an area manager, who reports to the general manager of operations.

17. How does the Community Bank envisage managing its growth and the mushrooming effect of its expansion with the opening of outlets and new branches?

Ja, in time if we see that an outlet is performing extremely well we will update its status by turning it into a branch. To do so we must obviously find sound business reasons for doing it. If we find that may be the job of the branch manager of the core branch becomes too much and that he just cannot handle it and one of the outlets is growing and doing extremely well then we will hive off some of the responsibilities of the core branch to the growing outlet.

18. To what extent was the formation of the Community Bank a product of South Africa's socio-political struggle and the transformation that we are going through at the moment?

I think that politics had a great influence on the formation of this bank in the sense that access to credit was seen as a political issue. How can you expect people to have assets when the system denied them the acquisition of assets? If you had to go back to the apartheid years where blacks were not allowed to even own property how could banks call on blacks for collateral before qualifying for a loan when they do not have anything to show. Politics had a great influence on the creation of the Community Bank and that is precisely what we are saying that we are aware of past deprivations and that we would like to address these imbalances because we feel that some of the issues raised such as high risk areas and so forth where just a smoke screen for not making funds available low income communities.

19. Within the bank you obviously have different cultures between the respective people drawn from the different banks in addition to which you have the Foundation. Bearing this in mind does the Community Bank value commonality of purpose or diversity as a strength or weakness within the bank?

I think that we actually value diversity. From a personal point of view I think that you are actually enriched by getting such input from such quarters as NGO's and so on. Much of it may go across the grain but in the end one is made just that much aware about what is happening. Coming from a structured organisation and so forth means that one has a blinkered vision, of you know, people and credit assessment and so forth, but with the input of people from other organisations and NGO's those blinkers tend to be removed and you feel and see things in a different perspective.

20. What touched you the most coming through that type of personal learning experience? Is there anything that you can say, yes, I am a better person because of that?

I think what touched me the most was the humanistic aspect of it. You know that one has been nurtured into believing that the system is just not part of my culture but when you start getting the humanistic aspect of it only then do you begin to become engrossed.

21. People talk about the need to liberate the work ethic in everyone, is that in evidence in the Community Bank?

I do not know where you are coming from because work ethic is quite a broad term. You can use it loosely. If I understand you when you talk work ethic I mean the principle of time keeping.

22. I was thinking more along the lines of someone walking the extra mile because they want to and not because they have to.

Yes, exactly, that is what I was thinking. Then I must say that I find one aspect of a work ethic in this organisation to be more prevalent among the people in the Banking arm. With respect I do not see it in the Foundation side. Perhaps that is their way of doing things. I am not knocking them. To me that is my perception of them maybe they appear too relaxed, maybe my idea is before you can spend you have to earn something. Now I get the feeling rightly or wrongly that in the Foundation people tend to get grant funded. They get grants from overseas and wherever and they are not being accountable. You know, I feel that one has to be accountable if you spend a rand you must account for it and likewise if you are an hour or two late I view that, as you know, as serious. You know that your input to work is not productive for the time that you are absent. I cannot just take off a day.

23. Coming back specifically to the Banking arm of the Community Bank are there not differences in the management styles even within this core activity, such as between finance, marketing and operations?

Well you know that management style is a very personal thing. It is also subjective. I would say yes there is a difference because sometimes you find that marketing people by their very nature tend to be outgoing people and finance people are introverts and they cross the T's and dot the i's. So there is that difference but that difference is enriching in the sense that one's weakness is somebody else's strength.

24. Given the operating environment of the communities in which the Community Bank operates or plans to operate in, has that had an influence on the way in which you go about your business? For instance where you open a branch, the products you offer and the types of people that you employ.

Ja, it has had a profound effect especially on the type of people that we recruit. I mentioned that one of the things that touched me when I joined the Bank was the humanistic side of things. When we look at prospective employees we look at someone with a humanistic touch to things. The market that we operate within needs that type of feeling. In a very round about way the market out there has had an immense influence on the policies and the type of people that we have employed.

25. Have any deep rooted African customs, beliefs or traditions been incorporated into your management style or the way in which you go about your business?

Well you see talking about deep rooted. The only deep rooted cultural thing would be the concept of ubuntu that has had an impact on this organisation. You know that culture is a dynamic concept and by that very nature it has to adapt to different circumstances and working in mainly urban areas we find that there is a plethora of cultures coming into effect and they have had an effect and they have obviously an influence in the communities and even within ourselves. To say that we are adopting the distinct African culture at this point in time would be premature. It is because we have not really made in roads into rural areas. I think that would be a challenge once we move into rural areas. This is where maybe we would be sensitive to African culture. But if one talks generally about certain African traditions, I think that we are of the view that the best is a business culture and for the organisation to succeed it must draw from the people itself. In as much as we say that this is a business culture we have to draw the good from the African culture and from the Western culture. We cannot afford just to be seen as an African operating bank with a pure African culture. That would not to my thinking be successful because you would have to forego certain business principles such as profitability. We are in business and we have to show a profit. Even at the end of the day shareholders want us to give them a return on

their investment. So the only way in which we can do that is to derive a profit from our organisation.

26. That seems to be a pragmatic approach. To what extent are employees in the Community Bank involved in the day-to-day running of the bank?

The community is involved from the start, you know, before we establish outlets the Foundation will do workshops and so forth. They have a workshop process that they do and they draw the community into them. Once they have shown a certain amount of interest they would then elect a committee who will conduct meetings from time to time. Out of that committee the Foundation might employ one or two people and they will look at the numbers of people interested in the Bank coming into their area. If the support is sufficient and we have gone through a process such as looking at the resources needed to establish an outlet we will look at the entire population figures of the area, the income levels, we will look at things like security, you know, security of the property from which we will be operating in. We should not kid ourselves. Even though we are identified with the community we have to be vigilant because robbers and thieves do not care if money comes from the community or the rich people. To them money is money and they will rob or steal irrespective of where the money comes from. One they can take pensioners funds from pensioners just shows the extent to which people can go. One has to look at the security and the premises within which we operate.

27. Is the whole social fabric of the community in which you operate an important consideration in trying to reduce the risk factor?

Ja, the social fabric of the community is important in so far as the community values certain things. In informal settlements for instance or squatter camps if you do you rounds you will see the pride and dedication of some of the people living in those conditions. From an outsiders point of view you would say that those are the things that would be off putting. Those people however show pride and dedication and we find that social fabric actually sustains them.

28. To what extent does the Community Bank promote the collective needs versus the individual needs of its employees?

Again the culture of the business is such that benefits have been geared toward individuals as opposed to groups. This where if you had to look at the black culture that type of thing goes against the grain of black culture. In black culture it is the group and not the individual who has to be nurtured or made successful. But because we are running a business and the profit motive comes in, yes we do take into account that certain things need to be done for groups. But again we do not lose sight of the individual achievement and individual existence. Again we would adopt say the group approach but we will only do that where we feel it work and where we feel that it has merit. Some of the concepts that we have introduced include quality circles. The accounts are collective in certain things. But then again we have also to look at the individual successes.

29. How do communication channels within the Community Bank differ from those found in other more traditional organisations?

I think communication in the Community Bank has been made easy by the fact that the MD of the Bank not only has an open door policy but he encourages people to come in and talk to him. The influence of the Foundation has had an impact on us as well in the communication line. Mary from the Foundation obviously is the kind of person who comes from that type of culture. She moves around on this floor very often and it encourages

other people to move in the area. You know instead of keeping the two organisations apart we have regular meetings as well where people air their views irrespective of seniority and so forth and the whole aspect of communication is encouraged.

30. In those meetings is there an open forum?

It is an open forum. We do have obviously here and there structured meetings for senior management when we discuss policy but by and large our meetings are open forum meetings.

31. Earlier on this year I followed the rent boycott negotiations in the Johannesburg Metropolitan Chamber where at any given time you had a number of powerful interest groups all trying to get their points of view across at the same time. Do you have that sought of dynamic within your meetings?

Although those open forum meetings are really avenues for people to air their views they are not really avenues where grievance procedures are set or where disciplinary action is taken. It is just an opportunity for people to talk and socialise. But when we look at other issues we need to have a structured meetings.

32. How does the Community Bank define or measure its success?

Well from a Banking point of view we will not have success unless we look at the bottom line. We will also look at the support we will be getting from the communities. A critical one would be that the success of the Community Bank will be really measured by the extent to which it has granted credit to those low income earners and secondly how those communities have responded to their commitments. I think that although we have not walked along that road but if we possibly can make credit available to as many people as we possibly can, they will honour their commitment and pay up. In this way we will have proved to the formal banking institutions that the market is not that risky after all. If we can do that we will really have proved a point. The whole issue of high risk was just a smoke screen We are definitely out there to prove a point.

33. What are some of your primary and secondary considerations in the achievement of that success?

Could you clear what you mean by that?

34. Just that some companies are ruthless in achieving their bottom line targets at the expense of say social responsibility.

Ja, obviously in achieving that success we realised that there is quite a lot of work that needs to be done. Now we have this other arm as our partner, the Foundation, side by side in achieving that. Ensuring that people must be educated and trained. For those two things to happen the Foundation must come to the party because they receive grant funds and those grant funds are primarily for educating and training people. Side by side we have to educate and train people of their rights and obligations.

35. The Community Bank has gone down a steep learning curve, bearing that in mind, what advice would you give other organisations attempting to introduce community management principles into the way in which they go about their business?

Well I would say first of all to get community involvement that is critical. You have to get the communities blessing to support whatever you are doing. And Secondly one must have

the determination to succeed. In other words you must also commit time and money to your project.

36. Is there anything that other companies need to be weary about or should try and avoid?

Ja, companies should try and avoid being over zealous and hasty to enter this market. The other thing that I think that companies should avoid is trying to be paternalistic. It is off putting and people see through that very very quickly. When you enter a market such as this paternalism does not work. You have to be up front and open about what you do. Do not do things for the people but let the people do things for themselves.

37. That is everything that I would like to ask, do you feel that there is anything that I have left out or that you think that we should elaborate on?

Quiet frankly I think that you have been very thorough.

INTERVIEW SEVEN

Respondents Job Title	Managing Director - Foundation
Biographical Data	White, female
Graduate	Yes
Background	Varied experience in the retail industry, political activist, trade union movement, community work, rural projects.
<p>Personal Comments and Reflection :</p> <p>Of all the interviews I had scheduled this was the one I was looking forward to the most. Everyone I had interviewed to date had mentioned the respondent in some in or other way. The respondent had a lot to offer unfortunately I let the interview become too personal. These personal comments nonetheless shed light on the tension, be it creative or destructive, that exists within the Community Bank. The respondents enthusiasm and passion about the vision of the Bank and its day-to-day running was encouraging. This interview did not shed any light on Research Proposition 4.</p>	

1. To start could you tell me about your background and how you came to be involved in the Community Bank?

Okay, I am a sociology graduate and started my career in fashion, fashion retailing in London and moved to South Africa and began working with projects in rural areas helping them with marketing and basic business skills. I opened up the first industrial craft industry in South Africa which subsequently fell through due to political asylum. I then spent two years being a small business advisor. I then came back and started working with the National Union of Mine Workers for as a rural development project adviser on agricultural business and helped set up COPE which is Co-op for Planning and Education. During that time I was basically responsible for finding funding and finance for small

business. I became totally frustrated with the lack response from the of banks and with the funding process which took ages. You basically had to deliver a project and they wanted to see the damn thing up and running before they would consider your request and even then they would only give you funds after eighteen months. It was then that Bob Tucker was talking about the role of community banking. I was at first very sceptical about the initiative but became more and more convinced that he needed a bank that could provide funding to these people. That is when I joined Bob and Cas at the Community Bank.

2. Has it been a pleasant experience since then?

It has been a good fighting experience. I have been involved since the beginning. I feel that I have the vision about what the Community Bank is about. Since walked in here I have been in conflict as I am not a banker although I have a business background. I found it quite difficult at the start.

3. What does the name Community Bank mean to you? What does it conjure up inside of you?

It is a bank that is really reaped in the community, in delivering to the community, in attracting investment into the community, for the community and servicing its needs and being directed and controlled by that community.

4. We have touched on it a little bit but could you tell me little bit more about the formation of the Bank and how the initiative got off the ground?

I suppose it is a combination of Cas' active work where most of his constituents were experiencing problems with the failure of financial institutions to finance housing and Bob Tucker's frustrations in trying to turn them around to provide credit to the majority of the population. There are a number of reasons why traditional financial institutions could not deliver. Well it did not balance. So the basic philosophy of the Community Bank is to service those needs through community outlets, so that the staff who work in those outlet can get to know their membership or clients. The bank manager in turn knows his clients and with the support of the Local Board of Directors can make judgements on people because that's really what it its about. Its about making a judgement call on somebody as to their suitability. If you are a wage earner it can be to a certain extent be a more exact science but when you are informally employed it is difficult to a make a judgement. So you have to use a relationship in tracking people. Even then it is very hard to determine affordability if people are informally employed. Therefore all that you can really do just ask, "ask are you going to pay me back". I mean it is a voluntary relationship. They know what they are getting themselves into. That it is the relationship and they must pay back.

5. We have heard about stokvels and how successful they operate in terms of the same principles of trust and peer pressure that you are talking about, to what extent has that type of philosophy had an impact on the way you are going buidling relationships?

I think its about delivering a product. In one of our workshops that we go through with members or potential members we ask what they are engaged in whether its a stokvel or a small business. We build on this life experience so that people can understand what banking is about and how for instance the bank differs from a stokvel and how it might also stimulate business. That is how we try and sell the idea to the client. I think one of the problems with people in this country is that they do not feel that they qualify for credit because they did not have everything the bank asks for in their credit application. It certainly not because of the shortage of money. People of this county do not understand as say you do say in England, where I have three bank accounts which I juggle waiting for

my bond to come up. You do not have a shortage of money. The original building society also had a shortage of money and look at them now. We have to build that up again. So we want to build on peoples experience with a stokvel to which they make regular a contribution and say you may have to sit and wait 12 months before your turn comes. I think that concept is actually in people experience so long as you make people understand that is what the Community Bank is all about. That money circulates and that the more money the Bank can attract more money there is in the pot to go around but there must still be some kind of waiting period for it. And the other difference is that it is not some automatic right as it is in a stokvel. So we basically use the stokvel as an example building on peoples experience. For instance how do they make judgement about people wanting to join their stokvel? By extension we say that basically the same thing applies at the Community Bank. We ask how are we going to make a judgement as to whether somebody should get a loan? If you do not want him in your stokvel, why do you want him in your bank? By asking these types of questions why are you not lending him any money, we are making sense and managing in an African way.

6. What was it about Bob Tucker's personality or that of Cas Coovadia and the other people who pioneered the organisation, the really drove the process and made the Bank a reality, what did they leave the Bank with?

I think that Bob Tucker. I think that the Community Bank would really not have been established without Bob. Whether it succeeds without Bob I do not know. I think that you need a particular leader, he had a vision, he also had the experience whether the bankers liked him or not, he is recognised as having run a financial institution. So he brought confidence to this programme, he certainly brought confidence to this programme on behalf of the new government, and the kind of confrontation that this Bank went through no other institution has gone through at this point in time. It has really gained broad support, it really has and Bob Tucker was responsible for delivering that.

7. Tell me about Cas Coovadia?

Cas brought very much and does bring an understanding of the political sensitivity that Bob Tucker was insensitive to. That was important. He balanced Bob. Bob came with his particular background of privileged access to the code of power which he understood used with regard to how decision making and networking is done. What he did not understand is that it does not actually work in a black community. It does not work in the same way. It does not mean that there is no networking. There is but does not happen around a dinner table. And that having an articulate argument and discussion and always leading does not work. You cannot bully people into accepting. You do not have to. They will make a judgement on you as a person and Cas is very sensitive to that and knows it. Sometimes you will gain more by standing back and ensuring that people get their opportunity to speak than leading from the front all the time. That is basically a tactic, you gain a bit more from behind than leading from the front. And for that reason it is very important to have the pair of them. I mean Bob is an impossible person to work with. They make a very good team. I think particularly Bob had the authority or right to say to the bankers that this is not acceptable. If Cas said that and they would not necessarily listen because they won't think he has the banking experience and that's actually pretty, pretty worrying.

8. How does the Community Bank differ from traditional financial institutions?

It is different. The reason is that other banks do not build the capacity of their membership in any sense. They may deliver an efficient product and therefore serves people but as a bank they have no intention of trying to bring those people onto their

board or try and to have the institution run and owned by their own people and that is never going to change. I mean they will never do that. I think that our concern with educating and training people about banking obviously has a lot to do with it. Main stream banks and the Community Bank have a similar aim in one sense that you want people to really understand the product and therefore get the most out of it ensuring that they repay. So its good company practice to ensure that you educate your client. But what the Community Bank does is to educate both its membership and staff. I think its our intention to grow our own breed of bankers. I hope to god we are doing that because if we are not we are going to have major problem. You know that Eunice Mohammed of the Grameen Bank came here and said that he had two major problems with the Community Bank. One was that we where serving the unemployed as well as the employed and that was a conflict of interest. And I have to say that more and more I think that he is right.

9. Were there any other lessons that you have picked up or learnt from the Grameen or Indonesian bank?

I think it is not really a model that one can bring into this country but I think the fact that people can be trusted, if you like, is an important lesson that we have to acknowledge.

10. Would there be any other distinguishing factors between the Community Bank and the Grameen bank?

Oh, completely one is a bank and the other is a credit programme. Obviously the kind of regulations that we are submitted to is distinguishing factor, which in some ways is a strength. This is in fact the contradiction of the Community Bank. You have to be registered as a bank in this country to bring confidence to the people you are trying to deliver credit to. Even at the bottom among the poorest of the poor it is important for them to actually feel this in a proper bank. The backlog of the problems of the African Bank aimed at the black community demonstrates the need to be accountable. So in some ways it is good we are a registered bank and people can see. But because of that requirement we have to employ experienced bankers. The problem is that exact same experience and where they got that experience for. If we track that experience it is a failure. In so doing you are seen to be questioning who they are. They got that experience by being senior in other banks. What you are saying to them is unlearn the whole bloody lot and that is very difficult. By their very nature a banker is a conservative risk taker. Now here we are just trying to say come on, just go for it! I mean its a very difficult leap of faith to make. I believe that Bob Tucker could make people make that leap of faith. He made us all make leaps of faith. Well some of us anyway and I think that it is a tragedy that to this day we do not have someone who can make people make leaps of faith at the moment. That is a serious issue in terms of Community Bank taking an institution into a new arena. It requires us all to make leaps of faith in every single thing we do. We are not just asking just the bankers, we are asking the community people to do that as well. The Community Liaison Officers are saying to us we do not want to have a bank which has meter thick bullet proof glass. We are trying to say this is yours, the communities, and that why is it that the cash does not get raided and why an outlet does not need aggressive security. That is a leap of faith to the bank and you will find exactly that. I will say lets go for it and while the banking staff may understand they may say I am not sold on the idea. And community people on the other hand might say there are rogues everywhere. In every way you are looking for people to take leaps of faith and you need an incredibly strong leader to do that.

11. Within the whole Community Bank structure what leadership and vision does the Board of Trustees provide?

I think as far as I am concerned, with our structure, I think the Foundation has a lot of allies in the Trust. I think the Trust shares the vision. The people in there understand the language that the Foundation uses and the conflict with the Bank. If push comes to shove I would probably end up finding I do have a lot of allies in the Trust. So if you really had to fight things like making language acceptable, making sure that things are in the vernacular, that development takes a long time, convince people that capacity building is an investment, you need to spend time on all these things, there would be strong support. Most of our Trustees are all from the community, some of these things are so difficult to explain, you know, what community is about, let me give you example. We opening outlets and we had this opening in the Western Cape or Atteridgeville, now some of the staff, now not the Foundation nor the Bank but the staff of both wanted to pay their own airfare and they wanted to take their own time to attend the opening. Now that coming from my background with the trade union and community work that I have done, that is exactly, that is the essence of what the Community Bank is all about. Do you think they went? They were forbidden. Just because we have an institution to run we do not understand what people were trying to say. There were going to pay six hundred rand of their own money, yeah there is some of the staff who are earning less than two thousand rand and that is it. We are opening downstairs with the launch of the first branch in town and only one member from each department has been invited to come. You know if there is a feast in your community, you do not send out written invitations, you know, its our community. That ethnic community is incredible difficult for people here to understand. This is why black management who have been trained within the formal sector, I mean, you know, what I am talking about they have forgotten their community too. They do not do that anymore.

12. One theme that we pick in African management is the whole notion of celebration and that whole re-enactment of your beginnings and where you have been, the past and the future is quite important. I am surprised nobody has tries to invoke that and get some mileage out of it or to harness the goodwill that flows from it.

But they do not, I mean absolutely, they are destroying what is there in that. I think that some of the staff have come here with quite a risk to their career. Some of them here are quite young in their career and are going to big places and people would not want threats like that. If we are going to spend a lot of money on training and moulding our staff and of course there is the risk that they are going to be snatched up by ten to the dozen by other institutions. My feeling is that people will stay if it is an environment where they can really thrive in. And part of that is the actual African management side of it. Given that you have leadership that is not black, you are not going to develop that because they do not have the same sensitivities there. And even then the senior black staff are more interested in proving themselves to be, you know, okay in the white world. I mean that is the problem But I think that in the long term there will be success. Once the bank has lots of outlets open you are going to find that this initiative is going to be driven by the community. You must meet the Community Liaison Officers, the people who are on the Community Liaison Committees. They have a sense of ownership which is unbelievable and that is what we are trying to create now when these outlets open and the manager then becomes rooted in it as well. That is the hope for this organisation. Basically at bottom of it there is going to have such a critical mass that we may change things from the top

13. Can you tell me a little about the kind of corporate governance of the Community Bank, the kind of structures in place and the way things are done around here? So far all my interviews have been with members of the core Bank and not the Foundation.

The Foundation works differently from the Bank as it was intended to, well not always, maybe in the long run we will have a common culture but at the moment we have a different culture. We definitely do not a top down type culture. We have a team process of decision making, I mean, I do at the moment. The Foundation is small enough so it is not a problem. We carry this behaviour through to everything. If something is happening everybody turns up. I have one of those problems with staff working too many Saturdays and I am never going to get them to take their leave. I suppose a lot of it is we are regarded as being not as disciplined as the Bank, I mean, its always been said that NGO's are less disciplined but I would say that we are more disciplined because we are more accountable to each other. I do not worry if people do not come in until quarter to nine but I am on their backs if I think that they are taking advantage and so you find that people do not just skive off on this floor whereas there are a lot of four o'clock meetings going on up there and that does not happen down here. So it is a different way but we always seem to be left, um, but we insist on having mass meetings but then I think its the culture, which I think Cas also supports. I mean our Manco, that is our management committee meeting, which is also a joint meeting between the Foundation and the Bank. It includes second line managers. You need these people there in the meeting even if they have nothing to say. I think that we look at that as a good experience and that they will eventually say something. How else do you empower people to understand that they do not have to keep their mouths shut. You have to let them basically see their managers disagreeing. Seeing in fact that people are not infallible. That they can be challenged because I think that there is a culture in the formal sector, and I know that culture, and we have it in the Bank, I would do anything I can to break it. The word comes down to a decision you are told that is it. That is the need. End of storey. I think that is a very, very unhealthy way of working. That does not mean that I do not say no in group discussions but it is has to be after a long consultative process. At the end of the day I would guarantee my productivity is higher than theirs from the staff. I think that if they could get some of that culture and in some ways there were indications that they are, they have people who want to work like that. I mean it is a case of if people want to feel valued they need to feel that they have something to offer and that they will be heard and encouraged. That is something which must become the Community Banks culture. And I think that Cas is working very hard to develop that. We are moving to try and develop cross company teams to look at issues. We certainly have a cross training team. We have a Roll Out committee which is a mixture of the Bank and the Foundation and we do fight within that committee. But when that committee comes with a recommendation and we do not know if its a Foundation issue or whether it is the Bank which had the ascendancy in it. This is one of the problems, the Foundation is excluded from those things that the Bank considers to be of an operational nature and therefore none of our business. Our position is that everything is our business, yes, that is our position and it drives them potty. In some ways there is very little that can actually happen that does not have an enormous impact on the people side of things. And I do not think that means that the Foundation should sit there and veto everything that is done by the Bank. What's more people within the Foundation have a similar type of background, they are all activists. Most of them have leadership positions in some community based organisation. So although they are leaders they know what accountable leadership means and they know that in trying to ensure that you have to be constantly thinking about your membership base rather than me personally and I think that is very different.

14. You spoke about giving unselfishly and helping to empower people in a non-threatening way to help them get up and running by themselves. To what extent was the formation of the Community Bank a product of south Africa's socio-political struggle?

That would be very big. I mean it is a product of exactly that, apartheid, in what ever way you mix it. In terms of people being excluded from the delivery of financial services, from

being excluded from living in particular areas, their education levels, their exclusion from formal employment. So with staff have drawn them exclusively from communities, unemployed and with no banking experience. Which is something that other banks do not do. I think it is very important and I think we are finding, and our training will tell you, that it is easier to train people if they have not already been to a financial institution.

15. Within the Bank, to what extent is diversity encouraged, or do you look more at commonality of purpose?

Commonality, I think diversity across is accepted and expected, I am not sure that within the recruitment process, um I think that Sebastian has a very good approach to recruitment, I think he does look for diversity and has not got a problem with it. But, I think we are still doing too much of the 'old boy network' in terms of recruitment, in fact definitely! And if it is not an 'old boy network' specifically although in lots of cases with senior managers it is, I think it's a kind of we recruit what we are like and what we are and that is a problem.

16. Carbon copies of oneself. In terms of diversity between say the Foundation and the Banking side is that viewed as a strength or as a weakness?

I think a strength. I think it is a strength as long as it is managed properly. I mean it is a strength of the Community Bank if the Foundation is staffed by not just a kind of white liberal with an NGO background because it is not. I think I am the only white person here. But it is actually truly a community based organisation in a sense because of the people in it. It is obviously an NGO but the people in it are not the kind of people who have had jobs in a previous NGO, except perhaps one or two, but on the whole all our CLO's, Community Liaison Officers, have come unemployed out of those communities, they are activists, they are not NGO people, and I think that is an enormous strength.

17. Within the Community Bank is it possible to identify different management styles across functions and disciplines.

Um.

18. I was thinking back to the cross company teams your were talking about?

Mm, ja, I think that is important to continue to build more of those. I think that there are different management styles definitely you have one department that is really dominated by, two departments in fact, that are completely dominated by their general managers and do not push their staff forward. You do not really see the rest of their staff.

19. So they are not pulling anybody up through the system with them?

Not at all, not at all.

20. People say that one of the greatest measures of success is ones ability to work oneself out of a job in order to liberate oneself to do something else but that entails pulling people up through the system to create that opportunity.

Absolutely. It is not just senior management, there is a lot of staff who have come from traditional financial institutions who know that they just have to work with their boss. They are only accountable to their boss and so what you are really trying to encourage is the sharing of information all of the time. If it is me who else is it effecting? and must I inform this person and so it is not just from top management. It is also people who come

from other traditional agencies. They are just not interested in sharing and they find their own authority and their own positions threatened by other people coming in and saying 'why did you not tell me this? Why haven't you? Well I told myself!

21. In terms of your operating environment and the fact that you are servicing lower income earners, how has that impacted on the way in which you go about your business? For instance the types of systems and procedures that you may have in place?

Well, obviously we are trying to focus on that environment and therefore we have this, for example, the other day Bob announced that we could not deliver to this end of the market unless you really go the high technology state of the art kind of route.

22. Was that in connection with his announcement of the opening of the E-Bank or something like that?

Exactly, he still believes that. The problem is that you cannot force technology onto people. You cannot. We ended going back to pass books because although we wanted to use bank cards people are just not comfortable with it. They do not trust them. They want to walk around holding their books. And people will take their money out just to make sure its there. And yup there is a lot of training to be done. I would say one of the absolute distinctions between the Community Bank and other financial institutions is that we know we cannot deliver profitably. We are going to have to cross subsidise and we are still going to have to deliver the product because that is part of our target market. It is part of our commitment. The Community bank has to deliver to the poorest of the poor as well. And although we are obviously going to have to cross subsidise that with grant funding it is still part and parcel of the strategy of the Community Bank in delivering. It is a part of the strategy because its part of the vision not necessarily because it is profitable or that it is particularly kind of sensible if you like but I suppose in that sense that's good and I think that the Bank has accepted that as well.

23. One of the questions I have right at the end of my list which I think is worth bringing up now is, how does the Community Bank measure its success?

I think that is an interesting question because one of the things that I feel very strongly about and that I have got to start implementing is that I think we need to have a long term social impact assessment done on the Community Bank. Obviously that is difficult to do in a place like Benoni but when we move out to rural areas like Butterworth there is going to be a branch in the Border / Kei area such an assessment will be possible. Now our success is not rated on our bad-debt ratio and private portfolio alone. Each one of the community outlet Board of Directors is going to set its own targets within their own communities. In some senses this cannot do it from Head Office. It has to be negotiated. The targets will depend on the demographic advantages of the community and their credit needs. One of the Local Board of Directors jobs will be to ensure that the Bank Manager does not tend toward lending to the least risky only, which they will inevitably do. Their job is to ensure that a certain extent of the portfolio ends up at the highest risk end. So that is something that you can look at. In the assessment we will look at whether the Bank has actually drawn in investment into the community and whether it has acted as a catalyst for development in that area. The purpose is to ensure that our vision becomes a viable reality. And then in the long term to ensure that there is real participation on these Local Boards to the point where there is a very healthy Community Banking forum, which is electing directors and trustees directly and has no interference from the Bank or the Foundation.

24. When you go up stairs and ask the same question how do you measure you own success the answer is a little different to yours, there is talk of accountability to shareholders, sustainability, profitability, what is the debate around that?

I think very few banks actually understand these issues of community and its political process.

25. Almost like the RDP programme, you have to see beyond the immediate to realise the benefits of the programme and why it is needed.

Ja, in some ways the RDP brings everybody on board and I often say that the anti-apartheid movement brought everything from Communists to Christians at the two ends of the spectrum and everyone in-between including business, because it was bad for business, together. But once the need feel away so did the structure. People moved away. I think that in some way the Community Bank brings on board communists, socialists, all the way up to straight forward business people who are interested in black empowerment but only as a kind of creation of opportunity for them selves. If everyone is working toward the same end it does not matter if people have different kinds of perceptions of the thing as long as it is controlled and it is probably healthy to have that. But I think it does carry. The Community Bank has a complete mix, a total mix. When we set up the division my problem was that we all shared the vision but we did not understand it in the same manner. Even the word empower, you know, we would have debates about what does empower mean. Does it mean that a person can only just use their bank account efficiently or does it mean that your bank account is up to 'maggots' in terms of their needs?

26. Have you consciously gone out and sourced any deep rooted African beliefs, customs and traditions or have any of these been incorporated in the way in which you go about your business?

We have not consciously done that because, I mean, I think that in the Foundation the way in which we go about things is because its peoples natures to do so. That is their life, that is how we do things. Yesterday we all dashed off to give condolences to a member of the CLC whose husband has just been shot down. I mean we do not do this every day but when it does happen it is important to do so, to go to the funeral. It is just completely different. We just work in a different way. I think a lot of them really believe in community participation.

27. When I have asked a similar question in my earlier interviews I felt a little bit despondent about the replies that I got, I thought, you know that this was the type of thing that should be coming up.

They are not coming up. I am telling you they are not coming up for two reasons. One is a black face doesn't mean that you are an African manager and I think that's a fundamental mistake Bob Tucker made. His constant harking on getting a black face as opposed to an Africanist and you can talk to the staff they completely trust my experience and where I am coming from and it is not to do with skin. I am not even African, you know, I am British. But that is not what its about and to try and to get Bob Tucker to understand. And if you look at the ANC and if you look at the kind of people they have in their leadership the ANC has never ever taken that kind of position either. So that Bob's expression that a black face will make a good black institution is flawed, look at the African Bank. You haven't interviewed Pule yet, have you?

28. No

We made a big mistake with our Bank staff, the experienced ones, we the Foundation did not make any and I stand to be corrected. When we recruited the community staff for the Community outlet, they have to have a matric and they had to show that they were community activists. They could be church activists or political activists. They just had to show that they understood the community process. Those staff are turning out to be fantastic. People are really impressed. When we recruited our Bank staff we made no effort to test their community sensitivity. To assume that just because somebody is black that he or she has that identification is a real mistake to the point where some members of staff are horrified at the thought that they may have to go to a place that does not have quite the kind of sanitation's that they are used to. These kind of things are really important. In terms of the people you interviewed upstairs you need to interview Pule. Have you interviewed Tammy?

29. Yes

Whom I have a lot of respect for. I think that he is extremely good, not a Community Bank person at all, anything but Community Bank. He will get there, I think. He heads up operations. Brian Viller, the white guy, the Regional Manager, a Community Bank person. Les Scott I think is quite a Community Bank person. I think he could be quite a strong Community Bank person, if he did not have this problem that he comes from ABSA. He still has problems breaking that mould but his heart is there.

30. *To what extent are employees in the Community Bank engaged in the day-to-day running of the Bank and in decision making?*

In the Foundation everything, more or less everything but in the Bank it is not. It relates only really to inputs into the process. Some of us on management committees have a bit more input particularly in the rural communities. So we do have a bit more input into that. But on the Exco we should have more say in the day-to-day things but even so, one tends to force you entry into things. That is basically how I have to operate. I hear about something and I am not automatically told about things. Anything about staff which is part of our vision, that could be anything that is published for public consumption, should have our input particularly if it is for community consumption. We have no input into their booklets, their leaflets or anything. In reverse that frustration has led to the point where we are developing our own home-ownership guide because we want to make sure our members know and understand home-ownership. I had a video made to show staff. All our material we are trying to start from scratch, comic stripe type thing and it has worked quite well. I have got someone coming on who is basically going to do posters, comic strips, more videos, tapes and whatever to get the message across. Now given that one would think that we should have some input into things like the forms and other bank material. If you go into our Branch there is nothing but English, other languages are coming. Its the kind of thing said and how it is said which one feels is important. The kind of clauses and legalise is totally irrelevant. I mean if people cannot understand it what is the point of putting it on there?

31. *In African management there is talk of nurturing and developing trust and mutual relations. Earlier on we spoke about the fact that somebody had died and there was a funeral arrangement and that in terms of your community ethic it was natural to go way and attend, are there any other traditions like this that you have considered?*

The Foundation, not the Bank.

32. *What avenues have you explored?*

We have a social committee that goes across both sides which deals with funeral collections and it does birthday party and things like that. Supposedly we are trying to organise the community side of things but we do other things together. There is a lot of staff in the Bank at the kind of middle management level which have much more sensitivity with the community side of things. Archie's secretary comes to workshops in the townships on Saturday. Part and parcel of orientation is that every member of staff from all the general managers downward has to attend. They come to a weeks orientation, run by the Foundation and attendance to a workshop in a township is compulsory. Now some of them kind of become 'born-again' when they go through that process, they really do. That has happened, some advanced staff particularly have really kind of taken off.

33. Within that whole orientation process, what kind of values do you put forward, or promote as being important?

People centred, participation. Our values are, even from the community side, we want to promote professionalism and security so that people have a sense of faith and confidence in the Community Bank. So that should be reflected in the way we deliver workshops or anything, you know, we should be professional in that, the delivery. But I think people centred is the most important one for us. Everything should be people centred.

34. What about the whole notion of ubuntu do you consciously try to espouse that and address that?

I personally hate the word *ubuntu*.

35. It is a kind of buzz word that is doing its rounds at the moment.

I think that the word community has also been abused but its still to me the essence of what we are doing. Community means having empathy and understanding and connection with people in the community as opposed to as in their individual positions. I think the Bank is still totally obsessed with positions, its standard practice, 'and who are you, well I am, and where I come from and where I live', you know that kind of thing.

36. To what extent does the Community Bank promote collective versus individual needs of its employees?

Collective or individual?

37. For instance, your reward structures seems to me to promote individual achievement as opposed to being a team based reward system. Your recruitment and selection process also seems to be done on a individual basis.

No, no we recruit everybody on a collective basis down here. The Managing Director of the Foundation was recruited as a group. I will not interview anyone unless it is on a group basis. I actually forbid anyone to recruit anyone on an individual basis whatever the level. The Trustees have brought into the process and Sebastian is completely sold on it. There is no way you will have one-on-one situation because you will take that person on and they will, be an absolute disaster. The group process of interviewing is particularly important where you have a team who have to work together. The team members have to be there. Team reward, we have quite, um, basically the training, we do not have a training team. There is a area team who work as a trainer and an organiser and administrator. They work together as kind of area team which then make up regional teams. Um here as well there are teams. And you can be cross teamed and there maybe

inner-city teams. The reward for that not so much. Our salary structures do not really distinguish between salaries as much as they do up stairs between say training and operations. In fact the Bank is horrified at what we pay our training staff. They underestimate and value training completely.

38. What about Disciplinary Codes and Procedures, what is your thinking on the need for them?

I fired the first person in the Foundation, there is another one, it does not matter. They are all talking about how no discipline is carried out, that we are not professional. I am extremely conscious that in some ways the Foundation is the interface with the community and you actually cannot hide. You have to be 100 percent competent in your job in the Foundation because they are dealing with community. They reflect how the Bank is going to appear in everything. So we are a hell of a lot more caring in the environment but in saying so if a person is allowed to get away with not holding their own, then it's their peers who are the ones that suffer that. We have been though that, we fired a regional organiser by following our Disciplinary Code and Procedure and it worked wonders. Um maybe that's my Trade Union background. I am a great believer in the disciplinary process and grievance procedure. It often formalises things easily enough to be able to deal with the problem. You know you start a warning procedure you will probably hear the other side of it and then you try to deal with it. I have used the grievance procedure and the disciplinary procedure a couple of times.

39. What kind of values are espoused in your Disciplinary code? Have they been thrashed out amongst people over here?

Together. At the start of our orientation we ask people what kind company they would like to work for, a mini mission statement. We make everyone try and go through the and develop their our initial statement. Obviously you cannot keep changing it. It's a way of trying to see where people are coming from. We tend to work these things through quite often. I think we do not do it enough. We do not sit back and review our procedures in terms of our values sometimes.

40. So it has not become a living document as such?

It is here, I think that it is here, but it is not in the Bank, nor at the Exco. There there is a problem.

41. What initiatives are being undertaken to bring these two divisions of the Bank together and to forge a common culture?

I think that one of Cas's hardest jobs. It is not the role of the Trust to develop. It is his role to develop a common culture but that is not by taking just a mediating role between the Foundation and the Bank. It is taking a leading role. I do not know if I can explain this properly. But if you try and compromise too much between the two you actually lose it all together. I think that Cas has really got a hard job in delivering that new culture and I think that is why he is trying to work directly with the Trustees as opposed to the two Managing Directors. Because as he says the problem is if you involve the decision makers of the top team, if one of them puts their foot down, which is basically what the Bank tends to do, then it is actually paralysing the whole process. You have to have common agreements so he is now stepping back and reflecting with the Trustees and using them, back skating if you like, to help him make decisions which sometimes which neither of us will like.

42. So it carries enough weight in order to balance everybody out.

But you have to have a commitment to that process and I actually do not think that is there with the Bank. I think basically that Archie sees himself as running this Bank and that we kind of a nice but at the end-of-the-day I am running this Bank. And he sees that as being directed toward Cas, rather than understanding that we are more than just a Bank. I think that in some ways Bob left because he did not understand this dynamic. Again his background in the formal institution made it impossible for him to understand that you can actually have two management teams. Not that he did not encourage teams below him but at the end of the day he felt that there had to be a decision maker and he felt that he had to, I mean, he had this workshop where he kind of crystallised his decision to leave. We are talking basically about the role of Managing Director of the Bank and the Managing Director of the Foundation and him. And he felt that we should work as a team and that was fine. Now the point is that is fine. As long as there was no interference you have a bank. I think he felt because he also had been a CEO of the Perm he had always worked with a lieutenant who, although they had they disagreements sometimes but at the end of the day, would take his word. Now I think that he felt that he could not do that and if he and Archie could not get on then one of them had to go. I mean its really a problem because this man could be an unbelievably irritating man to work for. But an excellent brain and actually the kind of person, the traditional visionary, useless manager, completely useless, you have to have a really strong lieutenant who can keep up, follow through and keep people happy because he ain't going to do that. As long as you understand that this was his nature and his strength. If you take that away you have got no one who can really make people win. Not that Cas is not a good leader. We will follow him but you will not get the Bank to follow him because he is not a banker. You know, he does not have this authority. He does not really know about banks.

43. In terms of communication channels within the Bank and the Foundation do they differ much from that found in traditional organisations?

I do not know if the Bank differs very much from traditional banking organisations because I do not work for it. I think they are still quite traditional. Their are kind of Archie's team or his sub-teams. He does not refer to them as sub-teams but they do meet and I think that is really very typical of it. When I was in retailing it was also there, very male and even very white male here, I mean, Archie has a little team of Dannie and Ben and Les who he talks to, you know what I mean, he would never admit that in a thousand years but he does. And the staff said to me that they often refer to one of the General Managers, among one another, as the white man, I mean well he is a black / white manager. What is missing from Archie, which is quite unusual, is actually disastrous for the Community Bank. I mean Archie does not even engage in what would be traditional team building, white management team building, you know, going away and socialising together and doing the parties and all those kind of things, To give you an example Cas invited people to his house for a braai, we had the Investec Team Race, okay, Archie runs the first leg and goes home. Now, I mean that's a disaster in a white organisation, let alone in this culture. You think we can make him understand what the Community is about?

44. What about internal meetings, how are they run, are they unique?

I suppose we are less formal than most, I mean, I actually get, I do not know if this is typical of business or not but it seems to me that most people from a corporate world have no idea how to run a meeting. There is no procedure, I mean it is all about people putting their hand up, and saying excuse me, except me I interrupt them. But there is a democratic background that Trade Unions have, you know there is a meeting procedure. One of the things that we said we have learnt with the orientation particularly was that we

put everyone through meeting procedures because there are appalling and people need to learn how to chair but on the other hand what makes for, what would appear on the surface to be a free meeting is not because the people who are speaking are dominating because they have got the authority of their position. You will find the odd person who will respond but even when you have the Manco most people are just sitting there and not participating it is because they are not encouraged or expected to talk really.

45. Earlier on this year I was following the Johannesburg Metropolitan Chamber negotiations around the rent boycott and what struck me the most was the dynamic of Chamber meetings involving a multitude of radically different interest groups involving powerful and not so power leaders. How an agreement was ever reached in that environment surprised me. Do you have that same type of dynamic here in the way in which you go about reaching consensus?

No, you see, it does not recognise peoples authority. We do not see them in their community. It is depressing and I think that a lot of the Bank staff have not seen our staff in action in communities so they do not always listen to what is being said. Now I think I make myself heard. You know that I am leaving at the end of this year?

46. No, this is the first time that I have heard about it?

Anyway I think that the ability for somebody else to exert themselves and there is a dynamic of race in it, you know what I mean, I am a white female who is going to interfere and it might be quite hard to find somebody who is going to be able to interfere in the same way. I suspect, I mean, the woman who is taking over is terrific and maybe she will. I do not know how to put it, you know, you learn such a level of modesty from going out into communities. You are work with people in community structures or community projects with people like Boetie and Abe. That is Boetie who has just walked past, if you interview him you will think this man is fine but there is nothing appealing. Then you see him in his community, like Abe who you went to see yesterday. Now Abe is the chair of his civic association, he is well known, he is a leader, he is really extremely good. He was there too, and we get in there and it is Boetie who stands up and starts talking and he has this enormous authority which if you do not see you cannot understand. One of the things people said about the Community Bank, in market research, is that they want a black manager in the Bank because it is very hard for them to sell themselves to a white manager and it is the same type of thing. It is very hard for me to sell these people who are obviously activists, may not be as articulate. In time I think they will prove themselves. We were talking about it yesterday, Pule and myself, about the advantages of being someone who is kind of aggressive or quietly influential. And Pule was talking about the fact that he wanted to vary his style of management which is very much like mine of challenge and putting in your point of view across and stimulating debate. He was learning from Sebastian to be quieter and to take the line and I think that is a mistake. I mean I think you need both kinds of people but I said Pule 'you lead people, Sebastian does not'. Sebastian is excellent, I am not criticising him in any way and I think he is a wonderful facilitator of the human resources but he does not lead people and that is what this is actually about. It is about inspiring people and I think Pule does inspire people. This whole thing about the 34 people who wanted to go down to Athlone Pule was leading that and I said if you start compromising and acting in a facilitating role, you will be following. I think in the future Community Bank will be full of Community Bank people. At this point in time you need strong leadership and you need very good people and he is important

47. The Community Bank has been down a steep learning curve, so to speak, what advice would you give other organisations trying to implement community management principles into their day-to-day management?

I think that your recruitment process is critical. I would say without fail you must follow a group interview process. I mean I am astonished at how the correlation between those who do not fit in and their selection through an individual interview process, I would guarantee you, you can pick out the people who have not gone through group interviews. In the Bank staff, I mean the telephone and line staff as well as at Head Office. Also occasionally I think you need to supplement, sometimes that group interview, because there is a tendency still for introvert people not to come through but even then you need to consider you are. Talking about people who are going to interface with communities. In this case there has still got to be a leadership role. You cannot actually have someone who is completely introverted. But I cannot over emphasise the importance of a group process, giving people a task to think about or something to debate around. That would be the one thing. Secondly I would not buy skills. I would not do it. I would build skills and training. And I think that the cost to the company may be astronomical but I am not so sure that the cost of these inflated salaries we are paying to outside skills is justifiable in any sense of the word. You know for the extra fifty thousand, if not the hundred thousand that you pay per annum on a bloody salary I would rather train somebody every damn year, it is a better thing to do. The other thing is I think we have made a mistake in under estimating our common sense approach and ability. And I know that the whole world is going towards out sourcing and yes, its the right thing, but I think we have gone about it the wrong way. I think we put into the hands of people who where out sourced in the division of the Community Bank which is an absolute mistake. I think that every level you only out source that which you can control and not just because you are feeling unsure. I think that it is impossible for the people who are out sourced to do the job properly and I think that is a mistake for everyone to keep telling us that it is a damn strength. I do not believe it for a minute. I really do not believe it. In terms of management I think that if people can really capture the vision and want to work here. Then we are onto something. If they are not prepared to come on the salary offered they are not going to stay at the Community Bank because of this issue of people poaching our staff. So if they are good someone is going to and there is one member of staff whose is already been offered another job on a salary of 50% more than what he is earning now. What I am saying is that the person will not go as long as they are happy here and you are delivering to them something that is unique and that's where you get this combination of valuing the person and yes sometimes allowing things that you cannot justify, maybe, in terms of the company's productive time or the cost. The intrinsic value being that the initiative that comes from them. You have got to let them learn, to make mistakes and do it. I do not know, its a very, um, I mean I was actually thinking about this because I was thinking about what I wanted to do and I was thinking, you know, for once in my life I would really like to start organisation that does not have any outside interference and how I would go about picking staff and how you would just let it grow.

48. I hear what you are saying.

You know I see such potential in the staff here. There are some really fantastic staff and one of the things the Trustees keep coming and saying is, why have you got such fantastic staff? It is unbelievable, they are so friendly, so nice and so good. And it is not just about picking or selecting people, that is only part of it, its also about nurturing and giving people. One of the staff in this section was extremely valuable in the NGO environment and people there were saying but that the people there needed quite a lot of hands on experience. And it is just not true, you know, as long as you are given the right environment, you know, in a team, you do not need that hands on direction all the time. They will find it amongst themselves with the odd meeting and planning. You know they are just people trying to meet their targets. You do not direct that but it does need hands on training. People love it and they can see themselves growing and its just wonderful to

watch people. The staff here I am incredibly proud of them, they are incredibly competent and very very good. And you just think if you were given an opportunity to carry that out with the Bank staff too you would see an amazing improvement in that section. I am just afraid that they are not going to implement it.

49. Is there anything you would avoid if you had to go down the same kind of process again?

The same process, you mean, setting up the Community Bank.

50. Ja, I thinking about whether there is anything that people should consciously avoid if they had to introduce community management principles in the way that they go about their business?

I think that we copied too much. I think we did not take enough risk at the beginning. I think we should have had set up more task teams and done more brain storming before the bank was formed. Now that was a problem as many of those people involved in those initial teams did not come forward with us. They were quiet creative. We had people from all of the different banks some of whom had never been able or allowed to do things that they wanted to do. We should have taken those things rather than sit back again and say well what does a normal bank offer, well lets offer something in competition or something similar. Now, I understand that there is a requirement that we have to look like an ordinary bank but, you know, one of the things that we have been toying with, is the fact that everyone in this market plays the Ithuba tickets and belongs to the Edgars Club even though they cannot afford it. Why because if they pay their five rand they might win a million. That is the environment we are in, you know, people have to have a dream and why the hell are we putting two percent or four percent on savings accounts. Instead the idea was that they put that money into a regular draw and win a big prize. Why not because the he Bank would say that it has a moral effect. Banks are not supposed to gamble. And those are the kinds of creative energies that come and we should have harnessed those instead of re-inventing it all again. And that was the problem of taking people from the other sectors, you see all the Banks gave people to start the brainstorming, now they have taken all those ideas back to their respective banks and used them there. But I think that if you were starting again it would be important to ensure that your initial team has not only the vision but the responsibility of taking it into operation. Les has been here since the beginning but he is the only one, Dannie's has too. That was another problem all of these senior managers were given by the other banks in their efforts to support and help us. Now you have ask yourself who are the people that they are going to give you? It is like people that they put into social responsibility. The people that they do not where to put. Now that is a reality. We may have people that we pinched. But I think it is essential that start with people who share your vision and do not let outside people pressure you to do something simply through a threat to withdraw their funding or their support. Bob made a critical strategic mistake he did not understand the support that he had rallied. He did not actually understand how powerful it was and in any sense he did not use it. When the chips where down we had a lot of problems, you know, Archie with COSAB. At times we should actually have just said no. I mean Cyril Ramaphosa was furious when he found out that Bob had not bothered to ask for assistance for whatever reasons. Cyril could have brought about pressures from outside. He said why did you not bother to ask us for support? I mean he maybe a politician but he is a great one for negotiating and putting together deals. He certainly would have brought a bit of pressure. So I would not allow that to happen again.

51. May those are the questions that I would like to ask, is there anything that you think that I have missed out on or failed to catch the dynamics of?

No I do not think so.

INTERVIEW EIGHT

Respondents Job Title	Community Liaison Officer
Biographical Data	Black, male
Graduate	Spent time at Oxford University
Background	Trade union movement, broken employment record , ANC Research Department, NGO experience, unemployed at time of appointment.
Personal Comments and Reflection :	
This proved to be my most rewarding interview. The respondent demonstrated a true passion about realising the vision of the Community Bank and a deep intellectual insight into community management principles. The interview had a natural unforced tempo. I left the interview with a lot to think about.	

1. To start could you tell me a little bit about yourself, your background, and how it is that you became involved in the Community Bank?

I have twelve years experience in the Trade Unions and due to an injury I sort of moved out of Trade Union work in 1992 due to pressure on my heart. I have not been consistent you know in jobs. I worked in the ANC research department and then went over to Rustin College in Oxford, I came back and did some sundry work for, you know, an education NGO, then I joined the Bank in January this year. I was just encouraged to join the Bank, and I came over and spoke to Mary and when I got an explanation of the Bank. It then dawned to me that, you know, there is a very, very strong vision. There is something that the Bank can deliver to our people given this period of transition not just to democracy but to a new prosperous South Africa. Since I saw that joining the Bank is still part of my political life, is still part of the struggle that I have been caring for, it is just a new kind of vision, you know, empowering the people and ensuring that the youth credit. As one of the tools of development they use the Community Bank as a vehicle for investment. I knew that they'd be devoted from Cas, you know, because we worked together but in a sense, I've never applied my mind until Mary explained it to me.

2. Could you tell me about your fears, depredations about joining the Bank, was it a natural thing for you to move into?

I think, ja, it was natural but the concerns that I had when Cas used to talk about such a big venture how could political activists, or people with a political activist background or view grapple with this, maybe he did not explain it in full. He had all these actuary dining room figures. So once I got exposed and found that you know it has a balanced human resource then I got settled.

3. What does the name Community Bank mean to you, what does it conjure up inside and how do you feel about it?

Well it conjures a new notion, a different notion, a notion of Banking with a difference, banking with a culture. In fact I would like those two slogans to be used in our marketing drive, 'we are a bank with a difference, we are a bank with a new culture'.

4. Could you tell me something about the kind of people that were involved in the formation of the Bank, and what gave rise to the Bank?

Well, it's Bob Tucker obviously, sitting down with Bob Tucker, talking with him, listening to what he presents in the workshops, and also just generally, one picks up that Bob had this vision for years. His involvement in the Perm Building Society exposed him to this life. There was partial or clear denial of access to banking for the majority of the people of South Africa. He made attempts, I think that the Perm was the first financial institution that ventured into boldly and daringly into the back communities. That was largely due to him. But they could not move beyond a certain level and that is when they decided to move on and start it all a fresh with the right people, which they did successfully.

5. You mention Cas and his kind of involvement.

Well, Bob looked around and said who can I rope in from these communities. He needed somebody who could help him realise this vision. And he called in Cas and the whole process started, the process of consultation and conceptually, in fact a process of conceptualisation and consultation.

6. What was it that Cas brought along, you know, obviously he is a person with tremendous background.

Community background and civics,

7. Did he bring the kind of credibility that Bob Tucker could not muster?

He definitely could not have been able to muster that but that is part of it, but I would not like to put that at the forefront, the issue of credibility. I think the key issue is that Bob had to get someone from the very communities or a leader, you know, who can articulate. In itself leaders have got credibility because they run, they go to hundreds of meetings, but that does not necessarily mean they are grounded in those communities.

8. Other people who have been involved in those formative years that had a special contribution to make.

I would not know in particular. No individuals. All I know that somebody, I forgot his name but Cas would know it, came from the United Nations to help with the feasibility study. I spoke to him a couple of times and from that time he was quite optimistic about this. He came to help with the feasibility study, he went around and his impression was that he sees a strong fibre, you know, strong prospects.

9. Bob Tucker has subsequently left, did that leave a void in the Community Bank?

Not at all, Bob was here to build the concept and put the institution into place and at the end of the day he has to make a living. So, he is still a Trustee, not just a Trustee but an active Trustee. His position was very unclear, even during that time, you know, some sort of head, in the sense that he started it but he never came to head the Bank.

10. In terms of Cas Coovadia's unique position of being the Chief Executive Officer of the Community Bank, how would you define his role, what does he have to do?

Well, he is the head, the full time head or leader of the Bank. He is the liaison, the key liaison between the Bank and the Board of Trustees, which has the ultimate control of us, at this stage of the time. He is the spokesperson of the Bank to the public.

11. As the one person that has a foot in the door of the Bank and the other in the Foundation, not to mention the Board of Trustees, how does he merge the two cultures that are evident within the Community Bank?

Well we will have to wait and have to see. He has only been in the position for a couple of months and there is a lot ahead of him. What he has done is to balance, you know, the creative tensions between the three components of the Bank and that process is unfolding.

12. In a nutshell, what would you say gave give to the actual formation of the Bank, was it the fact traditional financial institutions were not delivering or could not deliver?

No, they were not delivering first and two they cannot deliver by their very nature. They are not delivering, for example they are red lining and then there were a whole host of other things that you may have picked up as well.

13. How would you say the Community Bank differs from traditional financial institutions?

We want our target communities, that is, what I would call the inappropriately banked, un-banked and under banked, low income rural and urban communities. We want them to use the Bank as a vehicle for investment. We want them to use the services and all the facilities especially credit as one of the tools for development. Of course that is a very broad term - you can unpack it - a very good example is that of RDP delivery. At the meetings you know half way through a workshop, whatever workshop you run with the community, I am talking from a political point of view, people are able to pick up that the Bank has a role to play in the RDP delivery and in user financing. RDP, to a very great extent, is expected to finance projects, to resource projects and the Bank has got a distinct role to resource individuals to empower themselves. Primarily housing. We have to talk about housing because you see the Slovo's and the Tokyo's they talk about large scale moneys to develop infrastructure, you know wholesale financing and we so okay fine, we can integrate in that prospect of housing delivery in ensuring that the individual gets credit to finance his or her house.

14. In terms of the way in which the Community Bank goes about its business is that very different to the First National's and the Standard Banks of the world?

Yes and no.

15. How does it differ?

Yes, because we are a bank, we have to go according to the Bank Regulations, although we are registered under the Mutual Bank's Act but there is overlap, obviously, in terms of technicalities, you know, the lending criteria, the financing of the Bank, capitalisation. But no in the sense that I would not say we are just going to provide credit to the communities or to the end user and it ends there. We say that our involvement in that process is capacity and institutional building because they saying that let someone use the bank as a tool, now you cannot use that tool if you have no capacity in using it. Conventional Banks do not care if you have the capacity to understand and use them.

Unpacking that as well you can say that there is customer care, you know, banks are intimidating in the sense that they are unfriendly, and the whole issue of accessibility comes in there. Accessibility comes in various ways, accessibility in terms of access to loans themselves or access to bank services themselves, whether it is savings, whether it is loans. Geographical access in terms of location. We are taking banking to the people. Access in terms of time. Daveyton is a test case, an acid test in fact, where the dream is to open from ten to six pm, something like that. Open from after three on a Saturday Afternoon, things like that. I do not say that these are the right times. Access in terms of staff, the staff will come out of Daveyton, in fact the Daveyton staff is already in place, they are still working in Benoni. So you can see what we mean by accessibility, it is in various forms. When you compare those various facets of accessibility to those of conventional banks that is where we differ.

16. One thing that I found very interesting was the whole notion of people buying a twenty rand share and becoming a member of the Bank as opposed to a customer, can you tell me about the significance of that?

Go back now, go back to capacity and institutional building, go back to credit as a tool for development and look at the vision. I am sure that you have a copy of the vision.

17. No, I have not, I need to get one.

Yes, there are hundreds of them here is one.

18. If I could get a copy it would certainly help me.

Because, let me read it very, very quickly to you, "The vision of the Community Bank, is to be community owned and managed, to be a sustainable institution which caters effectively for the focused saving and borrowing needs of low-income, urban and rural communities and which empowers those communities through a process of capacity and institutional building". You must have picked up what I was saying in those words, because I am backing them, so the key thing is community owned and managed. If people are going to be using this bank as a credit, you know, as a tool for development, if people are going to have their capacity built, they have to own it, they have to manage it. Ownership is the anchor for identification and how do you do that practically is to get people to join as members and the entry facility is that twenty rand share package.

19. In terms of that share package, how does that translate in terms of involvement in day-to-day decision making?

Mmmm, I am glad you asked, you know, I have just been discussing that with the training people, we need to unpack that very clearly. I have not found a way of doing it. But I have few things that I have picked as people have been discussing it since I joined in January. I say that it is an entry facility, to get into it. What does it mean? There are rights and there are obligations. The first right is the right to participation, which could ultimately translate into the right of ownership. But I think in general terms it is the start, it is the right to participation, to participate in the Bank. It's the right to information, to know what is happening in the Bank. We hope to give quarterly financial statements, which we will put in the outlet offices and branch offices, how are things working. In fact, you know, the right, which is unpacking the right to participation is attending member meetings and you know, some statistics that is part of the business. Part of that is the right to influence the direction of the Bank through those meetings. Influence, in particular, part of influence is substantial control of the Bank and the last one is the election of the Board of Directors, through annual general meetings. I put that as last because it is quite important that we

are not going to only let a member participate once a year. They have to be part of the process. They have got to influence the needs, you know, the product development. We are saying that the guiding principle for product development is that it has to be community needs driven, our products will be tailor suit made not a ready made suits. Our regional manager takes about these nice concepts and I am going to develop this. The obligation is now to attend meetings, who is now going to elect those bloody Board of Directors, you know, if you do not attend as a member. There is an obligation for you to promote the Bank, there is an obligation for you to support the Bank in whatever appropriate, you know, ways as a member.

20. In terms of the Local Board of Directors at outlet level, what kind of decision making or influence would they exert on the bank?

It is limited at this stage, it is much more advisory than supervisory.

21. How do you see this unfolding over the next two, three, or four years?

Elect a Board of Directors and then they oversee, together with our branch manager, how the community outlet works, how the staff handle the members, how applications are processed, you know and the creating of accounts, and any investment needs.

22. Will participation on that Board be totally voluntary, would there be any remuneration, reward or anything like that?

We are discussing that, we are discussing it, you know, when you develop a concept, in particular such a major and complex concept like this you can never say that you are finished, we are discussing it. I have seen some report whereby, you know, one of the branches, actually members are discussing it.

23. How would that feed into the bigger, wider process, regions and then into the Community Bank's Head Office itself, to other structures that exist?

Well ultimately it has to feed into the Board of Trustees, at the top - but the thing is that they have to take into account whatever is discussed on the ground by the members. If you mean there is remuneration, for the Local Board members, ja, it has been discussed by the staff at various levels, and also in existing communities and the Liaison Committees are discussing it.

24. With these Liaison Committees, how then do they feed-back to you guys up here, how does that all work?

Bear in mind that those are purely advisory structures promoting the Bank and ensuring the constant and ever improved link between the target community and the Bank. They are voluntary and transient in their nature. They are born out of a need to maintain that liaison and constant link with the communities. But once a Local Board of Directors is established, then they kiss them good-bye.

25. So the Liaison Committee falls away?

The structure, ja is dissolved but there is a probability that some or all of the Liaison Committee members would be elected onto the Board. Over period of time they would have developed their leadership, they would have been observed and judged by the membership.

26. In terms of the Community Bank, to what extent is it a product of South Africa's socio-political struggle and the phase of transition that we are in at the moment?

If one looks that the transition process one would say yes, it is a result of that it came at the right time. But at times I wish it would have come earlier. I would have liked the apartheid government to have done something about it.

27. What was it out there in terms of the socio-economic environment that actually gave rise to the bank?

Socially, I think because blacks in particular were fourth grade citizens and they are just entangled into a maze of social problems, obviously I have to supply each, the same economically, they had no financial institutions to empower them. And politically, the financial institutions had no concerted effort or worked out programme to empower the majority, which is black. Now when I say black, it is a generic term and includes coloureds and Asians. And a very good example is how the Volkas's and Sanlam's of this world have come about. I think the Community Bank has almost come about for the same reasons that gave rise to Sanlam because the Afrikaner felt there is no financial institution that can empower him financially and economically. You know you drive between Bloemfontein and Queenstown up to Kokstad to experiment. You see in those small towns Rouxville, Jamestown, Aliwal north, this and that, and you see a series of co-operatives established in 1923, 1930 or something that. You can see that the Afrikaner people went back to the ground, they collectively came together and people keep reminding us that. You know, at the launch of the opening of the Johannesburg Branch on Saturday they gave the example of how Sanlam come about. I think the socio-economic constraint that the Afrikaner where experiencing led them to set up Sanlam. We are the same. Not that we were not experiencing at the same time, one hundred years ago. It is just that they had better access. Now that the political scenario has created a constructive environment for us to establish it. I mean it took Bob, Cas and them around a year to raise this two hundred million because they had to finish with the feasibility study first, and then they had to start the fund raising.

28. In response to the lack of formal institutions to help the un-banked market a host informal structures like stokvels developed, have you acknowledged these bodies and worked with or against them?

If you say you want to empower communities and be part of that community served by a stokvel and burial society network and other forms of syndication such as kitchen clubs all of which are informal financial networks you cannot work against them. If we did that we are running against our very vision. So we are there to strengthen them - it is simple.

29. Has the Community Bank borrowed in management principles from those informal structures and incorporated them into the way in which you go about your business?

Us borrowing?

30. Ja, I mean has something special come out of that?

Oh, not in terms of the money - oh, ja, ja - I think the key thing is one word 'trust'.

31. How would you unpack that?

Eh, in a Stokvel money revolves. There a no legal documents for those people saying to them how they repay and how they regulate themselves. People still collect money and

take it to the bank to deposit or circulate it to one another. Compared to the conventional banks you go and ask for just one hundred bucks, you got to sign a ten page form, you know, to make sure that if you fall ill, die or abscond that is what is going to happen. The difference that is based on a relationship of trust. The difference is that the whole concept is based on, you know, strong community, you know, institutional fibre. You learn that, you know, successful projects are people driven, because stokvels and burial societies, syndicates and kitchen clubs are people initiated and people driven. Hence our strong position that our projects, development programmes are going to be community needs driven. That Local Board of Directors is one of the things that is going to ensure the promotion of the Bank, ensuring that the Bank is well and a live. If through general meetings of members, there are strong signals for a specific programme it should be taken up by Head Office. Marketing has got to develop it and look at the feasibility, go back and say look this is feasible, this is not feasible. A good example is a cheque account, we do not have it now, but already there are some mumblings around it. And we said okay lets not rush it, lets see as it unfolds in the various branches whether there will be a sizeable number of people and the marketing department has recommended it because of the feasibility, or has not recommended it, then we will enter a debate. But obviously we will do our level best to convince the people.

32. Within the Community Bank, to what extents is diversity encouraged or do you look for commonality of purpose?

I like that one because we say the Foundation, because of the Foundation and the back ground of its staff and the staff of the core Bank, the Bank is like a fruit salad. The fruit salad is there, you do not blend it, you keep it mixed to maintain the creative tensions but you ensure that it can deliver.

33. Do you view this diversity as a strength or as a weakness?

It is, there are more strengths than weakness with all the professional bias and you know economic conservatism from the bank and the humanistic and community biased orientation within the Foundation.

34. How do you merge two different groups of people that think very differently, one group in terms of systems, controls and procedures, and the other about people and feelings? Tell me about the dynamic and how it all works?

There are fights, some get frustrated but some like me enjoy it because I know it is bound to happen. You have people with years and even more than a decade of experience in conventional banking and you have these zealots from various NGO's and various political activists from the Foundation who are so passionate about reaching out and delivering to the people. They are being constantly questioned by the core Bank about the cost and the likes. You have the whole process exposing misconceptions from time to time, but also putting into place mechanisms for people to ensure that they don't exercise those misconceptions.

35. Could you tell me a bit about those mechanisms?

Well, its joint, its cross-functional teams, joint teams between various departments, within each arm, particularly across the two divisions.

36. Would you say that the management approach within say the Bank and the Foundation are different and would it be possible to say that the approach differs even within the Foundation from person to person, from one area of responsibility to the next?

Of course I mean we are relatively new. We come from various backgrounds. That is still identifiable and I feel its healthy because it is going to enrich a broad management style in future. But bear in mind in January we were just eleven and now we are, good lord, we must be around eighty five. If we are growing at the fast rate, then you cannot talk to either a blended or a consolidated management style.

37. How do you guys go about managing your growth so as not to loose sight of your vision?

I like that one too much, 'managing your growth'. Everything in time, we are quite adamant about consolidation for expansion. We are sticking to five pilot areas and it is going to be some time before we go beyond these five pilot areas. The cross functional teams, you know, the new strategies that I wanted to be put into place. Given that we have just had a bosberaad, you know that, we are quite confident that we will be able to handle that.

38. Do you see the Local Branches hiving off, mushrooming and spreading out as a network, how will that all work?

At a branch, we have got to have a network - interruption person entered the room - A branch, you know, is linked to a network of outlets. Right and as I say we have five, no, six branches in those five pilot areas and we stick to that. And if those branches are able to sustain themselves, you know, qualify for a network, you know, of community outlets around them, so the better. But we are going to have to make sure there is a feasibility study for each because those outlets are within the community, so that ensures that there is going to be growth, savings and the rest.

39. Can you tell me about how you go about the feasibility study, obviously the social fibre about where you are going go into and open a branch or outlet is important, does that have any influence on where you open up?

Yes.

40. What kind of things do you look for in a community before opening a branch?

We look, it is a community population of at least one hundred thousand, so that we can be able to mobilise enough savings for the community outlet to be sustainable. We look into political and social stability of that area. We look into other community development initiatives and development support and the communities support of those projects. We look into financial viability of the whole area as to income levels, disposable incomes. We look into infrastructure, can you put in data lines, telephones, can you set up premises so that we can be secured. But most important of all is there a drive and pressure from the community that we should go and open a community outlet there and are they sharing a reasonable commitment to ensure that you get the support and sustained support.

41. If you had that strong support but not the infrastructure would you still consider opening a branch, say for example in a community such as Phalo Park?

We are working hard on those meetings. Once again you move from conceptualisation to recommendation. There are all sorts of options that we still have to put into test.

42. In terms of the branches that you have opened in Commissioner Street here in Johannesburg, Hillbrow and Benoni those are not in local communities, are you not doing things back to front?

No, a lot of people come in here from Soweto, from here in town, from as far as the Vaal, so if joining or buying of shares becomes so strong from one area so that it justifies the opening of a community outlet, we will sit down through our structures and committees and look at it.

43. In terms of the membership of the Bank, the Banks customers, how does that impact on the kind of staff that you employ?

I said one of the points was accessibility is staffing. It is staff who must to understand the culture thing. They must also have propensity. You cannot always say that somebody has an understanding when you are recruiting this person. But they must show potential to work with others in a user friendly way. The Community Bank is not a 8 o'clock to a 5 o'clock bank, be rest assured of that. People have to accept that they have to work during weekends, after hours to support the communities, to interact and understand them. Especially outlet staff, we insist, except the outlet manager, that the rest of the staff must come from that community and that they be known by the community.

44. At times you take on people that have not had formal banking experience or anything like that.

You train them.

45. Is that a strength or weakness?

It is a strength, the weak thing is that they do not have any experience but the strength is that they have, they have an orientation and keenness to be part of this new venture, and from what I have picked up particularly the Athlone and Benoni staff, you know, we have moved correctly.

46. If you had to say here is an employee profile, what type of people would you employ, say within the Foundation?

In simple terms people who know how to work with communities, who irrevocably strike a balance between working with communities and look into financial abilities of financial institutions like the Bank. I mean we are not a grant funding institution. So it is not a function or a task or a challenge for the core-Bank personnel only. That's equally a challenge for us, you understand, we are not a grant funding institution.

47. Have any deep rooted African customs, beliefs or anything like that been incorporated into the way in which you go about your business?

Hardly as yet, though some interesting things, we open and close meetings with prayers, we let the local priest or any elderly to that prayer. That is about all the tradition.

48. You spoke earlier on about the concept of trust, is that encapsulated in the notion of ubuntu?

Yes, well its going to come out clearly during the development of community outlets. But it is more of a. It goes beyond tradition and custom. I mean it is a philosophy of life. But the very orientation of the Bank is that we should be culture sensitivity.

49. You also mentioned earlier on about managing in a humanistic way, can you tell me a bit more about that?

Well, conventional banks are cold, impersonal institutions, they do not value human beings, they look at them as numbers. It is not until you come within certain levels of income or belong to certain income brackets that you can start getting credit. To us we will value each and every member.

50. Is there anything else, have you changed any of your systems or procedures to incorporate these values, I am thinking in terms of disciplinary codes and procedures, recruitment, reward and that, to incorporate the notions of humanistic management?

Ja, we've just finalising the human relations systems, employment conditions and there is a strong debate on it, incorporating, you know, views of the staff generally. And part of it is consultation. That staff has to be consulted on policy formulation as broad as possible especially on issues that affect them.

51. Do you have forums or committees or in what context does that consultation take place?

It is still done on an ad hoc basis, to be quite frank. But there is an expectation that it has to be institutionalised.

52. Having heard that there is a funeral for one of your colleagues over the weekend and that a number of staff are planning to attend and help prepare and say prayers, are these important things that should become part and parcel of the terms and conditions of employment over here at the Community Bank?

Not necessarily part and parcel of the terms and conditions of employment but part and parcel of the evolving culture of the Community Bank. That is definitely going to become part of it.

53. You had a party or a celebration to launch your new branch down stairs recently, was that a celebration for everybody within the organisation or only for a selected few people?

A selected few because of space and resource limitations.

54. In African management people talk about the importance of rituals, celebrations, oral communication and that, have any of these things been incorporated in the way in which the community Bank goes about its business?

Bear in mind that we have hardly moved. You know some of the things, you cannot say they have been done, you can say so towards the end of 1995 but not now. You see that but be rest assured in Daveyton, the launch of the Daveyton outlet, the launch of the Butterworth branch, you will see interesting things come out there.

55. Could you give me an example?

Ja, the launch of the Essie River outlet, I believe they are going to place a lot of emphasis on a local content in terms, of you know, a festivity. Now I do not know what they will bring to the Daveyton outlet, the people will expect to see the launch in terms of the other festivities or activities that they are used to.

56. Would you go so far as to say slaughtering a beast or something symbolic like that?

Of course, of course. I do not know, I am speculating in Daveyton, but in Butterworth, being a rural area is a foregone conclusion.

57. While people over here in the Foundation no doubt feel part of that and comfortable with that, what about the people in the Bank, are they going to come along & enjoy the festivities as well?

Up to now I see them as being orientated to like these new activities and revelations. And I will still expect them to come along.

58. You mentioned earlier on the whole notion of orientation for new people coming into the bank, can you tell me what happens in that orientation process?

The orientation of?

59. New employees or people that are employed by the Bank.

Well there is a five day induction for each and every employee to ensure that people understand the vision of the Bank and the culture that they are going to get involved in.

60. Have you conducted any specific interventions or interventions in order to introduce community management principles into the Bank, such as value sharing workshops and industrial theatre and things like that, have you explored or tried any of those things?

Eh, I think they are still being developed. We had two workshops to ensure that we have shared values and we seem to be coming to a good concurrence as to what are the shared values. The last bosberaad that we had, had an effect to ensure that people understand, you know, even the vision, a common interpretation of the vision. Out of it an unfolding strategic plan, out of which we could see how we relate to one another on a day-to-day basis, what mechanisms could we put into place As I said cross functional teams, communication, both vertical and horizontal, lateral relations, formal and informal, you know interaction.

61. In terms of the way that you reward people is that done on an individual basis or on a collective basis?

Reward is individual definitely at this stage.

62. You have got team focus and you are all in this together, but you are still rewarding individuals, can the team spirit survive with this?

How would you reward them as a team?

63. The team decides how things should be broken up and divided amongst them, how the cake is to be divided.

Not as yet. The Bank will tell you there is no way that marketing can be done separately there has to be team work. There is no ways you can open an outlet separately. There has to be team work. There is no policy that can be developed separately or be compartmentalised. There has got to be team work. In many respects both divisions have to work together. There has got to be joint effects, translated into joint teams.

64. In terms of the Community Bank and the Foundation, how do you measure your success, in other words how do you know that you are doing the right thing?

The Bank as a whole, the Bank measures its success as a bank that it is going to provide savings and borrowing facilities to the community. By the level of its impact to the quality of the life within target communities.

65. You go along to the banking side and you ask them the same question and they say we are looking for sustainability and new accounts, in other words they seem to be profit-motive driven, is that a true reflection or not?

Well the Bank has to make profits to ensure sustainability, that is unavoidable. But still we are not going to measure our success as to how much profit compared to the previous financial year. We shall check through our input and contribution as a bank in the target community. Have there been any marked change in the quality of life of that community?

66. In terms of going out and achieving that quality of life and up-liftment, are there any primary or secondary considerations that you take into account?

At this point in time you see, probably we would be having about one thousand members collectively now between three banks. What would be primary? Primary would be the amount of the loan portfolio that is available to the savings institutions. You know this 'gearing up' the community saves one thousand rand and we would get it up to three thousand rand. Obviously if you work hard enough and inform the community, the more they save, the more they can borrow from the loan portfolio. The loan recovery for us at this stage, we look into that, we are able to get sustainable participation from members. And secondary would be the support that we are getting from other development initiatives within communities, the support from even the local industries, the local business.

67. How important is that networking with say NGO's and local business to you?

We are part of the environment, we are not an island, and we are appropriately sensitive to that. Normally we have got membership in a number of recording interrupted, end of the tape, lost information.

68. We were talking about being sensitive to ones environment. As a last question since the Community Bank has been down a steep learning curve, what advice would you give to other organisations trying to emulate your success in introducing community management principles into their day to day business?

Value human beings, they will make it, they will make mistakes, will make hundreds, they will be frustrated, they will be inspired and will be up and down. But as far as I am concerned even when they are down they will succeed. Value a human being and out of that a lot of things will flow out. Community participation is strategic, it is a strategic plan, you know what will be appropriate to the vision - team work, permanent enhancement of the staff, success to venture, support from the communities, support from the networks. I think it all centres around valuing people. If an institution does not see human beings as a valuable entities in the world but sees them as mere entities to make 'bucks' and give loans that is where all sorts of problems will creep in.

69. In terms of valuing the human being is that a way of liberating the kind of work ethic and natural work rhythm of people?

Ja, I would think, and enhancing staff performance. So, the valuing part of it is not only outward looking, that is to the community that we want to give banking services or credit

services but also it is inward looking, that is the staff, the people, the army, the cadres who are going to carry out the big job. Using simple terms staff have got to be valued as well. You have to look after their development and training, the working conditions ensure that they are conducive, ensure that communication, you know, work relations are ever improved. Staff must feel part of the family. We see ourselves as a family. We are building that culture of a family. Is that not one of the best methods of improving productivity? If bankers we can flood this place with highly skilled people, within the Foundation and the core-Bank but if you do not build a culture of a family here things will be different.

70. What would you tell other people to avoid if they had to go the same route?

Avoid being impersonal, avoid a top / down approach. Be sensitive to the communities needs but be equally sensitive to high expectations. In fact avoid living up to the expectations or living up to all the expectations of the community.

71. Some people have accused African management, at times, of being paternalistic, of nepotism and that, have you had any experience of that? For instance your local outlet manager is not elected by the community, is that a check and balance against that type of thing?

It is an attempt obviously. If I say value, also the key thing is to inject democratic values in work. So if you are injecting democratic values you cannot be paternalistic because you have to be transparent and accountable. I think the thing is to bring in new cultures, like being more accountable and transparent, like developing more democratic values. But obviously avoid being ultra democratic because out there peoples needs are yesterday, they would like you to bring ten million bucks right now that they can simply 'chow' it in whatever way. So in a sense, the passion to work and serve communities and meet their needs has got to be balanced by rational resource utilisation. A good example, you say to people, everyone can join but do not think that everyone is going to get loans. You can all apply but do not think that just everybody is going to get loans. But all should be done in a transparent way, because I hear when I speak about the other credit programmes, people are still frustrated by them and I suspect that those credit programmes are not transparent. People do not exactly know and also they do not engage in capacity and institution building. As a result people have no sizeable understanding. I would say thorough understanding, even sizeable understanding of those programmes. And of course, let those institutions, wherever they establish themselves, let them grow organically. Again addressing paternalism.

72. Those are all the types of questions that I have got to ask you, have I left anything out or is there something that you would like to add?

The government Patrick, the RDP delivery and again that is very closely linked. It is much a personal type of thing, though you pick it up from other similar instances, the government have got a meaningful role to play in community banking. Let me generate now because in fact if I have time I would like to write a paper on that. Gosh I have got all sort of things. I think the Bank has got to be sensitive to political issues. Like you know, to what extent are we going to be rural biased, given all the high overhead costs, when going into the rural areas, you know, premises, infrastructure and that lot. Then the government has got to get in there. The administration costs of macro lending, good lord, it is too high and difficult to travel, mind you he says that he is going to remove what is that, there is an exemption from six thousand rand down, you see. Those are the things that the government has got to get into. The relations between the Community Bank and the unemployed, vis-à-vis RDP delivery, that is why I said, you know, I am just general here. We have a bank, we have got to be sustainable, so we cannot just be grant funding. But if

there is a grant funding institution coming in then we can explore joint ventures, in fact I am also looking into the issue of joint venture. But I have also been pushing that people should not always talk just about formal relations and formal networks. In any work situation there are informal relations and informal networks and they should equally value those relations and networks because they are helpful. At the end of the day they are going to enhance the purpose of the staff, as well as the functioning of the Bank. I mean if people talk during tea time and people talk in the passages that must be equally valued. No matter how much procedures you have, this committee can only make a recommendation, the management committee can only go up to this level, then there is the executive, then there is the Board of Trustees. But people picked up the phone and manipulated things so that humanistic and integrity component must come in, so when the influence from formal relations and informal communication comes in, it must be positive, not destructive.

INTERVIEW NINE

Respondents Job Title	Community Liaison Officer
Biographical Data	Black, male
Graduate	No
Background	Varied manufacturing, trade union movement, political activist, community leader - Tamboville Civic Association
Personal Comments and Reflection :	
The respondent had a very direct and concise manner. I do not think that either one of us was sufficiently relaxed to reap the full benefits of the interview. The respondent had just bought a hamburger for lunch and put it to one side when I entered his office. I felt uneasy about disturbing his lunch break and not want to take up too much of his time. In spite of asking a fair number of questions I do not believe that I probed enough to clarify specific issues pertinent to the Research Propositions forwarded.	

1. To start off could you tell me a bit about yourself and how you came to be involved with the Community Bank?

All right I come from a trade union movement. Firstly, I was employed in one of the biggest Steel manufacturing companies which was later on taken over by Iscor. I was also very much involved in the formation of FOSATU and the change to COSATU and the union which is now known as NUMSA in 1987. Also linked to that period, 1979 to April 1989 or the early 80's I got involved in civic issues and the establishment of the UDF at that stage to oppose or attack the racist system. I was also one of the first founder members of the Wattville Civic Association. I have been the chairperson since 1984 until this year March. I was also engaged with quite a lot of NGO's. In the late 80's and the beginning of the 1990's we had to transform the civics from popular resistance into development and I do not know if you have heard of the Tamboville story?

2. No.

It was based in Benoni and we where one of the very first Civics go into a joint partnership with the local authorities to develop land for housing. I also began to get an insight into how the bureaucrats operate. And then with the Bank I also think that I began with a process in late 1992 when they were doing quite a number of case studies and I was involved with Bob and Cas. I was also part of the main group that made a presentation to the Registrar of Banks. My involvement with the Community Bank began formally last year in about October when I was employed and given the task of establishing the very first Community Bank branch in Benoni. So it was a mammoth task, it was quite difficult.

3. From your background in community structures what does the name Community Bank mean to you?

First, I consider it as a type of identity for me. I is not just an institution. I am part of it. Also I do not just see the Community Bank as a delivery vehicle. I see it as an institution that embraces the community that we intend to serve. It is really being part of the less privileged people. that is how I feel about it. It is not just a job. It is a Commitment more than anything else.

4. In one of my earlier interviews the person that I was interviewing said, 'the Community Bank is my Bank' denoting true identity, do you feel the same type of identity?

Yes.

5. Could you tell me about what gave rise to the formation of the Community Bank, and the people behind the formation of the Bank?

Firstly, it was a commitment from those people and it was also a realistic approach about what the Bank could and could not do.

6. How about some of the people who where involved in setting up the Bank?

There was a committee which was actually set up, a Liaison Committee. I was very much involved. We were not promised any compensation or remuneration or jobs for that matter with the Bank. At first it was a bit of a sacrifice for them as they had to attend meetings and of course they spent very long hours in those meetings. Instead of the group becoming smaller because of the number of meetings we where having. We found that they were in a position to motivate other people to join the Local Liaison Committee. In the beginning the committee was about 8 people and ended up with about 24 people, and we still applied those very same principles.

7. In terms of the broader picture, the Community Bank, what gave rise to its formation?

Could you re-phrase that question?

8. In other words the purpose of starting a bank of this type?

I think until now the critical issue has been housing and as to how institutions begin to differ with regard to low income communities. And the other aspect was that the established banking institutions instead of really going into those lower income communities they tended to backtrack in the form of, you know, red lining and all the townships where classified as high risk areas. There was not a bank which was willing to lend to these low income communities.

9. Is it possible to identify a vision or dream of anyone who said come lets go out and make this a reality?

Well it was Bob, Bob Tucker.

10. What role did he play in the whole process?

He engaged himself in various activities and he also consulted members of the established financial institutions as well as the civics. And I think that he had, which I thought was quite unique about him, was his ability to listen to ideas and to encourage people and at the same time to transform those ideas into practical and achievable goals.

11. What role did Cas Coovadia play?

Well Cas was really concerned about the issue of houses. He really understood what the needs were and so on and he provided guidance as to which issues needed to be focused on.

12. You have mentioned two powerful and influential men, did a special dynamic develop between them?

I think that it did. It did in that Bob had very broad ideas about the community in terms of transforming them into achievable banking actions. He could not delve into that much and he was there with his banking expertise and putting up the numbers. I think that he was quite unique in doing that. Meanwhile for Cas he was looking at the banks relations to the communities. So they kind of complemented each other.

13. Besides Bob and Cas where there any other people who deserve mentioning in the formation of the Bank?

I think PlanAct played a major role. I guess also the Tamboville community because of the number of peace areas. A number of exploratory meetings were held with them and I guess Mark Swilling was also there and obviously Mary Cobbart and I think a number of people who came from the formal banks.

14. To what extent does the Community Bank differ from other traditional financial institutions?

Firstly, we have the training and capacity building side. I am not saying that other banks might not have them. They might have them. Our modus operandi is nonetheless different in that instead of looking at the high tech management styles etc., we are concentrating on the illiterate or semi-literate communities. Secondly, in terms of the Foundation we are also able to respond to our membership needs in terms of their product needs. We are able to design products to community needs.

15. We hear that the idea of community banking is not unique to South Africa, there are other such banks, such as the Grameen Bank, to what extent then is the Community Bank a home grown product?

I do not think that that is a fair judgement. One, what where the other community banks established for and second what where their successes? So you cannot judge the Community Bank against something that is really not there.

16. During my interviews with the banking arm of the Community Bank mention was made of the Grameen bank and the Indonesia Bank, do their successes and failures have any bearing on the way in which the Community Bank goes about its business?

It definitely is, as the Community Bank recognises the various alternative structures within the community such as burial societies, the stokvels and so on. Why did we have those structures? It was because traditional banks stopped addressing the needs of those communities. It is only recently that they have done studies that say there is a loss of money so we should lend to them. But in the real sense they are looking at the rands and cents of those institutions instead of the culture of those institutions. We at the Community Bank recognise their culture and at the same time we are saying that these hybrids need to be strengthened. We should not be destroying them. In fact they should be utilised in such a way that they are effective in their communities as well as in the financial community. So it is a type of two way process.

17. You made mention to the culture of those structures and the social fabric, could you elaborate on that?

In fact those structures such as the burial societies and the stokvels were formed on the principle which is very simple. It is actually based on a particular need in that community. There is a focus within that group and then the other aspect is that those structures do not have to go through all the legalistic processes. They do not have to sign any legal obligations to fulfil their role. I have still come across situations whereby the burial society or stokvel has collapsed because of minus one and so on. It is quite the opposite the only thing about this structure is that their leadership style whereby they have a president, who is a life president, and I do not really know how to put this now. I would like to put it in a very subtle manner. They are sort of success orientated. You have them for predominantly women only and then for men only and it is very rare that you have the two successes coming together. So it is one of those unique things and at the same time there are feelings that Africans are very conservative and allow their wives to do certain things. One is that African men do encourage their wives about joining those burial societies and encourage them to participate.

18. Can you tell me about some of the structures that exist within the Community Bank, such as the Board of Trustees, the Banking arm, the Foundation and the significance of these structures?

I think that there are a number of cross functional committees that we established because we recognised that we come from two different cultures. One is the Roll-Out Committee. Our special task is to deal with areas which we intent to open up. We also have a Launch Committee which does our launch functions. There is also the Official Club Committee and out of the bank we have the Community Liaison Committee.

19. The word Liaison Committee has a historical connotation.

As much as we would have liked to have called it another name such as a Community Co-ordinative Committee. It is really a question of semantics because if you look at its function it is more than co-ordinative because this committee does have a direct participation in the Banks activities. The members of the Liaison Committee participate when we interview the prospective Branch Manager and they also set out the salary scales of the Community Liaison Officers. And they also have a say when we have to locate premises and a location. We also have although it has only met about twice a year, a staff Liaison committee meetings. The purpose of those meetings is that we begin may be to start to engage the staff that is working for the Bank. Now the community representatives that is done in a sort of formal and informal way. If we were to talk of the Community Bank being a type of relationship bank you obviously have to begin with your structures. The other structures that we would like to have in two to three years would be a number of outlets throughout the country whereby the Local Board of Directors chairperson and secretary would be a ~~part of~~ and would have a direct say in the policy making of the Bank as a whole and then secondly there would be a National Banking Forum and a national general meeting. They would then elect 50% of the Board of Trustees serving the National board of Trustees. 50% of the Board of Trustees would then have to retire. Then we would have the people from the townships and villages and so on certainly being the managers of the Bank?

20. So the Trustees are only there for a limited period or do you stay on for as long as the community feels appropriate?

Yes, I would say the community would not want to reject the current Board of Trustees because they are all good. They deserve the recognition but ownership has to be transferred to the Bank members. This is the only viable way.

21. If I went along to the banking arm of the Community Bank and asked them the same question would they give me a different answer to the one you have given me?

Look you know that ultimately we have to do that. But at the same time I may say that there may be critical resistance as it is just unthinkable in the South African context whereby people in the township will be running the Bank. It has never happened before. But I am from the Foundation and I am absolutely convinced that if we looked at our big trade unions, COSATU and so on, who will be controlling it. It can happen. I am convinced.

22. To what extent is the formation of the Community Bank a product of South Africa's socio political struggle?

I may not have a correct or direct answer to that. I think that through the process of economic deprivation of communities the need had to be addressed. And also again this notion that South Africa has political but not economic freedom. This is a way of addressing this misconception that the majority of South Africans, especially the blacks, do not strive for economic power as in other African states. What we would really want is real economic freedom. When we talk about economic freedom we are not talking about being remotely controlled. We do understand that there is a shortage of skills and we have to develop ourselves. In the process of doing that we cannot blame everything on the leaders of apartheid. You, recognise that apartheid had done us some damage but then we have to use the existing resources. The human resources and the skills in the white market place and so on and say teach us how you actually did it.

23. Earlier on you spoke about capacity building, what do you mean by that?

That is really the buzz word of today. I think that in order to answer the question one has to ask how does one measure capacity building. At what point do you say that these communities have the capacity to do certain things. I think that with the Community Bank that recognition will be there when the Local Boards of Directors begin to function. When people have to make decisions about loans, about the planning of the Bank, about advising managers and so on. I believe that at this stage it is really one of seeing that community, the first being Daveyton, and saying what really mattered to them. Hence, the workshopping process and the training programmes and so on. I think that every thing has a beginning and an end. You have to measure it. A thing like mentoring where you would say okay you are an understudy for Mr XYZ and you have to reach a certain point whereby you can do certain duties on your own. You also have to be in a position to make judgements and you should be prepared to take risks. That is how you have to phrase this whole word of capacity building.

24. Albert Koopman writing on the Cashbuild experience talks about defining the hard and the soft variables of decision making. In other words those issues which are and which are not open to discussion and consultation. Is it possible for you to define the hard and the soft variables applicable to the Community Bank?

I would most probably classify the soft variables as more of the application and training aspects and to be in a position of being able to take decisions with the community. The hard ones, would be the real practical things such as management for instance.

25. In the Community Bank there seems to be an ethos that separates the two sides of the Bank, the Banking arm and the Foundation, within the Foundation do you see management styles differing at all or do you all operate along the same lines?

I think for practical reasons yes, in the sense that most of us come from civic or NGO structures and secondly our structures are really flat and democratic. Also the emphasis of the Foundation is not in terms of valuing community empowerment in terms of rands and cents but through education and training. Whereas in the core-Bank, although people do not agree with it, they function with a hierarchy which is bureaucratic and they value people in terms of rands and cents. That is the difference.

26. Is it dehumanising?

I think that it does in the sense that at times one gets very frustrated. We want to do a certain amount of things and we know that we actually understand what needs to be done and addressed. The problem being who controls the balance? It is the core-Bank. So basically the man who has the money says no you cannot do anything. That is one of our reasons of frustration. Although we are grant funded. But there are, you know, other activities which our organisers really are backing which the Bank should be doing and there is building recognition. There is no professional research paper that has proven that this needs to be addressed. I think that the attitude is that a scientific approach in that if it is not at risk it is not bad.

27. Are you saying that they have not lived in the communities that you serve and as a result do not adequately understand what need to be done?

That is correct. That is where the problem really is. As a gripe for instance if you where to conduct a number of workshops in the townships. A general introductory workshop, the Foundation staff will always do it. In the core Bank you will come across people who will say am I going to be safe in the townships because I am white. Of which I can understand their fears but then the worst part if you come across a black manager and he asks you the exact same question. Now you ask yourself where did that guy grow up. I can understand a white having those fears. The judgement of blacks with the same fears is more conservative than the whites because they want to project an image perhaps, 'I am a guru in the banking world and I have to prove to all that I am board'. I know one guy who made a ridiculous statement, 'I do not think that the Community Bank should open up in Atteridgeville townships.'

28. The name Community Bank implies that it should be located in communities, is this at odds with the opening up of the Commissioner street Branch downstairs?

I think that this is branch were you have to ask where do most people come form which gives us a signal as to an area where we might open.

29. Within the Community Bank is diversity of opinion or commonality valued?

I guess there is a recognition that we come from diverse backgrounds and at the same time there is recognition that we need to respect each other and at the same time that we try to change people from different cultures and try to adapt to one another. But there should be some type of common understanding on how to operate on such things like cross functioning committees or teams which we establish together on a particular issue from the Bank and the Foundation and try and deal with it.

30. Do you see diversity of opinion being a strength or a weakness?

For a Bank of this kind I guess it is - interruption someone came into the office, train of thought lost.

31. Do you see a common culture emerging over the next 5 years or so?

Ja, I guess with the people of the Foundation there is a willingness to learn and listen to other people and to develop a unique Community Bank culture which embraces both the Foundation and the core Bank culture. I would definitely say that we have to adapt.

32. In terms of the Community Banks operating environment and considering that you are primarily involved in delivering a service to low income communities, has this effected the way in which you go about your business and the way in which you service that market?

One of the criteria is that we had to employ people with banking experience and others without banking experience all together and really combine them at the community outlet, or whatever. At same time the emphasis should also be on people who come from those communities and that people should have some background of being involved in community activities.

33. The way in which you engage your members or customers starts with your workshops.

In the workshops we tell people what we are all about, the type of products that we have. I think that the most important thing that people have recognised is the importance of how they are treated. Every question that is being asked by our members is important. Where people bank is irrelevant, we will try to address their questions because in the long run, it is still happening, where people will go to a particular institution first, stands in a long queue to only find out that it is the wrong queue with the transaction not being properly explained. They are being frustrated as time goes on and their questions will never be answered. If you walk into a bank, that is one of the things that we express upon our employees that in urban areas every African guy can speak either Zulu or Sotho. So you can answer the guy in his language. You might also talk about the weather, it is very hot, are you tired and want to sit down. People need to feel that there is a guy in Benoni who is quite good in that. As a result some people who just go and because of the treatment stand in the queue and confess and say, 'I never meant to open an account but now that you have explained I am going to open an account'. We have found this to be very very useful.

34. In terms of this operating environment is there anything else that you do differently?

Yes, we are going to start a process of general meetings with our members. In those meetings we will be informing them of how to open accounts, telling them about the types of accounts available, we will also be discussing the products, a little about the Branch and its operations and at the same time we definitely need an input from them as to what is it that needs to be improved about the Bank and what other products do they think that we need to develop.

35. Some people would say that the approach is just good marketing.

Yes, it must be good marketing but with us it is not related to any particular product. Our focus is on capacity building. Part of the problem is engaging people because we have to refine some of the workshops. These people need a workshop on how banks actually

work and so on then we can develop our central workshop. Therefore we do not have ready made workshop modules.

36. Have any deep rooted African beliefs, customs or traditions been incorporated in the way in which you go about your business?

I do not think very deep but there is talk about trust. The one is respect. Respect in the sense that if you come across a person and you do not greet that person that is really a sign of not recognising that person. I think that these are the very basics.

37. The big word at the moment is ubuntu, does that have any special meaning within the Community Bank?

Ubuntu, yes but we are not talking about it but actually practising it.

38. In what way do you incorporate it into your day to day management style and make it a reality?

I will give you an example. One of the community members husband was shot dead. Most of us made contributions from the Foundation, and others came to pay respects and secondly today a number of members went to help, you know, peeling vegetables in preparation for tomorrow's funeral. That is ubuntu in a way. Besides that we have also recognised that people need very special treatment like the elderly people within our own communities. Most traditional financial institutions will not touch a pensioner because a pensioner would have a minimum deposit. For us we need to recognise that there are people out there that can make use of our Bank. In discussions amongst the Foundation and the Banks members that when you open outlets, you probably have to make deposits for them. We have to maybe make actual payments for those pensioners. These are some of the discussions which are taking place.

39. In African management text books there is talk about the importance of celebrations and rituals, are these considered important for the Bank?

Yes, I think that one of the things that we have to do is when opening outlets, although we do not have the money to do it, is to slaughter a beast and then process sorghum beer and then have a number of respected elderly people who come to speak to the officers when we open outlets in the townships. But I think people in the townships are sought of living in the modern world. When we move into rural areas that is going to be a key issue.

40. In terms of human resource systems and procedures within the Community Bank, are you doing anything different to that practised in traditional institutions?

In what sense?

41. For instance the banks policy toward recruitment, selection, reward and discipline?

Since I began here I have not been involved but there is a grievance and disciplinary document. I for one think that we need it in case but it is not really there. I think that the principle that if you are wrong there must be a mechanism to deal with it you cannot fire someone on the spot. Secondly, we also allow conflict it is very healthy in a way.

42. Does the Community Bank promote the individual or collective needs of its employees within the Bank?

I think have already expressed myself on this point. We actually look at the collective needs. Secondly, in the meetings we have a chairperson but that is really to facilitate discussions and ensure that every one participates. Others direct and issue instructions.

43. What kind of initiatives or interventions have you carried out to get work rhythm?

I think that perhaps there have been a number of tensions in that people want to cling to their territory in a way and not wanting to share information. Our function is to break those tensions. We work as a team collectively. I do not believe that we should restrict other people. Secondly, the sharing of responsibilities. So what we began to do was that they should have weekly planning meetings. I did not have a direct say in that. But they would clear out a way and decide how they are going to work.

44. In terms of meetings and communication in general, how do lines and methods of communication differ in the Community Bank compared to those found in traditional financial institutions?

Look, if it is an issue related to a particular person or a particular department or division in the core Bank I do not go through the first line then the second line of management. I go straight through the to the core Bank whether they like it or not.

45. Earlier on this year I was following the dynamics of the Johannesburg Metropolitan Chamber negotiations to end the rent boycott and what struck me was the large number of interest groups with different power basis all trying to represent their point of view in an open forum, is this type of dynamic present in your meetings?

Yes, it is sought of like that but in a way it is a lot more focused on bank related issues rather than influenced but outside influences.

46. Do you have a lot of people attending those meetings where maybe traditional organisations might only have four or five people? Does the size of those meetings make a difference?

It does in a way that one could get bogged down and not make any progress. The other aspect is that people tend to differ on strategy whereas traditional financial institutions may agree on a certain basic principle as to which strategies need to apply. It is good that people debate issues and test models that need to be applied. But at the very same time it is a bad thing in that it delays progress in a way. I do not personally have much gripe about it because I come from an environment which allows community participation and which recognises that it is a very long process. I do not mind it because once you have it going and once you have it right it is bound to sustain itself for ever, for a number of decades to come.

47. In terms of the Community Bank how do you define or measure your success, how do you know that you are doing the right thing?

That is a tricky one. In terms of the Bank I suppose we measure our success by the number of people opening accounts and also we have an important aspect when someone is opening an account. We also check to determine whether it was result of our workshopping process. These are the type of measures that we look into and of the measures is the Community Liaison Officers they were initially employed on a six months contract basis, we later recognised that we had invested a lot into them in terms of developing their understanding of the Bank and so on and as a result of that we had to say

what do we do with them? Their contract is about to expire so if you can find permanent job for them on a full time basis it would be appreciated?

48. Besides the Banks need to show a profit and open new accounts are there any primary considerations or values with which you go about your business? For instance values which you are not prepared to compromise in winning new accounts?

I am not really, not really not that I am aware of.

49. The Community Bank has undergone a steep learning curve, what kind of advise would you give other organisations trying to emulate your success in introducing community management principles into the way they go about their business?

I think one of the mistakes that they made is that they tried or sought of replace white management with black management. As a result you find that a layer is replaced by two layers. I think that results in an environment in which people get frustrated. They are put into those positions as a sort of window dressing without making an input. I mean that this should be avoided. The other aspect is that a number of companies would prefer focus on academic qualifications rather than on the experience and the impetus that the people could really deliver. I think that has to be taken into account in that we have had decades of apartheid and so on. That most probably needs to be taken into account. One that is very much important is that management should listen and be open, even to junior staff. So you go to someone who scrubs the floor in the morning and say how things going in the township and so on. You would be surprised how much co-operation you will get.

50. Are there any downsides to community management principles, is there anything that people should avoid?

What do you mean downsides?

51. Is there a danger of nepotism or favouritism creeping into the management practice?

Ja, I think the danger really for us in the Foundation is that we interact with the communities. The major issue that keeps emerging is one of employment. Since you know that I am related to bla, bla, bla, can you? I think that this has been the history of employment parties in all the major industries. A foreman in company XYZ needs a person so he goes to a supervisor and says can you get me someone. You get a neighbour and that is how it became a pattern. That is why transparency in employment practice is so important. Then the other danger is the whole aspect of secondment or mentoring management staff. Companies need to come to a point when they have to make some judgement as to whether the mentoring process has really achieved its objective. In other words if one looks at the current South African industrial trend you would look at people with a community background. People who play a secondary role may end up being poached by other companies - telephone interruption - and you will find that these people will also be poached and they will never be given the opportunity to develop themselves. They tend to have sought of negative attitudes towards other companies therefore you also have an element of networking.

52. It is interesting to hear you mention the word networking, do you find it of significance, does the Community Bank make extensive use of networking?

I think firstly you get to know the institutions that are out there, and secondly you also get resources from them in the form of maybe information and you also avoid duplication as

well. You are also able to spread your unit quite wide without having to stretch oneself within the areas that we are working.

53. Those are all the questions that I have to ask, is there anything that you would like to add or which you feel that I missed out on?

You asked quite a number of questions, not any that I can think of now.

INTERVIEW TEN

Respondents Job Title	Branch Manager
Biographical Data	Black, male
Graduate	No
Background	Experienced banker
Personal Comments and Reflection :	
The respondent, whilst describing himself as a bit of a maverick, came across as being very friendly. Regrettably, the respondent spoke very quickly and did not slow down sufficiently to allow purposeful and controlled interviewing. My introductory questions should have been more focused. At times I felt that the incumbent did not reflect deeply enough on the questions asked.	

1. Please would you tell me about your background and how it was that you became involved with the Community Bank?

I used to work for First National Bank in 1980 until 1992. I started straight from school doing almost everything as far as the many aspects of the Bank are concerned. Now I moved through the ladder from enquiry clerk moving over to lending and service positions, being a teller and being transferred from one branch to another. Please stop me if I am talking too fast?

2. No not at all, please carry on

Moving from one branch to another because when I started working it was in the township branch in Daveyton so we did not have anything like foreign exchange, guarantees, off shore finances. So I moved from Daveyton to Benoni in 1985. From where I did foreign exchange, managerial, off shore finances and guarantees. I must say that I was one of the very few people to get that opportunity. Some of them joined before me. Being black you were told you are a teller and that is it. I was transferred back to Daveyton and became what was known as a Branch Administrator which is like an Admin Manager. I went there until we had to open a branch in Spruitview. I opened that branch and from there it was profitable. You know what it was about FNB they give you a branch and say OK fine the cost of a branch like this one is one million rand. That is what you owe us - a million rand. In brackets they say this is your business. So before you can make a profit

you have to pay us back the one r and we spent on the branch. So the Spruitview branch cost round about three quarters of a million rand. Their pay back target was within two years. I had to pay them back that three quarters of a million rand. Now we started operating in September 1991 and in September 1992 we had our profits of 38 cents. That was our profit. Now what helped us when we started was we had Thokoza, Vosloorus home loans that were held by a branch called Small Business Loans. We took over 36% of those loans that amounted to 4.5 million and our interest paid per month was on average seventy thousand rand. Now you multiply that by twelve and that gives you an excess of what we owed plus the new accounts, okay, but you have to build in the interest that you owe. The total set up then was less than fifty rand. Which means then in fiscal terms we had reached our target. That is we had repaid the Bank their three quarters of a million rand. Now in 1992 / 1993 financial year I left FNB.

3. What persuaded you to leave FNB and join the Community Bank?

No not really. I then went to Nedbank. Okay there I was their manager in the department they call Corporate Matching. What it is a fraud detection department whereby all the Nedbank branches in the greater PWV where under me. All the deposits being made. What happened is that if they capture a deposit on the system at the branch the deposit now has to go to the access centre. Now that credit matching how it works is lets say you make a deposit of one thousand rand but the teller captures it as one thousand and ten cents. Now then it goes to the access centre where they do it as one thousand and one cent. So the two do not tally, they do not balance. The credit is 9 cents so it will show there is something wrong. Everything should balance so that you can match those two entries. But what happened is that I worked there from September 1992 to May 1994 when I left them to join the Community Bank. But the problem why I left them, actually I was quite happy there, but we had too many clashes whereby I had 12 people who were working under me. Okay, it was multi ethnic, we had blacks, whites and coloureds. When I took over my department I found that there were guys there for the past 25 years who had never received a rise in their entire lives. Now when I started to raise the issue and unravel this thing, I became a hero to some and a pest to others. Now that it started to become conflict management because we had conflicting managers there, I had to go through each and every file of my staff. Then I had to interview them one by one. Now there was this one guy in particular who was a scooter driver and he was sixty two, ja sixty two, who was transferred to a branch in 1984 and now in terms of his academic qualifications, I mean he had gone up to standard six, now they taught him the job, and now they felt he was a scooter driver. I mean it the lowest of the lowest grade. Go ride your scooter because you have been hired to ride a scooter. Then he said look I have fallen off that scooter five times and now I do not want to ride the scooter any more. So they had two options fire him or relocate him to the Bank. Now what was he supposed to do? He was a standard five guy. But, okay, he managed. If he was not productive why would they have kept him for so long. Either you fire him because he is not matching the company but by keeping him you are doing him a favour. Never allow this to happen. Either give six months and say if you do not pull up your socks then we will have to retrench you. But that was never done. He was about 64 when I left Nedbank.

4. So you were a bit of a maverick?

That is right. So I took that guy. I mean he never got any promotion. So I took the matter up. A rear payments amounted to about 18 thousand rand. From a mere grade pay of one thousand one hundred rand to about two thousand four hundred per month. Now I mean 10 percent, seven percent and like that. Now any problem that they had, because we had eight floors, the word spread around, hey there is a black manager down there if you have a problem go to him. Now what they forgot was that was my area. I could not go and

solve a seventh floor problem as that would put me in conflict with some. So it turned out to be a racialistic thing. From the background that I had come from I was not afraid. So I was making them very much against me. Because why what would happen is that they would all go out to lunch. I was on the third floor and most of them were on the fourth and seventh floor and now they would forget about me. They would go out on a business lunch and when they would get there they would say oh what about, you know about that. They would then be too embarrassed to call me and say come over and join us. I would then say ah ah, as if they had forgot that I existed. They were feeling very much embarrassed. Now I know who was spear heading that. I then went to him and said, "Look I do not care that you have been with the bank for 25 years". What was important was productivity and I had it. So that was why he could not realise this error. Now if this man was correct he could of taken the matter up with the industrial court. But all he wanted was to stay there until retirement. Now being on the third floor and being on the other floors. When you went there you found them all locked in the senior managers office and I would say why was I being left out when I went to find out what was happening. He said why and I said because you having a meeting with the other managers not me. He said he had called which was a lie. So I took the matter up with the senior executive. He said, no he had no personal grips against me but they were making it difficult for him. I then said why if that is the case he had better transfer me to one of his branches. That was still about to be done when this Community Bank thing came into existence. I was not interested in the Community Bank. I did not know where it came from, what their policy was and what was to happen. But I said take the concept. It was nice to be associated with the first of its kind. I was the very first black - no the very first manager at this branch, which was the very first branch to be opened to the public in the whole of South Africa. Now if I do not support this worthy case and this Community Bank goes up and up and up it is best you know to say that I am part of it. I would have been part if I had joined them with my experience and expertise throughout the years. I felt take a chance and join them and that is how I ended up joining them. So then I was a bit cynical about the whole thing. I mean we are in a new era. You know the quotation I like goes, "The people who make the most out of life are those that take the bad decision and make the most out of it". So I said if I make the most out of it I will be the first person to enjoy. So I said fine even though I did not know much about the Community Bank. Let me take a chance even though it could of been a bad decision but if it works I am the one who will be very much happy. That is why I joined and opened the first branch before Johannesburg and Athlone. Now everybody was saying fine lets look and see if he is going to crash or is he going to go up and up. Now at least most of the things that I actually put into place when this branch opened we did not have. So I had to try and introduce this and that at the end of the day perhaps now the other branches will ask how did you do this and that. Some of the policies suggested have been accepted and are up and running. Hence, I am saying then we were able to be first because why because of my expertise there is going to be a second and third branch. We started the ball rolling and once the ball was rolling all eyes were focused on us. There is now competition with the other two branches. I know maybe if they want to overtake us as far as deposits were concerned they would say come look you were the first one and now you are lagging behind. So I have always got to take the lead and open up the gap.

5. What does the name Community Bank mean to you, what does it conjure up inside of you?

Now what happens is the Community Bank, as you are probably aware, is not a commercial bank whereby you just go and save fifty rand here and there and when you go and want to borrow one hundred rand they tell you no you need security. The Community Bank is about the community. It deals with the community and it is for the community. Now I am sure you know that we have the amount of 200 million rand which

is with our Trustees. Now that 200 million rand is going to be bought from the Trustees by the community. We do not call them customers but members because it is their Bank. Hence, we call it Community Bank. What will happen now once we have those 200 million rand then they will have a say in the running of the Bank. If they say okay guys change from a community to a commercial bank we will do so why because the shares are no longer held by the Trustees but by the people themselves. That is how the concept of the Community Bank comes into effect.

6. What is the significance of the share and being a member of the bank as opposed to being a customer?

You see in this the core branch we will have what we call outlets or sub branches which are going to open in the townships themselves. The core branch like this one in Benoni is going to have outlets in Daveyton, Tatwa and one in Wattville. Now all these outlets are going to have what we call an outlet manager whereby once these people buy those shares they have what we call a Local Board of Directors and once a year, say they mark up two hundred thousand accounts, then they will have a meeting whereby they will choose from the people who would have bought those shares the people who will represent them as far as decisions of the bank are concerned. Now they will be represented by those very same people who bought those shares, so they will say okay Patrick, because we think that you will be the one who is most influential we want you now to be on our Local Board of Directors. Now the Local Board is the one who will go to you as the Outlet Manager and say okay fine Mr X went to you for a loan but you turned it down. What are the reasons? The Outlet Manager would then say okay Mr X might do this and do that to improve upon his past rating then we would be able to redo his loan application in four months. Okay then you would go back to the very same people and say this is the problem. So when he goes back the next time he knows what to ask them the next time, you know what made them turn down my first application. So you work on improving on your credit rating so that you can qualify on your second time.

7. How does the Community Bank differ from traditional financial institutions? You have had the unique experience of having worked in both.

You know that our borrowing is not going to be based on security but upon trust. That is where we differ. On trust how does that function: take for instance directors at local outlets - that Board has been chosen by the people to represent them. That Mr X wants a loan, you the branch manager might not know him. That Local Board is the one who might know him. Okay, we know him as he has a house here, he is having kid. You with me now? That Local Board has been chosen by the people who will be telling me the outlet manager to give it a go, granting the guy a loan or no. So if he does not pay I will be going to that very same guy and say okay that guy is not repaying his loan so say to him is he going to repay us. That is how we aim to reduce the risk.

8. The whole notion of stokvels, have you borrowed any guiding principles from those informal institutions in any way?

I do not know whether you have heard of any of those developmental companies which are under the IDT. They, are, some of them, are called the Thlabele Development Corporation they went down. Why because they used to say they will give a stokvel two thousand five hundred rand per person of a stokvel. Now if the Stokvel is ten they will give you twenty five thousand rand. Now say the stokvel might have five thousand in its account. Now it is collective bargaining but per person. What they forgot about was concerning the address of the stokvel. They would give all the members of the stokvel the same address. Using one guys address but say 5 guys resigned from the stokvel now they

are looking for them at an address where the guy does not stay. So that is how they happened to loose part of their money. Why because they did not have the proper address of where the person stayed. Now we are saying that we are going to borrow to a stokvel. But the way we are going to do it is they have ten thousand rand. Now we are prepared to borrow one person ten thousand rand or 5 people two thousand rand each from the very same ten thousand that they have got and they can still continue to deposit. Now once the first 5 people have repaid their ten thousand we are prepared to give another 5 people ten thousand rand. Now our risk will be reduced by saying we have given it all now but now they must repay from something that they have actually saved. The ability for the next person to qualify for a loan will be on the good of another to repay us.

9. How does the Community Banks approach to people management differ from that of traditional financial institutions?

We are saying, like I mean, the core branch may differ from the outlets because it may operate like any other traditional financial institution. The trust element lies at the outlets. But whatever we do we speak the language that people understand. Whereas in traditional financial institutions there are those banking jargons that if you go to a teller they think that you understand what they are saying to you and when you go out you did not understand anything.

10. Earlier on we spoke about the importance of trust within the Community Bank, to what extent is that an extension of the concept of ubuntu? Do you manage in that way at all?

As I said to you before this one is like any other bank. We get any customer of any kind, black or white, whatever. Now the trust element lies in the outlets where the customer is based where the growing power lies with the Local Board of Directors in that particular area. When a person wants to borrow we bring in that Local Board and we will say do you know Patrick, how long have you known him, what do you think if we gave him X amount, do you think that he will be able to repay us, you know you are sitting here, and Patrick that guy is not here. The Local Board of Directors is putting their head on the block for him. If he does not repay questions are going to be asked of the Local Board of directors. now that is trust. That is how it functions.

11. What gave rise to the formation of the Community Bank?

Okay, well I am not too well versed, as I joined the Community Bank quite late. The concept came into effect some three years ago. You know Cas Coovadia, he was with Actstop. Actstop, you know, was about stopping evictions out of flats, whereby these guys were just occupying those flats for 5 or 10 years. Now the landlords want to kick you out. Now there was no ownership involved so Cas and then Bob Tucker came together in order to do something for the people by the people and managed by the people themselves. Out of which came the concept of the Community Bank, which now came out of the concept of the Grameen Bank in Indonesia which is a rural community whereby it was mostly targeting women while most of the men are in big industries in the big cities. The women were left in the rural areas and the husband might not send any money for four years or something like that so they had to set up some gardening of plants and flowers and rice. So what happened in that community the Grameen Bank would come in and say all right so you have land but no crop now we are going to borrow you say ten rand each to buy crop and once you buy that crop you plant that crop and once you sell that crop you repay us ten rand. So it is on a small scale but it can become a very big thing managed by the people themselves. Now once they have bigger plots you have some crops

and chattels that you are selling they now most probably have one thousand rand which they would sub-divide into a group of five. Now they would borrow the first two and the other three must wait until the first two have paid back. Now if the first two do not pay back then the other three cannot get any loans. Now the other three are working and they will assist in any way they can to help the other two pay back as soon as possible. So they can qualify for those loans. Now those three will be helping those two to sell and once they sell and pay back the other three get loans in return which means that the other two must the other three to sell quickly so that the whole thing is repeated. This thing has been very successful thus far. The loss they suffer is less than half a percent. Why because it belongs to the community of that area. If they say go and rob that person they are robbing from the whole community. They will not do that as they know the whole community will suffer. That is where the concept of our Community Bank comes in.

12. As you have mentioned Community Banks are not exclusive to South Africa, there is the Grameen Bank and others, to what extent do you think that the community Bank is a local home grown concept?

Here in South Africa the number of un-banked communities far exceed the number of gigantic conglomerates. Now we have got black banks and mega bankers. Now people in rural areas may be small farmers. Now he is making money selling chickens or things like that and the nearest bank to where he stays from his residence is 500 kilometre. If he wants to go and bank one hundred rand it is going to cost him sixty rand to and from and he ends up with only forty rand. So he might as well put his money under his mattress. So if we are going into those areas where people are not being represented where we go and take that money from under the mattress. I mean from where is it easy to reach them we assist them there and we will reach all the un-banked communities in South Africa.

13. To what extent is the community Bank a product of South Africa's socio-political struggle?

Now you see that is one thing that is socio-political. Now I do not know if you know of the Community Housing Bank. Now I will not be able to elaborate much on that. Okay, Cas Coovadia was on the ANC electoral list. But now I firmly believe given the changing socio political climate in South Africa will have a very much positive effect on this Bank. Because now people want to have a sense of belonging. Now if we involve them socially we bring the so called Community Bank nearer to where they stay then we can bridge the gap between those communities. Whereby FNB is for the DP and ABSA is for the CP and the Standard Bank is for the NP and now what about the black bank they do not have. Now as you see now as soon as we identify this Bank in the political spectrum they must think that this is our own bank. The black man they come here to town. They get a bank in town run by black people. So that creates a sense of pride in them.

14. How important is the Community Bank for black economic empowerment?

Now I do not know in 1994 they are members of parliament.

15. I was thinking more along the lines of traditional banks red lining certain areas?

That is still happening. People come in and say I have been to this and that bank. It is happening probably why because of the risk they took earlier on whereby it is the mistake they made long time ago whereby the person who was borrowing money to build a houses or extending a house was actually a third person instead of being the first person. I mean you get an estate agent in front. Right you get the bank in the middle. You get the buyer right at the bottom. Now this guy the estate agent will go and take the forms at the

bank and now take them to the prospective buyer and help him to qualify for what he does not qualify for. Now building a house which is below standard. The bank in turn does not even know this person. They have never seen him in their lives. What they do have is a so called pay slip given to them by the estate agent and then now say okay he does not qualify and say okay go ahead. Now this guy will build him say a house that is below standard. Then now say the house was built in winter and it is now summer and it starts to rain and the roof leaks and now he wants to go to the estate agent. Why because he is the developer or person who made the house. Who says no, no not me you must go to the bank. When you go to the bank and say what is happening to my house they will say what who are you, we have never seen you before and you say but I have been paying you for my bond. and they say oh, oh ja Mr Patrick what is the problem. No my roof is leaking. But we did not build your house. MR X built your house. But I say I am paying you the bank not Mr X. So they say okay but the 5% retention has been paid to that guy who has now gone to Bloemfontein. Now this man who is committed to paying the Bank for 20 years within a year he is unhappy. Do you think that he is going to continue paying the bank? Forget it. He is going to say no I am not going to pay the bank. He will become a liability. I will get within the very same street all the people who got the same developer who built all those houses. The same bank financed them. They will be unhappy because why the banks do not care and they will start now by stopping their repayments. The bank will now seek a court order to evict those people. Now we are going to sell those houses. Who is going to re-buy those houses? They say if you touch that house we will burn it. You will not move inside those houses. So the bank tries to evict them, they get vandalised. Oh they say you buy it, it is my house, I paid for it. You cannot have it unless the bank re-pays me all that I paid for it. Then I will go out. The banks themselves are afraid to go into the townships so they will send a court order. The people do not care about the court order. Some of the people are not even educated so it means nothing to them so they throw it away. Then the police will come and say no you have to evacuate this premises. They say how can you sell my house without my consent? This is my house. I bought this house. Hence, now they decided to red-line these areas where they felt their losses were too big. But I still think it was their fault because they never went to the people themselves or even looked at the house. Now buying a house is a big investment and you must be proud of it. But at the end of the day any problem you have come to us we will sort it out for you. Instead they closed their doors to these people. Now in return you would say we have been banking here for twenty years and you do not want to talk to us. Fine we will take our bank accounts elsewhere but here. That is how the whole thing started.

16. Would you tell me about the Foundation and the type of work that they do? In other words about the training programmes they run and the significance of these interventions.

Now the Foundation they go out to the very same community and say for instance we were to give a person a bond. Now they will tell you initially what is a bond, what is co-association, how can you build credibility, how can you be empowered. That is what we call capacity building. Now you make people aware, whatever you acquire it must be paid for. Now you cannot just say I want to borrow money for a bank without starting somewhere. You must start saving yourself. But at times you need money right away, not next month. As the bank says when you get, but what you have on hand. Even if you only earn fifty rand per month save ten rand for a rainy day. Then you can say okay I will go and borrow against my fifty rand. You cannot come to the bank empty handed and say you want to borrow money. What is your track record, it is nil. so they the Foundation go out there and say okay look this is your Bank. It is important for their sense of belonging. they say have pride in this bank and support it in any way that you can. They will be able to look after you, make you aware and teach you more about banking itself.

17. In terms of buying the share certificate and waiting six months and making deposits to build a track record, could you tell me about its significance and how it works?

If you buy a certificate you are buying from the two hundred million rand, now you become a member of the Bank and can elect a representative to the Board. That is how the whole certificate works. But now coming to the saving accounts how it functions is we have saving accounts as a new bank, would, I mean it took 15 years for companies to change a person's mind. Now say you have your account with FNB, they are happy, why should they change to a new bank, will it survive and if so will it not be like just any other bank. So we are saying, if you save with us, with this Bank, without your savings account we cannot survive. So before we borrow your money you must have saved for at least six months with us. Tell your friends, tell your family to support the what you call. Then we will look at considering a loan for you when the time comes.

18. At the moment you have your core regional bank, the Benoni Branch, do you have any operating outlets yet?

Not yet. The first one that we are about to open will be in Daveyton. It was supposed to be in September but we are having problems with the lease and that. It will nonetheless be in Daveyton.

19. So as such you do not have a Local Board of Directors?

No not at the core branch. Why because here in Benoni we are getting white, black and Asian customers, whatever. So if now we were to elect a Board of Directors here we would have people saying now the Bank is controlled by whites. You know that whites will come and buy shares of fifty thousand rand. So this core branch will run like any other traditional financial institution. Now in the townships that is where the Local Board of Directors will come in.

20. How do you see those outlets evolving over time? What is it that they will be doing that will differentiate them from this the regional bank?

The outlets have limits. Now say a person comes in and says that they want to borrow ten thousand rand from the outlet. Now because the outlet sub-branch manager can only authorise 5 thousand rand he would then refer that decision to us. Because you see they cater for small loans, small housing loans, small business loans and small personal loans. But anything bigger than that is referred to the core branch.

21. I have picked up in my discussions with other members of the Community Bank that the manager at outlet branches is not elected from the local community but is appointed by the Bank from a different community from the one he or she serves.

No he will not be elected by that community but will be from that area, say from Daveyton, but not elected by that community. The Local Board of Directors have no power to hire or fire. They only get the powers to recommend and decline some of those people who apply for loans. Now you could imagine if they were to hire and fire, they will come and say, "No Patrick we do not want you, get out, we are going to get Godfree and I come in and then I do not grant a loan and they say get out, we do not want you either". They will not have any of those sort of powers. It is just to recommend that is all.

22. In terms of the notion of empowerment, bringing people in and giving them a degree of decision making, how do you see that evolving over next five years? How is that going to effect the core branch and the Community Bank's Head Office in Johannesburg?

You see in the townships, I know you have been in them, it is a very much interesting situation. You get that little old lady over there selling tomatoes and she has been doing so for the past five or fifteen years and she has about seven thousand rand with her through saving those extra coins every day. Now some day she goes out and says okay I want a loan of ten thousand rand. The bank says no, no why because he has been with them for so long but when she wants to borrow they say on ways, she has not been working. But she has been saving with them for so long. It is those same very old ladies who want to expand by say buying five boxes of tomatoes per week and say create a beautiful store. You know make it look more attractive. So she can buy more stock and increase her revenue. Here in town we have the so called middle class customer. In the townships it will be the lowest of the lowest. So we have our market here which is different to the one in the township. The middle class get transferred to the core branch.

23. To put it in perspective you have a Board of Trustees at the top of the Community Bank, is it possible that members of the bank in their respective communities will one day be able to vote in new members to the Board of Trustees?

Okay, that is a good question. Now those Trustees are there to look after that two hundred million rand. Once that two hundred million is paid for by the members of the bank those trustees will relinquish their post. In fact all the people who hold shares are members of the Bank. Because they have that money is entrusted to them. But as soon as that money is in the hands of the people they have nothing to control. That is how this thing would operate.

24. Is there a real vision that once the community or communities are self sustaining then they will stand on their own two feet?

That is right, because we know it now, the Board of Trustees they are looking after that money in the interests of the people, who are members of the bank, who have a vote. So we will get new faces amongst those people.

25. In terms of the structures within the Community Bank, namely the Foundation, the Bank itself and the Board of Trustees, what are role does the Board of Trustees fulfil? Is it concerned about merging the two organisational cultures of the Foundation and the Bank together?

As time goes on there will be a need to merge the two. Because once we are up and running, okay, it will take some time to achieve the commitments that we are struggling to reach. Now what the Foundation does is that they go down into rural Durban or Natal and they tell people about the Community Bank, we will service those outlets there and now once we branches throughout South Africa the Foundation will be engulfed by the core bank.

26. Is it true to say that the management styles of the Bank and the Foundation are very different? They do things differently. In terms of this dynamic do you see diversity as a strength or as a weakness?

Well it should be commonality. I mean at this point in time the Bankers are saying that they are higher than the Foundation because they are the ones realising the profits. But without making people aware the Bank would be just like any other institution. So that is our belief. Making people aware through the Foundation and once they are aware then they will be engulfed by the Bank.

27. On the one side you have the traditional bankers who have a certain mind set about the way in which things should be done and then you have the Foundation which may be described as being more open. Is that difference considered a strength or weakness?

Well I must be honest with you when I first joined the Community Bank I said they are totally useless. When I first joined and undergoing the induction course, run by the Foundation, I came to realise - why because I came from the banking sector whereby things were done in a commercial way. Now here I am and things are so different. With all my years with a commercial culture. Now I am told that this guy a civic leader is going to tell me how to run the bank. Now I mean I am a banker and not a politician. I know something about banking and nothing about his politics. So it is difficult to reconcile the two. But now after the induction course I would say okay how good are they. That is when I said that is very true. You get it now. Town councils are merging but they know very little about black culture. Now they want to go out and it maybe too late. Because why it is a diversified country. But now here we started out as friends. Okay politician become banker, banker become politician, become one.

28. In terms of your target market and the environment in which you operating in how has that influenced the way in which you go about your business, the type of people you employ and the range of products that you offer?

Okay, the type of people that we have here, while at first I was astounded because they had why people straight from school and how can they start a bank, a new bank with new people, why did they not get ex-bankers and put them in here. But I started to realise now but I mean how do you start to transform form a society. You have to get someone or somebody who is going to get the consequent credibility, who has not been involved in other institutions like us then it is easy to transform him into this type of community banking. But with us who is wanting to compare. Why are things done this way? Because it will take time to change that particular attitude. But with these new people you will be okay that is the way it is, now just do it. So I said okay they have a point as far as that is concerned.

29. We have spoken about the fact that when a customer or member comes in here you talk the same language, in terms of your employees are tuned in, what types of qualities do they have to have to service your members?

You see some of the branches are in town, like this Benoni one, so I cannot speak like Hindu, I can however speak Sotho, Zulu or eight black languages and here for instance if you get a person who speaks Shongaani come in I will have someone who can speak Shongaani, if we get a person coming in speaking Pedi I have someone who can speak Pedi, if the person speaks Afrikaans we too can speak Afrikaans. So now at the core branch it is a multi linguistic branch. In the township the branch is based on the predominant language of the area. If it is Zulu we will put Zulu's there. Other outlets may be Sotho.

30. Have any deep rooted African beliefs, customs or traditions been incorporated in the way in which you go about your business?

Not really, not really.

31. Do you see that happening in time as you become more active in local communities at outlet level?

Yes.

32. What types of things do you think that you will have to consider then?

Well, as I said to you it depends where those outlets are going to be situated. Now if you have been into the townships we have a lot of factions, Xhosa sections, Zulu and Shongaani sections. So one thing is the predominant language spoken in all the like areas is Zulu. Every person, every black person can speak Zulu. So now if the outlet is going to be in a Sotho area you would expect the Banks people to speak that language. Because, why it is the language that they understand. But now if you had to go to places like in the Free State or in Natal they speak Sotho and in Natal they speak Zulu. In the PWV they speak any language but the predominant language is Zulu and secondly Sotho then Pedi and Tswana.

33. What about the importance or symbolism attached to rituals and celebration?

No, a bank is a bank, a bank is a bank. I mean if you understand a culture we want to take it in and bring it in. I mean now let's say we take in a culture it may be important to that particular tribe. So if for instance somebody wants time off to go to initiation school and it is part of their culture we would give it to them but there is a cut off point.

34. In terms of systems and procedures that you have in place over here with reference to personnel, do they differ from those in operation at traditional financial institutions?

The people!

35. Yes, such as recruitment and selection of staff, disciplinary procedures, reward, maternity benefits.

Well at this point in time they still have to be put in place. Because up to now they have not been needed. So we do not have them yet. Fine this is the path for us to follow if this and this happens. There is no such book yet.

36. Does the Bank promote the collective or individual needs of its employees?

The collective needs but based on individual needs.

37. Would you give me an example of this for instance how do you go about recruiting new employees or handle grievances?

It depends on the position the person is going to occupy. If it is management you have to do so under what we call transparency. Where say you are dissatisfied with me and you are my clerk you can go straight and talk with my MD. You do not have to go via the red line. Okay so you understand. With interviewing first of all there is top management who will interview that person then second it is followed by the human resources, the Foundation to ask that person how does he know that community that he is going to be working in. We do not just to take anybody and to put him into Daveyton if he is living in Alexander. If you say you are serving the community where you belong. So people would not call you by name but would say you know that guy from where you come from. So you have to be from that particular area. The people would say he belongs to us.

38. To what extent do the channels of communication in the Bank differ from those in traditional financial institutions?

Well could you re-phrase that?

39. For example the way in which you hold meetings do they differ at all?

Well, some of the things might not change. If you had to look at now what happens is that we hold our meetings. Well being a town branch I mean all the things are in English so you cannot expect them to be in Zulu or Sotho. All our meetings are in English. What it is top management coming into the branch and wanting to know the problems, the mishaps. You know the difficulties we are encountering. The things like that so there is transparency. It involves the whole Bank as such. But you say, if there is a problem, okay, I will take it up with top management as such. Now if you look at it from the financial side of it. You will say ah, ah, people wait a minute it will be costly. If we make profits then may be we will be able to re-look at it again.

40. That leads me onto the question how does the Community Bank measure its success? In other words how do you know you are doing the right thing?

Through all the things I have told you. Though the involvement of all people, the Local Board of Directors and all such things. Now we see ourselves through the involvement of the Foundation. You know the people themselves, get them in. Our success will be based mainly on those communities that we serve. If they let us down we will not be successful. For them to succeed they have to support this cause. They know that now my borrowing is based on their ability to repay. If you do not repay he will not be able to get what he wants. So now that is collective borrowing.

41. Are there any primary or secondary considerations in the way in which you conduct your business. For instance values which you hold dear and will not compromise on?

Like here in the core branch we operate like any other financial institution. So there are many things that we will not entertain. I will make an example. We get developers coming to us wanting to say get one large loan to pay the people. Now we are not sure that the people will be getting what they wanted, the happy individual himself. We like spreading our risk unlike giving one person ten million rand we will give ten thousand people ten thousand rand each. Then we are spreading our risk by that.

42. You have been responsible for getting the Benoni branch up and running, since which time you have no doubt undergone a steep learning curve, with respect to the experience that you have picked up along the way what advice would you give other organisations trying to introduce community values or principles in the way in which they conduct their business?

This is a new country what was done in the past was far too little in terms of what needs to be done. They have to get themselves organised and get involved in the community. We do not want to come to the stage whereby there will be a law that presses other financial institutions which says there will be no red lining. There will come a time when the government will say, "like it or not there will be law, and you will land in serious trouble, if people do not lend everywhere." So they must involve themselves now. Because why what is about to be done I tell you is quite different to what was done before. I mean there are a number of people who are not housed properly in this country. If I succeed and people are properly housed it is round seventy five percent of people being under housed which means over the next twenty years we have to get people going.

43. Is there anything that you think that other companies should avoid in trying to implement community values and principles in their day to day business?

One is red lining.

44. *With reference to African management some writers warn us against the dangers of nepotism, favouritism and paternalism. Do you see any truth in these assertions? for instance high unemployment may aggravate hiring decision?*

I mean we have to get South Africa going, get it working. We cannot cover the whole aspect of employment. But once we get people employed, once we get people committed, who will reduce all the bank robberies, all the car hi-jacking? Because people are thinking about making five bucks. But later if we let that stay as it is in the year 2000 we will have one thousand car hi-jacking per day and two hundred bank robberies per day. Then the country is going to slide into what we call the banana republic. So we have to get everybody working. By that way we will be eliminating those people who are idling and doing nothing. We have to get every body involved in community activities.

INTERVIEW ELEVEN

Respondents Job Title	Managing Director - Community Bank Executive Director
Biographical Data	White, Male
Graduate	Yes
Background	Experienced banker, played a formative role in the promulgation of the Mutual Banks Act of 1993 hereby gaining approval for the registration of the Community Bank.
Personal Comments and Reflection :	
It was with regret that my interview had to be cut short due to a time constraint posed by the respondent. The primary interview questions were nonetheless asked and the interview proved to be concise and to the point.	

1. *Could you tell me a little about yourself and how it was that you came to be involved with the Community Bank?*

I joined the United Building Society in 1958 and after holding various position was appointed a Group Executive of ABSA. My involvement with the Community Bank was brought about by the need of COSAB to appoint a delegation to investigate the feasibility of Bob Tucker and Cas Coovadia's idea to form a bank such as this. I managed that pilot study and made representations to COSAB.

2. *What does the name Community Bank mean to you?*

The bank is primarily about the provision of a focused savings and loan facility to people who have not previously had access to capital. It is about the servicing the needs of un-bank communities.

3. In your opinion what gave rise to the Community Bank's formation and could you tell me about the personalities who pioneered the formation of the Community Bank?

The formation of the Bank as I said was brought about by the need to service a large group of low income or un-banked people who for historic reasons were deprived of banking facilities. Bob Tucker and Cas Coovadia were the visionaries behind the idea or concept which was developed through consultation with various community leaders and people like that. At that point the services of a technocrat were required to give substance to those ideas through the development of acceptable banking systems and procedures. This is where I became involved in the Community Bank. The Trustees of the Bank also played an important role and they were drawn from community structures. Their primary responsibility is to ensure that the vision of the Bank remains true. Furthermore this group of Trustees play an important role in providing legitimacy to the whole process. This legitimacy is derived from the fact that no individual had to have cross representation in all communities. As a result there is a good balance of representation and the legitimacy of the Trustees is widely accepted.

4. To what extent was the formation of the Community Bank a product of South Africa's dual cultural heritage and socio-political struggle?

It is really a product of the way in which traditional banking structures were set up. While they were controlled by large financial institutions their focus was on growth and the maximisation of shareholders interest. As speculators shareholders would not support risky investments. Up until the late 1970's blacks could not own property. As the issue of ownership came more and more to the foreground so it became more politicised. Those financial institutions who had become heavily involved in housing loans faced a serious problem of non-payment. As a result of the risk involved a cautious approach was adopted. Banks and building societies called for guarantees from government and this gave rise to the negotiation of the new indemnity insurance scheme. Looking at all this it is clear that the market was influenced by political events. The affect has been profound and has left communities without the provision of basic banking services. Hence the need to work with communities to rebuild trust and new structures. This bank is based on trust and the need to develop a sense of ownership.

5. How does the community bank differ from traditional financial institutions?

Firstly, the Community Bank is essentially a mutual bank which was made possible by our representations to COSAB and the subsequent passing of the Mutual Banks Act. I think when we first met I explained that we are not equity based. Instead we have managed to secure two hundred million rand in loan capital which is held in trust by the Board of Trustees. The intention is that members of the Bank will purchase a twenty rand share in the Bank from the Board of Trustees and in so doing the source of credit available in future will be from the members themselves. Secondly, and flowing from this the way in which we are structured is more like the traditional Building Society serving a particular need. We do not have a cheque book facility and in an operational sense we are restricted. Thirdly, besides the way in which we are structured with the Board of Trustees and the issue of member ownership of the Bank we have a Foundation which promotes education and training in local communities. This is what sets us apart and puts us at the leading edge.

6. Could you tell me about the management style of the Bank, does it differ between functions and across the Bank and Foundation?

Management style really depends on the person. Each individual is different. Generally I think that we have a more participative style of management than that found in other banks. The style is more supportive. Mentorship is encouraged and our focus is development driven. Our approach is more humanistic and we are aware of the needs of people.

7. Does the community Bank encourage diversity of opinion or commonality?

I suppose diversity because of the division of the Bank. The bank itself is more traditional in the sense that its focus is to be sustainable. It has to be profitable and business traditional measures and financial ratios apply. The Foundation on the other hand is staffed by people from an NGO background and other members of staff have a political activist or trade union background. They are accustomed to grant funding and previously were not held accountable. As a result they do not look for a return on investment. They tend to measure their performance by the number of people they draw to workshops and meetings. Their approach is very humanistic as is that of the Board of Trustees. The marriage of these two arms gives rise to relationship banking run on commercial lines.

8. Is this relationship between the two cultures viewed as a strength or as a weakness?

At times there can be conflict at this interface but we need to interact in order for this initiative to be successful and sustainable. The dynamic is healthy although it is not an easy issue to deal with. Relationships between the two developing and things are beginning to settle down.

9. To what extent are your structures - the Board of Trustees, the Bank, the Foundation and the Local Boards of Directors - branch or outlet level - in line or congruent with the core values of the Bank?

The vision of the Bank is to be community managed and community owned. The Bank has to eventually belong and be managed by the community. To get to this stage Local Boards of Directors at outlet level have to be elected in the short term and in the medium to long term these will feed into the election of a National Board of Directors. This represents the fruition of our stated vision. At which point the management of the bank will come from and will be directed by the communities which we serve. The vision is essentially about the mobilisation of savings and the education of people. Without savings there will be no loans or hand outs. The accumulation of savings is important to the basic philosophy of the Bank and its success. Further to the accumulations of savings is the whole concept of capacity building which is facilitated by the workshops carried out by the Foundation in local communities. It is about the empowerment of local communities.

10. What impact has the Community Banks operating environment within un-banked communities had on the way in which you go about your business and the type of people you employ?

In the appointment of management we look for proven banking experience and the incumbents ability to identify with issues in local communities. Preferably the person should be from a local community, but possibly not from that particular area, so as to avoid the danger of assimilation. The person recruited should also feel comfortable with group dynamics and share the vision of the Bank. At junior levels we do appoint fresh people without any banking experience and we try and keep a fifty / fifty balance between experienced and non-experienced staff. The balance seems to be working well. Once again the people employed at this level must identify with the communities which they serve.

11. Have any deep rooted African beliefs, customs or traditions been incorporated into the Community banks management style?

None that I am aware of.

12. Alternatively has the Community Bank developed any of its policies or procedures to accommodate community management principles?

In terms of our Human Resources policy we have tried to address all important issues that might be raised. As a result the process followed in its development has been participative. At the end of the day however the policies and procedures that emerge have to be sound so I would say that they do not really deviated much for those policies and procedures found elsewhere.

13. To what extent does the Community Bank promote the collective needs of employees versus their individual needs?

The bank recognises and encourages the contribution of all its employees. As a collective employees have complete freedom of association and may join a union of their choice. The majority of our employees have not joined and at the moment there is a move to establish a staff association within the bank which will fulfil the role of an in-house union which will get involved in the negotiation of staff policy issues.

14. How do communication channels between the Bank, its employees and the community differ from those found in traditional financial institutions?

Communication channels conform to traditional structures without being remote. At the moment the bank is small and management is close to staff. Staff at all levels are free to discuss issues openly. We also have various management committees which meet regularly and there are regular briefing sessions. Communication in the bank at the moment is flat. Management meetings between the Bank and the Foundation are run by Cas Coovadia who facilitates the exchange of views.

15. How does the Community Bank define and measure its success?

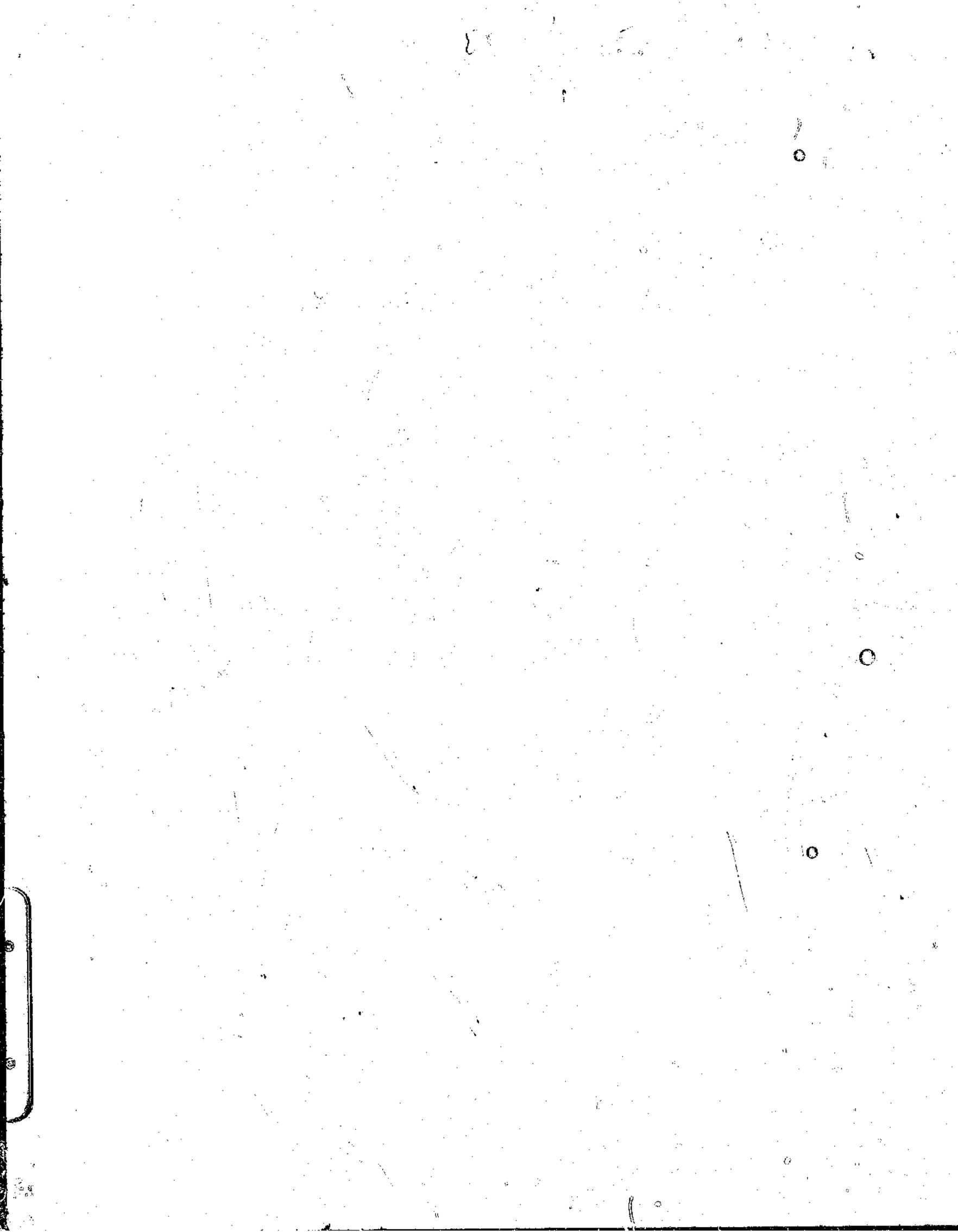
The banks management team focuses on business measures such financial ratios, new membership, breaking ground in new areas, how effective ownership is transferred from the trust to members, how effectively are outlets being run. In a nutshell we are concerned about the financial success of the Bank.

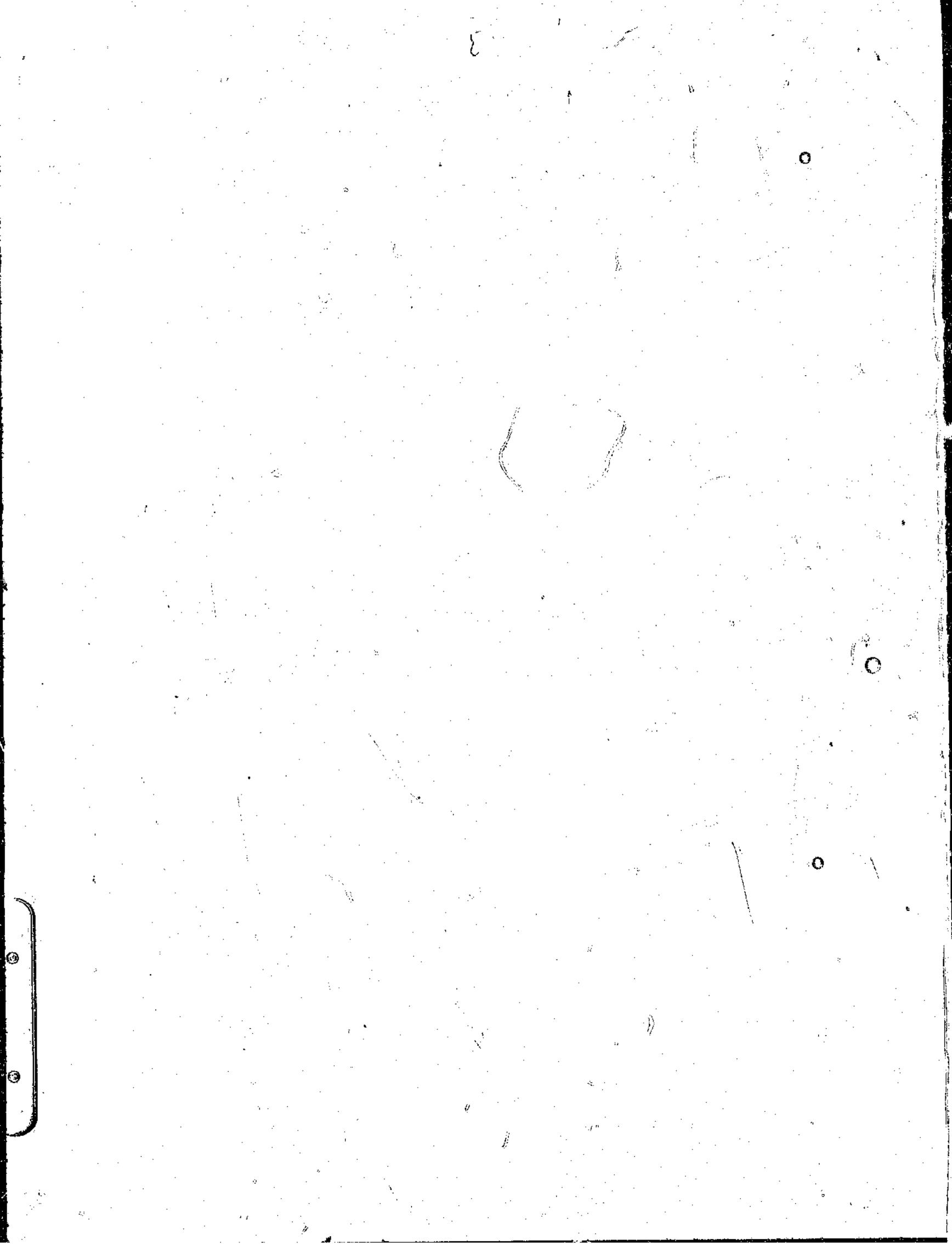
16. How do you see the bank developing over the next five years?

We have a five year target with regard to community representation and the establishment of branches at which point the Foundation role will diminish and will either fall away or will incorporated as a marketing / training and development branch within the structure of the core-bank. The Board of Trustees will continue to be representative of local communities and will remain the vehicle for the transfer of shares to new members and will be responsible for the repurchase of the twenty rand permanent interest bearing shares.

17. What advice would you give other organisations attempting to implement community management principles into their day-to-day management? Is there anything that they should avoid?

Firstly, business has to give increasing recognition to the need to engage communities as that is where the bulk of the people are. Unfortunately, you cannot engage them without a genuine attempt at up-liftment. For this to happen a great deal of focused development has to take place. Secondly, instead of having a national focus business should concentrate their efforts in targeted regions and work intensively on development. The problem being that you cannot be all things to all people. There is a real danger of over extending ones human and financial resources. A change of emphasis is needed to cope with the demands of targeted areas. As tempting as it is to heed to all calls and requests one needs to remain focused.





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