

## **Power relations, ethnicity and privatisation: A tale of a telecommunications company**

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### ***Highlights***

- We illustrate the interplay of Fiji's political and social forces in the introduction of a privatisation programme.
- The results of privatisation are not reflected in the improved organisational performance or wellbeing of the ordinary citizen when a state monopoly is privatised.
- A framework for analysis draws on Habermas's critical theory of societal development.
- The research approach is to undertake qualitative research which focuses on a case study strategy.
- The privatisation is shown to benefit the ruling elite at the expense of ordinary citizens.

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## **Abstract**

The purpose of this paper is to demonstrate the confluence of political and economic interests of the Fijian elite in transforming state assets into private property and financial gain. Drawing on a Habermasian theoretical framework applied to a privatised state monopoly (Telecom Fiji), it is demonstrated how an implementation of privatisation concealed social and political interests. Thus privatisation provided a convenient rhetoric and tool of implementation for social and political gain by a ruling elite. For those inside the Telecom company, the ethos of public service could not withstand the messengers of capitalism with their rhetoric of the need for greater efficiency, effectiveness and consumer awareness. However, as for many other privatisation programmes around the world, the results are not reflected in the improved organisational performance or wellbeing of the ordinary citizen when state monopolies are privatised.

**Key words:** Organisational change, politics, accounting control, privatisation, Fiji.

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## **1. Introduction**

Many less developed countries have been encouraged by the World Bank and the IMF to pursue privatisation policies (Uddin and Hopper, 2001, 2003; Sharma and Lawrence, 2009). The public sector, once viewed as a positive model of social and economic development, became portrayed as an 'ugly sister' of the supposedly more effective and efficient private sector (Czarniawska, 1985). The effectiveness of implementations of privatisation into different countries and cultural contexts has been studied extensively and remains controversial (Lapsley, 2008, 2009; Mueller and Carter, 2007). The purpose of this paper is to present a case of privatisation of Telecom Fiji as a focal point for understanding the social and political context of a privatisation programme. The argument is that the privatisation, though part of a broader general movement, was more an instrument for the personal and political interests of the ruling elite, than part of an economic restructuring for the general good. In the case presented, attempts to privatise the telecommunication company met with strong resistance from grassroots Fijians, especially employees who were expected to undertake a metamorphosis from public servants to servants of business and capital. The metamorphosis, as portrayed in this paper, took many years to accomplish. The paper contributes to the extant literature on less developed countries by providing insights into the local and global influences affecting a privatisation programme. The privatisation was infused with political interests. Politics in Fiji has been dominated, until the military coup of Bainimarama, by Fijian chiefly interests and ethnic polarisation. The two major ethnic groups are Fijians and Indians and the ethnic polarisation was evident even at the organisational level.

The paper employs Habermas's theory of societal development to critically examine the implementation of a privatisation program on Telecom Fiji (FTL). The reason for choosing Jurgen Habermas is the power of his theorising that provides a framework for a theoretical and practical understanding of the appropriateness of organisational change, such as the privatisation of Telecom Fiji, set within the context of some overall model of societal development. The ability to understand and evaluate in relation to the wider societal model is central to Habermas's work. The aim is to employ reason and rationality to understand and

judge the dynamic world in which we live. Habermas offers the openness which enables critical appraisal.

The rest of the paper is organised as follows: section 2 delineates Fiji's historical, social and political context. Section 3 provides literature on privatisation and section 4 sets the theoretical framework for the study. Section 5 describes the research method and section 6 presents the background information on the case study. Section 7 presents the research findings. Section 8, finally, brings the narrative together and concludes the paper.

## **2. Fiji's historical, social and political context**

In this section, we outline some of the historical, political and social aspects of Fiji as context for the case study. We need to go back to the foundation of the colony when the first Governor General, Arthur Gordon, established a constitution that would safeguard the indigenous population against potential 'land grabs' by the colonisers.

The colonisation of Fiji by Great Britain was formalised with the signing of the Deed of Cession in 1874. An unusual feature of the colonisation as pointed out by Lawson (1990) was to attempt to protect the traditional lifestyle of the indigenous Fijians so that they would not experience the plight experienced by indigenous peoples in other colonies. The indigenous peoples in other colonies had their land taken away from them by foreign interests. Fiji's first Governor General wanted to ensure that this was not the plight of Fijians. A very important feature of the first constitution was that it disallowed foreign ownership of land. All land was vested in a Native Land Trust Board (NLTB) which was to administer the land as a communal asset. However, some land was already alienated by European planters prior to colonisation. Currently 83% of the land is owned by the indigenous Fijians in a Trust and the rest is either state owned or freehold (Lloyd, 1983). Communal, rather than private ownership is deeply embedded in the Fijian psyche, as explained below. It was the Eastern chief, Cakabou, who ceded Fiji to Britain. From the colonial days, the British collaborated with the Eastern chiefs in running the welfare of Fiji. Historically, the indigenous Fijians used to engage in tribal wars and Cakabou (Eastern chief) was the King of Fiji and his tribe won most battles (Lawson, 1990). Since independence, most governments were controlled by Eastern chiefs.

Communalism places the expectations on Fijian villages that they will work together for the benefit of the group. The belief is that proper social relations are the basis for other spheres

of life, including the psychological and economic aspects. Fijian villagers also continue to engage in 'kerekere' (borrowing), where members of the unit ask each other for items with the expectations that no request will be turned down (Nayacakalou, 1978). With kerekere, there is no requirement to pay back what was borrowed. Kerekere is seen by villagers as a source of pride as it shows generosity of their culture (Davie, 2000, Davies, 2004; Brown, 2009). Coulter (1942) points out:

The social duty known as kerekere, had a place in old-time Fijian society; in the old native community, it was a kind of social security when a man lost his crops by flood or hurricane, he went to his relative or neighbour and asked for food or other aid. If his friend had it, he could not refuse it (p.35).

"Vanua" is also a widely used term in Fiji whose meanings are multiple. It is a term for land and a place but it also encompasses people in that place and bound to the land (Overton, 1999). Ravuvu (1987) has been the foremost writer on issues of vanua:

The word vanua has physical, social and cultural connotations. It refers to the land area with which a person or a group is identified, together with its flora, fauna and other natural constituents. It also means the members of a group, the members of which relate socially and politically to one another....Culturally, the word vanua also embodies the values and beliefs which people in particular locality have as common. It includes their philosophy of living and their beliefs about life in this world and in the supernatural world. Thus, the concept of vanua is an encompassing one; it is the totality of a Fijian community (Ravuvu, 1987, pp.14-15).

Fijian politics from independence in 1970 up to 1987 was relatively stable with five contested general elections (Cameron, 1993). The same political party, The Alliance Party, dominated by indigenous Fijians, formed the government for the whole of this period but with a large Indian opposition party in the elected legislature (Lal, 1986). The two main political parties, the indigenous Fijian Alliance and Indo-Fijian National Federation Party, mobilised their votes at election times along ethnic lines. This was a tendency encouraged by the 1970 Constitution which formally used ethnicity as a criterion for allocating voters to legislature constituencies.

According to Cameron (1993), while an ethnic balance was maintained in the civilian public sector in recruitment and promotion procedures, the military was overwhelmingly constituted from men of indigenous Fijian ethnicity. Also a state had been created under British rule to facilitate indirect rule through Fijian chiefs-virtually all this structure was maintained in independent Fiji. Such arrangements gave hereditary chiefs considerable rights to constitutional positions, land rents and bureaucratic salaries. Many Fijian villagers experienced the Fiji state on a day-to-day basis largely through a separate Fijian state of hereditary chiefs (Nayacakalou, 1975). Importantly, any commercial leasing of 83 percent of

Fiji's land 'owned' by Fijian clans was undertaken through the Fijian state and its chiefly controllers. The Fijian chief elite had control of the Fijian state and were able to dominate government of the Fiji state through the Alliance Party.

A coalition government won the election in 1987 and was headed by a Fijian commoner and comprised a majority of Indo-Fijians. According to Cameron (1993), the coalition government aimed at eliminating the hegemony of Eastern chiefly elites and allowing international capital to have access to land and to Fijian labour. Demonstrations against the coalition government's right to exist were organised by indigenous Fijian groups within two weeks of the election in an environment made tense by a small number of fire-bomb attacks. The Coalition government was subsequently deposed in a military coup led by Major Sitiveni Rabuka in May 1987. According to Cameron (1993) it was after the coups of 1987, that the IMF/World Bank structural adjustment approach gained dominance. The coups were in the interest of chiefly groups who were able to benefit from partial exposure to market forces. This exposure excluded land, a position well accepted by IMF and World Bank in their recommendations (Cameron, 1993).

Political tensions have been a constant feature of Fijian society and came to a head when an Indian, Chaudhry, was elected Prime Minister in 1999. The elected government was overthrown by a coup and democracy constrained (until the most recent coup) by a stipulation that only indigenous Fijians from a chiefly family background could be appointed President and Vice President. The appointment of President and Vice President was to be done by a group of tribal leaders, 'the Great Council of Chiefs', which has traditionally drawn support from the Fiji government through the Ministry of Fijian Affairs, as a legacy of the colonial rule. During the coup in 2000, to oust the Indian Prime Minister Chaudhry, there was widespread burning of Indian businesses and looting in the capital Suva by Indigenous Fijians to show antagonism against the Indian dominated government.

A fourth coup eventuated in December 2006 led by Commodore Frank Bainimarama and currently Fiji is led by an interim administration backed by the military. Bainimarama is also involved in investigating corruption in the previous administration. To this end, he has set up an investigatory anti-corruption unit. He has established a People's charter which aims to build a better Fiji, into a non-racial, culturally vibrant and well-governed society. The President has claimed that a true democracy will be established in 2014 after the electoral reform is completed.

The roots of Fiji's trade union movement go back to 1900s as indentured Indian sugar cane workers fought for their right to organise and bargain with their employer; the Colonial Sugar Refining Company (Snell & Prasad, 2001). In an attempt to foster industrial stability, the British colonial administration in Fiji encouraged the development and operation of trade unions in Fiji throughout the period from 1940 to independence in 1970. Over forty percent of Fiji's labour force was unionised at the time of independence (Snell & Prasad, 2001). Governments and employers accepted unions as established institutions that deserved to be consulted and negotiated with on economic and political matters.

In summary, given the communal lifestyle in Fiji society, attempts to introduce features of privatisation were bound to meet institutional resistance. The privatisation of many of Fiji's previously state-owned enterprises offers researchers opportunities for empirical investigation of resistance. Our research questions are directed at such issues as the social and political forces involved. The next section outlines the literature on Fiji's social and political forces in relation to privatisation.

### **3. Privatisation meets Fiji's social and political forces**

In Fiji's case, the military installed regime of indigenous Fijian, Ratu Sir Kamisese Mara in 1989 had began to respond to the ailing economic crisis. In the absence of a Parliamentary opposition, the regime endorsed a structural adjustment policy which included reform of the public sector. With the complex Fijian political climate compounded by series of military coups, the restructuring process was challenging.

The restructuring was taken with vigour by the indigenous Fijian Rabuka and Mara regime but halted and turned back when the Indo Fijian Fiji Labour Party came into power after the 1999 General elections as the People's Coalition Government (Snell & Prasad, 2001). Chaudhry, an Indian, was the Prime Minister from 1999 to 2000 and was ousted from power in the 2000 coup. In September, 2001 Fiji went to the polls and the newly installed Fijian Qarase government announced that it was recommencing with the reforms as started by Mara and Rabuka regime. According to Appana (2003) and Nath and Sharma (2014) substantial changes to the government- public enterprise relations began to appear only after 1996 when the Public Enterprise Act came into force. The Act was predicated on the privatisation model. The reform process finally had a conceptual and legal framework even though government utterances reflected considerable confusion on its acceptability and ramifications (Appana, 2003). In Fiji, political and ethnic considerations were as important as economic rationales.

Sarkar and Pathak (2003) point out that Fiji's institutional framework, organisational efficiency, local capital market, attitude towards foreign buyers, managerial capability, etc, were stumbling blocks for a breakthrough in the performance of the enterprises and their subsequent transfer to the private sector. With changes in government, boards of public enterprises were reshuffled and appointments were on ethnic lines, mainly to indigenous Fijians at the expense of Indians (Dubsky & Pathak, 2001). There was a renewed emphasis on the supremacy of indigenous Fijian interests in the reform programs. Nationalist actions were to be taken to help indigenous Fijians who were perceived to be lacking business acumen. For the promotion of nationalist actions, when a share of the government-owned enterprises was to be floated, at least 50% was to be offered to indigenous Fijian organisations and individuals (Sarkar & Pathak, 2003). Also in the case of contracting out of goods and services of public enterprises, there was a provision that indigenous Fijians should acquire 50% of the total contract (Sarkar & Pathak, 2003).

Following the military coups of 1987, 2000 and 2006, a large number of employees of Indian origin fled the country and created a vacuum, which was felt in the running of the public sector (Sarkar & Pathak, 2003). Recent political upheavals have exacerbated the problem, paving the way for many competent employees to leave the country. The experienced managers were often replaced by semi-educated job seekers, acquiring the job not on the basis of professional knowledge but on ethnic or party affiliation (Sarkar & Pathak, 2003).

Employment is a most sensitive issue in Fiji. In the absence of alternative employment opportunities, workers resist any measure of redundancy. Fiji's trade unions have been traditionally powerful (Sarkar & Pathak, 2003). Although at this point unions are not active due to the prevailing political situation, the government itself has taken a stance to halt the process of redundancy (Snell & Prasad, 2001). The capitalist notion of improving efficiency through the replacement of labour by capital investment meets resistance in Fiji.

The next section introduces the theoretical framework for the study.

#### **4. Theoretical Framework**

The paper utilises Habermas's critical theory of societal development. Habermas's argument is that the instrumental reasoning associated with capitalism has penetrated ever deeper into daily experience. Political and cultural life has been colonised by instrumental techniques (i.e. accounting and economics) and distorted communications, so that categories of truth and beauty have been replaced by the instrumental knowledge of technoscience (see Burrell,



1994; Lawrence, 1999; Brown & Dillard, 2013). In Fiji there was a confluence of political, social and economic contexts that encouraged the introduction of instrumental techniques to Telecom Fiji. Privatisation was a convenient veil hiding the political interests.

These forces combined to create what Habermas refers to as a crisis of legitimation (see Habermas, 1984). The organisation of capitalism is seen to be threatened by a series of crises in which the legitimation for the system to steer the lives of individuals has not been secured (Burrell, 1994). The case of Fiji expands the explanatory power of Habermas theory of societal development to a developing country and less stable political conditions. As Broadbent *et al.*, (1991) argue that the broad-based Habermas model of societal development is not value free, but it allows an open and less predetermined means of evaluating particular societal and institutional changes. Critical accounting theory takes its lead from Habermas; that critical work needs to proceed rather in terms of the intrinsic instrumental nature of economic calculations (Power & Laughlin, 1996). Habermas's major thesis is that the development of society can be depicted as shown in figure 1.

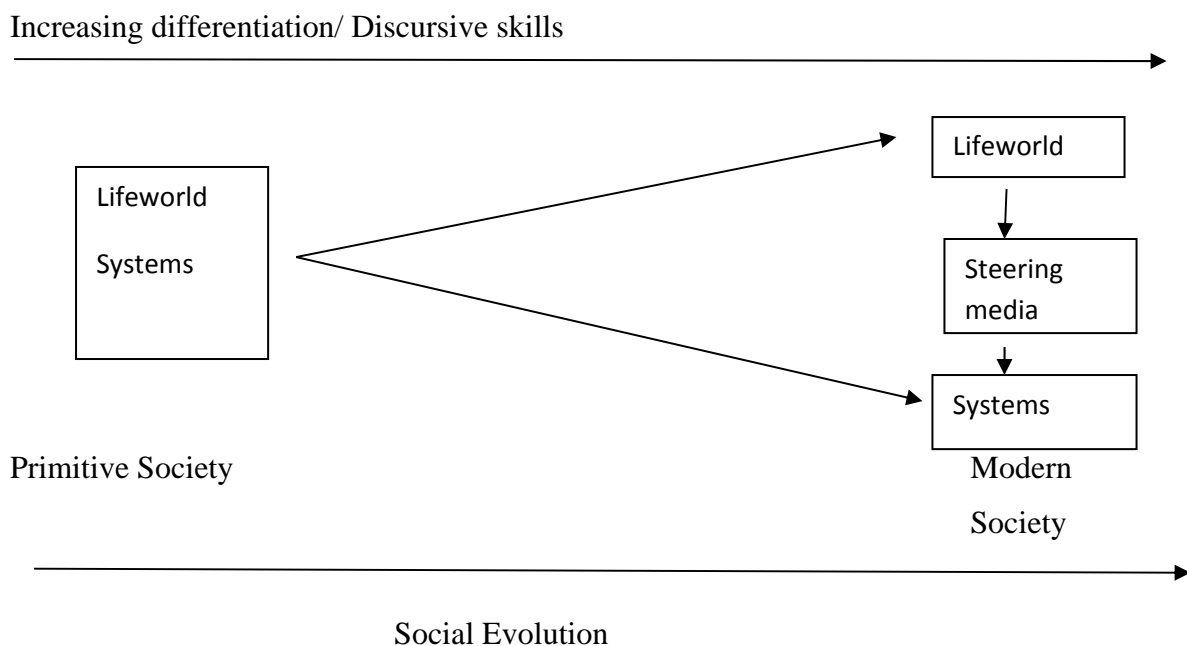


Figure 1: Habermas model of societal evolution (see Broadbent *et al.*, 1991).

Habermas argues that modern society is an amalgam of 'lifeworlds', 'steering media' and 'systems'. 'Lifeworlds' are life experiences and beliefs which guide attitudes, behaviour and actions (Habermas, 1987; Laughlin, 1987; Broadbent *et al.*, 1991; Kemmis, 1998), 'systems' on the other hand are expressions of these lifeworlds in terms of functionally definable, tangible organisations. Ideally, the economic and administrative 'systems' are guided in

terms of lifeworld concerns. Simultaneously, these systems are held together by what he calls 'steering media' such as money and power. Steering media shape both system and the lifeworld. Broadbent & Laughlin (1997) point out that the steering medium may promote change in an organisational system by providing a disturbance which will bring about organisational change. This can be referred to as 'jolt' or 'kick' that brings about organisational change (Laughlin, 1991). Steering media and steering mechanisms are used interchangeably in this paper. In Fiji, the systems and steering media have traditionally been dominated by the cultural values and interests of indigenous Fijians with a constitution privileging the rights of Indigenous people against those of IndoFijians. The latter cannot for example own land or form a majority government.

The societal steering media and the systems in Habermas model are composed of a wide range of institutions and organisations with their own micro lifeworlds, steering media and the systems (Habermas, 1984). Figure 2 adopted from Broadbent et al., (1991) shows how the societal steering media can be seen to constitute a range of government, professional and international financial institutions. These institutions primarily exist to guide the behaviour of the societal systems. These systems, are in turn, made up of a range of public, private and voluntary organisations. Laughlin (1991) points out the pathway or disturbance (emanating from other sources, the steering mechanisms) shapes organisational change. In the Broadbent et al., (1991) model the argument presented is that both the institutions that steer, and the organisations that are subject to the steering, have their own lifeworld, steering media and systems.

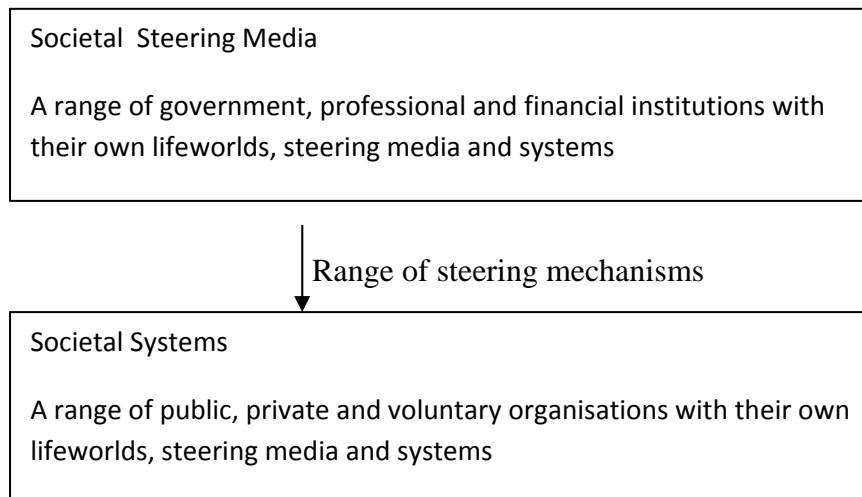


Figure 2 The nature and relations between societal steering media and systems  
(Broadbent et al., 1991).

‘Steering mechanisms’ are the regulations and systems that drive actions in ways that are amenable to defined values and concerns (Broadbent et al., 2010; Brown and Dillard , 2013), such as the Fijian constitution and government’s Public Enterprise Department.

As each organisation, such as Fiji Telecom, develops its own lifeworld, there is a possibility of developing differences in the lifeworlds between the steering mechanism and the organisational members. This raises the possibility of resistance to change where a steering medium seeks to impose changes on an organisational system (Broadbent et al., 2010). Broadbent et al (1991) provide evidence of resistance to steering demands that have been imposed by societal steering media against the lifeworld assumptions of organisational participants.

Whether there is resistance depends on a distinction drawn between regulative and constitutive characters of steering media. Habermas draws the distinction between two kinds of steering: see Table 1

Table 1: Habermas steering types: Adapted from White (1988, p.114- 115)

Regulative steering	Constitutive steering
-Embedded in the lifeworld context, more comprehensible to the average individual	-Less comprehensible to the average individual.
-Freedom guaranteeing	-Freedom reducing
-Capable of substantive justification	-Can only be legitimised through procedure. Under the superficial claims of competence and responsibility, decisions are essentially guided by the imperatives of administrative control and capital accumulation
-Regulates the pre-existing or the established form of behaviour.	-Constitute new forms of behaviour.

It is this transformation from regulative to constitutive steering function that represents the process of the inner colonisation of the lifeworld, in which the sub-systems of the economy and the state become more and more complex and penetrate ever deeper into the symbolic reproduction of the lifeworld (see Habermas, 1987, p.367). Habermas portrays the need to protect the lifeworld from the constitutive and colonising influences.

The attempt by an institutional steering medium to promote change in organisational systems will provide a disturbance which will have the possibility of working through the organisation in a number of ways and levels (Broadbent & Laughlin, 1997). Changes to physical systems and/or administrative procedures may be superficial and not result in change to the behaviour or values, or interpretive scheme, of the organisational members. But changes which alter the interpretive scheme of organisational members (lifeworld) are referred to as a change in the 'design archetype'; and this deep level of change is what Habermas refers to as colonisation. Such would be the case if Telecom Fiji employees were able to be transformed from public servants to servants of capitalism. This theoretical framework will help to elucidate the nature of changes that occurred in the transformation of Telecom Fiji.

## **5. Research method**

The methods employed are mixed. Firstly a document study was carried out which included a study of annual reports of Telecom Fiji Limited (FTL), media articles, corporate plans and internal proprietary documents. The annual reports, in particular, provided us with background information to conduct interviews. Secondly, a series of 25 interviews was carried out with head office staff at FTL and its branches in Nadi, Lautoka, Ba and Tavua as well as the 2 union representatives of FTL located at a separate union office in Suva. Also interviewed were a Department of Communication employee who was previously with FTL, 2 former employees of FTL and two customers with thirty years standing. Some telephone interviews and e-mails with 2 employees were also carried out to get better clarity of the information gathered. Those interviewed were considered to be the most involved with the change process. Interviewees were asked to reflect on past events surrounding the privatization of FTL. Historical information on FTL was obtained by visiting National Archives of Fiji in Suva.

The interviews were tape-recorded and back-up notes made. The tapes were transcribed immediately after the interviews, and the interview transcripts were fed back to the participants to obtain a clear understanding of the issues involved. The data were gathered over a period of four years during 2007-2010. The interviewees were selected from the organization at different hierarchical levels. The topics selected for interviews were on the accounting and organizational change from a public service to a privatised FTL and how organizational actors coped under such transition. The interviews varied in duration between an hour to an hour and half and took place in mostly formal surrounding, that is, the office space of the interviewees. Most questions were asked in an open-ended manner to encourage interviewees to respond in their own way. The aim was to generate a rich source of field evidence. The interviewees spoke about past events that had occurred some years ago. Possibly they talked of them differently during the interviews than they may have at the time of privatization. The interviewees had time to rationalize and make sense of changes after commercial business practice became embedded within FTL. Nevertheless, interviews provided rich evidence of how organizational actors coped with the transition to privatization. Access to FTL employees and documentation was extremely good but some documents, for example, the corporate plan were considered to be confidential and were made available in edited form. The multiple data source approach adopted was useful as it enabled us to

capture a contextual understanding of the social phenomena under study (Hoque and Hopper, 1997; Sharma *et al.*, 2010).

## **6. Introduction to case study - FTL**

FTL was the first government institution to be privatised in Fiji. The Fiji government issued an exclusive 25-year licence to FTL for the provision of national telephone, telegraph and telex services from the beginning of 1990 (FTL annual report 1990). FTL functions were to maintain, provide and install domestic fixed line and mobile telecommunication data transmission and telex services (FTL annual report 1995, 1996). Other services such as telecommunications apparatus and products were non-regulated and the supply of these services provided an opportunity for the private sector (Opportunities for growth 1993).

Before privatization, FTL's services were considered a public service. This reflects the typical structure of developing countries where the state is dominant and influential in 'development'. Development generally is taken to refer to an industrialization process, a global phenomenon, rather than necessarily reflecting local concerns (Perera, 1989). In non-industrialised societies, money, costs and profits are not the prime concern and appear to play a minor role in determining the purpose and meaning of daily activity. FTL remained the sole provider of local and national (trunk) telephone services in Fiji. The company owns the only public switched telephone network in Fiji. FTL network constitutes 55 telephone exchanges throughout Fiji, connecting more than 101,000 customers (FTL website [www.telecomfiji.com.fj](http://www.telecomfiji.com.fj). 2010).

In 1998, the Fiji government consolidated all telecommunications companies into one company, Amalgamated Telecom Holdings Limited. Amalgamated Telecom Holdings Limited owns all shares in FTL. For the organization chart of Amalgamated Telecom Holdings Limited, see Appendix 1.

In 2002, the government floated its stock in Amalgamated Telecom Holdings Limited to the general public in an initial public offering of \$1.06 per share. The general public owns almost 7.2% of shares in Amalgamated Telecom Holdings Limited, while the government holds 34.6% of the shares. The Fiji National Provident Fund has a shareholding of 58.2%.<sup>1</sup> Amalgamated Telecom Holdings Limited was formally listed on the South Pacific Stock Exchange in Fiji on 18 April, 2002 (FTL website, 2010). FTL describes its vision as

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<sup>1</sup> The Fiji National Provident Fund is a superannuation statutory body in Fiji. The employer and the employee each contribute 8% of gross wages to the Fiji National Provident Fund.

“Telecom Fiji, bringing the best of telecommunications to the Pacific” (FTL website, 2010).

The mission of the company was stated as:

- provide telecommunication products and services that our customers value
- strive for excellence in everything we do
- develop a capable workforce by rewarding superior performance and
- grow shareholder value (FTL website, 2010).

The table 2 below outlines the changes that took place over time at FTL.

Table 2: Changes over time at FTL.

<b>Year</b>	<b>Changes</b>
1992	Resistance to change to commercial values by Naqova (Managing Director Post and Telecom and FTL after privatisation) and other managers.
1992- 1993	Industrial strike eventuated. Cables were sabotaged by workers and Naqova was reinstated after the Board stepped down.
1998	Amalgamated Telecom Holdings Limited (ATH) became the parent company and FTL its subsidiary. Amalgamated Telecom Holdings was sold at a premium to superannuation fund to save existing state Bank, National Bank from bankruptcy.
2002- 2010	Amalgamated Telecom Holdings Limited listed on the Stock Exchange. Accountants became proactive in the change process. Engineers became less important in comparison to accountants.

The next section presents the findings of the case study. As part of the privatisation goal of the state, section 7.1 examines the sale of FTL to private interests.

## **7. Findings**

### **7.1 Sale of FTL and associated tensions**

The privatisation through the sale of FTL in 1998 was controversial for several reasons. It was sold to the government-controlled superannuation fund, Fiji National Provident Fund, at what commentators claimed was an inflated price at a time when the government finances were troubled by the collapse of the National Bank of Fiji. An irony is that the savings of Fijian workers were used to finance the purchase of a communally owned asset in the name of privatisation.

The valuation process was controversial. FTL had to be valued before it could be sold. The Fiji government carried out the valuation with the help of overseas based Rothschild Consultants in order to prepare the company for full privatisation. The government is seen as a steering medium and FTL as a system. The government in its role as a societal steering

medium was seeking to steer FTL in ways which were not in line with the organisational lifeworld of FTL.

Accounting numbers as a steering mechanism played a role in the valuation process. Exceptionally good past revenues and expenditures were used by Rothschild Consultants as a basis for predicting future cash flows. Tinker (1984) explains how accounting valuations do not question the social underpinnings of the value metrics they utilise nor the wealth transfers adjudicated by these models (see also; Arnold & Cooper, 1999). According to Grynberg, Munro and White (2002), Rothschild valuation of FTL was overvalued and used by the Fiji government to sell FTL to the Fiji National Provident Fund at F\$253 million (for a 51% share). The overseas bids received were below F\$100 million. The other two bids were from Cable and Wireless (F\$60 million) and France Telecom (F\$70m). Yet the sale to Fiji National Provident Fund was for F\$253 million<sup>2</sup>.

Grynberg et al. (2002) argue that an inflated FTL valuation was used by the Rabuka government to recover from the failure of the State's National Bank of Fiji where some F\$200 million dollars were lost without adequate credit check of customers. Grynberg et al. (2002) claim that most of the loans were given to political supporters of Rabuka's party (the then Prime Minister). The Fiji government guaranteed depositors' money in this Bank: that is, if the Bank became insolvent then the government could be called to repay depositors' money, possibly through income tax collected from citizens. According to Grynberg *et al.*, (2002), the general public felt that FTL's sale was mainly to rescue the National Bank of Fiji from the brink of bankruptcy. The Fiji government dominated by ethnic Fijians and backed by the tribal leaders ensured that the local inflated sale would help to rescue the Bank. Grynberg et al. (2002) question the role of Yee who served a dual role: he was the chairman of FTL board as well as the Chief Executive Officer of superannuation fund of Fiji National Provident Fund. They claim Yee had a conflict of interest for the Amalgamated Telecom Holdings Limited sale transaction that took place when he (Yee) led both organisations. Yee was an eminent advisor to the Fiji government on government finances for a long time. There was a general public perception that Fiji National Provident Fund had made a misjudgement in purchasing 51 percent stake in FTL (Island Business, 1999, p.44). The sale delighted Fiji's then finance minister who was quoted in the Islands Business Magazine as saying:

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<sup>2</sup> Fiji \$1 = US\$0.52



This sale is a gift made in Heaven. We will show surplus this year of about F\$150 million which is about five percent of our Gross Domestic Product.

(1999, p.44).

Critics argue that the economic gain from such economic restructuring programmes benefit certain sections of the population rather than the general good. Here the chiefs and the politicians benefitted while the ordinary people suffered as the rate of return from their superannuation fund was reduced from 8% per annum to about 5% per annum after the FTL sale to superannuation fund was made (Fiji National Provident Fund, annual report, 2009). Therefore, the Fijian elite saw privatisation as an opportunity to enrich themselves at the expense of ordinary citizens. Through the support of the government, the Fijian elite were seen as a steering medium imposing alternative internal steering media and systems into FTL. The Islands Business Magazine reports that, according to the 1999 budget documents, the Fiji government had expected under F\$100 million from the sale. The Finance Minister, however, made it public that the Fiji National Provident Fund bid was what the Rothschild consultants had estimated its telecom assets to be worth. Yet suspicions remained that the government proceeded with sale to Fiji National Provident Fund in order to salvage the State Bank. An FTL union representative when asked about the sale responded:

The sale was made at an exorbitant price to our Fiji National Provident Fund which is owned by us (the employees), and it is a bit unfair on the employees to suffer like this. The politicians gained from the sale but the poor continue to suffer because of bad decision of government.

Some government ministers and other political supporters were implicated in the outstanding lending from the Bank which was never repaid, nor defaulters prosecuted. Even now the ramifications are felt in Fijian government and politics. The Fiji Times correspondent Ropate Valemei writes that there were high hopes that the NBF would be a people's bank that would create a new level of prosperity in Fiji. However, Commodore Bainimarama argues:

“The greedy elite — after the two coups of 1987 — used the people's bank as their personal piggy bank. With their noses stuck firmly in the trough, these elite, aided by a grossly irresponsible management and board, raided the National Bank of Fiji for loans that many had no intention of repaying. They ripped off their fellow Fijians” (Fiji Times, 22 February, 2014).

The inflated purchase price paid for Telecom by the Fiji National Provident Fund impacted on pensioner returns. Pensioners' returns were reduced from 8% to 6% over time (Grynberg

et al., 2002; Fiji National Provident Fund annual report, 2004). The return has been further reduced to 5% in 2008/2009 (Fiji National Provident Fund annual report, 2009).

Telecom remains the largest single sale of a government company in Fiji to date, and the corporation today, through its parent company of Amalgamated Telecom Holdings Limited, is Fiji's largest in terms of market capitalisation in the share market of the South Pacific Stock Exchange. FTL continues to follow international accounting standards and FTL's accounts and subsidiary accounts are consolidated into the parent company, Amalgamated Telecom Holdings Limited. The next section discusses how the social and political forces resisted the colonisation of the steering media of money and power.

## **7.2 Processual change and resistance to the colonisation of the steering media (1992-1998)**

A driving influence towards privatization was the World Bank and the Asian Development Bank. They were lenders to the Fiji government and their general ideology steered privatisation, involving restructuring and new accountabilities with changes to personnel at the highest level. The steering mechanism of structural adjustment was a condition for loans and economic assistance. The economic crisis provoked by two military coups in Fiji in 1987 shaped Fiji's post-coup leadership towards adopting the economic policy and prescriptions offered by international financial institutions such as the World Bank. Change agents, such as board members, would be appointed to effect the changes not only in physical terms but in cultural, institutionalized ways of behaving. Consultants from Andersen in 1992 undertook a strategic review of the company. Consultants generally support mimetic processes and Andersen's report was no exception, recommending practices that overseas telecommunications companies had adopted after privatization without considering the local social and political context.

Andersen consultants were hired for six months and charged with steering commercial values such as focus on profitability, return on investment and debt/equity ratio, and realigning FTL's organizational structures which were quite alien to FTL lifeworld prior to privatisation. Andersen's report emphasized that FTL's return on assets and profit margins compared poorly with those of other telecommunications companies in the region, and also against other large companies in Fiji (Andersen Report 1992). Andersen recommended a division of the company into five strategic business units headed by general managers and

introduced the position of chief general manager between general managers and the managing director. The consultants are carriers or ‘merchants of meaning’ (Czarniawska-Joerges 1990) who steered FTL with a new commercial language and objectives which was a challenge to the extant telecom corporate and even Fijian lifeworld.

The extant lifeworld, especially of employees, was bound up in union activity. Trade unions have been a source of tension in the reform process. As a senior FTL manager recalled when asked about the role of unions in the reform process:

In Fiji, we always had militant unions. With reforms, the unions consider that they will lose power and so strongly resist reforms

They were aligned to Indian Chaudhry’s Labour Party which drew its support mainly from the trade unions. Political and union unrest surrounded attempts at the ‘modernisation’ or privatisation of Fijian public sector organizations. Industrial disputes and labour rallies peaked in the late 1990s.

A secretary of the FTL union, on being asked about the impact of reforms on FTL workers commented:

We will not tolerate any redundancy and have not tolerated any so far as a result of restructure. Any potential redundancies need to be discussed with us. And if members wish to voluntarily take redundancy package, then this is welcome but we do not welcome any forced redundancy. That is our stand since the reforms and we very much maintain that stance.

The unions ensured that members’ jobs were protected by resisting any drive for efficiency through redundancies. Hence, the state’s steering mechanism to change lifeworld of FTL through introducing a new language of efficiency and customer awareness was resisted.

Another union representative commented:

FTL workers are well known for the industrial disputes. We are here to fight for the basic rights of the workers and will ensure that their rights are not violated. We have been doing this since the organization has been corporatized.

Yet the consultants’ recommendations were acted upon.

The tensions between two contrasting lifeworlds: public service and commercial business were evident for several years. For those affected, there was a loss of meaning, and a sense of anomie (Broadbent *et al.* 1991) and a clash between the two lifeworlds. People were mobilized to effect or resist the new steering media of accounting and economics taking over

from what used to be mainly engineering concerns. FTL employees were required by the Fiji government to carry through cost improvement programmes. There were initiatives to limit the use of resources and obtain economies which would produce a better return to shareholders. The management information systems were implemented as a steering mechanism to provide results and to show the ability of organizational members to save costs. Management budgeting was a critical aspect of this exercise. The accountants had an important role in their development and in emphasizing the importance of finance and making the organization members commercially oriented.

The new business-like approach demanded change. For some time, contradictory lifeworlds were evident and this created fissures along which opposing sides lined up. Managers rationalized performance concerns by creating dissatisfaction with public service routines and political interventions.

Yet old interpretive schemes were still evident. Political favours were still prevalent and supporters of the Minister would get priority in telephone connection while others could be waiting for a long time. According to an FTL customer, telecommunication services were installed in some rural areas after technicians were given celebratory food and bribes. Customers did this because telephone connections came after years of waiting. According to a manager, it became apparent to the Board that after two years of corporatization, FTL's efficiency had not improved. Profits were generated by price hikes and not by improved efficiency (FTL annual report 1992). Although commercial business norms were being changed for the sake of appearing legitimate to outside constituencies, operational efficiency was unaffected.

In its attempt to steer a commercial business interpretive scheme, the Board met extensive resistance from the embedded agents including Fijian Naqova, the Managing Director, and other managers. Naqova, an engineer by profession, had been the permanent secretary for the government department of Post and Telecommunications since 1982 and was appointed Managing Director when the Post and Telecommunications Department was privatised. When advised that the Andersen report recommended he be given overseas training, Naqova refused and was asked by the Board to resign. Naqova personified the internal contradiction in commercial business interpretive scheme introduced to FTL in which profit oriented ways of thinking conflicted with a long standing public-sector ethos.

Naqova held back the change process at FTL. The lack of acceptance of commercial norms stemmed from the top end, but reflected a Fijian lifeworld of community. It was only after

the Board reassured workers that there would be no redundancies after privatisation that the management and staff became more willing to acquiesce to the change process, encompassing commercial business lifeworld, predicated on individualism.

Uncertainties nevertheless continued to exist between management and workers. There were tensions at the highest level and these involved social and political factors specific to Fiji; local influences that may be ignored in conventional portrayals of the steering media of money and power. The new Minister for Telecommunications added to the uncertainty because of his support for the deposed Naqova. One of the managers commented:

The minister gave an ultimatum to Lee (the Chairman of the Board of Directors) to resign. Lee did not resign and the board said it supported Lee. Rabuka, the then prime minister, intervened and asked Lee to stay on. The Board turned around and sacked our general manager, Singh (an Indian Manager), who was fiercely opposed to change. About 1,000 FTL workers went on strike in support of Singh.

Local politics played a pivotal role at FTL. The telecommunication minister who gave an ultimatum to Lee was from the same Naitasiri province as Naqova and did not want the managing director to lose his position. According to the local press (The Review, 1992, p.10) only when Rabuka encouraged Lee to stay on did the Board decide to sack Singh, the influential general manager who, like Naqova, opposed changes in the interpretive scheme (lifeworld). Singh was a supporter of Naqova and according to the Review was also a friend of the telecommunications minister, providing him with an FTL vehicle to use at weekends<sup>3</sup>. According to a manager, there was no sign of a resolution as workers remained on strike. This culminated in the extra ordinary event of the Board stepping down ‘in the national interest.’ The telecommunications minister then threatened the Prime Minister that unless Naqova was reinstated, his and Naqova’s Naitasiri province would withdraw its support of Rabuka’s party. Rabuka, fearful of the loss of support, given that Naitasiri was a large province, gave in to Naqova’s reinstatement (The Review, 1992). The consequent unhealthy relationship between the Board and its Managing Director led to the Board stepping down.

The social and political context of Fiji influenced the privatization of the biggest state-owned organisation of the country. People had close relationships and believed in a communal lifestyle; they appeared to associate themselves closely with others from the same province or tribe, as was the case with Naqova and the Minister. Factors such as profitability are secondary to these people and the steering mechanisms were unable to influence the

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<sup>3</sup> In Fiji, the ministers are refrained from use of ministerial vehicles for personal use. It appeared this minister did not have a personal vehicle and relied on FTL vehicle.

organizational members to accept change in the organizational lifeworld. The traditional Fijian lifeworld does not pursue financial gain but appreciates work-life balance and communal way of life.<sup>4</sup> The individualistic and competitive environment is alien to the Fijian lifeworld. Further, companies' legislation and FTL's article of association as steering mechanisms make it clear that the company's business will be managed by the directors. In reinstating Naqova, the telecommunications minister had overruled a Board decision. The next section discusses the role of various groups in overcoming the resistance to institute a new lifeworld consistent with commercial business routines and individualism which is contrary to the Fijian culture.

### **7.3 Process of colonising (1998-2010)**

Social and political issues were as important as economic ones in the change process. Prior to the 1987 and subsequent coups, senior management positions were quite balanced between both ethnic groups. However, with a series of military coups after 1987, nationalist actions were put in place in favour of the indigenous Fijians. Compared to Indians, indigenous Fijians were regarded as lacking business acumen. Nevertheless, after the coups, the senior management appointments were made mainly to indigenous Fijians. Out of the 5 General managers after 1990 onwards, 4 were indigenous Fijian and only one was an Indian. The lone Indian General manager was removed at the height of 2000 coup. Even though FTL was privatised, political interference was common. The politicians ensured that the demography of FTL management was towards retaining indigenous Fijians at management level.

The senior management had to overcome the uncertainty of change through emphasising the benefits of the change and giving assurances that redundancies would be avoided to either ethnic group. The management were committed to making commercial business practices the new form of lifeworld within FTL. This was done through the introduction of the total quality management (TQM) and performance management system practices. TQM practices suited the organisational participants as it involved collective way of looking at the problem which suited the Fijian culture. The Fijian culture was used by the management to encourage the implementation of TQM routines. However, Naqova, the Managing Director who initiated the TQM program passed away in a fire accident in the late 1990s and a replacement

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<sup>4</sup> The Fijian culture is more appropriate here as it is the dominant culture in Fiji. The Indo-Fijian is a minority population and there are similarities in the two cultures over a wide area such as strong uncertainty avoidance femininity and large power distance (Hofstede, 1987).

Managing Director, Winston Thompson, was hired. Thompson was well known for the financial skills and had occupied some senior positions in the private sector. A customer service manager expressed the view that Thompson was good at expense control and had been able to maintain earnings even in periods of falling revenues. Thompson was very influential at FTL and was characterised as being strongly result-oriented and a firm believer in both customer consciousness and performance measurement.

A manager commented:

The involvement of management with TQM was there and workers gave the thrust into embarking into TQM. It was not only management decision to be there, it was workers' representatives too. But when the workers were taught the gospel of TQM, then they were better able to understand. Workers were able to make decisions and were given empowerment and this motivated them to work harder.

The above evidence suggests that management supported TQM practices and employees were encouraged to adopt TQM routines in their day-to-day activity. While TQM practices require the involvement of FTL members, this has been made possible through an informal environment of Quality Action Teams which attempt to solve a quality problem. A Quality Manager claimed that as soon as the meetings are formal, then silence is reproduced in accordance to the Fijian culture where questioning the superiors action is considered to be an inappropriate behaviour.

FTL's Quality Manager reported on a Quality Team in the 'operations and maintenance' area in 2005. Using data collected from the system (integrated customer management system); the team identified the problem as different types of faults in the operations and maintenance area. The problem identified were overhead line faults, cable breakdowns and exchange faults. The cable faults were considered to be the main problem that inhibited TFL members from operating efficiently in the operations and maintenance area. Data collected by the Quality Action team illustrated that cable faults were contributed to by faults in cable joints. The Quality Action Team decided on preventative maintenance on all underground joints, which were subsequently renewed. Through the Quality Action Team, a team was set up to work on faults on a daily basis and, once the faults were discovered, it was necessary to renew joints. This helped to reduce joint faults.

An operational staff member commented positively on the new commercial business norms:

I have seen so many changes over the past years and I have noticed a definite improvement in the working environment. When I first started with the company, there was no real interaction between the staff and the bosses. Before, if a Chief engineer or Permanent Secretary came on inspection visit to the division, we never got to meet them. Now the CEO even talks to the cleaner; Total Quality Management principles are followed.

There was a greater appreciation that revenue now depended on customers and not government funding. An interviewee referred to the Customer Care Centre established in 2002 as a consequence of total quality management practices. According to the interviewee, customers from anywhere in Fiji who required information on FTL products and services, billing enquiries, lodging faults and complaints and general information simply called on the Centre's free call number 11 22 33 and were assisted by the centre staff. It became a single point of contact for customers and calls were answered. A Customer Service Manager outlined the situation prior to the establishment of the Customer Centre:

There were problems faced by customers for a long time despite a 015 free call number. For example, if a complaint was lodged, customers may also call up their relatives or friends in other sections for the problem to be fixed. While complaints people deal with the problem, there were others who were also involved, causing resource overlaps. The others actually tended to favour their relatives.

According to the interviewee, there was no standard way of answering queries or even telling customers when the fault would be repaired, for example. A quality manager said that, through centralisation, those answering the calls would deal with the customer issue immediately. A customer service worker also mentioned that there were instances of rude and angry customers. One caller rang to complain about his disconnected phone, the staff checked and found his account was unpaid due to a dispute. The customer service worker commented:

Although we apologised and explained what the real problem was, he continued to abuse us over the phone, bringing FTL down and complaining about the customer service. There was nothing to be done but just to listen to him. I did not feel like putting the phone down as it would mean a bad service for FTL. When he finished, I asked him politely whether he had finished and he said yes and hope you do something about it.

The above interviews suggest that Customer Care Centre steered FTL members to be customer conscious. However, interviews with customers from less populated areas revealed that the telecommunication services actually deteriorated after privatisation. This will be discussed later in the paper.



The experiences FTL people had with TQM shaped new understanding and beliefs about TQM practices. A manager commented:

We got some excellent solutions from the Quality Action Team. The areas we're happy about are the testing cable line team which reduced customers' waiting time should the line become faulty. The team achieved a really substantial cost savings and were recognised at the Fiji Quality Award ceremony where they won prizes for the best quality team in the country.

The above interview suggests technical reasons for the use of TQM practices: the practices were beneficial to the employees and improved their perception of being customer-oriented. Savings were made on 'year on year' basis as a result of quality projects. The savings could be mooted as evidence of new habits; belief in commercial business routines. For the most part the project improvement was small and delivered modest savings. Cumulatively, however, this may build up to substantial savings. A manager stated "TQM practices had an impact on how we approach issues...we never start a meeting without a brainstorm. This did not happen before TQM practice." TQM practice became part of the 'habit' set of management and employees and were reproduced and expected within FTL, thus shaping the new institutionalised belief in commercial business routines.

As an impetus for TQM practices to become the new lifeworld at FTL, key performance indicators were developed which embody customer satisfaction. Managers use performance indicators to track the performance of employees against targets.

As a movement towards performance management system exercise, FTL management established in-house and external training programmes for all its employees which included commercial awareness course. A manager stated:

We gave our people a lot of in-house training including customer service training which is conducted by external consultants. This makes employees more sort of responsible in the manner they deal with customers. We also depend a lot on information system that provides reports so that we can give quick answers to our customers.

A strategic manager commented:

The performance targets we have at workplace are: customer satisfaction, training skills, knowledge/ attitude, professional development and motivation. We recognise effort. There is positive attitude towards subordinates.

According to a manager, FTL managers and employees are result oriented. The use of new performance management system practices (PMS) allow employees to be rewarded for bonuses if they exceed 70% in their quarterly PMS report. A Human Resource Manager commented:

There are a number of rewards in the company. If one performs, one gets a bonus. If the company performs better than budgeted amounts, you get extras and also on top of that are the Cost of Living Adjustment rewards.

A Quality Manager commented:

The key performance indicators are within the reach of the employees and encompass both financial and non-financial indicators and are a fair system.

The PMS and TQM as steering mechanisms changed the values of people to be commercial basis oriented and work in the interest of shareholders which became a new lifeworld at FTL. The emphasis was on individualism rather than collectivism on which Fijian culture was based on. Interviewees claim that, through PMS techniques, workers are disciplined to adapt TQM routines to achieve expected results in their quarterly PMS report. An interviewee claimed that self-interest by participants in the form of bonus payments motivates them to adapt to the TQM routines.

As commercial norms were incrementally assimilated by FTL management and employees, there was a coup in 2000 which was supported by one of FTL's senior employees, an indigenous Fijian and a close ally of coup leader George Speight. George Speight's coup was aimed at putting the power back in the hands of the indigenous Fijian from the Indian Prime Minister Chaudhry. The FTL senior employee had been with Speight in Parliament since the takeover of the Indian Chaudhry government. With the 2000 coup and removal of the Indian Prime Minister, Chaudhry, racial tension grew in the capital Suva. The antagonism against ethnic Indians was fuelled by widespread burning and looting of Indian businesses in Suva. A few Indians were assaulted and at least one was killed at the height of the coup for refusing to give cigarettes to a group of Fijian youths. Such incidents took place as a result of growing racial tension by the 2000 George Speight coup. The deceased was a close friend of one of the authors and was a car mechanic by profession and repaired one of the author's vehicles.

Thus there was uncertainty at FTL. A senior Indian manager was removed from his position following directions from Parliament by a manager who was a supporter of the George Speight coup. The supporter of Speight, Timoci Silatolu, was a former president of the FTL union ([labour.net.au/news](http://labour.net.au/news), 11 December, 2009). Timoci was voted out of his union position of President by union members, mainly Indians, and the union had been split for a while between supporters and opponents of Timoci (mainly split between the ethnic groups of Indians and Fijians). Timoci was still an employee of FTL, and his key support base was among indigenous Fijians who staged a work stoppage. Indigenous workers claimed racism

by an Indian manager. However, FTL top managers acted quickly to diffuse the tension by appointing the concerned Indian manager to special duties.

Despite cultural and political obstacles the implementation of total quality management and performance management system began a slow transformation of the design archetype from public sector service to a business-like one and steered FTL members towards a lifeworld consistent with commercial business routines. It involved a change in peoples' thinking as well as day-to-day practices. One interviewee commented:

After corporatization, our culture had to change. We were to be more customer focused and had to change our attitude. Before it used to be 8:00 am to 4:30pm work. Now even after 4:30pm, service is still given. The aim is to finish work. At the end of the day, it is the customer that matters.

A former employee of FTL stated:

There were a lot of changes in behavior after privatization. We had to change attitude, i.e. we had to work much faster now. Even if the work is up to the standard, our superiors will still expect a better performance from us. When we compare customer services with the past, we're doing much better.

This former employee was a manager at FTL and was trying to justify the privatization process. A new Managing Director, Winston Thompson, introduced a new organization structure which was flatter. Organisation roles and responsibilities were clearly defined and managers' authority over subordinates was limited; and more importantly, an emphasis on sharing knowledge and experience resonated with the communal lifestyle of Fijian people. An employee commented:

Unlike early days, we are clear about our duty. Our bosses are clear about our roles as we have explicit job description which emphasizes on commercial goals.

In general, the steering mechanisms seem to exhibit colonizing tendencies. The management claimed that changes provided more effective and quicker communication, especially between divisions. Commercial criteria were developed in the form of accounting technology of a performance management system, linked to a bonus system. The performance management system was a steering mechanism directed at employee motivation. Those meeting targets on a quarterly basis were rewarded in the form of a bonus. A manager commented:

Now people are keen in getting bonuses. They are talking about each other's bonuses and competing with each other.

So communalism gave way to individualism in certain respects. Employees wanted higher performance scores as salaries were partly based on work done rather than time served. In general, the steering mechanisms described above seem to exhibit colonizing tendencies. The commercial lifeworlds were reproduced over time and promoted new commercial modes of production practice. The change to commercial business routines became more and more radical and thereby more and more constitutive

It took four to five years before new commercialised business norms were assimilated by workers. There were still tensions between the two lifeworlds (profit motive and social obligations), especially to provide services to rural communities. The privatisation of line rentals and connection charges for new telephone landlines has been significant in increasing revenues. However, in rural areas, the connection charges could be between F\$3,000 and F\$10,000, making it virtually impossible for most rural inhabitants to obtain a telephone line. After privatisation, these costs increased considerably. Approximately 412,425 people live in rural areas<sup>5</sup> (Fiji Islands Bureau of Statistics, 2011). In 2005, telephone services in rural areas often amounted to one shared phone per village, as reflected in the ratio of 0.6 telephones per 100 inhabitants. This is among the lowest in the world in lower middle-income economies for fixed as well as mobile phones. It compares with telephone penetration in Fiji's urban areas of 20 per 100 population (The Fiji Times, 2005, December 14). The situation in rural area has been worsened after privatisation in terms of per capita telephone while the telephone penetration has remained unchanged. On the matter of high rural connection charges for landlines and telephone service penetration to rural areas, a manager from the Department of Communication had this to say:

Satellite telephone [known as Easy Tel] has been constructed to cater to the needs of rural areas. However, in the rural areas the system does not work half the time. I have received a letter from Fulaga [a remote island], a complaint that satellite phones have not been working for months.

Restoring services affected by weather in rural areas was problematic for a profit making organisation. This resulted in poor preventative maintenance by FTL employees for rural communities whose access and service declined after privatisation. So it may be argued that

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<sup>5</sup> While the indentured Indian moved into rural areas to grow sugar cane, some indigenous Fijians also chose to stay in rural areas including islands to engage with subsistence farming.

the new steering media of money and power diminished telecommunication services from the poor people in rural areas. The new institutional arrangements seemed to many people to have allowed the steering media to 'get out of hand' and allow money rather than social need to rule.

Nevertheless, many organisational members at FTL had been exposed to commercial business lifeworld which gradually became routinised. The steering mechanism seems to be increasingly constitutive in nature. In the case of FTL, the Habermasian penetration of instrumental rationality associated with capitalism was bolstered by a confluence of social and political forces that encouraged the privatisation of a state monopoly.

## **8. Discussion/ Conclusion**

This paper utilizes Habermas's critical theory of societal development to examine the implementation of a privatization program at FTL. The privatization was not well adjusted to Fijian culture and met local resistance. The introduction of privatisation was in the midst of coups, racial tensions and tribal loyalties that influenced change processes. The modern managers appointed to transform FTL were able to introduce constitutive changes over a period of time.

Habermas offers a framework which enabled us to undertake critical appraisal of privatization. Habermas's model of societal development is not value free, but enables an open and predetermined means of evaluating particular societal and institutional changes. His analysis of the way societal steering media 'gets out of hand' relative to societal lifeworld and shape colonization of both the organization systems (buildings, organization chart) and the lifeworld (interpretive schemes) has been a powerful theme for the unfolding of an evaluatory model.

The steering media of money and power challenged the extant lifeworld of FTL participants who had a collectivist culture. A lifeworld predicated on individualism and shareholder wealth maximization was somewhat a challenge to the organizational participants. Strong resistance was displayed by management and local politics played a pivotal role in preventing the changes to become constitutive initially. The changes were also resisted by the trade unions backed by the Indian politicians. Ethnic tensions were also common in the change process. However, with the influx of business appointments at FTL, the changes were slowly introduced. TQM and PMS practices helped to make the business norms constitutive. The

introduction of PMS and use of TQM practices increased accountability and steered the behavior of FTL participants into new and uncharted areas. Incentives such as bonus payment on achieving PMS indicators enabled employees to come on board and focus on a lifeworld predicated on shareholder wealth maximization. However, local politics and resistance are still evident in the change process.

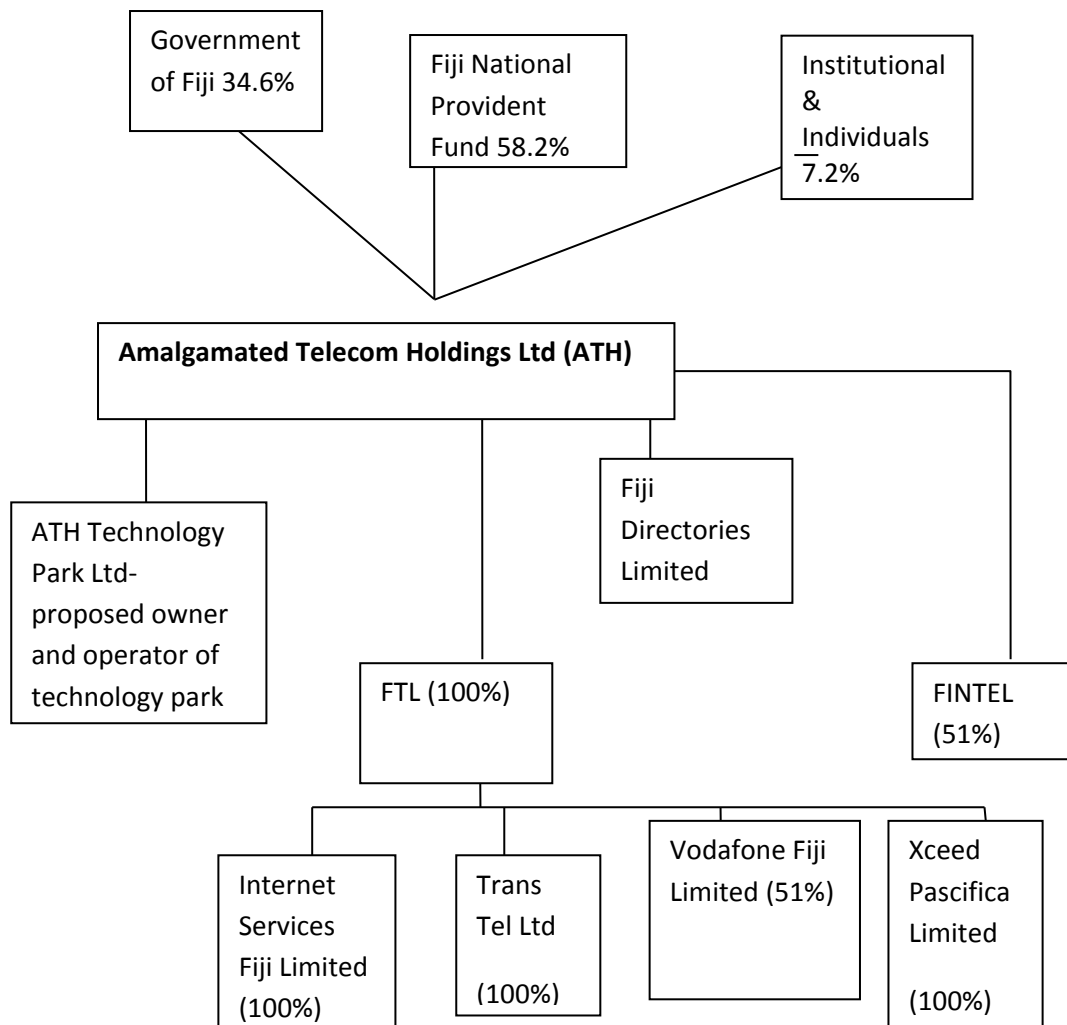
The FTL case brings to light the social struggles and redistribution of wealth to political elites that underlie the technical role accounting 'consultants' have played in the privatization. The Fijian elite saw privatization as an opportunity to gain financial advantage and serve their political aspirations. While there was some initial resistance, the contradiction eventually led to a radical shift in actors' collective consciousness. An accounting control system predicated on PMS and TQM practices was the steering mechanism which steered a capitalist mode of production but when exerted over employees habituated to non-capitalist modes of production (belief in kerekere, tribal loyalty), the change process proved to be challenging. This is the case where organizational lifeworld is inconsistent with the lifeworld of the steering mechanism that is seeking to promote organizational activity.

This paper amplifies the interplay of social and political forces in the privatisation programme in a developing country. In the literature dealing with accounting change, the change has mostly been portrayed as occurring with little resistance and has somewhat downplayed social and political influences (Mueller & Carter, 2007). The Fijian social and political influences need to be accounted for in any explanation of change.

It is the silencing of the opposition to capitalist interest, which Habermas emphasizes in his theory of distorted communication. All communications may be distorted to some extent in the sense that they fall short of the ideal situation of perfect communication (Lawrence, 1999). This includes suggestions such as that the public sector is always less efficient than the private sector which is evidentially unproven. In this case, there were losers from privatization. The losers were the underprivileged, especially rural populations, who could not afford telephone services, and whose service has been diminished. Globalising institutional reforms do not accommodate specific social, political and economic contexts, and more studies may be needed to fully understand the local needs, especially of developing countries, when modernizing programmes, such as privatisation, are suggested as solutions to social and economic problems. Their rhetoric is powerful but results are often inconsistent with the wellbeing of ordinary citizens.

## Appendix 1

### Amalgamated Telecom Holdings Limited Ownership Structure



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