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Research

Foreign Direct Investment and Worker Rights:

A case study of a private security multinational in Mozambique

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DECLARATION

I declare that except for reference to other people's works, which have been duly acknowledged, this report is my own unaided work. It is being submitted in partial fulfilment for the award of Master of Arts in Labour and Development Studies at the University of the Witwatersrand, Johannesburg, South Africa. This report has not been submitted before any degree or examination in any other University.

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Daniela Sampaio de Carvalho

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1) Abstract

This article intends to contribute with the reflection upon the theories that link FDI with social and economical development. For this purpose, the meanings of the expression “human and economical development” will be briefly reviewed, and later it will be approached along the theories on the relation of FDI with development. The theories are used as a support in order to reach this article’s goal of pointing out the FDI impacts on labour conditions on the private security multinational G4S in Mozambique, thus examining the impacts of this sort of FDI towards the country’s human development.

2) Introduction

During the last 20 years, the world has been fundamentally transformed as a result of the process of global integration of an economic and non-economic nature between countries and regions of the world. This process is called globalization. This new context includes advancements in technological communications and transport that facilitates and speeds up transactions and communication in global markets and creates greater interdependence between countries and regions. There are several indicators of this global economic integration. For example, increases in international trade, financial flows of speculative capital (short term investment) and of foreign direct investments (FDI[1]) (Dupas, 1998).

According to Dicken (2003) in the 80s, an integral part of this fast growth and internationalization of economic activity was associated essentially with FDI in the manufacturing sector[2]. However, in the 90´s internationalization has experienced two significant shifts in its trend. "First, the relative decline in the proportion of outward FDI in the primary sector and, second, the corresponding increase in importance of the services sector" (Dicken, 2003). Thus, although FDI in the manufacturing sector continues to be important it is clear that the emphasis on the manufacturing sector has been changing and multinationals in the service sector have shown an increased growth in both developed and developing countries (Dunning 1993).

The service sector is characteristically very diverse and ranges from knowledge and information intensive areas performed in both public and private sector organizations, to very basic services such as security, cleaning and maintenance[3]. The services sector is commonly regarded as being intangible, precarious, and heterogeneous and usually requiring their consumption at the same time and in the same place as their production (Pitt et al., 1999). More specifically, the service sector depends to a large extent on the interaction between the buyer and seller for its provisions (Grosse, 1996). For Dicken (2003) FDI in service industries tends to grow in the following key sectors: Financial services, trade-related services, telecommunication service, business service, some consumer services.

1 FDI – The foreign direct investment its share in three shapes: sell the share (in an amount higher than 10% of the share with right of vote), lending inter-company and re-investments of profit not be distributed between the shareholder or don't send to headquarters.

2 Example of manufacturing industry: electronics, automobiles, and clothing/footwear

3 The services sector also includes retail, wholesale, construction, transportation, communication, professional, insurance, tourist, educational, and health care (Dicken, 1998).

This service, as demonstrates Lerner (2007), has in the last few years shown high growth due to the increasing demand by multinationals and by property service corporations around the world who, today, directly employ more that three million workers.

In the face of recent expansion of FDI in the service sector becomes more and more important to analyze economic globalization and its impacts to economic and social development of developing countries. Thus this paper focuses on FDI in the property service on Mozambique, because the demand for private service in Mozambique has also rapidly increased particularly with the liberalisation of the economy from the 1990s through the introduction of neo liberal economic reforms.

These reforms, together with the subsequent establishment of new companies, banks, exchange houses etc, consequently increased the demand for private services. This has resulted in growing jobs that generates strong impact in the development of Mozambique, especially considering that only the private service sector provides approximately 30,000 formal sector jobs, and a Group 4 Securicor multinational of security service employs 8,500 of these workers. This amount of jobs is extremely significant for a country with an employed population of 5.6% or 520.000 workers in the formal sector (Sambo and Ubisse 2006).

However, according to Sacks (2002) it is essential to consider the quality of the employment offered by multinational companies as this is part of a drive towards development in developing countries. Thus, due to relevance of the employment conditions offered by service industry in Mozambique, this research analyse the labour condition in the service sector having special attention on private security. For this reason, the paper will focus in analyse of Group 4 Securicor´s labour conditions and its impacts on economic and social development of country. Through of survey with 80 Group 4 Securicor (G4S) employees in Mozambique this study provides an overview of the working conditions of these workers. The survey further investigated whether workers had access to company benefits, whether they were fairly compensated for overtime, are entitled to working breaks and have liberty to exercise their right to belong to a trade union.

This paper is structured around three chapters, besides the introduction and final conclusions. On the first session, theoretical approaches will be presented on economical growth, human development and the relation with labour rights. The chapter's ambition is to synthesize the evolution of the society development idea since it stopped being a simple synonym of economical growth or material progress towards a broader concept of human development. This approach judges the respected paid to the fundamental labour rights, and due to this reason, it considers essential to the countries' development that the multinationals respect these rights. Afterwards, on this chapter's final part, the theories that point out the relation of the

FDI with the countries' development will be presented, demonstrating not only its positive impacts, but its negative ones as well, giving special attention to the labour issues.

On the second chapter, with the purpose of demonstrating a general panorama of Mozambique's social, political and economical situation, a brief history of the country after its independence – and its consequences – is described. This contextualization is fundamental particularly because many of the challenges that Mozambicans face today are problems of the past that not only remain unresolved, but also persist well into contemporary society and continue to influence the present. This section focuses on the impacts of the socialist regime and on the structural reorganizations for the workers, besides approaching the FDI attraction policies that aim the Mozambican population's social and economical development, frequently bringing along some negative externalities.

The third section presents the case study based on the analysis of the labour conditions of Group 4 Securicor in order to investigate whether this FDI truly brings negative impacts to the development as it disobeys the law and most often submits the Mozambican citizens to degrading working conditions. On this same section we may see approaches to the labour conditions of other companies within the sector in order to compare with the situations seen in G4S. And on the last section the final conclusions are presented.

3) Methodology

In order to examine the FDI -generated labor condition and its impact on the development of least developing countries, this study used both quantitative and qualitative research methods. According to McMillan (2006), the quantitative method is defined as objective, it uses measurable variables and statistic sampling which enable the direct analyse of the data. The gathering of quantitative data occurs through the obtainment of arranged answers that have an approach concentrate. This method tends to focus on attributes of individuals at the detriment of linguistic and sociological issues such as language use and social context.

On the other hand, the qualitative method seeks to acquire descriptive data. Its central concerns are to comprehend phenomena from the perspective of the participant. This method often involves the gathering and analysis of in-depth information on a smaller group of respondents.

This study used the combination of quantitative and qualitative methods which enabled the acquiring of data that has more value and depth. The qualitative method supported and refined the data collected through quantitative method.

Data Collection Techniques

In terms of data collection techniques, this study made use of a combination of data collection methods such as document research, indirect observation, interviews and survey – which are of qualitative and quantitative nature.

Document research

The part of document analysis is composed of analysis of primary and secondary documents. The primary documents are used for contextual understanding of the policies and practices of the environment, which allow the observation of "how" policies were formulated and implemented. The primary documents were gathered by open interviews at public courts and by other local professionals, besides the examination of documents on policies drafted by the governments with the purpose of attracting FDIs. The secondary data was gathered from the following sources: corporate publications, Internet websites, newspaper articles and news magazines.

As the focus of the research is on labor rights in a private security multinational the main primary document used was the labor legislation of Mozambique. The research also analyzed secondary documents (gathered in the trade unions and news papers) which describe the labor conditions in this sector in both domestic and multinational companies. The other documents that it was analyze describe the relationship of the state of Mozambique with FDI in the private sector (such as FDI attraction policies, governmental policies to enforcement fundamental workers rights, etc). Additional documents included gathered data which indicates the relationship of FDI to the development of Mozambique (like the growth of jobs in this sector in last few year, average salary, possibility of the technology transfer – extent of workers training, etc).

The indirect observation of the facts or phenomena was held by a field research that allowed some more direct contact with the reality. The technique used is called unsystematic observation, in which the researcher seeks to gather and register the facts of reality without using special means, that is, no prior planning or control (Lakatos, 1996:79).

In the indirect observation it was possible to deepen the analysis of labor conditions in private security multinationals in Mozambique, this information was aggregated to data gathered by analyze of documents and interviews. The indirect observation enabled a deeper understanding of the relationship of labor conditions in the security industry and the development of Mozambique. Lastly, the field research enabled a better understanding of the

relationship between the different institutions (public, private and social institutions) and their impacts on to workers rights.

The field research was occurring approximately 4 weeks (the first 2 weeks of April and the other 2 weeks on June 2007) which allowed time to visit the workplace, governmental institutions (ministries, development centres, etc.), the university and civil society organizations (Trade Unions, NGOs, etc.).

Interviews

The interviews provided data, both objective and subjective[4], besides being sources of useful information that would not be possibly solely through bibliographical research and observation. The interviewing techniques used on this research are: open and semi-structured. These techniques have the advantage of time elasticity, thus permitting a deeper coverage of certain topics, larger interaction between the interviewer and the interviewed person, propitiating more spontaneous responses; not to mention the openness and proximity that these techniques provide among the interviewer and the interviewed person in approaching subjects that are both more complex and delicate.

The open interview allows the detailing of questions and more precise formulations of the related concepts (Minayo, 1993). To such an extent, this method was used in order to obtain the most information possible, according to the interviewed person's viewpoint about certain subject. It is also used in order to obtain further details on the topic. These interviews are initiated by a brief introduction of the subject, giving the interviewed person freedom to talk about it. This means that the interviewer's interference must be the least possible, thus taking the role of listener. The questions are answered within the context of an informal conversation.

On the semi-structured interview, open and closed questions would be combined, where a set of previously defined questions would be followed, though within a context similar to an informal conversation. The interviewer must pay close attention to guide the discussion – whenever he sees fit – towards the subject of interest, asking additional questions in order to aid solving issues that weren't quite clear. This sort of interview is much used when you wish to limit the amount of information, thus obtaining greater objectiveness towards the subject, intervening only in order to have the goals achieved.

Interviews realized following: Maria-Alice Jorge (Director of the Mozambican Professional relations in the National Directorate of Labour); Secretary General of Sindicato

4 The objective data may also be obtained through secondary sources, such as: census, official statistics, etc. But the subjective data may only be obtained through interviews, since these relate to the values, the attitudes and to the opinions of the person interviewed.

Nacional dos Trabalhadores da Segurança Privada e Guardas de Moçambique (SINTESPGM) (National Trade Union of Workers in Private Security and Guarding Sector of Mozambique); Julio Mbodiano Sitoe and Isabel Valente Macuacua Represents of Sindicato Nacional dos Trabalhadores Vigilantes das Empresas de Segurança Privada (National Trade Union of Vigilant Workers in Private Security - SINTRAVESP); Dr Maria-Alice Mabota, the Director of Liga Mozambicana dos Direitos Humanos (Mozambican Human Rights League (otherwise simply knows as LIGA); Carlos Nuno Castel-Branco, Economy PHD (Univ. de London, Economy Dep. of SOAS) and Prof of Faculdade de Economia da Universidade Eduardo Mondlane (Maputo) since 1992; Dr. Virgílio Cambaza, Prof ISRI (International Relations Institute), Maputo, since 1996; Dr. Fernando Califórnia, economy specialist, ex- G4S´s financial manager; Carlos Valisam, general manager´s SOS Segurança; Interview with police officer that did not say his name for scare.

Survey

This paper is based on survey de 80 G4S employees conducted with open-ended questionnaire in Maputo in the period 9th to the 16th of April 2007. The study focus in Maputo and did not extend to other provinces because this city is the main centre of economic activity in Mozambique also because the resources do not permit for a much larger study. While this limitation works to restrain the generalization of findings to other G4S workers in Mozambique, the fact that Maputo is an economic hub of Mozambique with a higher concentration of workers, permits such generalization.

Furthermore, the sample technique to be employed in selecting respondents for the study is non-probability because of the nature of the study which is driven by the relevance of the topic and not so much by representativeness. According to McMillan (2006) the non-probability sampling does not include any type of random selection from a population. Rather, the researcher uses subjects who happen to be accessible or who may represent certain types of characteristics. Following a purposive sampling technique, I was identified a number of G4S clients in Maputo city by security's uniform. A list of the companies that we identified that contract G4S for security services was compiled and then field workers were further divided to focus on the specific G4S clients.

The survey consisted of a 9-paged semi-structured questionnaire with six section that is annexed on finish of paper. All interviews were conducted in Portuguese. There was no particular category employed in the division of the G4S clients amongst fieldworkers and field workers could randomly pick a G4S employee by spotting the uniform. Respondents were approached at their work stations and field workers approached them by posing either as

customer of G4S' client or as some one looking for general information. For example, this involved walking into Game Stores as if you are purchasing something, once at the security officer's work station, very tactfully and within three minutes, respondents would be informed about the study and its objectives, they would then be requested to participate in the study. For fear of getting into trouble, some workers refused point blank, others were hesitant while most actually displayed interest and willingness.

Research Limitations

The limitation of research is related to the limited time period dedicated to indirect observation (due the operational cots) that prejudices analyses. A second limitation is connected to the difficulty of finding data and documents in Mozambique, both official and un-official which relate to the subject of the research, this research is essentially grounded in open and semi-open interviews and in the gathering of news paper articles. Other possible limitation could be related to the methodology of research that centralizes the study in the Group 4 Securicor, this method found difficulties in generalizing the problem to other multinationals.

Lastly, the survey limitation is that the non-probability sampling has two major limitations: the sample is not representative of a larger population, so generalizing is more restricted. Other survey limitation is that the workers some time presented scared of the talk with the researcher because of culture or afraid of lost the employ.

4) Development, Labour Rights and FDI

Firstly, it is important for us to comprehend how relevant it is for the multinationals to respect fundamental labour rights (as defined by ILO) or the local labour legislations towards the human development within a developing country. Only by understanding this importance may we approach on the following chapters the labour conditions on Mozambique's private security multinationals and its impacts to the economical, political and social development. Thus, this chapter will briefly approach the evolution of the development idea and, later, the importance given by the theoretical approaches to the human development and issues that involve labour rights. Later on, the chapter will present theories that approach the relation of the FDI with a country's development level and its positive and negative impacts.

4.a) Economical Growth, Human Development and Labour Relations

During the post-war period (1945-1970), a large portion of the formerly called "Third World" countries were experiencing a process of decolonization and emancipation from its metropolises. In this moment of political and economical reorganization, the concept of development emerges as the main pillar over which a new strategy of social restructuring is built upon, which will become not only a political, but also an ideologically powerful tool (Sachs, 2004). Such tool will guide a completely different global scenario, called the Golden Age by Eric Hobsbawn (1995). Marked by profound social and political transformations throughout the whole planet, this period present a steep increase on economical growth, job offers and investments on the productive sector. There were also some deep changes on the way social planning was conducted, according to the principles of the welfare state[5]. However, such growth was larger for the already developed countries, while most of the world population continued to live on underdevelopment conditions or extreme poverty.

Meanwhile, the "new tool" was and still is very difficult to define under the theoretical point of view. Sachs (2004), for instance, stresses the complexity of the definition of the development concept. According to him, indications of development may be objectively recognized from economic sensors, such as GDP and income per capita growth within a country. Nevertheless, Sachs (2004) believes that the development theory based exclusively on economical criteria is slightly short-sighted, since it ignores the concept's multidimensional character, which involves cultural, social and human issues. Despite being a controversial subject and raising discussions about its real concept, the author considers that development is central to the currently prevailing global view, which considers man as a transforming agent on the social and cultural creation process.

According to Cardoso (1995)[6], the concept of development is constantly being updated, forcing us to revisit the social idea of development in order to make it more operational, while reaffirming its centrality. For the author, due to the fact that the social concepts are historically dense, these should always be redefined in order to be up to date with society's structural

[5] Welfare State is a sort of political and economical organization that puts the State as an agent of social promotion and economy organization. Under this definition, the State is the regulating agent of all life and economical, political and social health, in partnership with syndicates and private companies. It is up to the social welfare state to ensure public services and protection to the population.

[6] Cardoso argues that on the last 200 years man has focused its inventiveness towards the technical creation, which explains its extraordinary expansive capacity. And it is due to this historical scene that the development theory kept limited to the logic of the means. However, development must be understood as a society transformation process, not only with relation to the means, but also to the ends themselves.

changes. By incorporating positive and negative historical experiences on the updating process, the concept of development takes into account the new political configurations and intellectual debates.

Thus, as time passes, the updating process of the development idea embodied other subjects, such as social sustainability. This change deeply altered the argument that considered economical growth as being development for itself. According to this new conception, enriching is a spontaneous improvement generator of social standards. Nevertheless, evidences emerged during the 50s showing that the intense economical growth in many semi-industrialized countries not necessarily was translated into greater access to health care, education, basic sanitation, employment, etc., as Hobsbawn had demonstrated. (1995). Since this evidence was confirmed, the international debate on the development concept intensified itself (Veiga, 2005).

During the 70s, the idea of human development being unlike economical growth becomes very strong, unless it also creates jobs and contributes to lessen poverty and social inequalities. Twenty years later, when the first Human Development Report is issued (1990)[7], economical growth is then definitely understood as an element of a bigger process, consolidating the idea that development policies should be structured by values that go beyond the economical dynamics. According to Celso Furtado (2004 for the Brazilian Journal of Political Economy), economical growth only becomes development when the social project gives priority to the effective improvement of the population's life quality. And, by speaking of economical growth, we seek to dispose of resources with which we would invest, which is by far not enough condition to prepare a better future for the society.

In 1996, the Human Development Report synthesizes this "new point of view" about the concept with this motto: *"Human development is the end - economic growth a means.*" It also stresses that, in order to lessen poverty and generate sustainable human development, this growth must not be evaluated only by quantity, but also by its quality. That is, the evaluation must take into account if this growth brings along harmful or beneficial social impacts. For instance, if the financial resources are destined to increase military trade or to the construction of palaces, one might say that this economical growth is negative. With the broader idea of the concept, a positive impact would be to use these resources for the production of food, drinkable water, basic sanitation, improvement of the educational system, health care, etc.

[7] The Human Development Report is published annually by the United Nations Development Program (UNDP), an UN organ. The report considers that, in order to estimate a population's development level, you must consider not only the economical dimension, but also other social, cultural and political characteristics that affect the quality of human life.

This same report also argues that job generation is extremely important in order to transpose the positive impacts of economical growth within people's lives. Due to this reason, it is indispensable to formulate new strategies of development policies that stress the population's productive potential and, thus, enable the expansion and improvement of job opportunities. At last, the report concludes that employment is a direct link between economical growth and improvement of the human development opportunities. As the creation of new job opportunities generate the means for personal income, the process of poverty eradication and inequality reduction is intensified.

However, Amartya Sen (1999) points out that development is not limited to the economical growth allied to income distribution. The author reminds that this issue is not that simple, since income distribution – even as the core subject – must be integrated to a broader and more complete picture. Sen (1999) considers development as the universalizing action and effective exercise of all cultural, social, economical, civil, political, and human rights. Besides, the author considers that the development process must benefit every individual equally and must be based on the participation of each one of them.

Within this broader conception of development, Sachs (2004) argues that, although the rights are indivisible, a special status must be given to the labour rights due to its inherent duplicate value, but also to its instrumental value, since the decent labour[8] opens way to the practice of many other rights. This way, he declares that the strategy to tighten the link among economical growth and human development is to offer well-paid productive jobs. Besides these factors, the qualitative aspects of the jobs created are also extremely important, so the viable forms of production of survival means must not be based on excessive and extenuating efforts or on ill-paid jobs performed under insalubrious conditions.

A similar argumentation comes from a declaration of ILO General Director, Juan Somavia[9], when he asserts that the generation of quality jobs must be faced as part of the national strategies of human development. He also recognizes that the labour is a fundamental element of the social issue, since it is a factor that may both serve as inclusion as well as exclusion of the citizen. It is just as essential to aid on the amplification of the human capacities (understood as a collection of things that people may be or do in life), which is, according to Sen (1999), the fundamental characteristic of development.

8 The use of the term "decent labour" within this text reminds ILO's conception that considers it to be a productive and adequately remunerated work, exercised under conditions of freedom, equity and safety, with no form whatsoever of discrimination and capable of guaranteeing a worthy life quality to all people that live off this work's wage.

9 Declaration from ILO General Director, Juan Somavia, at the opening of the ILO 16th American Regional Meeting XVI in Brasilia, May 2006.

Within this context of transformation of the development concept, which involves the incorporation of new elements, the United Nations – through researches such as the annual publication of the Human Development Report – disseminates and supports the changes of these values. Besides, under orientation of the ILO (International Labour Organization[10]), the UN supports the definition and the approval of minimum labour standards, which turned into human rights since the Declaration on Fundamental Principles and Rights at Work, in 1998.

The declaration is the confirmation of the compromise of the UN members and of the international community to respect, promote and apply the fundamental rights of labour. There are four of them: 1) freedom of association and the effective recognition of the right to collective bargaining; 2) the elimination of all forms of forced or compulsory labour; 3) the effective abolition of child labour; and 4) the elimination of discrimination in respect of employment and occupation. These principles form a minimum universal foundation of labour rights for all member countries, even if they have not ratified the Conventions in question[11].

In this manner, the ILO's goal is to ensure that competitiveness and economical growth do not come at the expense of the workers' rights. Currently, the organization's strategy is based on the decent labour agenda. This agenda promotes not only the opportunity to work, but that employment: must be reasonably well-paying (according to the economic conditions of the host country); it must take place under satisfactory conditions of both health and human relations; it must be exercised under safe working conditions and be able to ensure a dignified life to all workers (formal and informal). According to the ILO, one of the objectives of this agenda[12] is to demonstrate the significance of decent work where the overcoming of poverty and the reduction of social inequalities are concerned. The ILO further emphasizes the ensuring of a democratic government and sustainable development to be contingent on this agenda.

Nevertheless, in parallel to the efforts of the ILO and the social movements, syndicates and scholars towards better labour conditions, the contemporary economical environment constitutes a labour market characterized by the increase of insecurity and labour precariousness on developed countries and on developing ones. This insecurity is originated not only by the slower economical growth rate and its consequent smaller generation of job opportunities on the past few decades, but also by the transformations of the labour environment in order to serve the

[10] ILO is the United Nations specialized agency that seeks to promote social justice and the international recognition of human and labour rights.

[11] Freedom of association and protection of the right to the organization, 1948, #87; Right to the organization and collective negotiation, 1949, #98; Forced labour, 1930, #29; Abolishment of forced labour, 1957, #105; Remuneration equality, 1951, #100; Discrimination (employment and occupation), 1958, #111; Minimum age (for labour purposes), 1973, #138; Worst forms of child labour, 1999, #182.

[12] The decent work based on the idea of freedom, and aiming the assurance of the so called fundamental rights.

original needs of technological evolutions[13] and productive restructuring[14]. Besides, the labour precariousness and insecurity also originates from the dominant neoliberal political thinking that condemns that excessive stiffness of the labour legislation as being the cause of unemployment and low economical growth rate. According to this line of thinking, the solution to enlarge the employment levels is to approve liberal policies that encourage investments and accelerate the economy. This argument considers the flexibility of the labour markets[15] as an essential measure to economical development.

Another factor that influences the insecurity experienced by the workers is the deepening process of economical globalization which, through the internationalization of economies, forms a labour division characterized by regional spaces that present different dynamics as to the remuneration and workmanship conceptions. This occurs because the developing countries, aiming to provide advantageous conditions to the transnational corporations and following the neoliberal programs backed by multilateral agencies (World Bank and IMF), most often force the lowering of the labour cost by extending the work hours, creating special labour contracts, shrinking labour commissions, etc. (Pochmann, 2001).

These neoliberal measures that have in view the attraction of external capital results from the belief on the argumentation defended by mainstream economists and international institutions (such as IMF, World Bank and WTO), in which foreign direct investments (FDI) have a positive impact on economic development. Especially due to their impacts, we face the enlargement of the capital resources, technology transfer, increase of job offer and the effects upon domestic firms. Thus, the majority of the developing countries receive the FDI for believing that these investments may contribute to their goals of development. However, important disagreements persist as to determine if all FDI are favourable to the development, as well as the nature of its prerequisites and conditions – including the role of governmental policy – in order to ensure that the FDI play a positive role in relation to the development.

[13] The rapid technological evolution seen on the last few years have created the segmentation of the labour market and accelerated the labour's qualitative transformations (alteration of the qualifications, organization and work technical division). The evolution also generates changes on the employment sector distribution due to the expansion or decline of the economical activities. Thus, it destroys old forms of productive organization and introduces new types of articulation among work and capital.

[14] The Productive Restructuring was accomplished with the introduction of the new computerized automation technologies and of new standards of labour and production administration/organization.

[15] The labour flexibility consists of reducing labour rights and, consequently, turning precarious the working conditions by shrinking labour responsibilities and commissions (such as reducing vacation periods, accepting temporary workers, salary reduction, increase of overtime hours, etc.).

In face of the different opinions on the FDI and on the importance of this capital to the developing countries, the next section of this chapter approaches its relevant debate, focusing on the analysis of the impacts that FDI have on labour conditions.

At last, it is important for us to understand that, when considering the FDI as essential to the countries' development, it is necessary to reflect upon all of its social, political and economical impacts. The present paper, with the purpose of accomplishing this reflection, will inquire throughout the next chapters the impacts of the security industry FDI to the Mozambican human development. For this, the theoretical approaches mentioned above are used – incorporating the idea of fulfilment of the labour rights as being fundamental and considering that the FDI may bring not only positive, but also negative externalities – in order to examine the regard of labour rights paid by Group 4 Securicor.

The next chapter will present a general panorama of Mozambique, covering the social, economical, political and historical contexts besides the country's policies to attract FDI, aiming to locate the discussion about the labour conditions verified on the private security sector, more specifically within Group 4 Securicor.

4.b) Development and FDI.

4.b.1) Positive impacts of the FDI on development

In the last few decades, there has been a large expansion on worldwide FDI flow, which essentially comes from TNCs (Transnational National Corporations). This flow overcame the national GNP and the international commerce (Unctad 2005), which became the TNCs powerful agent of transformation in the economic globalization context, principally in developing countries.

This increase of FDI flows occurred together with the ideology of neo-liberalism proclaimed by International Institutions (such as IMF, World Bank and WTO**)** that defends FDI as a strategic solution to the financing of development in these countries. Reflexão que se baseia no reconhecimento de que as economias em desenvolvimento são limitadas pela oferta de capital, portanto, dependem de investimento dirigido à expansão das capacidades produtivas.

Furthermore, these institutions argue that the benefits of FDI will be an increase in the host country's income, positive impact on external credit, increase of the supply and improvement in

the quality of the products and service the host country offers. In addition, the FDI will be one way to consolidate contact with other markets and acquire technologic and management know-how.

A relevant point in this debate is the distinct characteristic of foreign direct investment in relation to other sorts of investment, which provides a bigger potential to reflect favorably on the promotion of the development. Firstly, FDI is defined as the investment in the creation of new companies or in the share of firms that are based in host country. Almeida (2000) adds that FDI occurs when an investor based in a home country buy shares in another country with the aim of managing these shares. In other words, the administrative dimension is a fundamental difference between FDI and other sorts of speculative investments.

According to UNCTAD (1994), another distinction is usually that FDI flows have an intention of long-term investment, which results in direct and stable investment in production, increases the savings and the investments in host countries. For Almeida (2000) theses resources will be a manner of motivating the economic growth when the internal savings of the host country is not enough to answer the necessities of investment of the country. In addition, he adds that not all the income produced by the MNC goes to the investor, MNCs re-invest money into the company at a local level and this increases the host country's income**.** Thus, FDI automatically adds to growth by expanding the resources available for investment.This essential according to development economic's theorist in order to help on accumulation of capital of the underdevelopment economies (at above section this paper discuss this subject).

Within the paradigm of theoretical thinking which favors FDI, several authors (Blomstrom, 1990, Dunning, 1993 and Blomstrom/Kokko, 1997) believe that the positive impacts of the presence of multinational corporations in developing countries will be the growth of productivity and exports, technology transfer and diffusion from foreign multinationals to the host country. The respective authors argue that positive impacts will be a consequence of spillover effects resulting from the presence of multinational subsidiaries in the host countries. The theorists maintain that the presence of multinationals enables local companies to capture directly or indirectly, some of the "ownership advantages" of the multinational corporations (as: more productivity, technological know-how, organizational skills, etc).

Also, many of the benefits that TNCs bring to developing host countries stem from the linkages between TNCs and trade (Melitz 2005). According to Blomstrom (1990) as TNCs may enhance the exporting capacity of their hosts both directly, by their own exports, and indirectly, by increasing the capacity of local firms to export. In this way, the foreign-invested firms may increase foreign exchange earnings, thus making possible purchases of capital goods on the

international market. In addition, the FDI might encourage domestic investment, as there are backward or forward linkages with domestic firms created by new foreign ones.

Furthermore, one of the most relevant impacts of subsidiaries of the foreign companies in the host countries is the increase in the level of direct and indirect jobs (Schneeweiss 2005). For Sachs (2002), in terms of development, the creation of jobs is one of main benefits that the FDI can provide to developing countries because these jobs have the potential to contribute to the upgrading of the workforce through training and technological transfer. According to Braunstein (2006), empirical analyses about the employment effects on efficiency-seeking[16] FDI confirm these positive effects.

However, for Sachs, they may constitute a generation of new jobs that do not adequately contribute to a development of country. Thus, it is not enough consider the benefits from the creation of employment because a country's development is also contingent on the creation of quality employment. In other words, it is essential to ensure that the working conditions in multinational firms live up to the core labour standards[17] set by the ILO and that employers do not violate the conventions that member countries signed concerning basic conditions of employment.

In addition to assessing the impact of FDI on host countries, the researchers have also evaluated its effects on employment conditions. According to the UNCTAD report (1994), employment conditions in multinational companies are better than those in host country companies. These differences are usually reflected in salaries, working conditions and benefits (Brown 2002).

In conclusion, the mainstream of the empirical studies about the impact of the FDI flows on developing economies indicates that it has a positive effect on the rate of growth, although this is not an unconditional relation. For the majority of economists FDI not only contributes to increase the level of capital of host economy, it also improves human capital through of the training of the workforce.

4.b.2) Negative impact of the FDI on development

Although the majority of the economists argue that the FDI has a positive impact there persists important discordances with these views. According to Correa and Kumar (2003), the

[16] Efficiency-seeking is when the FDI flows reflect an intention to minimize production costs

17 The ILO Core Labour Standards are: rights to freedom of association and collective bargaining, prohibition of forced labour and child labour and discrimination, living wage, occupational health and safety, regular hours of work (www.ilo.org. data de acesso 14/08/07).

impacts upon the host economy are not singular, it can bring as much positive externalities to local companies (ex: enable the diffusion of knowledge) as it may lead to negative externalities like substitution of domestic investment and make the reducing in the technology gap difficult. Also, the overview of studies on the effect of foreign entry on productivity of local firms shows that this effect is not automatically positive. It differs across countries as well as across sectors.

Within the same line of argument researches assert that in some cases the inflows of FDI results in the phenomenon of "crowding out"**,** which consist of the substitution of domestic investment by FDI. This phenomenon essentially occurs when FDI is distribute at the same manner that the domestic investment (Agosin and Mayer, 2000). According to data by Hanson (2001) crowding out has a negative effect on the productivity of local companies. He suggests that the market power of transnationals may confine competing domestic firms to less profitable sectors. This would have a negative outcome on the number of jobs and harm domestic investments.

Furthermore, it is possible that the transference of technology will not happen or, also it may not motivate the national companies to developing technologies. According to Hanson (2001), there is weak evidence that FDI generates positive spillovers for host economies. For this reason, he argues that policy of promotion of FDI is only justifiable where there is clear and direct evidence of substantial positive spillovers, associated with multinational production and where multinationals are unlikely to choose the optimal level of production, without a subsidy or other inducement. For example: where multinationals are intensive in the use of elastically supplied factors and when the arrival of multinationals to a market does not lower the market share of domestic firms.

Empirical evidence provided by Ghose (2004), in his study of 37 developing countries, shows that FDI flows were related to stagnant investment or increase in the deficit of balance of payments. This negative outcome of FDI would occur due the possible increase on the imports of production factors to supply the necessity of the TNC subsidiary or by the increase of remittances of profits and royalties to home country.

In addition, the foreign capital inflows associated with FDI may also increase the supply of foreign exchange, which may affect the exchange rate and lead to an appreciation of the currency. The result is upward pressure on the price of exports, and a decline in the relative price of imports that dampens the ability of domestic producers to compete with imported goods. Then, while TNCs seem to increase a country's exports, it is not clear that the longer-term effect on domestic producers is necessarily positive. These negative effects are relevant

when you consider that developing countries have less capability than developed countries to finance their disequilibrium on current transaction through of external loans,

Within the same line of theoretical reflection, Braunstein (2006), affirms that there does not exist, neither strong nor large empiric evidence which connects FDI and growth. For her, the recent policies of attracting foreign direct investment bring structural change for local society, the implications of which it have been neglected in the analysis of FDI. For example: effects on employment, wages and working conditions and state sovereignty.

In short, when the FDI does not have the "necessary quality", in terms of the little technological supply that it brings, as well as due to the competition with local companies, these foreign capital may diminished its beneficial impacts or causes negatives effects.

4.b.2.1) Negative effects - Policies of attracting FDI

Despite the discrepancies of opinion in relation to the impacts of FDI on developing countries, the IMF and the World Bank has and continues to place conditions on lending to countries based on the implementation of structural reforms of the economy and the state to attraction of FDI. These institutions apply condition of theirs loans only if the countries introduce the reforms. In this manner, during the 1990´s, neo liberal reforms to attract FDI in developing countries were implemented, as many believed in the positive impact of these policies as well as in the requirements imposed by international institutions.

The general line of the structural reforms defended by international institutions aim to reduce the state's role in the economy, through the process of privatization of state firms and the emphasis on foreign capital, which results in the de-nationalization of the economy. These economic reforms, to attract FDI are grounded in several of the premises defended by the Washington Consensus**.** These premises support neo liberal reforms[2] based on the belief that "less state and more market", allows the international power of the market to lead the economy of these countries towards a more efficient use of natural and human resources, which results in the economic growth.

These reforms often cause the weakening of the sovereignty of developing countries. Because these reforms, aim to facilitate the entry of foreign capital, making

the states lower theirs regulation and power. Moreover, these policies of FDI attraction, lead to lose of control of strategic sectors in the economy (Such as natural and infra-structure resources).

In addition, the growing influence of TNC, both within international and national context, make developing countries vulnerable to pressures from these corporations. This happens because the TNCs establish their lines' of production, in different countries increase their power and influence to define in great measure the internal policy of the countries that if interesting by theirs installation. For this interference the FDI may be a real threat to state sovereignty.

Furthermore, according to Chang (2003) these policies advocated by international institutions are "kicking away the ladder" to prevent developing countries from "catching up" development. He shows that when the now developed countries were net recipients of FDI they imposed strict regulation, including restricting the entry of FDI[18]. These policies are contrary to common consensus that regulations reduce FDI flows.

However, in the last decades what has been experienced has been the unilateral reduction of barriers to FDI in developing countries. According to Hanson (2001) approximately 103 countries offer special fiscal benefits to foreign corporations, with the objective of encouraging these firms to set up managerial offices or factories inside their borders. For Braunstein (2006) incentives such as fiscal and regulatory concessions, freedom from environmental or labour laws, are targeted merely at attracting foreign investment, rather than guiding it once it has arrived. These incentives have a doubtful contribution to growth and development because the regulatory environment or the prospects of incentives are only a small part of a country's appeal.

Also, these incentives can compromise the state's ability to finance development and provide social protections. Hanson (2001) supports this idea by showing that actions and policies of incentives have little influence on the decisions about localization of FDI.

The research around FDI and Development indicate that attracting foreign investment must be managed in order for societies to draw on the positive benefits that such investment can bring. Countries that have been most restrictive in trade and FDI, and are still less liberal in

[18] For example: The USA was largest recipient of FDI even with it often regulation policy on FDI, another example is the large FDI inflow to China, with its numerous regulations on FDI. Which shows that regulations are not major determinant of FDI

comparison to other countries, have seen most of the positive effects (Chang 2003). Though this result does not mean that liberalization is, by definition, detrimental to development, it does imply that liberalization alone is not delivering the positive results.

4.b.2.2) Negative impact of the FDI on labor condition.

Research has shown that while foreign firms often do pay higher wages, skilled workers seem to get most of the benefits (Brausntein 2006). In other words, this point out that economic growth based in FDI may not be favorable to majority of the population of the developing countries, which are constituted by unskilled workforce as well as it also, may deepen the domestic inequality gap inside these countries.

Furthermore, research has found that in multinationals employees with very high skills earn high salaries and work in sectors with a high level of technology. At the same time, workers without skills earn low salaries and work in sectors with low levels of technology that enquire much higher labor-intensive input. These are sectors such as for example, agricultural, garment, retails, property service, etc). Research by institutions like SOMO[19], IOS[20], FNV[21] for example, indicate that the subsidiaries of multinationals in sectors which are predominantly unskilled violate labor standards defined by ILO on a much larger scale. The problematic working conditions highlighted by these reports in multinationals vary from low salaries, repression of the formation of trade unions and collective bargaining structures, high levels of overtime, and constant discrimination on the grounds of gender, race and sexual. In addition, these reports indicate that the violations of labor rights take place frequently and are severe along the value chain of the multinationals. The more decentralized the process of production of the corporation major is, the greater the possibility of finding very poor salaries, informal work, physical abuse and punishments, child and force labor. (Schneeweiss 2005, Jakobsen 2006).

In addition, the capital is internationally mobile and labour is not, FDI may enhance capital's bargaining power relative to labour, thereby lowering wage growth. According to Paus and Robinson's work (1998), FDI and wages in developing and developed countries, indicates a structural shift in the relationship between FDI and wages beginning in the late 1980s, when the positive correlation between both disappeared. They suggest that increasing global capital mobility is the likely culprit. For Oman (2000), the possibility exists that foreign investment

19 SOMO is a centre for research on multinational corporations it investigates the consequences of Multinational Enterprises policies and the consequences of the internationalization of business particularly for developing countries.

20 The IOS is centre for research of labor condition on multinational in Latin America.

21 The FNV Company Monitor researches the social policies of Dutch multinational companies in developing countries.

may inhibit a socially optimal raise of standards because of fears of capital flight to more accommodating locales.

As a result of the impact of FDI on labor standards, international organizations like the ILO, UN, OCDE) have developed "guidelines" for multinationals with the objective of influencing the behavior of these corporations, with regard to working conditions, in the countries where they set up their subsidiaries. The guidelines include the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" via the International Labor Organization22, (ILO), the publishing of the "OECD Guidelines for Multinational Enterprises" and the Global Compactor23 by the Unit Nations. These guidelines are based in the Declaration on Fundamental Principles and Rights at Work from ILO, declaration that is used to as grounded to analyze labour conditions of Group 4 Securicor on Mozambique.

At last, it is important for us to understand that, when considering the FDI as essential to the countries' development, it is necessary to reflect upon all of its social, political and economical impacts. The present paper, with the purpose of accomplishing this reflection, will inquire throughout the next chapters the impacts of the security industry FDI to the Mozambican human development. For this, the theoretical approaches mentioned above are used – incorporating the idea of fulfilment of the labour rights as being fundamental and considering that the FDI may bring not only positive, but also negative externalities – in order to examine the regard of labour rights paid by Group 4 Securicor.

The next chapter will present a general panorama of Mozambique, covering the social, economical, political and historical contexts besides the country's policies to attract FDI, aiming to locate the discussion about the labour conditions verified on the private security sector, more specifically within Group 4 Securicor

5) Post-Independent Mozambique

5.a) Historical Context

22 The declaration was done in 1977 with the objective of establish international features for regulate the behavior of the multinationals in the host country (www.ilo.org)

23 Global Compact are "norms" on the responsibilities for multinational, based on the Universal Declaration of Human Rights, by the United Nations (www.globalcompact.).

Firstly, it is important to comprehend that the labour conditions and the current Mozambican economical and human development are direct consequences of the historical facts of the last few decades, specially the political development under the post-independency context. As in many other African countries that struggle against the colonialism, the Mozambican political independency did not come before a period of peace and stability. While groups of varied international and national interests disputed over the courses of Mozambique's economical and political organization, after the independence the instability lasted for long, coming to an end only during the 90s.

The movements of resistance against the colonization began by the late 1950 decade and early 1960s. However, they gained greater consistency by joining forces with some other movements, building in 1962 the Mozambican Liberation Front (FRELIMO). From this moment until the country's actual liberation from the Portuguese administration, the struggle was accomplished with guerrillas and conquests of some areas where Frelimo controlled. In 1974, after a long period of armed struggle, the Mozambican independency is recognized by the Portuguese government with the Lusaka Agreement.

From this moment on, a transition government is formed, composed of Frelimo leaders that exerted a strong economical and political control within the country. Frelimo, due to its Marxist-Leninist ideological basis, sought to establish in Mozambique a strong State with socialist institutions, which tried to return to the Mozambican population their rights denied by the many years of Portuguese control. With this purpose, the government nationalizes many sectors, centralizes the workers' organization by creating smaller self-administrated units and, later on, establishes governmental companies. In the meantime, Frelimo's government sought the social and economical development of the rural population by socializing the plantation fields in an attempt to expand the agricultural production.

As time goes by we see that Frelimo's organization was not able to free the country from economical chaos and high inequality rates. Thus, the inefficiencies of the socialist organization, allied to the international context, favoured the emergence and strengthening of political dissidents. Under this context emerges a group hostile to the Mozambican socialist regime called RENAMO (Mozambican National Resistance), which then had the support from South Africa and Rhodesia (currently Zimbabwe). Renamo's actions, until 1980, were based on attacks to villages and social infrastructures, spreading land mines along many roads. The civil war resulting from these actions and from the heavy investments on the militarization of the Mozambican army had a destabilizing role over the economy and was followed by an exodus of the rural populations, which caused the reduction of agricultural production. The 1980 decade

was marked by the growth of Renamo's military actions, forcing the government to abandon its "field socialization" policy. During the same civil war period, the country experienced a negative GDP[24], around -4%, well below black Africa's average (2,4%).

In face of the meagre economical results, agricultural production drop, civil war and enormous international political pressure, Mozambique decides do sign a deal with the World Bank and the IMF in 1987, assuming the responsibility to completely abandon the socialist regime (Saraiva, 2007).

The deal is a crucial step towards the end of civil war, which came as soon as the General Peace Agreement was signed by former president Joaquim Chissano and by Renamo's president, Afonso Dhlakama, in 1992. Afterwards, the Mozambican government requested UN support for the disarmament of the belligerent troops, and the peace process was then conducted by the organization through the Mozambican United Nations Operation, ONUMOZ, until the end of 1994. The result was the creation of a unified army and the organization of the first multiparty general elections, when Frelimo was the most voted party and had the majority within the parliament, thus constituting the government.

Subsequently, ONUMOZ departs, which gives ride to an increase of criminality rates, specially using guns. However, the picture taken out of this context was quite optimistic: with the end of civil war, the economy could be reconstructed and the destruction of the infrastructure and the social and economical disintegration would both come to an end.

5.b) Human and Economical Development

In order for us to better comprehend the social, political and economical development, which involves the current labour conditions in Mozambique, it is necessary to make a brief analysis of the status prior to the Peace Agreement and of the consequences of the economical agreement (mentioned earlier) between the Mozambican government and the World Bank and IMF.

During the decade of 1980, Frelimo's government sought the development and the protection of the population's purchase power parity by freezing the main product's prices and setting a fixed exchange rate. Since the exchange terms were deteriorating, the country was left without any credit abroad to buy consumer goods and the necessary raw materials in order to

[24] Between the period of 1974 to 1986.

make the economy function. The black market of consumer goods and of foreign credits increased dramatically.

The solution imposed to government of Mozambique, as condition for the international agencies' aid, was to sign deals with the World Bank and IMF, by which the State assumes the responsibility of performing an economical aperture and abolishing socialist practices. Then, in 1987, the "Economical Restructuring Program" – better known as PRE – was launched, which should modify the Mozambican economical policies and recast the economy into new terms.

The first measure taken by the government was to depreciate the local currency, Metical, which, in about two years, reached more than 1000%. Meanwhile, it removed price adjustments for consumer goods, with the exception of fuels, which until today are still regulated by the government, and fishes, considered as strategic consumption and exportation products. An important step towards the economical restructuring was the privatization of governmentally controlled companies, a fact that facilitated the entrance of foreign capital into the country. Another measure taken, which sought to avoid general impoverishment, was the transformation of some of these State companies and banks into anonymous societies by conferring quotas to its managers, or at least to a larger number of employees. However, the larger part of these companies was privatized according to the rules of the World Bank.

According to Saraiva (2007), the Economical Rehabilitation Program was not immediately followed by high levels of economical growth, and the urban working class that supported Frelimo gradually lost its purchase power. The government then rechecked the program, aggregating a social vector with the purpose of holding the poverty expansion. The new program was called PRES (Social and Economical Recovery Program). Besides, the government established a State reformation plan aiming to put an end to the bureaucratic obstacles and to hinder some irregular appropriations of the resources received by the liberalization process.

From this moment on, we see an economical growth haste, which resulted in a GDP increase of 4% per year between 1984 and 1994. On the following years, the GDP growth was around 7% per year.

However, as some authors recall, Mozambique is currently one of the poorest countries in the world. Despite the amazing economical growth rates of the past few years and the encouraging progress in terms of development achieved, poverty is still a serious and widespread issue. According to Cristiano (2005), the splendid economical rates were not followed by improvements of the social development standards. An example of this is that, in 2007, Mozambique presented social indicators among the worst in the world. This scenario was demonstrated by the 172nd place on the HDI, one of last positions on the ranking. Besides, the

electricity offer in Mozambique does not surpass 10%, the average life expectancy is below 46 years and the literacy rate among adults was of 38.7% (in 2007).

The current labour conditions within the country also reflect a precarious state of human development. The structural reforms that allowed the aperture to the private capital and the labour legislation flexibility worsened the labour conditions and diminished employment rates, both formal and informal ones, because the companies reduce their numbers of employees through collective dismissals.[25]

An example of this is that the economically active population is composed of 9.6 million people, little more than half of the total 18 million Mozambicans. Out of this total, only 550,000 people have a formal job (5.6% of the economically active population), out of which 120,000 are employed by the government bureaucracy. Almost one fourth of the jobs offered by the formal sector are for the commerce, while 40% are on the public sector, such as education, health care and general public administration.

Nevertheless, the country's concept of employment is still an arguable issue, since most Mozambicans live on the rural zones of family agriculture and cattle raising and earn their living with this sort of production. The current tendency of considering as unemployed everyone that does not have a formal job does not allow us to have a good comprehension of the employment situation in Mozambique, since a large part of the population works on the informal sector and not taking it into account generates an overestimate of unemployment rates[26]. This is demonstrated by the information that 94.4% of the Mozambicans depend on the informal labour in order to survive, and a large part of the informal workers is concentrated on the agricultural sector.

Likewise, the readjustment caused the reduction of aid rendering by the State. For Pitcher (2002), the economy's deregulation promoted a general dissatisfaction in face of the new employee-employer relation.

Another factor pointed out by the neoliberalism critics is that the privatizations and the commerce's liberalization did not benefit most of the Mozambican citizens. Besides, the access to citizenship is increasingly selective and the reforms benefited only a small minority, the State's bourgeoisie, which is currently composed by the Frelimo (Francisco, 2003).

5.c) Development and FDI

[25] De 1987 até 2000, foram demitidos pelo menos 100 mil trabalhadores, a maior parte destes sem que tivessem recebido salários há mais de dois anos de trabalho e, evidentemente, sem que tivessem recebido qualquer indenização (Pitcher, 2002).

[26] National Report of the Mozambican Labour Organization (OTM). Maputo, 2005.

During the decade of 1990, Mozambique became an excellent destination for the entrance of foreign capitals due to a number of factors, such as: democratization process faster than many other African States, liberal economic reforms that conferred trust to the markets, high GDP growth, controlled inflation, lesser external vulnerability, international reserves considered satisfactory for a modest economy, and access to international financing (Saraiva, 2007). Therefore, the country gradually becomes one of the African markets in ascension, which is mainly being seized by South Africa.

This increase of foreign investment in Mozambique is within the neoliberal reforms implemented, during the 90s, in developing countries as a condition imposed by the international institutions for the acquisition of loans and investments. The reforms aim the economical growth by means of a more efficient use of natural and human resources within the developing countries. With this in mind, these reforms sought to introduce changes on the labour relations and on the State role as development agent, besides diminishing the State role as a whole, as occurred in Mozambique since 1987 with the PRE.

According to the World Bank, Mozambique is the best example of a successful implementation of the neoliberal economic reforms in Africa. The World Bank argues that these measures brought along great benefits towards the country's economical development as it raised the GDP, improved inflation control, stabilized exchange rate, reduced external vulnerability and generated a considerable increase of FDI.

In the meantime, there is no consensus on the consequences of these reforms. Some studies, such as Cristiano's (2005), explain that the increase of the GDP's annual growth rate was due to the weak prior basis of the Mozambican economy and due to the fact that the country had just left its civil war period, which allows a rapid initial growth, even if it does not mean that there will be stability with this growth, nor the formation of a widened and varied production foundation.

Castel (2003) shares this same opinion, declaring that the FDI – which brought along the country's recent growth – was not able to generate opportunities to develop connections with domestic companies or to create job opportunities, productive capacity and technology transfer. For this author, the mere existence of a progressive, sustainable and dynamic industrialization process is questionable in Mozambique, as well as an industry that works as a connection point of economy as a whole.

According to Castel (2003), even if the government seeks a "stabilization with growth and poverty relief" model, there is an inherent instability of the Mozambican economy that may be attributed to situational factors, such as wars, natural catastrophes, oil price, among other. But, for the author, this instability is greatly due to the development structure and dynamics of the

Mozambican economy. This happens because, according to the figures presented by the author, the economy is not becoming industrialized, since the proportion of the added value of the transforming industry to the GDP is too low and has changed very little on the past four decades. Besides, instead of presenting a diversification of the industrial production that would be important for the country's lesser dependency and for job generation, we see a larger local and product concentration. The fact that the industry's main products are essentially primary or processed by a simple manner also makes it difficult to enable new technological and economical dynamics.

When we come to Castel's (2003) industrial concentration argument as being one of the main causers of the economical structure that fails to connect the local economies and, most importantly, generates few formal and informal jobs, we must try to understand the causes of this concentration. For this reason, on the next section of this chapter the sort of FDI that came to Mozambique since the economical reforms will be approached, its consequences and the governmental policy in relation to these investments.

5.c.1) FDI Economical Impacts

According to Saraiva (2003), Mozambique's partners and investors come from not only capitalism's central economies, but also from Southern economies. From the latter ones, South Africa – due to its geographical proximity, historical and regional circumstances, among other reasons – holds a special position. This country is by far the largest investor in Mozambique, summing up to approximately 35% of all FDI in the country on the past few years. Another country that has increased its investments throughout all of the African continent, and also in Mozambique, is China.

Castel (2003) points out that the FDI in Mozambique are concentrated on large projects, more specifically on 6 industries (Mozal, Iron and Steel, Heavy Sands, sugar, Beer and Cements), adding up to 13 companies. These companies represent 70% of the FDI and 50% of the total investments within the country. As for the mineral resources, as Castel (2003) mentions, these represent 18% of the FDI and 12% of the total investment. In this manner, the huge industrial projects and the mineral resources both absorb almost 90% of the FDI and more than 60% of the total investment.

Thus, by analyzing the sectors and products that absorb almost all of the FDI, we notice that the foreign capital is heavily invested on aluminium, natural gas, heavy sands, beers and

sugar. These investments must be analyzed from the point of view of the globalization strategies of the South-African mineral-energetic complex and of the oligopolistic competition on the other sectors. This complex relates itself to the 10 huge projects in Mozambique.

Also according to Castel (2003), the economical importance of the South-African investment is enormous as they represent 35% of the FDI flow in Mozambique, and the projects where the South-African FDI are involved represent 85% of the total FDI and 75% of the total investment.

The concentration of these investments around large projects obstructs the diversification of the productive foundation, which is essential for the economy not to export solely semi-processed primary products and thus be less vulnerable to international crises that cause unemployment, poverty and social and economical instability. Even the exports that are not primary products in Mozambique are products that add little value to the natural resources and have the same vulnerable structure, causing the exports to be rigid and creating no inner links among the different sectors, nor information, innovation and technological capacity multiplication effects (Castel, 2003).

On this current scenario of Mozambican economy concentration, every time that the FDI raise too much, the imports structure changes drastically due to the need of importing investment goods, demonstrating Mozambique's dependency on imports of productive basis. This demonstrates that the large projects generate negative impacts on the balance of payments and, consequently, on Mozambique's economy.

Another problematic issue in relation to the FDI in Mozambique is its regional concentration, mainly concentrated in Maputo, despite all fiscal incentive measures in order to diversify the investment location.

Besides these issues, it is necessary to remember that the intense and wide increase of FDI on poor economies brings many social consequences, mainly due to the attraction policies introduced by the governments. In this manner, the next section will approach these attraction policies and its impacts to Mozambique.

5.c.2) Impacts of the FDI Attraction Policies

The examination of the literature on FDI, as seen on chapter 4, showed us that the economical aperture and the great flow of FDI may bring social benefits and contribute to the decrease of poverty and inequality, so long the State establishes strategic policies and maintain control of the entrances and directions of these flows. Besides, according to Sustein (1997), it is

extremely important that the State maintain a strong position of negotiator when coping with foreign capital and an aptitude to intervene on the sectors considered crucial towards development. Only this position, according to the author, will allow the State to avoid the shrinkage of its central authority and its role on the economy.

However, as Castel (2003) stresses, the policies to attract FDI put into practice in Mozambique do not select the type of investment while the government accepts the inevitability idea of the benefits of economical aperture. These policies, according to the unconditional investment entrance critics, have a hard time to connect the FDI to the rest of the economy and thus making it impossible to fight poverty and to develop the businesses, the workers and the national capacities.

Other inefficient points of the FDI attraction policies in Mozambique, according to Castel (2003), are located on the low effectiveness of the general incentives to the regional development promotion, mainly the fiscal ones, which have not altered the concentration of the foreign corporations on the largest cities. To such an extent, the fiscal incentives only cause the loss of fiscal revenues and lead the economy to more limited and less diversified contours.

The question that is left is how to connect these strategies in order to reach poverty and inequality reduction within all spheres of the Mozambican economical and social life. The State should be guided by strategies that create more jobs, under better working conditions, with higher productivity and better salaries, with more modern industrial relations and administration methods and that include the labour force, venture more on the professional formation and on providing literacy and education to the workers and administrators, thus substantially improving the job's quality. All of these issues are being less looked upon with the country's current economy internationalization. Even if the workers of the large international projects are working under better conditions and have better training, the increase of formal and informal unemployment rates demonstrate that the benefits have not yet been spread throughout the society. Under this context, it is necessary to rethink the approaches of labour relations in Mozambique.

More and more the country's business sectors argue on behalf of more liberal and flexible labour relations that make the worker recruiting and dismissal processes easier and less burdensome. The reduction of labour benefits is pointed out as a necessary condition for an increase of job offers within the country. This has been generating a FDI attraction policy based on structural adjustment programs that present flexibility of the labour laws. These measures, in general, causes insecurity among the workers, collective dismissals, drastic reduction of State's

role in the mediation of labour relations, etc. (Cristiano, 2005 and Pitcher, 2002). This scenario of labour precariousness will also be confirmed on the next chapter from the analysis of the labour conditions within Group 4 Securicor and on the Mozambican private security sector.

5.d) Syndicate Movement in Mozambique

This panorama of labour relations in Mozambique is also the result of the post-independency history under the socialist regime and of the neoliberal reforms occurred on the last decade. In this way, the next paragraphs will approach the syndicate history and how it affected the current labour relations in Mozambique.

During the socialist regime period, Frelimo considered the syndicate as a potential shelter for the government's oppositionists, which gave rise, in 1984, to the conversion of the production councils[27] at the OTM (Mozambican Workers Organization). By creating OTM, the government intends to control and prevent the possibility of a traditional and demanding syndicate movement emerging.

OTM was in charge of elaborating the syndicate programs and to appoint the syndicates' directing staff. But the decisions on labour issues were unilaterally taken by the government. To the workers' representatives befitted the task of acknowledging and divulging the decisions taken by the government (Egero, 1992). In this way, it is clear that the creation of the syndicates does not come by a process led by the workers, but as a governmental initiative. As a consequence of this, the syndicates' action during this period was a quest to collaborate with the socialist State and never to confront it (Assis, 1997).

In 1990, the Mozambican constitution introduced the multiparty liberal democracy and widened the syndicate rights and freedoms. The new situation made OTM, from an organization linked to Frelimo, transform itself into a syndicate central and gave rise to a new central office, despite being small and composed of only three national syndicates, the CONSILMO (National Confederation of the Mozambican Free Syndicates).

However, this new Mozambican syndicate structure presents extreme difficulty in facing the neoliberal context of job insecurity, worsening of the labour conditions and high unemployment rates. The reality is that, under the new political and economical context, the syndicates transformed themselves into governmental agencies, in which the actions of the syndicate directors are ambiguous, divided between the support of the old political alliances and

[27] The production councils were organizations of workers managed by encouraging groups that administered the national production.

the need to confront the employers or the State itself. This incapacity shown by the syndicates to respond to the issues emerged with the liberalization reveals the State's dependency during the socialist regime, which until now has not been overcome. Thus, the Mozambican syndicate organizations find themselves in a true identity crisis.

Besides, the syndicates face a legitimacy crisis, a product of its distance to the foundations. The strong symptom of this crisis is the fact that the workers decided to organize certain actions in default of the syndicate agencies, as routinely happens on the private security sector.

The difficulties of the Mozambican syndicates are also related to the nature and complexity of these issues, since they face situations that present intricate comprehension with no control instruments, as is the case of the neoliberal reforms.

In order to face these issues, at first it is necessary for Mozambique's syndicates to confront the government and thus free themselves of the State's tentacles. Meanwhile, it is necessary to formulate innovative strategies of struggle and social mobilization, such as the organizations' inner democratization, international and national articulation, and involvement with local social efforts, such as the amplification of citizenship rights, etc. Besides, it is fundamental to enlarge the Mozambican syndicate activities with the purpose of comprehending the most relevant labour sectors in relation to the amount of workers, who find themselves mainly on the rural and informal sectors.

5.d.1) Syndicate Representation on the Private Security Sector

Currently, there are two syndicates operating in Mozambique on the private security sector: Sintravesp and Sintespgm. Sintespgm, affiliated to the OTM, was established on 1993. Sintravesp, affiliated to CONSILMO, was established due to political enmity between workers and Sintespgm representatives, on 2005.

Since the situation of having two national syndicates representing the same sector is peculiar to Mozambique, the Ministry of Labour intervened with the purpose of soothing the dispute among the syndicates and determined which company each of them would act upon. Parallel to this, the Ministry promoted meetings among the syndicates, during which the discussions were on the need of respect, cooperation and communication between the two syndicates. These actions demonstrate how strong is the State's influence on the syndicates[28].

Currently, the situation between the two syndicates is of extreme conflict, which gives rise to the constant search of new affiliates. Under this scenario, each syndicate accuses the

[28] Source: Interview with Maria Alice Jorge, director of National Labour Directorate 04/2007.

other of corruption, inefficacy and lack of transparency, etc. These disputes resulted on Sintespgm requesting to the Ministry of Labour to dissolve Sintravesp, asserting that this syndicate created conflict and confusion among the workers[29]. This request was denied by the Ministry, since it did not come to prove any problems on Sintravesp's syndicate activities.

5.e) Mozambique's Labour Law

The Mozambican Labour Law, according to Levy (2003), is composed of five groups of instruments. They are: the Constitution of the Republic of 1990; the international labour conventions to which Mozambique is a party; Labour Law 23/2007, of August 1st, Sector-specific legislation and (e) main statutory instruments governing labour matters.

According to the ILO[30], Mozambique ratified 18 international labour conventions[31]. These conventions are international norms of labour that have the same value as binding international treaties for the countries that have ratified them freely. By ratifying the convention, Mozambique formally assumed the responsibility of achieving such proposition, not only in fact, but also by the law. This way, the country voluntarily guaranteed that it would apply the dispositions, thus adapting its legislation and the national policy and accepting international control.

Of the conventions signed by Mozambique, eight refer to the fundamental labour rights. Of these, two conventions (29 and 105) cover issues on Banning Forced Labour; another two conventions (87 and 98) approached the Conventions that refer to the Syndicate Freedom; the conventions 100 and 111 approach equality of opportunities and of treatment; at last, two conventions (138 and 182) cover issues on Child Labour. The important thing is to remind that, according to the ILO, the promotion and protection of fundamental human rights on the labour sector is a *sine qua non* condition for the social and economical development, for stability and for the continuous progress. This way, the rules that refer to the fundamental human rights constitute the core of the norms applied by the ILO and must be ensured by any state of law that

[29] Source: Interview with Maria Alice Jorge, director of National Labour Directorate 04/2007.
[30] Source: http://www.ilo.org/ilolex/english/newratframeE.htm, look in 02/10/08.
[31] The 18 labour international convention ratification for Mozambique following: **C1** Hours of Work (Industry) Convention, 1919; **C11** Right of Association (Agriculture) Convention, 1921 ; **C14** Weekly Rest (Industry) Convention, 1921 ; **C17** Workmen's Compensation (Accidents) Convention, 1925; **C18** Workmen's Compensation (Occupational Diseases) Convention, 1925; **C29** Forced Labour Convention, 1930; **C30** Hours of Work (Commerce and Offices) Convention, 1930; **C81** Labour Inspection Convention, 1947; **C87** Freedom of Association and Protection of the Right to Organise Convention, 1948; **C88** Employment Service Convention, 1948; **C98** Right to Organise and Collective Bargaining Convention, 1949; **C100** Equal Remuneration Convention, 1951; **C105** Abolition of Forced Labour Convention, 1957; **C111** Discrimination (Employment and Occupation) Convention, 1958; **C122** Employment Policy Convention, 1964; **C138** Minimum Age Convention, 1973; **C144** Tripartite Consultation (International Labour Standards) Convention, 1976; **C182** Worst Forms of Child Labour Convention, 1999.

seeks human development. Due to this reason, it is of extreme importance that Mozambique has ratified these norms. However, it is also necessary to promote and supervise the enforcement of these norms, which is currently not what is going on, as we will see on the next chapter.

According to Levy (2003), the Constitution of the Republic prohibits servitude and provides, in Article 89, that all workers have a right to a fair wage, rest and vacation, as well as a safe and hygienic working environment. Amongst other rights that protect workers, the Constitution further makes provisions that regulate the dismissal of employees. The author, however, argues that both employers and employees hardly made reference to the Constitution during a dispute and instead, Labour Law is used as the main instrument of references where the regulation of employment relationships is concerned.

Due to this reason, the most relevant subjects under Mozambique's Labour Law are presented on the following paragraphs in order to analyze the labour conditions within Group 4 Securicor.

Discrimination

On the fundamental principles of the Mozambican legislation, article 4, 1st paragraph: "*The interpretation and employment of the norms under the current Law obeys – among others – the principle of right to work, job stability, alteration of circumstances and indiscrimination on account of sexual orientation, race or being bearer of AIDS/HIV"*.

Under article 11, which defines the special Rights of the working woman, paragraph 5 states that: "*It is forbidden for the employer to dismiss, apply sanctions or by any means cause harm to the working woman due to alleged discrimination or to exclusion*".

Under article 108, 3rd paragraph[32], the legislation settles that *every worker, national or foreigner, without discrimination of gender, sexual orientation, race, colour, religion, ideological or political conviction, ancestry or ethnical origin, has the right to receive a salary and have use of equal privileges for equal jobs.*

Under article 237, which defines norms of the right to work, its only paragraph states that: "*The right to work to all the citizens, with no discrimination of any nature, has as fundamental principles the individual's capacity and professional aptitude and the equality of opportunities when choosing the profession or sort of occupation*".

Wage

[32] Source: Law #23/2007, Mozambican Labour Legislation.

The general rights of employees are stipulated on Articles 108 through 119. Here, workers are conferred the right, amongst others, to be paid in accordance with the quality and the quantity of their work. Besides, it determines that the government must settle minimum national wages applied to groups of workers whose job conditions justify and ensure its protection and living. Furthermore, theses articles grant workers the rights to weekly rest periods, paid annual leave, subsidies and indemnities for contract discontinuance. Paragraph 4, for instance, determines that: "The employers must encourage the elevation of the workers' salaries as the country's production, productivity, job efficiency and economical development increases".

Vacation

According to article 98 of the Mozambican Labour Legislation, the worker's right to paid vacation is irrevocable and by no means may be denied to him. Article 99 complements this right to ensure that the worker has the right to paid vacation under certain terms[33]. The legislation also states that the vacations must be conferred on the following civil year and, only exceptionally, the vacation may be replaced by a supplementary remuneration, as convenient for the employer or the employee, by means of an agreement from both, with the obligation to the employee enjoy at least six weekdays of vacation.

Working Hours and Overtime

According to the article 85 of the Mozambican Labour Legislation, the working hours is an instrument for collective labour regulation[34]. The normal daily period of 8 hours may be exceptionally increased at most by 4 hours and the amount of hours worked in a week may never exceed 56 hours. This overtime period of 4 hours is considered by law as being extraordinary, that is, it must be paid for by an amount corresponding to the remuneration of normal work, added by a percentage determined by law. Article 115 stipulates the different additional percentages that the employer must pay to the worker in case of extraordinary or exceptional working periods or for night shifts

Work breaks

[33] The terms are: *a*) one day of vacation for every month of effective work during the first year of work; *b*) two days of vacation for every month of effective work during the second year of work; *c*) thirty days of vacation for every year of effective work from the third year on.
[34] Source: Law #23/2007, Mozambican Labour Legislation.

Mozambican Labour Law recognizes an eight-hour shift during the day as a normal workday. The article 88, the labour legislation ensures that a normal working period of 8 hours must be interrupted for an interval not inferior to half an hour and not superior to two hours. In jobs of continuous work it is mandatory to have a resting interval not inferior to half an hour, which must be counted as effective working period. In face of the law, G4S's infractions are clear.

Medical Licence

Article 103 of the Mozambican labour legislation considers a justified absence in cases when the employee is unable to work due to illnesses or accidents. The legislation under article 105 guarantees the worker the right to receive remuneration during these absent periods.

On the following chapter, through the analysis of the labour conditions within Group 4 Securicor and the private security sector, we may see that the norms described above are constantly disrespected and even ignored by the sector's local and international companies.

6) Study Case Group 4 Securicor (G4S)

6.a) Private Security sector on Mozambique.

As we have already approached on the last chapter, since Mozambique reach independence from its colonial administration, the country started being conducted by Frelimo, a party deeply rooted on the military culture due to the long years against the colonization. After the independence, on account of the oppositionist movement led by Renamo, the Mozambican government brought to itself all of the security issues. For this purpose, it kept the Ministry of Interior and the military forces as the most powerful institutions that answered only to the President himself, aiming the empowerment of the military forces (Pélissier, R. 1998).

In 1979, the Popular Police of Mozambique was created, directly subordinate of the Ministry of Interior, having the main task of maintaining the order, safety, protection and public tranquillity, be it in a pre-emptive manner, by means of investigations or law enforcement. From this moment on a civil war begins, a period in which part of the public safety was maintained by voluntary civilian guards (popular militias[35], neighbourhood organizations, etc.) connected to the Frelimo's government. Thus, during the war the nature of public safety was extremely

[35] Militia is the generic designation for military and paramilitary organizations composed by civilians. The militias may be of official organizations maintained by the State with public purposes of national defence or security.

political and concentrated on the hands of a single party. To such an extent, after the end of the conflict a complete reformulation became necessary, with the purpose of incorporating members of the Renamo (Pélissier, R. 1998).

The signature of the Peace Agreement in 1987 brings the end of the civil war, thus urging for a demilitarization process in the country that consisted of demobilizing armed forces. This process resulted in approximately 100,000 men returning home and in the dismissal of the militias of both sides of the conflict (Frelimo and Renamo).

In this moment, the exhaustion and desire of peace from both sides was so evident that the arms surrender and the reintegration of soldiers and of refugees to the communities came about very swiftly. Besides, the government – along with ONUMOZ[36] – sought to provide mechanisms for the integration of ex-combatants, such as providing job opportunities at the newly restructured police forces or at private security companies (Leão Ana, 2004).

Thus, due to the policy of centralizing public safety on the hands of the State during the civil war period, the private security companies initiated its operations in Mozambique only by the early 90s, when the N-26/90[37] decree is proclaimed, authorizing this economical sector to the private sector. The main goal of the decree was to reinforce the combative capacity of the national police in face of increasing urban criminality rates perceived by the final days of the civil war period (Leão Ana, 2004). With the end of the war, this step also helped the partisan decentralization of the public safety as it also made way for the private companies and eliminated the militias and the voluntary groups of guards connected to the Frelimo[38].

The N-26/90 decree defined that the supervision of the sector would be responsibility of the Ministry of Interior, besides establishing the bureaucratic steps towards the settlement of these companies, such as the minimal conditions of personnel hiring and the rules for license acquisition. This law would allow the security companies to perform the vigilance tasks in order to protect property and individuals. Meanwhile, it informs that these companies should work within full collaboration and coordination with the national defence forces, exerting an aiding character to the Mozambican police task[39].

[36] ONUMOZ – United Nations Operation in Mozambique from 1992 to 1994. It was established to help implement the General Peace Agreement, signed by the President of the Republic of Mozambique and the President of the Mozambican National Resistance. The mandate included facilitating the implementation of the Agreement; monitoring the ceasefire; monitoring the withdrawal of foreign forces and providing security in the transport corridors; providing technical assistance and monitoring the entire electoral process.

[37] The decree is related to the permission to exert activities of protection and security of individuals and property in the shape of private security companies and approves its Rule #48 of November 29th, 1990 – Official Publication of the Popular Republic of Mozambique, 5th Supplement.. Decree N-26/90.

[38] Source: Interview with professor Dr. Vigilio Cambeza, 06/25/2007.

[39] Decree N-26/90.

By the same period of the decree promulgation, the Mozambican government introduced economical and institutional policies that fostered a rapid expansion of the economy, as it was described on the last chapter. The measures had a direct impact on society due to the growth of the commercial, financial, industrial and services sectors. This expansion gave rise to the proliferation of new industries, banks, hotels, consulting companies, supermarkets, and governmental and non-governmental international institutions. These new foundations, by seeking to protect themselves from the criminal wave experienced by the country, forced an increase on the demand for private security services[40].

This increase was also a consequence of the formation of new social elite, owner of luxury houses or dwellers of gated communities, considering indispensable the services of private watchmen. Besides, the recently formed Mozambican middle class usually employs the private security services so as to watch over their houses at night or during the whole day. Nevertheless, the watchmen hired by this social class most of the times are employed informally.

In face of this context, the formal and informal activity of private security complimentary to the public safety forces is one of the Mozambican internal market sectors that most expands itself, giving rise to the uncontrolled emergence of new companies within the sector[41]. Nowadays, there are 45 companies registered by the Ministry of Interior[42], but this figure rises year by year[43].

According to some interviews[44], this expansion occurs with no effective control or formality required by the government. The people interviewed remind that the population is extremely sensitive to the sector, after all, it is related to the safety of the citizens. Due to this reason, there is some concern about this uncontrolled proliferation of these companies, many of which operate in disagreement with the rules defined by the government, such as lack of minimum working conditions for the employees, with many cases of companies that do not offer specific training or adequate instruments for the duty of watch guards, risking the lives not only of the workers, but also of the civil society.

The people interviewed denounce that the lack of effective control by the State over the private security companies is a direct consequence of the proximity relation that exists among the members of the government and the owners of these companies. In pursuit of obtaining

[40] Source: Interview with Prof. Castel-Branco, Carlos, 06/24/2007.
[41] Source: Interview with Dr. Virgílio Cambaza on 06/25/2007 and Carlos Valisam on 06/27/2007.
[42] The authorized private security companies are: Proteg, Segurateg, Alerta, Serenus, Alfa, Nanozu, Wackenhut, Burglar, Alert, Delta Força, S.S.P, S.O.S, Bassopa, Omega, Gray, Security, SOSEP-COIN, Sonasa, Impar, Aguia, Visa, Netstar, ArmorGroup, Rangers, Moseg, Ver-Serviços, Siner, Leão-Security, Nhakassani, Trovão, Dragão, Maxi-Segurança, Sosep, Tivinele, SIV, Visemo, Soprose, PSI, Maseg, Peace-Keeper, Microterra, Orbital, Space, W.Power, UPS, Moseg, Group 4 Securicor.
[43] Source: Interview with Isabel Valente Macuacua on 06/28/2007.
[44] Source: Interview with Dr. Virgílio Cambaza on 06/25/2007 and Carlos Valisam on 06/27/2007.

more detailed information on the subject, I interviewed a police officer[45] who explained: "*Don't ask me anything about private security companies because I do not want to mention the subject. Too many important people are involved"*. In other interviews (given by professors, union labourers and workers), there are reports that the representatives of the government's security forces (such as generals, colonels, members of the Ministry of Interior) are owners or shareholders of almost every private security companies that operate within Mozambique. Even the companies controlled by foreign capital have 10% to 20% of the local shares owned by current or former representatives of the Mozambican State.

Another characteristic of this sector is the absorption of a large amount of workmanship with no formation or discipline necessary to perform the activities required to a watchman. This happens because many of the former combatants from the civil war period were assigned to the private security sector, and due to this fact, the companies would consider unnecessary to spend any resources with training. However, it is important to remind that the abilities necessary to the military service are completely different from the ones necessary to work with civilians. Thus, we verify that, most often, the workers are unprepared to accomplish their activities.

Even though the sector's growth occurs in a disorganized manner and with no legitimate supervision by the government, it has also generated an increase in formal and informal jobs, which results in a strong impact towards the development of Mozambique. It is estimated that the private security sector provides approximately 25,000 formal jobs, not taking into account the informal ones[46]. These jobs are extremely significant for a country that presents a great lack of jobs offer, and only 5.6% of the population – or 520,000 workers - are formally employed (Sambo and Ubisse, 2006).

According to the labour union's president (Isabel Valente Macuacua), the smaller security companies offer between 300 and 1000 jobs and the middle-sized ones employ between 1000 and 1500 people, such as the SOS, Delta, SSP, etc. On the other hand, the larger ones in the sector employ over 2000 people, such as Securicor, Wackenhut and Alfa. However, due to world strategy of Group 4 Securicor of merging and global acquisition, in the last years most of these companies are controlled by G4S. Hence, the group currently employs around 8615 people offering about 1/3 of the total formal jobs of the private security sector in Mozambique.

These jobs are important to workers and valued by them as a crucial source of income. However, as we approached on chapter 3 of this report, despite the great number of formal jobs offered by the companies within this sector, it is essential to consider the quality of the employment offered by these companies, since this is part of a drive towards development in

[45] Source: Interview with police officer on 06/29/2007.
[46] Source: Interview with Isabel Valente Macuacua on 06/28/2007.

developing countries. Because of this, in the next sections of this chapter the sector's labour conditions will be approached, using as reference mark the labour rights of Group 4 Securicor.

This group, controlled by foreign capital, was chosen to be analyzed because it may show us what is the impact of FDIs in this sector towards the development of Mozambique. Besides, the G4S is the company that offers that largest amount of jobs on the private security sector, which allows the research to encompass the labour conditions of approximately 1/3 of formal workers in the sector. In pursuit of complementing this analysis, the research of section 6.d will try to point out the labour relations of other private security companies controlled by national capital, and then trying to compare with the G4S policies.

6.b) G4S Company

Group 4 Securicor (G4S), a British multinational, is one of the largest private security companies in the world, operating in over 100 countries and on six continents. It offers services that include Manned Security, Security Systems, Justice Services and Cash Services[47]. The G4S services are offered to all sorts of institutions, from governments to public authorities and even commercial companies, retail and industry.

The company has approximately 500,000 temporary and permanent employees, which gives it the status of largest employer listed on the London Stock Exchange. It has one of the leading market positions in the UK, Scandinavia, Canada, the Netherlands, Germany, France and Belgium. Besides, it is one of the leading manned security services providers in the United States, Africa, Latin America, the Middle East and Asia[48].

The most recent and relevant events for the company's constitution start in 2002, when Group 4 Falk entered the U.S. security market by acquiring the Wackenhut Corporation. For this reason, the number of employees in the group grew from 148,000 to over 230,000 and its number of operating countries also increased from approximately 50 to more than 85 countries. In 2004, Group 4 Falk's security business merged with Securicor, thus creating Group 4 Securicor[49].

The merging and acquisition processes experienced by G4S follow the new international dynamic from the 90s, consisting of greater concentration and centralization of the capital. The

[47] Cash Services consists of transportation of cash and valuables, coin and cash management, fully outsourced cash centre management, automated teller machine (ATM) replenishment, outsourced ATM management for financial institutions and retailers and IT systems to drive and support service delivery.
[48] Source: Annual Reports and Accounts of the Group 4 Securicor - 2006.
[49] Source: Annual Reports and Accounts of the Group 4 Securicor - 2006.

process is a continuous tendency not only within the domestic American market, but also the European one, with telecom, electronics and financial sectors registering the largest amounts of this sort of transactions (Miranda, J. and Martins, L. 2000). The growth of these operations is in great part a consequence of the changes that have been going on, such as deregulation of the national economies and modifications of the technological standards in industries and in the services sector.

These merging and global acquisition operations performed by G4S are the retort to the great international competition in the context of the globalization, with the purpose of seeking synergies, diminishing costs, etc. Within the same strategic line, the company has been acquiring local security firms in Africa in order to consolidate its market share and to weaken the competition. In 2006, G4S acquired a private security firm in the Democratic Republic of Congo, the Defence Systems Africa S.P.R.L. In 2007, the group acquired 50.1% of the shares of Fidelity Cash Management Services, a South African firm with operations in Lesotho, Namibia, Botswana and South Africa. On the same year, G4S acquired 50% of Alfa Security Services, a Mozambican security firm. With this, the company managed to fortify its participation within Africa[50] and widen its market share in new markets[51], markets that represented 24% of the group's total profit in 2006[52].

In this manner, one of the factors that caused the entrance of G4S within the continent is related to the neo-liberal policies of economic openness and its consequences of expansion towards the private sector in the region. Besides, the current inequality in this part of the world pushes the increase of criminality rates, which favours the expansion of the demand for private security services. The size of the market and its expansion possibilities is an element that, according to Duning (1993), forces the companies to invest in another country with the purpose of offering goods and services to this new market.

According to the *theory of the firm*[53] (see, for examples, Hymer 1960, 1968 and Kindleberger 1969), one other possible explanation for multinationals such as G4S to become worldwide, by means of acquisitions or construction of new local sites, is the search for an increase of the "market power" generated by monopolization of the market due to the elimination of its competitors. Complementary to this argument, Dunning (1993) asserts that the firms search for external strategic assets to sustain and strengthen its external competitiveness.

[50] Source: Annual Report and Accounts of Group 4 Securicor (2006).
[51] According to G4S' new markets, comprising the Middle East and Gulf States, Latin America and the Caribbean, Africa, and Asia Pacific.
[52] In 2006, the profit was: New Markets 22%, North America 21%, Europe 57%.
[53] The theoretical approach called "theory of the firm" explores the motivations for a company to internationalize itself.

This argument may be used as one of the reasons for the internationalization of G4S along the continent, while the international competitors that operate within the region become weaker.

At last, in general terms, the region suffers from some debility of its institutional milestones (for instance, weak labour legislation, low fiscal cost, ease to influence the public power through lobbies, etc.). According to the model of *eclectic paradigm*[54] (Dunning 1977, 1979) , these elements are called location vantages and may ensure great returns to the investor, since they allow a low productive cost.

These characteristics may partially explain why Mozambique attracts multinationals, since the country clearly shows its weakness of institutional milestones. This gives way, for instance, to the companies exert influence over the development of regulatory policies that will serve their own interests (Webster and Wood, 2004). Besides, the country has an abundant offer of cheap labour, a crucial and determining element when the companies decide to internationalize their production (Ietto-Gillies, 1993).

In face of these factors favourable to the growth of profit margins, G4S used its process of regional internationalization to expand its operations to 18 African countries, employing 82,079 workers in 2007. Out of these jobs, 8615 are in Mozambique. This large number of employees within the country is a consequence of the group's expansion in the last few years. At first, due to the merger of Group Falk 4 with Wackenhut in 2002, and later due to the merger of these two companies with Securicor. At last, in 2007 the group acquired more than half of the shares of the former largest private security company in Mozambique, Alfa Segurança.

In this manner, G4S is now considered the largest private security company in Mozambique. The group's activity within the country include manned security, security systems and cash services in banks, international organizations, embassies, industries, telecommunications and residential customers.

Nevertheless, despite the large number of jobs offered by G4S, many specialists point out the growth of the company's activities in Mozambique as a reason why the job conditions at the companies that comprise the group have become worse. The next part of this chapter will approach – by means of the data gathered by the field research – the issues relevant to this last argument while it verifies the labour relations and conditions of G4S.

6.c) Labour conditions of G4S in Mozambique.

[54] One of the approaches that seek to explain the reason why a company internationalizes itself.

6.c.1) Profile of the survey's participants

It was verified that 87% of the 80 G4S employees interviewed were men (source: Table 01).

Table 01 – Gender of the Interviewed

Women	10
Men	70
Total	80

This gender table almost entirely composed of men is common in security companies all around the world due to the common sense that women are more fragile, therefore less resistant to the stresses of the activities required to a watchman (such as weapon handling, night shifts, etc.). This same common sense considers that men transmit an impression security greater than women. As such, the *macho* consensus makes the jobs offered by the sector to be sought mainly by men.

Another common characteristic of the private security sector employees' profile is pointed out by Table 2, in which 56% of them have between 26 and 35 years of age. The concentration of young workers may be explained by the nature of the occupation, which requires physical strength in order to endure the long working hours.

Table 2 – Age of the Interviewed

Age Group of the Interviewed		%
From 18 to 25	10	13%
From 26 to 35	45	56%
From 36 to 45	20	25%
From 46 to 55	5	6%
From 56 to 65	-	-
Total	80	100%

On Table 3 it is possible to verify that most of the participants, 91.25%, have not even completed middle school. Of all these, only 35% finished elementary school. The education level of the interviewed employees seems to indicate that the formal qualification of the worker is not a prerequisite in order to have a watchman occupation at G4S.

Table 3 – Education Level of the Interviewed

No formal education	6	7.5%

Incomplete elementary school	12	15%
Complete elementary school	28	35%
Incomplete middle school	27	34%
Complete middle school	4	5%
Technical qualification	3	3.5%
University or other educational qualifications	-	-
Total	80	100%

In this part it is necessary to emphasize that, on G4S's annual report of 2005, the group declares to invest in its employees, besides providing career development to the high executives. However, the report does not mention training initiatives and educational opportunities for the low-level employees, which are a major part of the employee roster. The company's policy reflects the low educational level of the interview's participants (source: Table 3) and it shows a clear discrimination of treatment relative to worker's occupied job level at the company.

An important aspect is that the favourable approaches on the impacts of FDIs towards development points as one the benefits the increase of qualification of workmanship. However, according to the data on Table 3, the statements of the annual report, and the lack of incentives from G4S towards the improvement of its employees' educational level, we come to a conclusion that the FDIs from G4S may not be considered beneficial when considering its impact on the workers' qualification.

Labour Contracts

From the educational level pointed out on Table 3 it is possible to argue that the use of poorly qualified workmanship allows the security company to not only exploit its employees, but also to violate the labour legislation. Considering the low employees' educational level, it makes it difficult for them to know their employers' obligations, not only because they ignore their labour rights, but also because many are simply unable to read or comprehend their labour contracts.

The workers' non-acquaintance about the contract is confirmed by the answers of 22% of the survey's participants, who claim that they do not understand the terms and conditions of the contract (Table 04). Besides, it is also possible to draw the same conclusion from the many violations of G4S in relation to the Mozambican labour legislation, which are never contested by the workers.

Table 04 – Do you understand the terms and the conditions of your contract signed to the company?

Yes	53	66%

No	17	22 %
No answer	10	12%

Rotation of G4S employees

The survey's participants were questioned about the modification of the G4S employee roster in the last 2 years, and 82.5% answered that it had changed in this period. This high percentage shows that most of the employees perceived the large number of cases of hiring and dismissal that occurred on the last couple of years Mozambique at G4S. When these participants were questioned about the modifications on the employee roster, 33% of them had said that the number of employees at G4S had decreased and 17% of them were not sure if it had decreased or increased, but they were sure that the amount of workers had changed (Table 6).

Table 6 – Rotation

The number of employees	Percentage
Increased	50%
Decreased	33%
Not sure	17%
Total	100%

Wage Conditions

As Table 7 shows, approximately 19% of the survey's participants informed that they earn a salary below 1,441.00 Mtn per month (about USD$55.00). It is important to remind that, according to Maria Alice Jorge (director of the National Labour Directorate[55]), the minimum wage of the private security sector in 2007 was of 1,443.00 Mtn (about USD$58.00). In this manner, we come to a conclusion that G4S violates the article 108 of the Mozambican labour legislation for paying its employees a wage smaller than the minimum stipulated by law[56].

Table 7 – Wage of the interviewed

Wage	Percentage
1400 - 1440	18.75%
1441 - 1490	15%
1491 - 1995	35%
1996 - 3000	17.5%
3001-7843	6.25%

[55] Source: Interview with Maria Alice Jorge in April, 2007.
[56] Source: Law #23/2007, Mozambican Labour Legislation.

Table 7 above also shows that 69% of employees interviewed earn less than 1,995.00 Mtn, remuneration inferior to USD$81.11. This amount is derisive if we analyze the data on Table 8, which shows that 50% of the employees interviewed declare to have more than 5 dependents on the family. This means that these workers earn a negligible salary if compared to the costs of the basic needs of a large family (which goes around 5 to 11 family dependents).

Table 8 – How many people depend on the worker's income?

Number of dependents	Amount of answers
1 to 2	10
3 to 4	18
5 to 7	28
8 to 10	13
11	2
No dependents	4
Did not answer	5
Total	80

Besides the fact that G4S pays low salaries, it is necessary to remind that, according to the statements of the interviewed workers, the group almost never actually pays its employees on the day settled by the contract. As a result of the infraction of the contract, the workers need to borrow money from friends and neighbours in order to pay for their expenses.

6.c.2) Labour Conditions

Discrimination

One of the main complaints of G4S workers in relation to discrimination is a consequence of the group's merger with Wackenhut. This merger, according to former employees of Wackenhut, brought about a number of problems, among them the differentiated treatment that the current managers apply to recently hired workers. According to this accusation, the managers grant an ill treatment to old employees in relation to the new ones. Meanwhile, the newly hired workers complain that they earn a more meagre salary to perform similar duties when comparing with the old workers.

However, the survey verified that the wage difference has no relation with the amount of years the employee spent working for the group. This G4S policy violates the article 108, 3rd paragraph[57], which states that every worker shall earn equal benefits for equal occupations.

Working Hours and Overtime

According to the article 85 of the Mozambican Labour Legislation, the working hours is an instrument for collective labour regulation[58]. The normal daily period of 8 hours may be exceptionally increased at most by 4 hours and the amount of hours worked in a week may never exceed 56 hours. This overtime period of 4 hours is considered by law as being extraordinary, that is, it must be paid for by an amount corresponding to the remuneration of normal work, added by a percentage determined by law[59].

Of the workers that took part of the survey, 55% of them declare that they usually work overtime, as it can be seen on Table 9, below.

Table 9 – Overtime

Do you work overtime?	Percentage
Yes	55%
No	45%

The percentage of the workers interviewed that declared to work 12 daily hours was of 77.5% and 6.25% informed that sometimes they would work 14-hour shifts. The strangest of all is that 30% of these 77.5% answered that they did NOT work overtime. This answer demonstrates that the workers do not understand that working a 12-hour shift means 4 extra daily hours. In this manner, it is possible to come to a conclusion as to why the workers cannot explain the wrong calculations of the extra hours performed by G4S, as seen on their paychecks. In face of these facts, it is clear that G4S makes use of bad faith by cheating on their employees, since they are unaware of their labour rights and, thus, do not demand their rightful payment as determined by law.

Another problematic issue on the G4S employees' working hours is the figure of 15% of them who inform that are forced to work double shifts (24 work hours) in order to cover for the absence of another employee. However, the workers informed that they are not paid by the company for these hours worked, which is another violation by G4S of the labour legislation.

[57] Source: Law #23/2007, Mozambican Labour Legislation.
[58] Source: Law #23/2007, Mozambican Labour Legislation.
[59] Article 115 stipulates the different additional percentages that the employer must pay to the worker in case of extraordinary or exceptional working periods or for night shifts.

Table 10 below shows that 72% of the workers informed that they had no resting periods, such as lunch, snack and dinner break. Meanwhile, they also reported that they are forbidden to have meals on their workstations.

Table 10 – Resting Periods during shifts

	Resting periods	
Yes	24%	54%
No	72%	40%
Does not know	4%	5%
Did not answer	0%	1%

Under article 88, the labour legislation ensures that a normal working period of 8 hours must be interrupted for an interval not inferior to half an hour and not superior to two hours. In jobs of continuous work it is mandatory to have a resting interval not inferior to half an hour, which must be counted as effective working period. In face of the law, G4S's infractions are clear.

Vacations

According to article 98 of the Mozambican labour legislation, the worker's right to a remunerated vacation period is irrevocable and under no circumstances may it be denied. Article 99 complements this right by ensuring that the worker has the right to remunerated vacations under certain terms[60]. The legislation also declares that the vacations must be experienced during the next civil year and – only exceptionally – vacations may be replaced by a supplementary remuneration by convenience of the employee or the employee, under agreement from both sides, with an obligation for the worker to use at least six working days of vacations. However, under Table 11 it is possible to verify that 54% of the workers informed having taken remunerated vacations, but 40% of the participants declared to work at G4S for more than 5 years and never having taken a vacation period. This information demonstrates that G4S violates the legislation articles that guarantee the workers remunerated vacation.

Table 11 - Vacations

	Vacations	
Yes	43	3%

[60] The terms are: *a*) one day of vacation for every month of effective work during the first year of work; *b*) two days of vacation for every month of effective work during the second year of work; *c*) thirty days of vacation for every year of effective work from the third year on.

No	32	41%
Does not know	4	17%
Did not answer	1	19%

Medical Licence and Health Insurance

Article 103 of the Mozambican labour legislation considers a justified absence in cases when the employee is unable to work due to illnesses or accidents. The legislation under article 105 guarantees the worker the right to receive remuneration during these absent periods. However, 48% of the survey's participants informed that they do not earn from G4S the days relative to the medical licence, despite being obliged to present the medical certificate that proves the reason for being absent. Thus, G4S once more infringes a Mozambican labour legislation.

Table 12 – Medical Licence

	Medical Licence	
Yes	36	45%
No	39	49%
Does not know	4	5%
Did not answer	1	1%

At last, 51% of the participants declared dissatisfaction about their job conditions since they consider that G4S treats the workers like machines by forcing long working hours under situations that many a time are adverse and unsafe.

The information contained above – from the data collected through a survey with 80 G4S employees – allows the present report to assert that the operations of the group in Mozambique evolves by means of the abuse of cheap and abundant workmanship, exploiting the workers' ignorance in relation to their rights. According to specialists, the disrespectful manner of treating the employees and the negligence in relation to the contracts' duties is most typical of multinationals that operate within Mozambique due to the abundance of cheap labour and weak regulatory system. This reality is aggravated by the lack of a resistance culture among the workers and syndicates in Mozambique and lack of government experience in enforcing local legislation.

The next sections will approach the effects of the group's mergers and the relation of G4S with the syndicate and the government.

6.c.3) Reorganization / Restructuring

According to an article from the newspaper "O País"[61], since the moment that Wackenhut was acquired by Group 4 Falk, the treatment the company dispensed their workers started to deteriorate. In response to this deterioration, "O País" related that some of the company's clients decided to cancel their contracts since they do not agree with G4S's labour policies of violation of national and international legislations. As an example of this, it is possible to mention the decision of the PNUD office in Mozambique of not renewing its contract with G4S due to the group's labour conditions (characterized by meagre salaries, violation of the legislation that controls extra hours and payment of certain benefits, etc).

The loss of contracts resulted in the dismissal of approximately 500 workers between 2001 and 2003[62]. The workers' representatives, in face of this situation, started to demand explanations about the company's acquisition and the effects of this on their labour contracts. However, the company refused to enlighten the international situation of Wackenhut and lied about the company being acquired. The confusion caused by the group's management gave rise to great tension and incertitude among the G4S workers, demonstrating a complete lack of dialogue between the company and the workers' representatives[63].

6.c.4) Relation of the G4S with State.

It is important to remind that, according to Hymer (1968), the internationalization of the multinationals may cause serious consequences to the local economy and politics. Mainly because these transactions force the elimination of the local competition, causing concentration of market power decisions and of financial control in the hands of foreign capital, resulting in loss of political and economic power by the local actors (government, national companies, syndicates, etc.). As we will verify, Hymer's concern may be applicable to G4S's operations in Mozambique due to the great influence exercises on the government, which has generated destabilization of the governmental institutions in 2007.

[61] This is a newspaper article with the heading "*Trabalhadores da Wackenhut preocupados com a onda de demissões*" (Wackenhut workers worried about wave of dismissals).
[62] Source: Newspaper "O Pais"; http://www.opais.co.mz on 12/07/2006.
[63] Source: Newspaper "O País"; http://www.opais.co.mz on 12/07/2006.

The most standing cases were caused by the dissention around the payment of extra hours to approximately 2000 employees from Wackenhut and the lack of payment when rescinding the contracts of 300 former workers from Wackenhut. These dissentions provoked lawsuits that were the reason for conflicts among Mozambican State agencies when taking the decision to define the punishment that would be applied to the Group.

The first case began in 2005 with the claim from 2000 Wackenhut workers for the payment of extra hours worked between 1994 and 2005 This claim had two disagreeing points: the first one was related to the amount that G4S owed each of these workers and the second was related to who was entitled to receive the payment: according to the Group, of the 2000 workers, 600 were no longer associated to the company by 2005 and, therefore, were not entitled to receiving this indemnification.

The disagreements resulted in the constitution of a mediation committee in 2006, which determined that G4S should pay the extra hours to all workers that were still employed by the group, however, even after the mediation committee's sentence, the survey's participants reported that G4S took a long time before honouring the law's determination, thus agitating Maputo's atmosphere and the lives of its employees. To round off, some workers claim they haven not received their indemnifications and that they do not know for sure when or if they will ever be paid by G4S. besides, the workers that have already received claim that the company did not calculate correctly the payment and that they feel they were wronged for receiving less than determined by the legislation. In parallel to this dispute, as we may see on the section above under "Working Hours and Overtime", G4S uses ambiguous methods when paying for the hours worked and, in certain situations, still does not pay correctly.

The other case is related to the lack of payment of the indemnification after rescinding the contract of 300 Wackenhut workers that worked at the United States embassy in 2006. The Ministry of Labour took a decision binding the Group to effectively pay for the rescission. However, the company's board disagreed and explained that G4S initially decided to dismiss all of the workers and later on changed its mind. At last, the Director John Mortiner declared that the decision was up to court and not the Ministry of Labour.

At this moment, the Ministry of Labour intervened and ordered the invalidation of the labour permit and the definitive prohibition of director John Mortiner to practice his activities. The Ministry held that John Mortiner, under the status of company director, contributed to the instability of the social and labour relations within the country and gave rise to a disharmonic and tumultuous atmosphere, as well as disobeying two orders from General Labour Inspection,

which determined the company should pay for the indemnifications of the 300 workers already dismissed and also paying for the extra hours of the other 600 workers.

The accounts of the cases mentioned above collaborate for arrive in same conclude of last section that exist a complete lack of dialogue among G4S, the workers' representatives and the government, which, according to the Ministry's own words, "contribute to an atmosphere of disharmony and tension". This wicked practice of G4S is typical of a company that makes use of bad faith and exploits the fragility of a country recently devastated by a civil war in behalf of its profits.

While G4S practices all of the irregularities mentioned above, it is necessary to recall that other companies from this sector also infringe the Mozambican labour legislation. Due to this reason, the next section will briefly approach the labour practices of the other companies within the private security sector.

6.d) Labour condition in other security companies.

In Mozambique there is a wide range of companies within the private security sector that compete among themselves. These companies offer a range of services in order to broaden the profit margins on alarms, valuables and guards. According to Professor Fernando California[64], the smallest profit margin for these companies is over the activities of watchmen provision. In order to raise their profits, the companies decrease their costs with workmanship recruitment, which represents around 70% of the whole cost[65].

Another relevant subject pointed out by Fernando California is that the companies that hire the watchman services from the larger companies (G4S, Alfa, etc.) pay around 30% more than they would in case they hired the same service from smaller companies. This occurs because the smaller firms seek to reduce at most the cost of its product in order to compete with the larger companies in the market. However, Fernando reminds that the smaller companies are only able to offer a cheaper service because they provide their employees even more precarious working conditions, with insalubrious working shifts, lack of payment of all labour benefits, reduced salaries, etc

According to the director of SOS[66], which has 600 men working on the alarms and electronic vigilance sector, the largest problems of the security companies controlled by Mozambican capital are related to financial difficulties, mainly due to the harsh competition

[64] 06/26/2007- Dr. Fernando Califórnia, specialist in Economics. Former G4S financial director.
[65] Source: Interview with Carlos Valisam, SOS Segurança director, 06/27/2007.
[66] 06/27/2007 - Carlos Valisam, director of SOS Segurança.

with the multinationals. The director also reminds that some clients demand better working conditions, but do not accept to pay a bit more. Due to this reason, he argues that it is impossible to offer his employees better remunerations.

According to the declarations of Sintravesp's president[67], the small-sized companies, besides paying its employees low salaries, something around 1200.00 Mtn (USD$ 50.00), they incur in a number of irregularities. He points out, for instance, the practices of the Delta company in delaying the payment of salaries and irregular deductions of the pay-roll in 2007, not to mention the lack of the Annual Christmas Bonus Salary in 2006. This situation caused a number of protests from the workers during 2007 for abusive transgression of the local legislation.

Sintravesp's representative also mentioned cases such as the one of the company SOSEP, which did not pay the indemnifications for the dismissal of 30 employees in 2007, and the SSP case, in which the workers need to constantly pressure the employer in order to receive their salaries, which is always late, and the fact that the company did not pay for the vacations in 2006. These practices transgress the local legislation.

The sector's companies in general refuse to pay the grants for risky occupation or for nocturnal job, not the mention the lack of food subsidies. Sintespgm reminds that most companies do not pay for the workers' transportation. Besides, Sintravesp's president[68] denounced a common practice among the private security companies when a worker misses a day due to illness, which is to deduct all grants in addition to the day's payment, even if a medical certificate is presented, something that violates the local legislation.

Besides the irregularities in relation to the remuneration, the "*Canal de Moçambique*" local newspaper denunciates that employees of the companies: SOS, Delta Segurança, SOSEP COIN, and SSP are subject to heavy periods of working hours, around 12 to 14 daily hours of work. These hours are generally not counted as overtime, as determined by the local legislation. Sintravesp[69] adds that, despite the watchmen's shift is of 12 hours along 4 consecutive days, divided between 2 mornings and 2 nights and one full rest day, most often the workers performed 24-hour shifts when there was no one to relieve the guard of the following shift. This practice is considered to be atrocious by the syndicate and is illegal according to the local rules.

Sintravesp also reported that there are even more serious cases of working shifts abuse, as the case of Salfetch, which presents shifts of 8 hours of six nights and six consecutive mornings, or the case of Hal Mahi, in which the shifts go beyond 5 consecutive days. The representatives

[67] 06/28/2007 - Isabel Valente Macuacua, President of SINTRAVESP (Private Security Workers' Syndicate).
[68] 06/28/2007 - Isabel Valente Macuacua, President of SINTRAVESP (Private Security Workers' Syndicate).
[69] 06/28/2007 - Isabel Valente Macuacua, President of SINTRAVESP (Private Security Workers' Syndicate).

of Sintespgm (National Syndicate of the Private Security Company Workers and Guards of Mozambique) confirm that the private security workers perform inhumane working shifts.

Besides, the "*Canal de Moçambique*" local newspaper informed that the workers from SOS, Delta Segurança, SOSEP COIN, and SSP also denunciated that the companies do not offer meals or even water and that they are forbidden to move themselves from their workstations for resting periods, meals or even to go to the restroom. This prohibition forces the guards to have their meals on the sidewalks or at the workstations. According to Sintravesp[70], in some cases the workers may not sit down during the whole shift, which forces the guards to stand up for at least 12 straight hours. This situation usually causes occupational diseases, such as rheumatism. Due to this reason, both syndicates demand intervals so that the workers may rest.

Another problematic issue, according to Sintravesp's president, is that the sector's companies discriminate gender as they refuse to hire women, asserting that the excessive pregnancy periods of the Mozambican women make them stay away from work for too long, not to mention the constant absences with the excuse of taking care of their children.

Sintravesp also points out that a large part of the private security companies are indebted to the social security, a situation that obstructs the transference of the sick workers to social security, as is the case of SOS[71] and SSP, which present employees that are away from work for illness and have not received social security salary for over 3 months, and neither are paid the company.

The sector presents other irregularities related to the lack of labour conditions offered to the workers, such as equipment, guns, whistles and appropriate uniforms in order to better perform their activities in harmony with the evolution of the current criminal level within the country. The workers complain of being exposed in defence of the companies' clients and against crime, lacking their indispensable instruments that would allow them to proceed in case of need, and even to defend their own lives. Sintravesp informs that in companies such as Hal Mahi, the workers perform their activities without their basic instruments, such as uniform, radio. etc. He also reminds that most of the smaller companies, such as Pro-Alarme, Leão and others force their workers to pay for their own uniforms, deducting their cost from the employee's pay-roll.

One other problematic issue is that, most of the times that an assault occurs, the watchman currently on the workstation is automatically dismissed. The companies' procedure is to first discharge the worker present during the burglary and then fire him, even if his guilt is not proven. There are many cases of watchmen that are arrested immediately after the burglary and before any investigation.

[70] 06/28/2007 - Isabel Valente Macuacua, President of SINTRAVESP (Private Security Workers' Syndicate).

[71] According to the interview with SOS director, the company has a debt to social security of approximately 2 billion meticals. Source: Carlos Valisam, SOS Segurança director, 06/27/2007.

Both syndicates believe that this degrading and completely irregular situation according to Mozambique's labour legislation occurs because the employers exploit the fact that there is a serious lack of jobs on the country. The syndicates remind that, even aware of the irregularities, the workers have no other job alternatives, and because of this they submit themselves to inhumane conditions that are imposed by the security companies. Another factor that motivates the disorder and the lack of compliance with the legislation, as mentioned by many of the people interviewed, is the promiscuous relation between representatives of the Ministry of Interior and the private security companies, whose spokesman keeps silence about the companies' irregularities[72].

In face of the complaints and accusations from the workers, syndicates and the civil society, the Ministry of Labour created, in 2006, a triple commission called "Commission of Private Security Companies Issues", composed by the government and represented by the Ministry of Labour and of Interior, in order to solve the most serious labour issues within the sector. However, until now, the companies still do not comply with the legislation, which proves a complete lack of State intervention power, even when the rules are clearly being transgressed.

7) Conclusion

This present essay contributes to the reflections on the connection of FDI with the economical and social development of developing countries. By realizing that the impacts of the private security FDI on the Mozambican labour rights are generally negative, its effects on the country's human development are also harmful. The following information is based essentially on the data collected by field research about the labour conditions of Group 4 Securicor, which shows a number of instances where it disregards the local labour legislation, consequently subjecting the Mozambican citizens to degrading labour conditions.

These infractions, as we've seen on chapter 6, are a direct consequence to labour conditions that present:

- Petty salaries when compared to the costs of the basic needs of a Mozambican family, which is generally composed by a large number of dependents. In certain cases, the salaries paid by G4S are inferior to the minimum wage stipulated by the legislation. Besides, the workers have reported the occurrence of constant delays on the payment date;

[72] The silence was verified through 4 refused attempts to have an interview with any representative of the Ministry of Interior during the month of June 2007.

- Discrimination caused by the difference of treatment given to recently hired and older ones. There is also discrimination as a direct consequence of different earnings among workers that perform similar jobs;

- Inhuman working periods in which the company subjects its employees to long working hours (12 hours). Most of the times, the shift is performed continuously because G4S denies the worker any periods for resting or meals. G4S also refuses to pay according to the law for the extra hours worked by its employees and, in certain situations, it forces its employees to work double shifts (24 hours) with no remuneration;

- Incompliance to the right to remunerated vacations for the employees as half of the workers informed having worked at the company for over 5 years and still having no vacation period;

- Violation to the labour legislation that ensures the right to medical license and indemnification for the licensed days to the worker in case this presents medical certificate;

- Labour relations marked by a complete lack of dialogue among the company and workers' representatives, which became evident when local Wackenhut lied to the employees about the company's international sale to G4S. Moreover, the fact that part of the interviewed workers has no knowledge about a 12-hour shift meaning 4 extra hours proves omission of information from G4S with the purpose of harming the workers and reducing its costs.

However, it is important to point out that G4S, as well as the entire private security sector, has generated growing formal and informal jobs, which results in a strong impact towards the development of Mozambique. Moreover, the sector absorbs an enormous amount of semi-qualified and even unqualified workforce, which results in important job opportunities. After all, the majority of the Mozambican society is composed of a population with little qualification.

Nevertheless, despite G4S offering these opportunities, it is important to clarify that the company does not provide education and training initiatives for the low class employees. This position is contradicting to the favourable approaches to the FDI, since this sort of investment is considered to promote the increase of workforce's qualification while contributing to human capital through the training of the workforce and technological transference, which favours the development of developing countries.

Another relevant point is that these new job positions must be adequate to the country's development. We should be reminded that this point of view considers being fundamental the quality of the generated job (Sacks, ILO). In other words, it is not enough just to create jobs, one must also consider if the conditions of these jobs are not violating neither local nor international legislations, as it must not cause disturbances to the public administration. With

this argument we may once again reiterate – based on the inappropriate disrespects of G4S in relation to the labour legislation – that the effects of these FDI are harmful to the labour rights and to the development of Mozambique.

As we've seen in the course of chapter 6, G4S also causes disturbances among different governmental agencies due to the many labour violations promoted by the company. These disagreements were taken to the public through the company itself and it made clear to the Mozambican society about the conflicts and disharmony between the different governmental instances. This fact provoked the instability of authorities responsible for the Ministry of Labour and the Secretary herself, making evident the fact that the Ministry of Labour is incompetent and weak in face of the insubordinations a of multinational as large as G4S. In this way, we validate the hypothesis that protection policies of labour rights are more likely to be violated by the MNCs in places where the governments are incapable or little inclined to regulate the disproportional power of the MNCs.

The close connection of G4S with members of the government was also mentioned by the interviewed workers as one of the factors that causes disturbances among the Ministry of Labour and the Ministry of Interior. There is no doubt that the promiscuity between public power and the business world may bring great problems and ambiguities to the relation among the different public agencies. However, we should remember that this connection of members of the Ministry of Interior with the private security companies is a widespread and problematic characteristic of the security sector in Mozambique.

It is also important to stress that the local companies also do not respect the labour legislation. In some cases one might argue, as we've seen on chapter 6, that the violations of these companies are even more serious. This evidence confirms the argument that employment conditions in multinational companies are better than those in host country companies (Brown, 2002, UNCTAD Report, 1994). However, as some of the interviewed workers affirmed, the strong competition with multinationals is one of the reasons for the precariousness of working conditions on local companies due to the need to reducing costs in order to maintain itself in the marker.

In the course of chapter 6, we could also notice the confirmation of the theoretical argument that economic growth based on any FDI may not be favourable to the majority of the population of the developing countries. After all, sectors with low levels of technology and that require much higher labour-intensive input need of workers without skills consequently pay low salaries. For instance: agricultural, garment, retails, property service, etc. Moreover, this

research fortifies the argument of multinationals subsidiaries in sectors which are predominantly unskilled, where the workers are more likely to be subjected to higher levels of exploitation and limited protection from labour law. So we verify that G4S pays low salaries, represses the formation of trade unions and collective bargaining structures, subjects its workers to high levels of overtime, and practices constant discrimination.

Considering all of the information present on this essay, we can prove the hypothesis that the operation of Group 4 Securicor in Mozambique is exacerbating the social and economical problems and harming the country's development project, while maintaining labour relations that reinforces the creation of even more tensions, labour and social conflicts. This also weakens the workers' effort in qualification, learning and productivity increase.

The present research also collaborates with the studies that consider the FDI attraction policies in itself as being harmful to the improvement of labour conditions and to the expansion of human development. It reaffirms the argument of inexistence of a conditional relation between FDI flow and human capital improvement or positive effects on growth rates on developing economies.

With this information, one must agree with the argument of indispensability to regulate and formulate strategies for the FDI in which the State has the role of intervening, controlling and managing the flows of this sort of investment with the purpose of carrying positive effects. Thus, the present research sees as necessary that the future studies on FDI in Mozambique must approach which should be the governmental policies when formulating strategies in order to have foreign capital generate economical connections and inner articulations, a local business community, national abilities and technologies, and specialized training, thus enabling the increase of sources of job, income, technological development and exports, which add value to the resources and national capacities, consequently shrinking poverty.

At last, it is important to remind that, according to the ILO, the promotion and protection of the labour rights is a *sine qua non* condition for the nations' stability and continuous progress. With this in mind, we may look at the private security FDI (G4S) positions in Mozambique – characterized by conditions of workforce exploitation, power inequality and extremely bad labour relations – and ascertain that its impact is negative to the Mozambican labour rights. We may also conclude that G4S behaves harmfully towards the development of Mozambique, based on the sources approached on the first chapters about the necessity of compliance to labour rights in order to promote economical, social and human development.

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04/2007 - Maria Alice Jorge, National Labour Directorate.

24/06/2007- Carlos Nuno Castel-Branco, Economy´s Doctor (London University, SOAS Economy Department), Prof of Faculdade de Economia da Universidade Eduardo Mondlane (Maputo) since 1992.

25/06/2007- Dr. Virgílio Cambaza, ISRI Prof (International Relation Institute), Maputo, since 1996.

26/06/2007- Dr. Fernando Califórnia, economy specialize – Ex- G4S´s financial manager.

27/06/2007- Carlos Valisam, SOS Segurança general manager.

28/06/2007- Isabel Valente Macuacua, SINTRAVESP´s President (Sindicato dos Trabalhadores de Segurança Privada).

28/06/2007- Sindicato Nacional dos Trabalhadores da Segurança Privada e Guardas de Moçambique (SINTESPGM).

29/06/2007 - ; Interview with police officer that did not say his name for scare.

Annex 1

EMPLOYEE SURVEY

A. <u>The workplace</u>

1. Which organization or department do you service?

_____

2. What is the nature of your work?

_____
_____

3. Do you know the number of employees in your organization?

_____
_____

4. What are the goals and or values of the firm?

_____
_____

_____

5. Do you have an employment contract? If yes can you give a copy?

( )Yes ( ) No

6. Did you understand the terms and conditions of the contract upon signing?

_____
_____

_____

7. What is the duration of your contract?

_____
_____

B. <u>RECRUITMENT</u>

1. How were your recruited into this job?

_____
_____

_____

2. What other recruitment procedures do you know of that the company uses?

_____
_____

_____

3. Has the number of employees changed in your firm in the last two years?

( ) Yes ( )No

_____
_____

4. Indicate below how it has changed. For Example: If reduce or increase and How?

_____
_____

_____

_____
_____

_____

C. TRADE UNIONISM

1. Is there trade union representation in your organization?

( ) Yes ( ) No ( ) I don't know

2. What is the name of trade union?

_____
_____

3. Are you a member?

( ) Yes ( ) No

4. To you knowledge, what is the proportion of workers belonging to a trade union?

_____
_____

5. Do you think trade unions have any influence in your organization?

_____
_____

6. In which of the following decisions in the trade union consulted by management?

_____
_____

_____

7. In your view what are the main pressing issues for unions

_____
_____

_____

8. Has your organization entered into a recognition agreement with the union?

( ) Yes ( ) No ( ) I don't know

9. Do you think that management complies with the recognition agreement?

_____
_____

_____

10. At what level does collective bargaining takes place?

_____
_____

_____

11. How you would describe the current environment within the firm?

_____
_____

_____

12. Indicate which of the methods below are used by workers to communicate their views to management?

		Used	Not used	Don't Know
1	*Direct to senior managers*			
2	*Immediate superior*			
3	*Trade union representatives*			
4	*Workforce meetings*			
5	*Suggestion schemes*			
6	*Attitude surveys*			
7	*Electronic communication*			
8	*Did not answer*			

13. Are you satisfied with the conditions of employment in your organization?

( ) Satisfied ( )Not Satisfied

_____
_____

_____

D. STRIKE ACTION

1. Has there ever been a strike in you workplace?

( ) Yes ( ) No ( )

2. How many strikes have taken place in the last two years?

	Number of strikes	Responses
1	*1*	
2	*2 to 5*	
3	*More than 5*	
4	*Does not remember*	
5	*Did not answer*	

3. What was the principal cause of the strike(s)?

	Causes of the strike	Number of causes of strike mentioned
1	*Wages*	
2	*Conditions of employment*	
3	*Lack of communication*	
4	*Other*	
5	*Don't know*	

4. How did management react to the strike?

_____
_____

_____

5.Was the strike (s) successful?

( ) Yes ( ) No ( )

_____
_____

E. HUMAN RESOURCE PRACTICES

1. How long have you been at your current job?

		Responses
1.	*Less than 1 year*	
2.	*1-2 years*	
3.	*2-5 years*	
4.	*More than 5 years*	

2. Indicate below, the number of hours you work in a day?

	Hours worked in a day	**Response**
1	*8hours*	
2	*10hours*	
3	*12hours*	
4	*13hours*	
5	*14hours*	

3. How many days do you work in week?

	day worked in Hours	**Responses**
1	*4days*	
2	*5days*	
3	*6days*	
4	*7days*	

4. What is your monthly wage?

_____
_____

5. Do you work overtime?

( ) Yes ( ) No ( )

6. What is the maximum number of hours you work in a day?

	Maximum no. of hours worked in a day	**Responses**
1	*3hours*	
2	*4hours*	
3	*5hours*	
4	*12hours*	
5	*Up to 12hours*	
6	*Did not answer*	

7. Are you fairly compensated for overtime worked?

( ) Yes ( ) No ( )

_____
_____

_____

8. Which of the following benefits does the company provides

_____
_____

_____

9. Has there ever been an occasion where your wage was not paid by your employer?

( ) Yes ( ) No ( )

_____
_____

_____

F. DEMOGRAPHICS

1. Gender

male	
female	

2. Age ranges

		Responses
1	*18-25*	
2	*26-35*	
3	*36-45*	
4	*46-55*	
5	*56-65*	

3. Marital status

		Responses
1.	*Married*	
2.	*Unmarried*	
3.	*Divorced*	

4. Please indicate the number of your dependants.

_____
_____

5. Education Level

		Responses
1	*No formal education*	
2	*Some primary*	
3	*Completed primary*	
4	*Some secondary*	
5	*Completed secondary*	
6	*Technical qualification*	