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Title: Management of Political Risks and Uncertainty by Indian-Zambian Entrepreneurs, 1945 – 2019

Supervisors: Dr. Heike Wieters (University of Gottingen), Dr. Niall Mackenzie (University of Glasgow) and Prof. Paloma Fernandez Perez (University of Barcelona)

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By: Kondwani Happy Ngoma

Email: k.ngoma@stud.uni-goettingen.de

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ABSTRACT

The aim of this thesis is to present and analyse the history and evolution of Indian-Zambian entrepreneurs. It makes the case that the entrepreneurs had to not only make defining business choices but also life changing ones for their survival. This is because the minority was operating in high political risk environment that was characterised by uncertainty which did not favour the group as the visible stranger. They served as the middleman minority largely focussed on retail during the colonial period and were all but pushed out during the first 20 years of independence when native empowerment became the imperative policy prescription. The analysis of the changes is done through the prism of three defining periods: the first is the white colonial rule period, followed by the one-party state period under black rule and finally the liberal period. One of the key findings is one sectorial shifting as a risk management strategy both under coercion and through mimicking what works. The paper also utilises the case approach by examining an entrepreneur and company (Bookworld Zambia) that ties the three periods. The ability to manage and subsequently influence political dynamics is a key element of this paper which is informed by the theoretical application of Institutional theory, the stranger theory and also Social Networks.

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List of Acronyms & Abbreviations

AGLC -African Great Lakes Company

ANC - African National Congress

BSAC -British South Africa company

IMF - International Monetary Fund

INDECO - Industrial Development Corporation

JIT - Jami'á Islamiyya Trust

LICEF -Lusaka Islamic cultural and education Foundation

Lonrho - London and Rhodesian Mining and Land Company Limited

MMD - Movement for Multiparty Democracy

NCZ - Nitrogen Chemicals of Zambia

UFP -United Federal Party

UNIP -United National Independence Party

ZAPD - Zambia Agency of Persons with Disabilities

ZIMCO - Zambia Industrial and Mining Corporation

ZNS- Zambia National Service

ZNWC - Zambia National Wholesale Corporation

**Management of Political Risks and Uncertainty by Indian-Zambian
firms(entrepreneurs), 1945 - 2019**

1. Introduction

The Indian minority of Zambia represents one of the most telling lens through which we can examine and understand some of the key defining trends of the 20th and early 21st century in Zambia. With a presence stretching over a century and characterised by a dominance in commerce, the community has seen and experienced significant and defining changes in power dynamics from white minority rule to black majority rule. These dynamics and the concomitant changes threatened and, in some cases, eliminated the gains that Indian-Zambian entrepreneurs and the wider community made.

Interestingly enough, the Indian minority was viewed as an immigrant community that was never going to outlive British colonial rule.¹ They were simply meant to serve as the middle rank racial group that facilitated trade in the African community. This status and view of being nothing more than a fortune chasing community saw them excluded from even accessing social services such as education early on. Crucially, the Indian was at the receiving end of pronounced hostility and opposition from both the white and African sections.

Indeed, the Indian entrepreneur's story is one of marked uncertainty and risk that it demanded a remarkable degree of equipoise to survive. One of the most defining periods in this study – which evolves around three - is the immediate aftermath of the independence struggle, when in 1969 the government of Zambia passed the licensing act and nationalised the economy. The property rights of the Indian minority were negated and 6000 of the then 11 000 Indians who were mostly engaged in retail and wholesale trade left the country.² Those that opted to remain had to adopt Zambian citizenship and most had to switch sectors as the minority became more than the visible stranger in a sector that the government wanted the majority of the indigenous population to be engaged in.

Retail trade represents the area that served as the initial springboard for entry into the Zambian economy. Operating under the British colonial setup built around a hierarchical structure based on colour, it offered the only viable avenue on which they could enter what was then known as Northern Rhodesia. The pioneer wave of Indian migrants is distinctive from other Indian

¹ Bizeck Jube Phiri, "A history of Indians in eastern province of Zambia." *B J Phiri* (2000): p.5

² Grietjie Verhoef, "The History of Business in Africa: Complex Discontinuity to Emerging Markets." *Springer*, (2017): p.109

communities in Africa because they did not move as a result of the indentured labour scheme. It was migration that was driven or characterised by a pronounced element of self-selection.

Despite the mounting odds, the community grew from just under 40 individuals in 1911 to over 7000 at the turn of the country's independence from British colonial rule in 1964.³ Therefore, the first research questions this dissertation seeks to answer is: What factors have characterized or influenced the growth and evolution of Indian-Zambian firms since 1945? The year 1945 serves as the useful starting point as the population was just over a thousand at the time.

Today, Zambia has over 13 000 persons of Indian origin and over 3000 Indian expatriates.⁴ As already indicated and can be seen from statistics, the post-independence numbers declined because of the risks and uncertainty that characterised the regimes. The Indian entrepreneur went from being pushed into retail during white colonial rule to being pushed out in the post-colonial period. To track and explain these changes, the second question the thesis aims to answer is; How have Indian-Zambian firms counteracted political risks and uncertainty?

This dissertation captures this through a breakdown of three epochs: the pre-independence period (1945-1964) which falls under the fledgling period; the Kaunda period (1964-1991) which is seen as the period of Turbulence; and the liberal period (post 1991 to -date) which is viewed as a time of resurgence for Indian-Zambian businesses. The management of the risks and uncertainty that characterised these periods saw the utilisation of dense networks and strong ties for the fledging periods while the turbulence period had entrepreneurs operating in a coercive legislative business environment that demanded or required the use of links beyond ethnic ties. The end of the turbulent period led to the liberal period in which the Indian community was operating in a free market economy following the end of the 27 year rule of the first president, Kenneth Kaunda and the privatisation programmes.

Given these factors, a one sector analysis, would fall short of capturing the evolution and change which has distinguished and characterised the Indian-Zambian entrepreneur. This is exemplified by the concluding case on an entrepreneur – Bharat Nayee - from one of the leading families in Zambia's history and the company he founded, Bookworld.

³ Friday Mufuzi, "Indian Traders as Agents of Western Technological Consumption and Social Change in Mukuni: Memories of the Sharma Brothers' Trading Store, 1950s to 1964." In *The Objects of Life in Central Africa*, pp. 187-214. BRILL, (2013): p.195

⁴ Ministry of External Affairs, "India-Zambia Relations." *Government of India*, (2012): pp.3-4 Accessed May 6th 2019 www.mea.gov.in/Portal/ForeignRelation/Zambia-January-2012.pdf

For this study, risks are defined as actions that are taken by entrepreneurs with a sense of understanding of the possible cost implications while uncertainty denotes being caught up in an environment one is not only unfamiliar with and has also never experienced.⁵ The study utilises theories of social network and institutional theory and as such is able to tie together defining historical shifts. It is worth noting that for a long time and in most of the literature, Zambians of Indian origin were simply called or made to fall under the term Asian. Old colonial texts for instance, referred to them as *Asiatics*.⁶ However, as it has already been stated, most came from the Sub-continent, particularly from the Gujarat, a state in present-day India.

i) **Specific Objectives of the study**

- To illustrate the political and socioeconomic landscape in which Indian-Zambia entrepreneurs have operated and how they have dealt with political risks & uncertainty.
- To highlight and examine changes with subsequent generations from the pioneer wave in choice of profession or changes effected in firms.
- To examine the degree or extent to which ethnic ties explain the success and limitations faced in the Indian-Zambian community.

ii) **Benefits of the Study**

- Contributes to the scholarly literature on minority entrepreneurs from the developing world.
- Provides an up to date historical analysis of the Indian-Zambian community and is therefore a useful point of departure for policy reference.

iii) **Dissertation Structure**

The dissertation is made up of twelve chapters. Following this introduction, I present the research methodology which highlights the methods and range of sources that have been used as well as the challenges and limitations of this study. This is followed by a literature review which presents the historiography of studies on the Indian minority in Zambia and further explores the studies on minority groups. I then present the theoretical framework which is marked by

⁵ Bruce Kapferer, "Strategy and transaction in an African factory: African workers and Indian management in a Zambian town," Manchester University Press, (1972): p.191

⁶ Lewis H Gann, "A History of Northern Rhodesia: early days to 1953." *Humanities Press*, (1969): p.xiii

three key theories on which this thesis is built, that is, institutional theory, social networks and the stranger theory. Thereafter, in Chapter 5, I underline the factors and regulative pillars under which Indian migration occurred in the historical background.

In Chapter 7, I present the first of the three epochs, the fledging period (1945 to 1964), and in the process answer the first research question by making the case for the role of ethnic ties in facilitating the initial growth of the Indian minority in Northern Rhodesia. The subsequent chapter presents the second epoch, termed as the period of turbulence and explores the challenges that Indian entrepreneurs faced and how they tried to situate themselves following the powershift from white colonial rule to the Black. The chapter in part answers research question two as it makes the case that the risks and uncertainty that came with operating in a one-party state under the cloud of economic nationalisation led to entrepreneurs having to utilise ties beyond kin as a growth and management strategy.

Chapter 8 then presents the liberal period which marked a time of resurgence for the Indian-Zambian business community as nationalisation gave way to privatisation and the minority flourished as they had first mover advantages because of knowledge and capital. The chapter goes on to explore the effects of market liberalisation today which has led to an influx of foreign players who have access to capital and knowledge in a political environment that is marked by risks. Chapter 9 is a case on an Indian-Zambian entrepreneur -Bharat Nayee – and the company he founded in 1991 known as Bookworld Zambia. The chapter is an overarching section that captures the arguments made throughout the dissertation and the varying epochs. What follows is the conclusion where I summarise the findings and areas for future research.

2. Research Methodology

This research is a qualitative study that employs a range of materials which include both primary and secondary materials. Primary materials utilised for this study include archival materials and interviews collected and conducted from the 4th April, 2019 till the 9th of May, 2019 in Lusaka, Zambia. The archival material which included policy pronouncements and legal cases during the colonial period were collected from the National Archives of Zambia. These also included Newspaper articles that reported Indian experiences and/or comprised of verbatim texts of interviews.

A total of 10 semi-structured interviews were conducted with Indian-Zambian entrepreneurs including 1 with a leading academic expert on Indian migration to Zambia. The entrepreneurs either owned or ran small to medium sized enterprises in Lusaka and were involved in sectors that ranged from retail, manufacturing to the property development industry.

All but one had been part or was part of lineage that was involved in retail in one of the epochs. Individuals interviewed included those from the second, third and fourth generation of the pioneer wave and was a representative sample of Muslim and Hindu composition. The oldest was born in 1935 while the youngest was born in the post 1990s period. The interviews on average ranged from 45 minutes to 1 hour 30 minutes and covered defining political, social and economic trends and how individuals and businesses perceived or situated themselves in times of strife and also opportunity. Repeat interviews were conducted with four of the interviewees and this not only significantly enhanced or built on the initially conducted interviews but also provided a subtle and deeper understanding of the mores of the participants. For this study and owing to ethical guidelines, all participants with the exception of two from the Bookworld case study have been assigned a pseudonym.

The case study method on Bookworld is useful because as argued by Ragin and Becker 1992, cases illustrate the linkages and relationship of processes and are therefore useful for contextualisation and augmenting understanding.

Secondary materials employed include PhD dissertations, books, journals and a host of other sources have been utilised to analyse the validity of both primary materials but also assess points of convergence or divergence. Finally, the findings and analysis have been integrated and thereby the research follows a systematic flow.

i) Research Challenges & Limitations

Unfortunately, only one of the interviewees was female as the majority of the women approached were either unwillingly to be interviewed or required permission from their partners which was not granted. On the whole, the majority of the Indian community were reluctant to take part in the study. The group's conservative and preference to avoid the limelight is one explanatory reason.

However, a key explanatory factor is one that is in part legal and reflects an ongoing flow of migrants that is explored in the dissertation. A majority of the over 30 wholesale businesses approached in the main central business district were being run/occupied by a recent wave of migrants from India who had been in the country in the last 10 – 15 years. Most declined to take part in the study as they needed permission from the owner who would normally not grant it. The reason was because the law restricts entry into retail trading for non-Zambians and there was an apparent breach of regulations which made it difficult to engage with the researcher. This was compounded by the fact that immigration officers are often on the neck of the businesses.

Another major challenge was that of discontinuity with secondary data material which was compounded by the time allocated to conduct the research. This challenge was expressed or reflected in the challenge of not being able to access or find some archival material. The challenge of time also made it difficult to conduct an interview with the official representative on Indian affairs at the office of the High commissioner of India as he was on leave and no substitute was offered. A similar challenge was faced with the immigration department of Zambia who despite official requests, could not consent in time.

The researcher is also aware of the inherent limitations that stem from conducting a study that is the nexus of politics and business and coming up with generalisations from a sample of 10. While a full historical account for the period under study is not expected, the thesis seeks to provide the contours and outlines on which fundamental patterns are noted and tied together over the 74-year period.

3. Literature Review

The historiography of the Indian-Zambia minority has attracted informed but very limited scholarly research when compared to the other Indian minorities in East Africa and/or broadly minority studies across the world. To this date, the most comprehensive and piercing account that provided a detailed study of the social, economic and political organisation was done Dotsons (1968). The Dotsons were sociologists and anthropologists whose work was concluded four years after Zambia gained its independence from British colonial rule and argued that the plural society in which the Indian minority had operated as middlemen had predisposed or given rise to their success.

Other works since have followed a group and location specific approach. These include Kapferer (1972) who carried out an anthropological and sociological analysis of relations between native Zambian workers and Indian management using social exchange theories and social network analysis. The study was carried out at a time of key political changes and analysed how Indian management in a cotton factory and examined how individuals with varying levels of social capital were treated by the owner. The interplay between the political position of workers and the effect this had on the internal operations illustrated the effect of macro factors on firm operations.

Another study that presented the historic and political shifts that characterised the pre and post-colonial period was done by a University of Zambia Historian, Phiri (2000). It covered the Indian minority in the Eastern part of Zambia from the colonial period up until the early 1990s and argued that their success was very much in keeping or attributed to their ability to tap into their ethnic networks. Similarly, studies focused on other regions such as Livingstone have also been done by Mufuzi (2011; 2013) who made the case for the political and economic contribution of largely the Hindu section of the Indian minority and how they also contributed to the introduction of western consumer goods from the colonial period until 1964.

Haig (2010) did a PhD dissertation in sociology on the Hindu minority in Zambia and how the community has interacted and coped with changes since moving to Zambia in the early 20th century. She argues that the plural society that characterised the colonial society is one that still shapes the Hindu minority in Zambia. She makes the case that despite changes in power regimes, the community is still viewed as the other and caught between playing the middleman minority role.

Phiri (2008) in a similar vein explores the Muslim minority of Zambia and examines how the migration and economic potency of Indian-Zambian has overtime contributed to not only the growth of Islam in the country but also determined how groups such as women are perceived and expected to engage in what he claims is a socially restrictive landscape. Kamini (2018) focussing on mostly Hindu women argues that generational shifts and changes have resulted in second and third generation women playing a much more visible role in business activities.

The above represent studies on the Indian minority in Zambia and signal the limited breath of scholarly work that captures and examines the business history of the group. This lack or limited scholarly research makes it difficult to underpin the divergence of converges in the field of minority business studies which enjoy widespread research in the advanced world.

The dominant literature on minority businesses focuses largely on Europe and North America where the scholarship finds that most immigrant and particularly ethnic entrepreneurs enter market segments with low entry barriers which the native population is reluctant to take over. Waldinger et al (1990) is a comprehensive study which talks about the opportunity structure for the ethnic minority businesses in Europe and North America. Their study stipulates that ethnic minority businesses enter markets with low economies of scale or markets which are unstable and either target a market niche or act as the middlemen minority.

The theory of middleman minority firms by Bonacich (1973) talks about minority businesses taking advantage of their membership in an ethnic network to provide products to the mainstream market segment. The minority firms provide services such as staying open for long hours, providing credit to customers and offering products unavailable in other markets, in order to sustain themselves in the host society. They are able to provide these services by making use of their family labour or getting credit from their ethnic networks. The existence of rotating credit organizations between minority firms has been extensively studied by Light (1990), where he found that Korean entrepreneurs in the US made use of rotating credit organizations to raise capital for their businesses. Therefore, most of these studies illustrate the characteristics of the ethnic and immigrant minority businesses in the developed world which leaves a gap in the study of minority businesses in the developing world.

4. Theoretical Framework

i) Social Networks and Embeddedness

Economic sociology theories on social networks have formed an important analytical framework in examining how business groups engage with each other and the broader environment. Towering figures that have led this research include Mark Granovetter and Alejandro Portes who have advanced concepts on network density and strong and weak ties in social networks.

At the heart of Granovetter's work and also in his seminal paper (1973) is the argument that people's economic activities are embedded in their social relations and networks. Granovetter makes the case that much of what happens in the economy is built on social relations which grant individuals social capital. The definition of Social capital by the French sociologist is particularly crucial as he defines it as the "*aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relations of mutual acquaintance and recognition.*"⁷ The social relations and the social capital that accrues from it can be based on weak or strong ties which influence the degree of trust, interaction and affection.

Strong ties fall under what he considers as horizontal relations as they were built on trust and solidarity. To Granovetter, strong ties were marked by aspects that characterise a moral economy in which the prevalence or feeling of sense of duty to other members who form or make up a network is significant.⁸ The argument being that people's actions and activities in the economy are influenced and to some significant degree regulated by the values and norms that are attained in a social setting. This group-oriented behaviour from given conditions came to be described as bounded solidarity by Portes.⁹

Strong ties as a result formed a dense network which presupposes that influence is exercised on individuals to act in a certain way, not only because of the relationship an individual has with an interested party but also through relations with others, even in an indirect fashion. This

⁷ Pierre Bourdieu, "The forms of capital," (1986): p.51.

⁸ Mark Granovetter, "The Economic Sociology of Firms and Entrepreneurs," *The Economic Sociology of Immigration. Essays on Networks, Ethnicity, and Entrepreneurship*. A. Portes. New York, Russell Sage Foundation: (1995): p.133

⁹ Alejandro Portes, "Economic Sociology and the Sociology of Immigration: A Conceptual Overview." *The Economic Sociology of Immigration*. New York, Russell Sage Foundation: (1995): p.12

dynamic results in what is known as enforceable trust.¹⁰ On the whole, the strong ties that characterise business groups from an ethnic end can be categorised into three elements; kinship, social and professional.¹¹ The kinship element denotes family ties that serve as the linchpin on which interests are advanced, monitored and met. The social elements signifies ethnic ties that are solidified by exposure to the same social environment such as living in the same neighbourhood or going to the same school. The professional element is one that is marked by engagement and trust that is advanced by members of an ethnic group through repeated business interaction and exchange which comes in the form of sharing information, clientele and also access to credit.

On the other hand, weak ties fell under what was termed as vertical ties which are typically built on power and compliance. Granovetter made the case that weak ties are characterised by cross overs into other groups and are particularly useful for acquiring information that might not be available in one's group.¹² Therefore, the more weak ties that an individual has or is locked into, the more they have access to information that was or would be unknown. This contrasts with strong ties which are a strong source of support, but not a great avenue to acquire new information as the circle tends to be the same as that of the person seeking information.¹³ This has the effect of rendering what comes through as redundant. Weak ties are in a sense a window to see and view the world and one's environment and can be central to acquiring and finding a job or learning of avenues that expand a business. Individuals with more weak ties than others tend to utilise them for informational advantages and as way to gain access to closed networks.

Both strong and weak ties provide or afford individuals with the opportunity to accrue social capital. There is a delicate or interesting range of outcomes which can be both positive and negative by one occupying or having significant social capital in a network. As exemplified by the weak ties, it can lead to opportunities and knowledge for business development and growth. However, having a favourable network position and the all the social capital that comes with

¹⁰ Ibid p.15

¹¹ Ibid p.12

¹² Mark Granovetter, "A theoretical agenda for economic sociology." (2000): p.5

¹³Mark S Granovetter, "The strength of weak ties." In *Social networks*, pp. 347-367. Academic Press, (1977): p.1376 Ibid 1376

that can also lead to an individual being a more successful fraudster.¹⁴ This represents the dark side of social networks which Granovetter also presented and has characteristics that synchronise with the decoupling element of institutional theory.

ii) Institutional Theory

Institutional theory is a multidisciplinary theory that examines how firms and entrepreneurs interact with the broader social and cultural environment. It underscores the importance or role of structures in a society and how they subsequently influence and determine the norms and values. The factoring in of the broader social environment puts to the test purely economic notions of rationality.

The major proponents of the theory have been Meyer and Rowan in their seminal piece on institutionalised organisations in 1977, and DiMaggio & Powell's work on institutional isomorphism in 1983. Meyer and Rowan argued that organisational structures are a reflection of the myths of their institutional environments rather than the demands of their work activities.¹⁵ Organisations and entrepreneurs in a particular structure act or conduct themselves in a fashion that indicates conformity because they mirror practices that are seen as reflective of institutional rules.

DiMaggio & Powell made the case that disparate firms that are in the same line of business can become more alike when they respond to strong forces in a structural field such as the state or competition. The exploration and study of the how these strong forces lead to conformity or divergence gave birth to what came to be termed as institutional isomorphism and decoupling.

Institutional Isomorphism as postulated by DiMaggio & Power consists of three dimensions or processes which include: coercive isomorphism, mimetic isomorphism, and normative isomorphism. Coercive isomorphism entails a top down process which is characterised by political factors and aspects of legitimacy. Aside from government stipulations or legal requirements, the pressure under coercive isomorphism can also emanate from competing firms as well as the broader social environment which can force or induce firms to institute change.¹⁶

¹⁴ Wayne E Baker and Robert R. Faulkner, "Social networks and loss of capital," *Social Networks* 26, no. 2 (2004): 91-111.

¹⁵ John W Meyer and Brian Rowan, "Institutionalized organizations: Formal structure as myth and ceremony," *American journal of sociology* 83, no. 2 (1977): p.341

¹⁶ Paul J DiMaggio, and Walter W. Powell, "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields," *American sociological review* (1983): p.150.

It is worth pointing out that a high rate of reliance on the state or particular supplier, tends to increase the likelihood of conformity as firms face the same challenges and pressures. Pronounced coercive forces tend to have the effect of accelerating the adoption of new structures by firms and entrepreneurs and this in turn enhances their legitimacy. This conformity subsequently leads to access to political power and makes firms both socially and economically fit.¹⁷ A case was further made that the growth and expansion of the state's reach in areas that are social tends to influence or necessitate firms or entrepreneurs conformity to wider social and institutional rules and ways of conduct.¹⁸

Mimetic isomorphism denotes copying or mimicking what successful entrepreneurs do and is more prevalent or enjoys widespread application in times or periods of uncertainty. While it is not a given, the more successful firms tend to be the ones that also have legitimacy and therefore make for suitable mirroring for a firm or entrepreneur that is operating in a landscape that is novel. It is worth pointing out that the processes are not mutually exclusive and can occur concurrently. Isomorphisms is largely seen as a constraining process as it limits or ties down firms and entrepreneurs to practices or actions that are compatible with strong forces.¹⁹

The final form of isomorphism that was postulated by DiMaggio and Powell was known as normative isomorphism and it basically underscored the role or influence that professionalisation has on firms and structures. Professionalisation was defined as the "collective struggle of members of an occupation to define the conditions and methods of their work, to control "the production of producers", and to establish a cognitive base and legitimation for their occupational autonomy."²⁰ It captures the effects that stem from being part of standard setting professional setting institution which advance normative rules and conduct.

Finally, aside from conformity, firms can also appear to adopt what is viewed desirable but practice the complete opposite and this is termed as decoupling.²¹ Decoupling entails giving a false sense that rules are being followed when in actual sense they are not. While this does not

¹⁷ Ibid p.150

¹⁸ Ibid p.151

¹⁹ Ibid p.151

²⁰ Ibid p.152

²¹ John W Meyer and Brian Rowan, "Institutionalized organizations: Formal structure as myth and ceremony." P.357

denote breaching the law or illegality, it tends to more often than not be fraudulent or unethical. On the whole, firms adopt isomorphic or decoupling activities as a way to acquire legitimacy which enables them to not only be stable but also access the necessary resources for their growth.

iii) Stranger Theory

George Simmel was a German Sociologist who explored the social interactions that human beings engage in and the social roles that emerge from those engagements. The engagements which he placed under what he termed as “social type” ascribed roles individuals were expected to perform in a society and the pressures and expectations that came with them. One of the key concepts that emerged from this was that of Stranger.

The stranger was someone who was present in a particular society but not significantly attached to it. To Simmel, the Stranger was both in and out of the group. The stranger played a role that is generally typified by individuals who moved from one place to another and had a craft or skill that the host society was lacking.²² A son to Jewish parents who had converted to Christianity, Simmel’s stranger was largely typified or has been modelled on the Jewish trader. However, the strange was not wanderer who "comes today and leaves tomorrow" but one “who comes today and stays tomorrow”.²³ The very nature of moving to another society tends to make one a part of it but other key elements prove elusive. A stranger inevitably finds himself in a social relationship that is marked by distance, as the stranger is both far and near.²⁴

By virtue of his position, the stranger tends to not be viewed in an entirely positive light by the mainstream society because he still carries with him elements that are unknown and even questionable. Furthermore, by virtue of not totally conforming to a system while being attached also presupposes that a stranger is likely to be subject of discrimination or hate. Nonetheless, his standing affords him a degree of objectivity in viewing or assessing opportunities a particular society affords which can or are elusive to the mainstream population.²⁵ The net effect of this distant objectivity is that the stranger does not share biases that emanate from strong ties. The ties that would be elusive from this attachment tend to be social.

²² Georg Simmel, "On Individuality and Social Forms, edited by Donald N. Levine." (1971): p.143

²³ Ibid p.143

²⁴ Ibid p.148

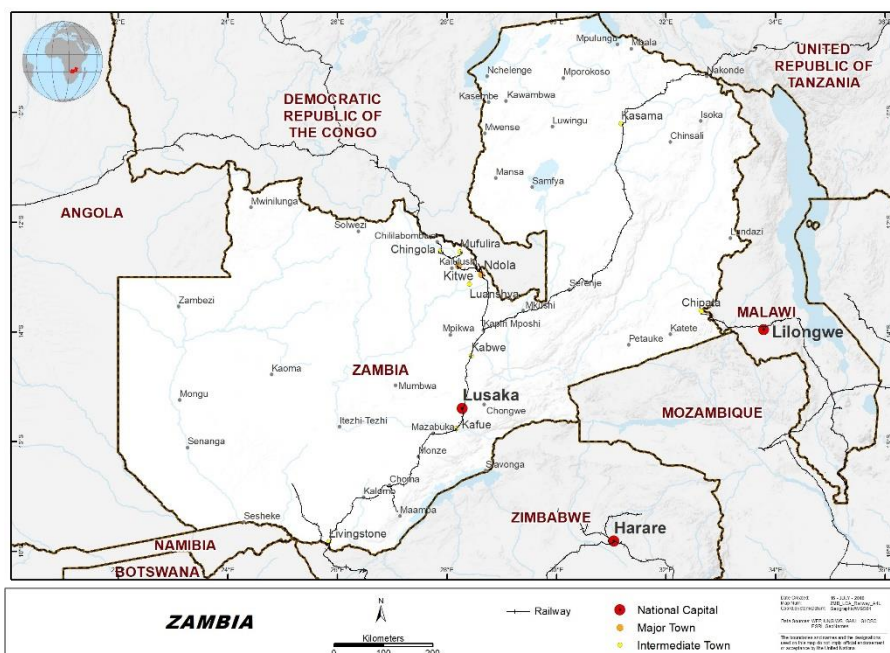
²⁵ Ibid p.146

5. Background to Indian Migration

The contours or geographical outlines of the present-day Zambia are a reflection of late 19th century European partition and subsequent conquest of the African continent.²⁶ European imperial policies in what would come to be known as Northern Rhodesia, present day Zambia, were set in stone at the Berlin conference of 1884.

The control and expansion of African states was tied or connected to missionaries and traders from Great Britain. One trader who towered above everyone else was Cecil Rhodes. It is after him that Southern Rhodesia (Zimbabwe) and Northern Rhodesia were named. Rhodes was a mining magnet who moved to South Africa at the age of 16 and subsequently delved into diamond mining.²⁷ His ambitions stretched beyond finance to include politics but most if not all were linked to mining interests which saw him request for a royal charter from the British Crown. This would be granted in 1889 paving the way for the British South Africa company (BSAC) to advance and control the copper rich Northern Rhodesia.²⁸

Figure 1: Map of Zambia



Source: DLCA (2019)

Until 1911, Northern Rhodesia functioned as two separately administered entities: one was Northern Western Rhodesia that had Livingstone as the Capital and the other North Eastern Rhodesia that had Chipata as the capital.²⁹ The growth

²⁶ Andrew Roberts, "A history of Zambia," *London: Heinemann*, (1976): p.149

²⁷ Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.55

²⁸ Hugh Macmillan and Frank Shapiro, "Zion in Africa: The Jews of Zambia," *Bloomsbury Publishing*, (2017): p.82

²⁹ Joan M Haig, "From Kings Cross to Kew: following the history of Zambia's Indian community through British imperial archives," *History in Africa* 34 (2007): p.5

and expansion followed the line of rail. The two places served as entry points for persons of Indian origin but had unique characteristic features in migratory characteristics. The migration to Chipata was largely dominated by Indians of the Muslim faith while those in Livingstone were mostly Hindus. The earliest recorded entry was in 1905 in Chipata by the Kamisa brothers.³⁰

The Indian migrants who were predominantly from the Gujarat state of the then Sub-Continent and would travel by ship and then rail in a journey that would take weeks. Given that Northern Rhodesia was landlocked, the typical transitory path to entry into the two respective capitals was via Beira in Mozambique for Chipata, and Beira followed by a train to Bulawayo for Livingstone.

The initial separate administration had seen the varying response from colonial authorities on Indian migration. Until the merger, North-eastern Rhodesian was administered from Blantyre in Nyasaland (today Malawi) by Harry Johnston. Johnston had signed an agreement with Rhodes that gave him the mandate to govern over the territories and the result was Nyasaland policies on migration mirrored or matched those in the latter.³¹

Nyasaland had long had Indian traders who Johnston thought would aid in facilitating trade in Chipata and also perform administrative tasks like typing. However, this was not received favourably by the white settler population. The opposition was particularly strong from the missionary led African Great Lakes Company (AGLC). AGLC was established by a Christian businessman from Scotland and was initially known as Livingstone central Africa company.³² The company served as means through which missions were supplied goods. Robert Codrington, the Administrator of North-Western Rhodesia, had equally sought to mirror the policies in Livingstone but with the African population and this too was met with opposition.

This racial tension would at this juncture drive or lead to racial segregation in Chipata first and Livingstone later. Segregation, as argued by Gann was meant to control migration of the Africans from the villages. Legislation was passed to not only enforce this but ensure discipline

³⁰ Felix J Phiri, "Muslim associations and the resurgence of Islam in Zambia." FENZA with the Lembani Trust, (2008): p.57

³¹ Bizeck J Phiri, "The Social and Economic Impact of the Fort Jameson (Chipata) Indians on the Development of Chipata District, 1899–1973." In *The Objects of Life in Central Africa*, pp. 215-236. BRILL, (2013): pp.215-216

³² Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.38

through the 1909 natives in towns regulation. The regulation stipulated that natives could only reside in townships if they were employed by Europeans or Indians on a permanent basis.³³ This legislation was extended to Livingstone in 1914.

Living in a segregated area was however not a wholly negative thing given that the Indians preferred to live closer to each other. Furthermore, as land was abundant and relatively cheap at the time, it was not contentious issue where one found oneself in a yet to be developed community.³⁴ Comparatively, the Indians in the Eastern part were much better received than those in North Western Rhodesia.

Nonetheless, it attracted a fury of criticism and the description of the Indian trader by the British Consul on Asian affairs was particularly telling as to the attributes that the Europeans viewed as likely to threaten their pre-eminence: *“No profit is too small or inconsiderable; no time too long to devote to the successful driving of a bargain. His manner of life, domestic in the extreme is nevertheless so thrifty, so frugal and his wants, bounded by a little curry and rice, are so inexpensive, that there are few who cannot remit a few rupees to India at the end of the year, to add to the store whichshall support them in a honoured old age in Goa or Bombay.”*³⁵

This view or perception of a transient community seeking to make money would influence the passing of the 1915 Northern Rhodesia immigration proclamation which was aimed at keeping the numbers to a trickle.³⁶ The regulation stated that entry into immigrants into Northern Rhodesia had to be able to read and write at least one European language, they also had to have at least £50, and prove that they would not be a burden to the colonial state.³⁷ The regulation did go against the grain as there were only 39 Indians in 1911.³⁸

³³ Ibid p.148

³⁴ Interview with Indian-Zambian Entrepreneur 2, Lusaka, April 25th, 2019; Lewis H Gann, “A History of Northern Rhodesia: early days to 1953,”

³⁵ Lewis H Gann, “A History of Northern Rhodesia: early days to 1953.” *Humanities Press*, (1969): p.146

³⁶ Friday Mufuzi, “Indian Political Activism in Colonial Zambia: The Case of Livingstone Indian Traders” in JanBart Gewald, Marjar Hinfelaar and Giacomo Macola (eds), *Living the End of the Empire: Politics and Society in Late Colonial Zambia*. Leiden: Brill, (2011), p.210

³⁷ Friday Mufuzi, "Indian Traders as Agents of Western Technological Consumption and Social Change in Mukuni: Memories of the Sharma Brothers' Trading Store, 1950s to 1964," p.192

³⁸ Krishna Kamini, "Home away from home: The changing face of Indian women in Zambia since 1911," *World Affairs: The Journal of International Issues*, Volume: 22, Issue :2 (2018): p.138

The BSAC's chartered rule as an administrator of Northern Rhodesia would end in 1924 but it maintained the mineral concessions.³⁹ Unlike Southern Rhodesia which had declared self-rule a year earlier and fully restricted Indian migration, Northern Rhodesia became a British protectorate and had a governor appointed by the British Crown serving as the top figurehead.⁴⁰ The Governor oversaw an executive council and legislative council made up of nine official members and five unofficial elected ones.⁴¹ The former were civil servants while the latter were the elected fellows. The unofficial members tended to advocate for the interests of shopkeepers or farmers and in order to be eligible to vote, one had to have earnings of minimum £200 pounds or living in a place that was more than £250 in value.⁴² This meant Indian entrepreneurs who had acquired wealth or were successful were eligible to vote.

While Northern Rhodesia had a relatively liberal landscape compared to Southern Rhodesia, there was the passing of the Immigration ordinance of 1931 which stipulated that migrants to Northern Rhodesia ought to have £100 or confirmed employment on arrival.⁴³ Furthermore, debates on an Indian immigration quota, though not passed, gained momentum in 1938.⁴⁴

This fear was premised on concerns that the Indian merchant offered unfair competition owing to his social economic standing. Paradoxically, the Indian was accused of achieving more than enough profits that he shipped them back to his home country or being so poor that he undercut his competitors. The above coupled with the perception that the Indian trader was scrupulous and had a keen sense of commerce, led to mounting concerns that he could dislodge or push out both the European and African businessman out of the market.⁴⁵

This started to change when the European elites realised the economic benefits which would accrue by having the Indian community serve as a facilitator of currency exchange. They surmised that engagement between Indian merchants and the local communities would

³⁹ Peter Slinn, "Commercial Concessions and Politics during the Colonial Period: The Role of the British South Africa Company in Northern Rhodesia 1890-1964," *African Affairs* 70, no. 281 (1971): pp.365-366

⁴⁰ David C Mulford, "Zambia: The politics of independence, 1957-1964," London: Oxford UP, (1967): p.4

⁴¹ David C Mulford, "The Northern Rhodesia General Election, 1962." Nairobi: Oxford University Press, (1964): pp.1-2

⁴² Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.238

⁴³ Hugh Macmillan and Frank Shapiro, "Zion in Africa: The Jews of Zambia," p.104

⁴⁴ *Ibid* p.104

⁴⁵ Bizeck Jube Phiri, "'A history of Indians in eastern province of Zambia," p.11

translate in the latter being involved in the money economy and subsequently increase demand for manufactured goods from Europeans.⁴⁶

Another significant factor in this shift was the growth of Zambia's copper mining industry which boosted the country's economic standing and saw increased disposable incomes for both the indigenous and European population.⁴⁷ Most of the Indian migrants who would subsequently emigrate to Zambia came as shop assistants and this is explored in the subsequent chapter.

⁴⁶ Ibid p.20

⁴⁷ Joan M Haig, "From Kings Cross to Kew: following the history of Zambia's Indian community through British imperial archives," p.60

6. The Fledging Period - 1945 -1964

The Indian in Rhodesia unlike the Whites who dominated this period and the Africans who became the preeminent political power holders in the next did not and could not rely on the state apparatus to grow. Starting with very little resources and as vegetable hawkers or barbers, they grew to retailers whose growth followed the line of rail. This section lays out the factors that characterised the early networks and how they served as the primary basis on which business groups or entrepreneurs accessed capital and subsequently grew. It concludes by presenting how the Indian minority managed the political risks in the lead up to Zambia's independence in 1964.

Elements or features that are in line with immigrant entrepreneurship literature predisposed the Indian minority that was in the George Simmel sense of the word, a stranger for success. These features include thriftiness, a knack for hard work and discipline. The Indian entrepreneur typified the middleman minority in a society in which the colour bar was reflected in not only political but also economic power terms, the whites were the most affluent, the Indian minority was the middle class and the indigenous community was at the totem pole.⁴⁸

The Europeans increasingly saw themselves as the elite who would lose their status by engaging with the black community. Given that the Indian was not caught up in this fight for status and was mainly interest in trade, he made for an ideal middleman minority. The whites also saw the need for a buffer against the black community to cushion the impacts of uprising or resistance. As it will be shown in the subsequent sections of this chapter, this proved to be relatively effective in the period leading up to independence when Africa nationalists started carrying out mass boycotts against Indian entrepreneurs. As pointed out by Simmel, the stranger tends to approach societies with a distance that is objective. This was clearly manifest for the Indian entrepreneur whose lack of social ties to either the black or the white community enabled him to conduct or carry out marketplace transaction without familial intrusion from the two communities.

i) The Role of Ethnic Ties and Social Networks in the Indian Minority Firm

Ethnic ties formed the foundation basis on which the Indian stranger could mould or grow his business in Northern Rhodesia. All three elements of kin, social and professional were at play although kin was the strongest and most enduring element point. It was on these ties that credit, knowledge of the market and business dealings of the community were premised. The Indians

⁴⁸ Edna Bonacich, "A theory of middleman minorities." *American sociological review* (1973): p.584

epitomised a group that was communal and so long as not threatened, preferred to maintain their social isolation and would accept the status quo.

As has been stated, the majority of Indians came from the Gujarati region of India and despite belonging to either the Muslim or Hindu faith, there was a sense of bounded solidarity that was fostered through having a shared language in Gujarat. The group was also made for a unique predisposition as it was different from those of who had worked and moved as indentured labourers in East Africa. There was therefore a pronounced element of self-selection as the Indian migrant moved on his own volition and did not belong to the bottom or top tier of the caste society.⁴⁹ When it came to business, they interacted beyond religious boundaries, it did not matter whether one was a Muslim or Hindu, first and foremost, one was an Indian. Retail presented the only viable option as other labour market options were restrictive because of the colonial colour bar and entry requirements.

One interviewee described how an intricate credit network would then follow in which credit through goods would be advanced to a shop keeper for 90 day or even 6 months period.⁵⁰ There was a significant element of enforceable trust that came as a result of being zoned in the same neighbourhood such as the enclave community in Lusaka's Kamwala and other townships. Given the increasing hostility that was being faced by the community, being excluded from the mainstream society was a desired state for a community that is conservative and prefers to keep to themselves.⁵¹ Mufuzi in writing about the Indians in Livingstone made the case that they developed an effective lending and partnership system that functioned more or less as an evolving fund.⁵² The lack of capital saw them pull resources together and once one was successful, they tended to veer off and run their own family business but one never detached completely from the community.

This system grew into one that was based on the premise that any individual who came through from India should not be a destitute. The Indian community would incorporate each other as a way of protecting each other. Once one was invited by kin from India, they would be placed in a shop to work as an assistant for a period that tended to last two to five years.

⁴⁹ Floyd Dotson and Lillian O. Dotson, "The Indian Minority of Zambia, Rhodesia and Malawi." *African Social Research* 7 (1969): p.33

⁵⁰ Interview with Indian-Zambian Entrepreneur 3, Lusaka, May 1st, 2019

⁵¹ Victor Nee and Jimmy Sanders. "Trust in ethnic ties: Social capital and immigrants." *Trust in society* 2 (2001): 374-392.

⁵² Friday Mufuzi, "Indian Traders as Agents of Western Technological Consumption and Social," p.193

The Indian entrepreneur was operating in a constraining coercive isomorphism environment in which on aggregate, entrepreneurial activities emanated and were organised around recognised and accepted practices. These determined and shaped interaction amongst firms and entrepreneurs who supplied or provided goods and services that were essential to the survival of the Indian beyond just business. The Indian found himself operating in a society that led to bounded solidarity during the fledging period. This fostered a sense of obligation and mutual trust among kin that one was provided with capital and not expected to default on the payment as no one else would give the person credit because word would spread very quickly.

All but one of the interviewees recalled their first-generation parents or grandparents having an invitee who was kin and being part of the same communal setting. The one exception, though equally invited by perhaps the most influential and successful Indian business man at the time, was the grandfather to a third-generation interviewee who moved to Northern Rhodesia in the late 1940s.⁵³ The interviewee pointed out that his grandfather was invited by Rambhai Patel also known locally as Kanjombe. Kanjombe who is further explored in the subsequent sections hailed from the same region of Gujarat like the respondent's grandfather.

The interviewee narrated that unlike the trend at the time, when his grandfather moved to the country, he did not come with the flock and upon arrival, there was no one to receive him. This prompted the immigration officer to conduct the usual enquiries and subject him to an English test. As he was an English graduate, he passed it and that made him to not be tied down to Kanjombe's businesses.⁵⁴ He would end up working for a company that was established by a Palestinian in the 1920s called Shapiro Milling (today known as National Milling). The family would also not be tied down to the second-class trading area of Kamwala but live in a neighbourhood that was reserved for European Jews known as Rhodes Park.⁵⁵

The above was an exception in the pre-independence. A considerable number could not speak English and it was the chain migration that was facilitated by kin that made the process of migrating to a country with a relatively challenging immigration system possible. There would always be an Indian patron on hand to receive fellow Indians. The oldest interviewee narrated

⁵³ Interview with Indian-Zambian Entrepreneur 7, Lusaka, May 3rd, 2019

⁵⁴ Ibid

⁵⁵ Ibid

how the patrons would get concessions from colonial immigration officers by discovering and granting them something they were partial to such as whiskey.⁵⁶

Kanjombe was one such patron who is estimated to have brought in over 30 Indian families in the country.⁵⁷ He moved to Northern Rhodesia in 1916 following an invitation from his brother who was based in Southern Rhodesia. Owing to the need to be independent and utilise his creative abilities, he decided to leave Southern Rhodesia and move to Northern Rhodesian where he ventured into vegetable produce which he exported to Southern Rhodesia.⁵⁸ Having raised enough capital and the realisation that the market size in Southern Rhodesia was small, he went into the retail business. He grew into one of the leading businessmen in the Indian business community by running leading retail businesses and eventually a printing press. His chain of businesses had a country reach which made it easier to incorporate fellow members of the Indian community as confirmation of employment or capital was necessary. Success following entry was dependent on earned reputation.⁵⁹

Reputation through business dealings was an important feature of business transactions. It was on those grounds that shared or mutual obligations were struck. This system of enforceable trust also had failures or businesses that went bankrupt and the typical effect or outcome of this would be relocation back to India. In the early days, if one messed up, the fellow Indians would see you out of the county, back to India. If you were lent money, you were expected to pay back. For most of them, part of the pay back is the system were as you are working, generating an income, you are investing in another business.⁶⁰ The social capital from being part of the ethnic network had provided material capital for growth and expansion. The social capital was also the means through which firms utilised labour services to support in store activities particularly, for women who would equally work at the till.

a) Establishment of Social Services

One of the areas that signifies this pronounced degree of an ethnic enclave and strong social ties in an expanding and growing community was in the area of social services such as education.

⁵⁶ Interview with Indian-Zambian Entrepreneur 3

⁵⁷ Interview with Indian-Zambian Entrepreneur 2

⁵⁸ Ibid

⁵⁹ Ibid

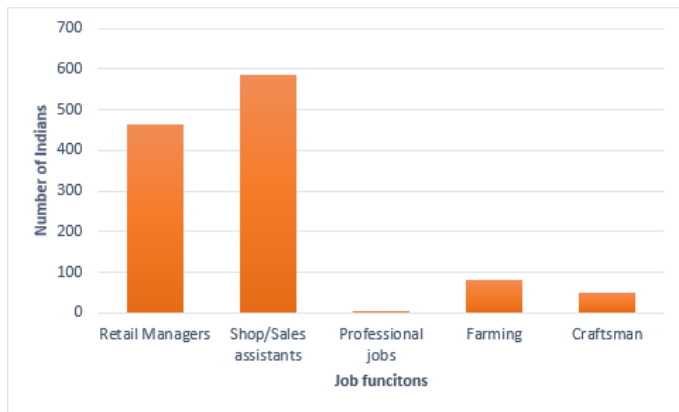
⁶⁰ Interview with academic expert on Indian-Zambian Entrepreneurs, April 15th, 2019

As pointed out, in the introduction, the Indian community was not afforded social services such as education as they were segregated at the time. Indians up until the 1940s had no state school and were advised by the colonial administration to send their children to Southern Rhodesia.⁶¹ This experience is backed up the interview carried out with one of the oldest interviewees on the project who attended a class in a store room that was provided by one of the shop owners. He along with 27 other Indians would be taught by a shop assistant who happened to be a graduate from India. However, it was not possible to go beyond the first five years of foundational studies and he like all the others would be sent to Bulawayo to continue his studies.

i) **Expansion and Growth**

The above laid the base for the growth of the Indian community in Northern Rhodesia. Between, 1946-1951, the Indian population grew much faster than all other racial groups with an increase of 17.5 % while the African and European growth was 2.6% and 11.1% respectively. Most of the Indians at the time were in trade with 1090 out of 1251 engaged in trading activities in 1951.⁶²

Figure 3: Number of Indians by sector in 1951



Source: Gann (1969)

Figure 2: Indian Population in Northern Rhodesia (1951)

Year	Male	Female	Total
1911	37	2	39
1921	55	1	56
1931	144	32	176
1946	835	284	1119
1951	1673	856	2529

Source: Krishna (2018)

⁶¹ Bizeck Jube Phiri, "A history of Indians in eastern province of Zambia," pp.71-72.

⁶² Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.448

This period and the concomitant migratory patterns are representative of the trends from the interviews which had close to three quarters moving between 1940 and 1950. It was a time business was flourishing and a number of Indians had established a significant foothold to facilitate chain migration.

The number of women in both aggregate and as a proportion of the total population also increased significantly as a result of wives following their husbands and young men getting a wife from India.⁶³ More than 75% of Indian community at this period was Hindu and most were devoid of professional training and had to make ends meet as traders by working as salesmen or shop assistant. This trend was evidence of the successes that the Indian entrepreneur had achieved in dislodging European entrepreneurs, particularly the Jews from African retail trade. The Dotsons termed this as ethnic succession which essential entails the tendency of one ethnic group to replace another in particular sector.⁶⁴ However, as we will see in the next section, the Europeans maintained a stranglehold in some areas.

Despite the ordinances that were meant to curtail Indian expansion into African trade such as the restriction in native areas. The Indian entrepreneur had grown into an important part in bringing Africans particularly those in the rural areas into the money economy.

To an extent, the growth was buoyed by broader macroeconomic and global developments. Following the end of the WWII, global growth as a result of the recovery efforts in Europe saw the demand for Northern Rhodesia's prized and most abundant resource – copper - skyrocket. Increased mining activities in the country meant more money in the economy as well as increased disposable income for the Africans who were the clientele for the Indian community. The effect was business development and expansion that followed the line of rail into the industrialising Copperbelt region.

The Indian entrepreneur had succeeded in taking over trade from European because the latter had achieved a certain sufficiency and standard of living that saw engagement with rural communities as beneath them.⁶⁵ As indicated by one respondent, the life that characterised the Indian entrepreneur in the rural areas was one that was fraught with predicaments such as living

⁶³ Joan M Haig, "Cinemas, Spices And Sport: Recollections Of Hindu Life In 1950s Northern Rhodesia," In *Living the End of Empire*, pp. 249-270. BRILL, (2011): p

⁶⁴ Floyd Dotson and Lillian O. Dotson, "The Indian Minority of Zambia, Rhodesia and Malawi," p.79

⁶⁵ Interview with Indian-Zambian Entrepreneur 3

in grass thatched house with no electricity at a time when the face of the urban landscape was changing markedly for the middle and upper-class communities.⁶⁶

Significant competitive advantages made him excel in trading with the African community which included the ability to conduct trade with the local community in their local language. The Indian in rural areas were able to capture the rural market by purchasing indigenous goods such as crops in exchange for cheap or suitable substitutes of goods.⁶⁷ This system, known as barter, had been practised by the African merchants but indigenous traders struggled or could not acquire goods at wholesale prices like the Indian.⁶⁸ In addition, the Indian had significant marketing and sales strategies that drew the low income customer by offering goods on credit or hire purchase to trusted customers and also giving bonuses for outright purchases known locally as “*Mbasela*”.⁶⁹

Furthermore, as Phiri has argued about natives, the indigenous people lacked the social networks that could pull resources and aid in the growth of the business.⁷⁰ While the Indian was part of network that gave him a footing. Nonetheless, it worth underscoring the structural and broader political conditions that served as major inhibitions. The cost of running a trading store for an African were considerable owing to taxation and also rental costs. P. 287. In 1933 a reserve plot cost £3 per year and a trader’s license was £7.10 but exceptions were made and brought down to £2.10 for those offering in their own village.⁷¹

This preeminent position that the Indian enjoyed in African trade made him a subject of hostility and opposition as he was labelled as a cheat who raised prices of goods.

ii) Management and Reactions to Rising Nationalist Ties

The period 1945 to 1964 was also a period of marked political shifts which wedged the Indian between the white and black community. Boycotts, resentment and opposition was stronger in

⁶⁶ Interview with Indian-Zambian Entrepreneur 3

⁶⁷ Interview with Indian-Zambian Entrepreneur 2

⁶⁸ Lewis H Gann, “A History of Northern Rhodesia: early days to 1953,” p.237

⁶⁹ Friday Mufuzi, "Indian Traders as Agents of Western Technological Consumption and Social Change in Mukuni: Memories of the Sharma Brothers' Trading Store, 1950s to 1964." p.198

⁷⁰ Bizeck Jube Phiri, “A history of Indians in eastern province of Zambia," p.67

⁷¹ Lewis H Gann, “A History of Northern Rhodesia: early days to 1953,” p.287

the regions along the line of rail and particularly on the Copperbelt. The European white community opposed the expansion of Asian retailers into urban areas by lobbying and entering into concessions with the colonial administration. These concessions entailed the provision of social amenities and the result was a “closed town” system in which Indians were barred from operating in regions like the Copperbelt for 20 years.⁷² Like Indians in East Africa, the Northern Rhodesian Indian was dealing with competition against Europeans that was fully backed by the state.⁷³

As the Copperbelt region represented the most affluent and rising group of affluent Africans because of mining and industrial activities, the Indian entrepreneur sought to find ways to advance and penetrate the market. What followed was a strategic coalescing and pulling of resources within the Indian business community in which money was borrowed to buy off stores from Jewish store owners.⁷⁴

Meanwhile, Indian traders were facing mounting criticism from African consumers for charging high prices. In part, these complaints started gaining momentum in 1942 and were wrapped in the Africans’ growing demands for wage increases from Europeans to meet the rising cost of living. Nevertheless, it was the Indian middleman who at the time was reliant on Jewish wholesalers who bore most of the brunt of the major boycotts that were backed by the majority of the native population in 1953 and 1955.⁷⁵

The strikes resulted in significant concessions on price reductions from Indian store owners who in Livingstone alone, lost between £2000 and £3000 in four days.⁷⁶ It had long been reported that Indian entrepreneurs inflated prices and would not only neglect to indicate prices for commodities but charge different prices depending on the customer.⁷⁷ This unethical practice which falls under institutional theory of decoupling was also noted for some entrepreneurs with regards to misrepresentation of their income taxes. As this violated pricing regulations, Tembo makes the case that traders would be visited by colonial authorities but a system of cooperation would see advanced word or warning being sent to fellow traders

⁷² Hugh Macmillan and Frank Shapiro, "Zion in Africa: The Jews of Zambia," p.93

⁷³ Yash P Ghai, "Portrait of a minority; Asians in East Africa," *Oxford University Press*, (1970): p.10

⁷⁴ Floyd Dotson and Lillian O. Dotson, "The Indian Minority of Zambia, Rhodesia and Malawi," p.74

⁷⁵ Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.366

⁷⁶ Krishna Kamini, "Home away from home: The changing face of Indian women in Zambia since 1911," p.139

⁷⁷ Alfred Tembo, "The impact of the Second World War on Northern Rhodesia (Zambia), 1939-1953," PhD diss., University of the Free State, (2015): p.142

resulting in authorities finding prices different from the unusually high ones.⁷⁸ When the Indian entrepreneurs were arrested for breaking price controls, there would be unified opposition and protest to colonial authorities. One such case was in Chipata where over 25 were fined for violating price controls and they opted to close the stores until the regulations were reassessed. While this element is aligned with institutional theory of decoupling, it also underscores the arguments on ethnic solidarity as the commissioner for the district agreed to requests to make amendments.⁷⁹

The African discontent had further been fuelled by the Indian community's support of the federation which they had initially opposed. Two years before the boycott – in 1953 - Northern Rhodesia became part of the Central African Federation that comprised of two other countries – Nyasaland and South Rhodesia. The Indian business community had strongly opposed it by arguing that it was the means through which the restrictive policies of Southern Rhodesia would be extended to Northern Rhodesia and that it would lead to influx of poor white farmers and thereby put them at a disadvantage. That did not happen leading to acceptance from the community.

The 1955 strike which the African National Congress (ANC) secretary general and future president - Kenneth Kaunda - described as neither anti-white nor anti-Indian but anti-wrong led to the outlawing of discrimination that prevented Africans from entering white shops.⁸⁰ It was also this strike that set Kaunda on the path to being a vegetarian. Kanjombe was particularly influential in aiding or making Kaunda not only stick to this lifestyle but also adopt a non-violent approach towards the fight against colonial rule. This teaching stemmed off the teaching of Gandhi which Kanjombe not only espoused but saw as vital towards the creation of a nation that was tolerant and just. Through his printing press, he aided in printing materials towards the liberation struggle.⁸¹

⁷⁸ Alfred Tembo, "The impact of the Second World War on Northern Rhodesia (Zambia), 1939-1953," p.142

⁷⁹ Bizeck Jube Phiri, "'A history of Indians in eastern province of Zambia,'" p.33

⁸⁰ Andrew Sardanis, "Africa: another side of the coin: Northern Rhodesia's final years and Zambia's nationhood," *IB Tauris*, (2011): p.56

⁸¹ Interview with Indian-Zambian Entrepreneur 2

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Enamelware, Stationery, Drapery,
Crockery, & Wool.

Source: Indian Opinion (1954)

At this point, Kanjombe had grown and further expanded his business into clothing manufacturing as can be seen from the ad on the left. The ad would appear in the Indian Opinion, which was established and initially run by Mahatma Gandhi. Kanjombe translated Gandhi's work which informed Kaunda's views and strategies.⁸² A Christian who would later be called the "African Gandhi" because of embracing non-racialism and non-violence in the colonial struggle, Kaunda described Gandhi's works as the philosophy that deepened and broadened his own thinking".⁸³

From a business end, the ad is telling of a trend and change in the Indian community. That is,

the growth and diversification of some Indian entrepreneurs in the 1950s. Also indicative in the ad is the location of the store on Cairo Road in the capital Lusaka. This was in the first-class trading area and is indicative of Macmillan and Shapiro's case that successful Indian traders were allowed to trade in the first class trading areas in the 1940s and started moving on Cairo Road in the 1950s.⁸⁴ One respondent described business development akin to Kanjombe which saw his family opening up a store that sold clothing to women in the 1950s.

The success and growth of the Indian did little to abate the boycotts and even further saw the white colonial administration side, for strategic reasons with the protesters at times. The 1956 boycott in the Copperbelt town of Chingola was particularly telling of this as the federal report from the administration read as follows:

"The administration approach to this question is at variance with that of the traders. The administration tends to take the view that those affected are mostly Indians and Jews who have

⁸² Thomas Weber, "Gandhi as disciple and mentor," *Cambridge University Press*, (2004): p.165

⁸³ Ibid p.163

⁸⁴ Hugh Macmillan and Frank Shapiro, "Zion in Africa: The Jews of Zambia," p.168

been exploiting the African customers for a long time and therefore it may be a good thing to face them with a concerted sales resistance and bring down prices."⁸⁵

The position of the Indian entrepreneur indicated earlier as a buffer between the white and black community had lodged them into a difficult position. The Indian found themselves in a difficult spot as they were British subjects and this meant they had navigate or work around their economic and political position adroitly.⁸⁶ While an influential crop did actively get involved in the struggle for independence, most could not state their political affiliations but gave contributions to the struggle.

Nonetheless, the majority did not switch to the African nationalist cause until it had become apparent that the tides were going to shift. Coercive isomorphism particularly applied to the top Indian entrepreneurs who supported the African nationalist but were co-opted by the white ruling party United Federal Party (UFP). One such case is Revabhai Valjee Nayee who was arguably the most influential businessmen in Livingstone and served as the president of the Northern Rhodesia Asian Association and later as the first non-European mayor in Livingstone under the African led United National Independence Party (UNIP) government in 1964. Despite having provided his shops as offices and provided finances to the Black led ANC and later UNIP in the 1950s, he served as the first councillor in Livingstone under the white UFP. This was a pragmatic move as Indian business interests were best represented by being involved in government decisions than lobbying for change.⁸⁷

More broadly, the lack of support or late switch while pragmatic has been attributed by some scholars and even respondents to perceptions of racial superiority. The Victorian attributes of race had also seen the Indians hold the view created by the colonial authorities of indigenous people being mentally incapable and lazy.⁸⁸ The Indian accused workers of being lazy and argued from a Hindu spiritual end that one can only achieve salvation when they work hard.⁸⁹

⁸⁵ Ibid p.145

⁸⁶ Prakash Shah, "British Nationals under Community Law: The Kaur Case," *European Journal of Migration and Law* 3, no. 2 (2001): pp.271-272; Mervyn J. Jones, "Who are British Protected Persons," *Brit. YB Int'l L.* 22 (1945): p.122.

⁸⁷ Bharat Nayee (Managing Director, Bookworld Limited), interview by the author, Lusaka, April 24th 2019

⁸⁸ Alexander Matejko, "The Upgraded Zambian," *Phylon (1960-)*36, no. 3 (1975): p.292.

⁸⁹ Bruce Kapferer, "Strategy and transaction in an African factory: African workers and Indian management in a Zambian town,"

The concern that the Africans were incapable of governing was indeed met with disdain. Notwithstanding, Zambia at Independence on October 24th 1964 from human capital end was caught up in one of the most difficult positions. The country had only 109 university graduates, 1200 high certificate holders and no university.⁹⁰ This was compounded by the fact that the country only had 4% of indigenous people occupying top civil servants positions in comparison to other African states like Ghana which had 60% at the time of independence.⁹¹ Indeed, this had been in keeping with the colonial policy which had neglected the education of non-white communities and resulted in the African community relying on missionaries for education.⁹²

The lowering of the Union Jack and raising of the Zambian flag -which was done by an Indian and Indigenous Zambian - would put to test the foundational elements that this chapter has illustrated.

⁹⁰ Richard L Sklar, "Zambia's response to the Rhodesian unilateral declaration of independence," *Politics in Zambia* 15 (1974): p.321.

⁹¹ Ravi Gulhati, "Impasse in Zambia," *Public Administration and Development* 11, no. 3 (1991): p.240.

⁹² Andrew Sardanis, "Zambia: The First Fifty Years." *London: Tauris* (2014): p.39

7. The Kaunda Period (1964-1991): The period of Turbulence

The ushering in of an African led government following the independence struggle presented one of the most challenging and testing periods for the Indian minority in Zambia. At a time when nationalism was gaining traction in the country and across the African continent, the Indian minority found itself pushed to the margins and was operating in a time of peak uncertainty and also risk. This section will explore the challenges faced and how Indian entrepreneur reacted to them.

Key policies explored include the Mulungushi reforms of 1968 which saw Zambia lose a significant number of the Indian minority as they emigrated mostly to the US and the UK, while the majority that remained tended to venture into other sectors. As will be seen, it was a period in which firms were striving to acquire legitimacy from a new society and had to follow or appear to adhere to a new set of rules and regulations. The dominant institutional setting was one of coercive isomorphism from the state which was in some cases met with decoupling. The period saw a number of firms and entrepreneurs relegate the importance of efficiency as a result of structural and regulatory changes. Furthermore, most of the firms could not diversify as a result of the cloud of economic nationalisation.

i) The Mulungushi Reforms

In an attempt to empower Zambians, the Kaunda government instituted what came to be known as the Mulungushi reforms four years after gaining independence in April 1968. The reforms were meant to reduce the influence or dominance of foreign players in the Zambian economy by demanding the transfer or selling of a majority stake to the government or Zambians.⁹³ President Kaunda would demand that the Indian minority that wished to continue owning a majority stake in firms should take up Zambian citizenship as they "could not sit on two stools at the same time".⁹⁴ The most important prescription was the restriction of retail trade in all rural areas to Zambians by the end of the year. This restriction would go on to include urban areas in 1972. The reforms would go on to restrict contracting to Zambians and limit trade by non-Zambians to 10 major towns in the country.⁹⁵ Furthermore, foreign owned businesses

⁹³ Kenneth Kaunda, "Zambia's economic reforms," *African Affairs* 67, no. 269 (1968): pp.295-296

⁹⁴ Ben Cockram, "Zambia – 1968." *Institute of International Affairs*: 3rd June, (1968) p.11

⁹⁵ Andrew A Beveridge, "Economic independence, indigenization, and the African businessman: Some effects of Zambia's economic reforms." *African Studies Review* 17, no. 3 (1974): pp.478-479.

would be subjected to foreign exchange restrictions and limitations placed on the amount of money they could borrow based on the amount they moved in the country with.

The directive of either taking up Zambian citizenship or selling a majority stake to a Zambian had an implementation period which would take place eight months from the date of announcement in April 1968. This gave Indian traders who wished to take up Zambian citizenship time to apply as the trading licences were renewed once a year in December.⁹⁶ It was a tough call that culminated in over 6000 out of the 11 000 Indians leaving the county by the end of 1969. Britain was the destination of choice because as indicated earlier, the pioneer wave were British subjects and because most migrated before the subcontinent got independence, they could move to the UK through the Commonwealth Immigrants Act of 1962(amended in 1968).⁹⁷

This climate of uncertainty was further heightened when in 1972, the country officially became a one-party state. Kaunda argued that one party rule would unite the country against liberation struggles in the region and was also in keeping with his socialist ideals which was called Humanism.⁹⁸ The ideology stemmed from Kaunda's notions of an African pre-industrial society that was based on ideals of cooperation and mutual respect. His isms were meant to aid in the promotion of nation which was comprised of various tribal groups.⁹⁹ Suffice to say, a key segment of the Indian community did not find any resonance with this. One respondent, who stuck to retail during the period argued that "Kaunda was the worst president we had because of his isms because the difficulties that we went through during that period were more racial than anything else."¹⁰⁰

This was not a widespread view amongst the interviewees though there was an open acknowledgement that his rule was one that was characterised by the most uncertainty and alertness. One area of consensus that heightened the aforementioned was an external event that occurred in the same year – 1972 – and was reflective of the waves of nationalism that were brewing across the African continent. This was the expulsion of 50 000 out of the country's 74

⁹⁶ Chisanga Puta-Chekwe, "Getting Zambia to Work." *Adonis & Abbey Publishers* (2011): p.37

⁹⁷ Prakash Shah, "British Nationals under Community Law: The Kaur Case," p.272

⁹⁸ Andrew Sardanis, "Africa: another side of the coin: Northern Rhodesia's final years and Zambia's nationhood." p.264

⁹⁹ Andrew Roberts, "A history of Zambia," p.246

¹⁰⁰ Interview with Indian-Zambian Entrepreneur 1

308 Indians in Uganda in just three months by the dictator Idi Amin.¹⁰¹ The Uganda leader went on to give the Indian community that had also taken up Ugandan citizenship, about 23 242, an ultimatum to relocate to Britain.¹⁰²

Despite the reforms, Kaunda did not embark on mass expulsion of the Indian community and went on to condemn Idi Amin's expulsion of Indians in Uganda.¹⁰³ Zambia's citizenship was open to all races and a considerable number of non indigenous people who took it up excelled. However, Kaunda's statutory requirements did see their numbers cut by more than half and had the effect of constraining the expansion of those that remained. The Indians found it difficult to expand or grow their companies without going into partnerships or sectors that the state endorsed.

For those that still maintained or pledged allegiance to the state, there was another factor that saw them migrate or leave the country. This was the mandatory national service training that was meant to inculcate both a sense of shared culture but also skills and training in areas such as agriculture and self-employment.¹⁰⁴ All Zambian citizens between the age of 18-35 who had graduated from high school were required to sign up with the Zambia National Service (ZNS) for a period of two years.¹⁰⁵ Being a conservative group, the majority of Indian-Zambian who were wealthy sent their children abroad for studies, particularly to the UK. Those who returned would seek to join some of the major nationalised companies as Zambian citizens. Despite the country having a Zambianisation policy aimed at employing Zambian nationals, this would prove to be a difficult path to entry owing to hostility from foreign expatriates who still occupied powerful positions. This left entry into business as the lucrative option in a country that was experiencing an economic slowdown.

¹⁰¹ Justin O'brien, "General Amin and the Uganda Asians: Doing the unthinkable," *The Round Table* 63, no. 249 (1973): p.91; Hasu H Patel, "General Amin and the Indian exodus from Uganda." *Issue: A Journal of Opinion* 2, no. 4 (1972): p.17

¹⁰² Justin O'brien, "General Amin and the Uganda Asians: Doing the unthinkable," *The Round Table* 63, no. 249 (1973): p.91

¹⁰³ Andrew Roberts, "A history of Zambia," p.249

¹⁰⁴ David J Alexander, "Problems of educational reform in Zambia," *International Journal of Educational Development* Volume 3, Issue 2, (1983): p.208

¹⁰⁵ Evance Kalula, "The influence of international labour standards on Zambian legislation," *Int'l Lab. Rev.* 124 (1985): p.596

The following sections breakdown and details how the entrepreneurs worked dealt with the reforms.

ii) Strategic Innovations to cope with Risks

a) Joint Ventures & Partnerships

Joint ventures and partnerships represent one of the prominent strategies that Indian-Zambians utilised in Kirznerian style to establish ventures and acquire capital for diversification of operations. The reforms totally exempted firms that had Zambians owning at least 51% from exchange control regulation.¹⁰⁶

As will be seen in the subsequent sections, the nationalising of the economy had disrupted the supply chain process as the parastatals became major wholesalers. Successful entrepreneurs utilised weak ties to navigate the changing political environment to find work and form partnerships that gave a community that was in the limelight legitimacy.

One interviewee narrated how his second-generation father who had left for the UK following the reforms returned after a year because life was not as anticipated. Rather than going into retail, he worked for a prominent Zambian businessman known as Valentine Musakanya. Valentine had served as the country's first secretary to the cabinet and subsequently as Bank of Zambia governor before working for IBM and running his own business.¹⁰⁷ This not only gave the interviewee's father legitimacy but also was a local bridge in node that led to a partnership with a white European partner with whom they set up a joint venture.

The European partner was a property Magnate in both the capital Lusaka and Livingstone and having a Zambian partner enhanced the legitimacy of the joint venture that was focussed on construction. As construction was an area the government supported to be run by Zambians with foreign partners, the business grew by providing TurnKey projects to some of world's leading companies operating in Zambia such as the London and Rhodesian Mining and Land Company Limited (now Lonrho).¹⁰⁸

A key Indian-Zambia figure whose experiences and engagement encapsulate the sweeping changes during the period of turbulence and also the resurgence period is Rajan Mahtani. He is a second-generation Zambian whose father moved to Zambia in 1919 and ran a retail outlet

¹⁰⁶ Andrew Sardanis, "Zambia: The First Fifty Years," pp51.-52

¹⁰⁷ Miles Larmer, "Chronicle of a coup foretold: Valentine Musakanya and the 1980 coup attempt in Zambia," *The Journal of African History* 51, no. 3 (2010): p.393.

¹⁰⁸ Interview with Indian-Zambian Entrepreneur 7

known as Mahtani's supermarket on the Copperbelt.¹⁰⁹ Following his studies like most second-generation Indians in the UK, Mahtani returned home in 1971 and utilised his immense social capital and the regulatory environment to expand his business. He went beyond the family retail store and set up businesses in manufacturing, finance, insurance and more under what came to be known as Mahtani Group of Companies.¹¹⁰ His influence and reach is used to illustrate key dynamics of uncertainty and risk with the political establishment even in the next chapter.

Mahtani like most successful Indian-Zambian business had considerable social capital that saw him strike or have good working relationships with key figures in the political brass. As will be seen during this period and the subsequent ones, the outcomes were not always a smooth sailing experience but the ties did get him significant business concessions and arguably out of trouble.

After spending two years with the professional network Coopers & Lybrand (now PwC), Mahtani set up his own tax and auditing firms in 1972 which attracted a plethora of clients who would prove vital to both partnership and mergers including the setting of a bank. This savvy business development and strategy enabled him to acquire foreign exchange at a time of exchange controls as the government afforded a select number of business that required goods and services from out of the country the leeway. Nonetheless, despite enjoying good relations with the one-party state, some of Mahtani's business dealing would go on to attract state sanctions and arrest following accusations of externalising resources.¹¹¹

Personal relationships with individuals in the top political brass became paramount following the fall in copper prices which saw the government place controls on the forex but one could request for exemptions from having to be subjected to these controls.¹¹²

a) Switching Sectors

Another key and perhaps the most utilised strategy to manage the uncertainty and risks of the turbulence was a sectoral shift from retail. A significant number of Indian-Zambians switched to manufacturing. The entry into manufacturing, particularly textiles was also a strategic calculation that is in with the institutional theory dimension of both coercive and mimetic

¹⁰⁹ Chisanga Puta-Chekwe, "Cobra in the boat : Michael Sata's Zambia." *Adonis & Abbey Publishers* (2017): pp.109

¹¹⁰ Amos Malupenga, "Zambia: Mathani Has a Degree of Wealth," *The Post Newspaper*, November 6th 2005

¹¹¹ Ibid

¹¹² Janine Aron and Ibrahim Elbadawi, "Parallel Markets, the Foreign Exchange Auction, and Exchange Rate Unification in Zambia," *World Bank Policy Research Working Paper*, (1992): p.9

isomorphism. While Indian-Zambian firms increasingly felt compelled and were encouraged to move into sectors other than retail, those that veered into manufacturing, particularly into textiles thrived. Textiles, food, tobacco and beverages accounted for 85% of the manufacturing output by parastatals.¹¹³

The state had created a textile milling factory which produced cotton known as Kafue textiles. The company was subject to negative criticism of inevitable failure even before it started operating by the settler community.¹¹⁴ This was much to the disdain of black officials and even farmers. The factory did thrive and together with another mill was able to produce cotton for production but also the cash crop become a none traditional export for the country.¹¹⁵

This institutional environment and strive for legitimacy made textile manufacturing a lucrative area. The country's largest garment manufacturing company – Unity Garments - till this day is one that had 1971 as its turning point. Up until that point, an Indian-Zambian known as Manu Shah had been a silent partner in the Garments factory and was more engaged and renowned for his general trading company known as Top Trading Company. The climate of the period led to the majority holders who happened to be British-Indian to sell off their stake which was bought in its entirety by Manu Shah.¹¹⁶ This strategic use of partners but more importantly entry to manufacturing while maintaining a key stake or interest in retail areas would be mimicked by other entrepreneurs.

Institutional theory makes the case that the higher the interaction with the state and reliance on the single source, the higher the likelihood that coercive isomorphism will precede apiece. The parastatals served as centralised firms on which Indian entrepreneurs relied upon for the supply of inputs in the closed economy as well as demand for finished products.

Interesting enough and in line with mimetic isomorphism, the firms that stuck to retail tended to venture into high end products which also attracted foreign firms. Furthermore, they would also diversify to mimic the successful Indian-Zambian firms and demands of an uncertain political environment. An example being Radian stores which was established in 1981 by a

¹¹³ Neva Seidman Makgetla, "Theoretical and practical implications of IMF conditionality in Zambia," *The Journal of Modern African Studies* 24, no. 3 (1986): p.212

¹¹⁴ Andrew Sardanis, "Zambia: The First Fifty Years," p.37

¹¹⁵ Ibid

¹¹⁶ John Sutton and Gillian Langmead, "An enterprise map of Zambia." *Vol. 4. International Growth Centre in association with the London Publishing Partnership*, (2013): p.88

then 25-year-old Indian-Zambia to sell electronic equipment.¹¹⁷ The company which boasts over 45 retail stores had franchise arrangements with both Philipps and LG electronics which significantly propelled its growth. Like most of the Indian firms or entrepreneurs, the company ran or established a clothing factory to function concomitantly with the retail business during the one-party state. While this was inventive, it was the company's instalment plan that set it apart from the rest.¹¹⁸ The company had customers from Kafue textiles and subsequently government workers signed up for what was a lucrative arrangement to acquire consumer durables when wages and the economy were stagnating.¹¹⁹

65% of the respondents were linked or tied to businesses that had gone into partnerships or manufacturing. Those who switched sectors tended to switch to textiles and generally relied on family networks while those in other areas formed local partnerships. The former is explained by a growing number of clothes manufacturing companies by Indian-Zambia firms in the lead up to independence which facilitated or enabled both knowledge transfer and network effects benefits. The two in textiles employed over 150 people each and the Bookworld case in Chapter 9 underscores this.

Other areas did not always have this and entrepreneurs would switch sectors but use a local partner. One respondent established a plastic manufacturing company with a Zambian partner in the 1970s which expanded to one that made household items like pots and mug cups.

b) Window Dressing - The One foot in and the Other out principle

As pointed out, over half of the Indian population left as a result of the reforms. Those who opted to stay were in an equally difficult position as the majority of retail licenses were not renewed by the end of the 1969.¹²⁰ Nonetheless, the Indians were reluctant to pass the shops on the cheap to the indigenous community for reasons ranging from limited money being offered to personal interests.¹²¹ Not wishing to lose what they had toiled for, the Indians who did not or could not take up Zambian citizenship opted to transfer to fellow Indians, shut shop or appear to pass control to an indigenous Zambian while pulling the strings from the back.

¹¹⁷ Wedson Konge, "Zambia: Lessons From Radian Stores," *Times of Zambia: Business Columns*, June 9th 2015.

¹¹⁸ Ibid

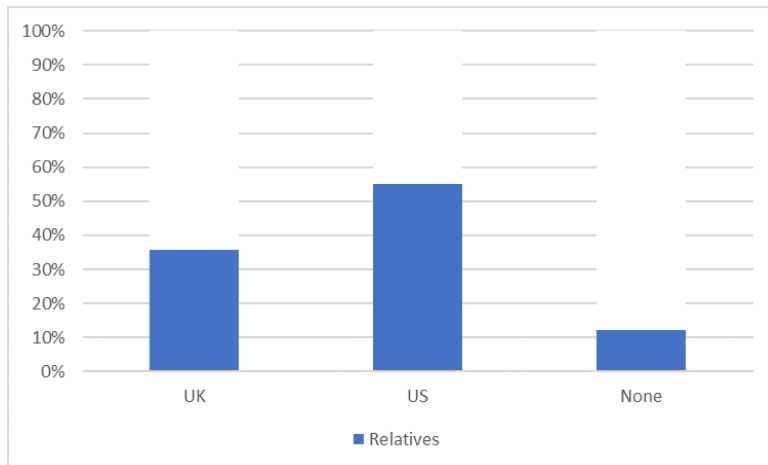
¹¹⁹ Ibid

¹²⁰ Alexander Matejko, "The Upgraded Zambian," p.299

¹²¹ Ibid

Following independence, the Zambian constitution was amended to award Zambian citizenship to all those who were present. However, this requirement was revised for Indians in 1968 on the condition that they had to apply. To circumvent this challenge, businesses would register a firm business in the name of a child who was born in the county after 1964 which automatically conferred Zambian citizenship on the grounds of birth.

Figure 4: % Respondents with Close relative (brother, sister, father or mother abroad)



Source: Author

As illustrated by figure 4, 90% of the respondents had a close relative that was permanently resident abroad in either the UK or the US. This trend grew in practice during the turbulence period when Indian-Zambian families would have one individual take up Zambian citizenship and another British. This was a way of dealing with uncertainty in not only Zambia but also overseas because they were not sure of how life would unfold.¹²² One respondent had a brother with British citizenship who had been residing in Zambia since the Kaunda period and it was viewed as safety get away card.¹²³

Other families would wait until the child had grown up or reached their 18th birthday to resume operations and these represented firms that took a long time to respond to changes in the institutional and legal environment.

In addition, and similar to Indians retailers in East Africa, the Indian retailer would also pass the business to a trustee or a prominent indigenous Zambian. Interestingly enough, the Indian community had lobbied the government to co-run a programme with the government which

¹²² Interview with Indian-Zambian Entrepreneur 6

¹²³ Ibid

would train an indigenous Zambian businessman for takeover and then be repaid from future earnings but the Kaunda government turned it down.¹²⁴ These practices were in line with the institutional theory dimension of decoupling, Indian entrepreneurs who were faced with uncertainty found themselves moving in a direction that on aggregate was appearing to conform to the expected structure of the post-independence state.¹²⁵

c) *The Labour Card & Conundrum* –

One aspect that is worth exploring and is central to understanding the decoupling that has been illustrated in the previous section is the element of labour. Indian traders, as was pointed out in chapter 6, preferred and tended to employ their own kin as shop assistants. Nonetheless, as they grew and as regulations changed in the postcolonial period, they would have indigenous person to also do the laborious bit of carrying goods for the customer or simply manning them. It is a practice that to this day still characterises general trading outlets. What is crucial or distinctive is that the African or Zambian today was equally recruited through a network and if a firm expanded or grew to a mid-size one, would rise through the ranks. For instance, one of the retailers in the study was running an outlet in which his one employee was the son of the previous worker.¹²⁶

In the turbulent period, Indian store owners attempted to manage relations adroitly even with staff who were hierarchically subordinate but had political connections. One such case is that of a clothing factory known as Naibros bro. The factory was bought by four Indians in 1954 from another Indian who had retired back in India.¹²⁷ The Indian managing director, Mr. Patel, who was viewed as very strict by the Zambian employees afforded politically connected staff time to carry out non-firm related activities on a regular basis without deducting pay or threatening to dismiss some workers.¹²⁸ One such case involved a Zambian worker who was an official for the ruling party branch and had once served as the acting official for the

¹²⁴ Andrew A Beveridge and Anthony R. Oberschall, "African businessmen and development in Zambia," *Princeton University Press*, (1979): p.272

¹²⁵ Paul J DiMaggio and Walter W. Powell, "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields," p.147

¹²⁶ Interview with Indian-Zambian Entrepreneur 6; Interview with Indian-Zambian Entrepreneur 4, Lusaka, April 4th, 2019

¹²⁷ Bruce Kapferer, "Strategy and transaction in an African factory: African workers and Indian management in a Zambian town," pp.27-28

¹²⁸ *Ibid* p.54

constituency and was looking to secure a grant worth £10000 for a farming cooperative.¹²⁹ As pointed out, political power rather than the rule of law had come to play or have a determinative say.¹³⁰

The Indian manager not only feared the repercussions that could stem from firing or cutting the wages of the African worker, but also the possible internal workers' revolt as the Zambian worker was also the mediator between staff and management.¹³¹ This complex relationship also saw Mr. Patel advance credit to the African worker as a way of securing the support during worker disputes.¹³²

The labour dynamics were largely tied to the actions that had influenced the struggle and the party together with local structures such as cooperatives were seen as channels to redress previous injustices. More importantly the party had become so powerful that the party secretary general was the second ranking person in the country and government policy was seen as party policy.¹³³ This led to party members having so much power that they could decide who obtained trading licenses or how they operated which this was in breach of local regulations or laws but in keeping with Kaunda's policy of Humanism.¹³⁴ As highlighted by the then director of the state run, INDECO, policy pronouncements made by the president would be normally accompanied by encouragement for UNIP to aid in implementation which made the whole process complicated and confusing.¹³⁵ For instance, the reforms saw the president grant political committees known as District Development committees the authority to help oversee trading licenses reform to Zambians.¹³⁶ The motivation was two-fold, to award political patronage but also keep wings that the president thought lacked tasks something to do. It was

¹²⁹ Ibid p.151

¹³⁰ Andrew Sardanis, "Africa: another side of the coin: Northern Rhodesia's final years and Zambia's nationhood," p.280

¹³¹ Bruce Kapferer, "Strategy and transaction in an African factory: African workers and Indian management in a Zambian town," pp.54-85

¹³² Ibid p.85

¹³³ USA International Business Publications, "Zambia Privatization Programs and Regulations Handbook." Strategic Information and Regulations (2011): p.21

¹³⁴ William Tordoff, "Zambia: the politics of disengagement." *African Affairs* 76, no. 302 (1977): p.64.

¹³⁵ Andrew Sardanis, "Africa: another side of the coin: Northern Rhodesia's final years and Zambia's nationhood." p.243

¹³⁶ Ibid p.243

also Kaunda's idea of decentralisation but as is usually the case, the party faithfuls usurped the process and tied the part ideology of humanism to the rule of law.¹³⁷

Interestingly, the relationship on the Naibros factory floor represented an intricate relationship in which both the Zambian worker and Indian manager derived social capital and legitimacy owing to their network position. The credit signalled strong or loyal bonds with worker and most tend to have also been with a firm for a long time.¹³⁸ By extension, this credit is also viewed as a reward to some workers and is meant to consolidate the relationship as the debtor tends to be bound to this firm and the employer.¹³⁹ This why even today, despite political shifts and occasional misgivings from the Zambian worker, there is long-term working relationship. The Indian entrepreneur prefers to have issues resolved within the firm to avoid having the name tarnished and the Zambian worker knows he is part of relationship in which there is reasonable reward. However, in firm dynamics with a party member were not the same as those out as is illustrated below.

d) Cooperation? Competition? Or Disruption?

One interesting finding was the lack of cooperative linkages between entrepreneurs who decided to stick to retail and those moved into manufacturing. The manufacturers were absorbed from the challenges faced by retailer because not only did they have government entities as major buyers but were also in tune with government policy. While they criticised the one-party state, they had no misgiving on the business side barring the restriction on foreign exchange.

The retailers were critical of both their fellow Indian Zambian manufacturers and the Kaunda government. As indicated under "switching sectors", the government parastatals had taken over wholesaling and thereby broken the monopoly of the colonial era. One retailer recounted that: *"For my retail shop, I used to have babies' and children's wear. The manufacturers were not sympathetic to us, it did not matter whether one was Indian. They made a lot of money and they used to make shoddy products because they knew they could get away with it because there was no competition."*¹⁴⁰

¹³⁷ William Tordoff, "Zambia: the politics of disengagement," p.64

¹³⁸ Bruce Kapferer, "Strategy and transaction in an African factory: African workers and Indian management in a Zambian town," p.98

¹³⁹ Ibid p.115

¹⁴⁰ Interview with Indian-Zambian Entrepreneur 1

The manufacturers who were mostly in Livingstone, Ndola and Kabwe counted parastatals such as the Zambia National Wholesale Corporation (ZNWC) as their major clients. The parastatals like in East Africa had taken over the distribution network because of the government directives and what emerged was a highly controlled system that was inefficient and led to shortages¹⁴¹

The Indian retailer as the stranger was clearly in the most tenuous of positions. It is a position that was compounded by broader macro and also global changes. The economic slow down because of declining copper prices and balance of payments would see mounting boycotts and protests against the government for increased costs of living.¹⁴² Copper, which accounted for close 90% of the export earnings for Zambia had seen the prices fall so low that the country did not receive revenues from 1976.¹⁴³ The Indian retailer would become a target for both protesters and government. This was not aided by the social isolation and the colonial baggage or label of being crafty and cunning.

The closed economy which demanded or required an import license to bring in goods was proving to be a failure as the local market was not only providing sub-standard goods, but the prices of commodities were skyrocketing. The aforementioned, coupled with the lack of competition led to serious shortages that businesses and subsequently customers had to queue up for goods. The government's reaction to increasing costs was the placing of price controls on all essential commodities like food.

*"I got the hammer with price controls and suggested retail price. It was very stressful to work under one party state because we had youngsters who were given party uniforms and they had more powers than the police. Even the government used to harass us. Every item had to be labelled. And sometimes you didn't have a price and they would take you to their office. Obviously, some things may not have a price. You would be summoned to the office. Sometimes, they would remove the label and say 'this has no price'."*¹⁴⁴

¹⁴¹ P. K Balachandran, "An embattled community: Asians in East Africa today," *African Affairs* 80, no. 320 (1981): p.319.

¹⁴² Andy DeRoche, "Asserting African Agency: Kenneth Kaunda and the USA, 1964-1980," *Diplomatic History* 40, no. 5 (2015): p.988.

¹⁴³ B. J Olivier, "Kaunda's Zambia." *Africa Insight* 11, no. 1 (1981): p.38.

¹⁴⁴ Interview with Indian-Zambian Entrepreneur 1

The above ties in with the argument already postulated and the response of most Indian-Zambian retailers was the hoarding of goods which led to black marketeering.¹⁴⁵ Retailers would for instance ask if a customer wanted an essential commodity like a bag of country's staple food, *mealie meal*, the customer would then be told the bag could not be sold at that particular moment but advised to return after at a time that was after standard operating hours.¹⁴⁶ The customer would then end up paying double the price. Unlike, Indian-Zambian manufacturers, the price controls did not lead to an isomorphism but rather decoupling.

The price controls did not affect or apply to manufactured items such as clothing and as such, the traditional retailer bore the brunt. Nonetheless, the manufactured items still had to be labelled. Manufacturers were actually in a position of strength as they could suggest the retail price.¹⁴⁷

The government in 1971 had established the Special Investigations Team on the Economy and Trade (SITET) which was meant among other things to uncover hoarding and smuggling of goods in the country.¹⁴⁸ Indian entrepreneurs on all sides of the spectrum reported intelligence or secret service offices keenly following and eavesdropping on entrepreneurial activities and conversations.¹⁴⁹ The president instituted the preservation of public order regulation which would wound up business people overnight on the grounds that they were sabotaging the economy. At the time, operating in a state that espoused socialist virtues, the term of capitalist carried too much weight and was ascribed to Indian minorities in an extremely negative way.¹⁵⁰

iii) End of the Era

Despite some marked successes, the state-owned enterprises started seeing a decline in efficiency as positions became more nepotistic and politicised.¹⁵¹ In a country where the party central committee was significant elevated and the secretary of the party became the second most powerful, it's no wonder that business operations were significantly compromised and

¹⁴⁵ Interview with Indian-Zambian Entrepreneur 3

¹⁴⁶ Interview with Indian-Zambian Entrepreneur 3

¹⁴⁷ Kenneth David Kaunda, "Towards complete independence." *Zambia Information Services*, (1990): p.3

¹⁴⁸ Mumba Malila, "The shifting paradigms in the fight against corruption in Zambia." *Zam. LJ* 43 (2012): pp.4-5.

¹⁴⁹ Interview with Bharat Nayee, April 24th 2019

¹⁵⁰ Andrew Sardanis, "Africa: another side of the coin: Northern Rhodesia's final years and Zambia's nationhood," p.281

¹⁵¹ Andrew Sardanis, "Zambia: The First Fifty Years," p.113-115

undermined. That, along with the negative balance of payments and foreign exchange restrictions led to imports becoming scarce and eventually a shortage of goods which became perennial in the 1980s. The International Monetary Fund (IMF) refused to grant a bailout package for the country after Kaunda u-turned on the removal of subsidies as a result of boycotts and protests. The queues for household goods like bread and soap mounted and would prove to be the undoing of the government as inflation reached 127.8%.¹⁵²

Kaunda would change the constitution to reintroduce multiparty democracy in 1990 and elections would be held in 1991. The Movement for Multiparty Democracy (MMD), led by Fredrick Chiluba – a former trade union leader – won the election with 74% of the votes. The Indian-Zambian business community played an influential role in funding and organising meeting for the MMD and what the ascendance meant and how the Indian-Zambians situated themselves is examined in the next chapter.

¹⁵² Malcolm F McPherson, "The sequencing of economic reforms: Lessons from Zambia," (1995): p.7

8. The liberal Period – 1991 - 2019

The post Kaunda period heralded a new dawn for the Indian-Zambian minority. It was a period that witnessed the opening of the markets and also the political arena. The former was a top down process that was advanced by Bretton woods institutions while the latter has seen the country have five heads of state since 1991. The liberal period represents a time when the country became a part of the globalization wave.

The MMD which was formed in 1990 and took charge in 1991 was a vestige of people from the unions and some prominent defectors from the ruling party. Crucially, more than a third of its members belonged to the higher echelons of Zambian society and had pronounced business and legal interests that stretched to multinational enterprises.¹⁵³ Fredrick Chiluba, who had endeared the international community of donors and creditors with his stance on rolling back the role of the state would have the MMD government pass the Privatisation Act in 1992, which facilitated the establishment of the Zambia Privatisation Agency (ZPA).¹⁵⁴ What followed was the elimination of exchange controls, major cuts were made to public expenditure, and more than 250 parastatals which represented over 85% of the Zambian economy were privatized by 1996.¹⁵⁵

This chapter will present the benefits that accrued, to the Indian community, particularly in the first decade because of first mover advantages and go on to present the challenges faced as a result of foreign competition. It concludes by examining the intragroup relations and those with the broader Zambian community.

i) The Reforms

As indicated in the preceding chapter, Indian entrepreneurs and firms that were characterised by isomorphic mimicry did quite well during the Kaunda period. However, the ascendancy of the MMD government translated into pronounced changes which were welcomed but also proved to be too sudden in the manner in which they were effected. For instance, those that had moved into manufacturing industries such as textiles however found the market changes to be

¹⁵³ Carolyn Baylies and Morris Szeftel, "The fall and rise of multi-party politics in Zambia," *Review of African Political Economy* 19, no. 54 (1992): p.80

¹⁵⁴ Neo Simutanyi, "Copper mining in Zambia," p.3

¹⁵⁵ Miles Larmer, "'The Hour Has Come at the Pit': The Mineworkers' Union of Zambia and the Movement for Multi-Party Democracy," p.306

too hard hitting. Clothes manufacturing as a result of an increasing wave of second-hand clothes imported from western countries known locally as *Salaula* killed a number of industries.¹⁵⁶ The goods were only made to pay nominal duty that was based on weight rather than value. Over 200 clothing factories were closed as a result of the reforms.¹⁵⁷ Manufacturing as share of the country's GDP went from 35% in 1991 to 10% in 1992 and has since hovered close to 1964 independence levels of 5%.¹⁵⁸

Nonetheless, it was only until post liberalisation period that the majority Indian entered into the commanding heights of the economy. It marked a time when the key components of the supply chain from manufacturing, to distribution and eventually wholesale and retail were in the hands of the Indian-Zambian minority.¹⁵⁹ A number of Indian-Zambian firms or entrepreneurs diversified their businesses which brought in significant benefits for other Indians-Zambians that were still involved in retail or wholesale. This is because the latter could once again benefit from a distribution network that was based or built on strong ties and tended to provide goods to fellow Indian firms on credit.¹⁶⁰ The failure and sell of state-owned companies that controlled wholesale facilitated this.

A good case for the aforementioned is Zambia's largest diversified company that is not listed known as Trade Kings. The company manufactures a range of consumer products ranging from detergents, confectioneries, drinks and much more. The company was started in 1995 in the backyard of Indian-Zambian who had earlier worked as a teacher and also ran a bakery. Through family networks that have already been underscored in chapter 6, he acquired the capital to expand his detergent making business, that only had one van, to a company with over \$1 billion in turnover and ranked as one of Africa's ten most admired brands with a reach beyond Zambia.¹⁶¹ Government tax incentives and Islamic business practices of reinvesting

¹⁵⁶ Karen Tranberg Hansen, "Fabricating Dreams: Sewing Machines, Tailors, and Urban Entrepreneurship in Zambia," In *The Objects of Life in Central Africa*, pp. 167-185. BRILL, (2013): p.176

¹⁵⁷ Andrew Sardanis, "Zambia: The First Fifty Years," p.146

¹⁵⁸ Reena Das Nair and Shingie Dube, "The expansion of regional supermarket chains and implications for local suppliers: A comparison of findings from South Africa, Botswana, Zambia, and Zimbabwe," (2016): p.7; Teboho Bosiu et al, "Growth and Development in the Cosmetics, Soaps and Detergents Regional Value Chains: South African and Zambia," 14 July 2017." (2017): p.6

¹⁵⁹ Interview with academic expert on Indian-Zambian Entrepreneurs,

¹⁶⁰ John Sutton and Gillian Langmead, "An enterprise map of Zambia" *Vol. 4. International Growth Centre in association with the London Publishing Partnership*, (2013): p.15

¹⁶¹ Kalonde Nyate, "Trade Kings hits top 10 admired brands in Africa." *Zambia Daily Mail*, May 31st 2019.

profits would see the company diversify its portfolio to manufacturing and also steel making ventures.¹⁶²

Even firms that had stuck to manufacturing but diversified benefitted from the growth of other Indian firms. An example of a firm that underscores the network effects and was profiled in the previous Chapter is Unity Garments. The company was mainly into textiles during the turbulent period but diversified into insurance and distribution, and subsequently became the leading distributor for Trade Kings.¹⁶³ The founder of Unity Garments – Manu Shah - represents what has been argued in this book about networks and evolution. It represents one of the few textile companies that were able to withstand the liberal environment. That is in part because unlike most of the Indian-Zambian firms, its key clientele was not mainly mining stores which had started experiencing significant downturns before liberalisation. The firms benefited from a capital accumulation and knowledge transfer from one generation to another on how to run businesses but also professionalized training and exposure in western countries.

What is important to note about the Trade Kings and Unity distributors agreement was the fact that management in both companies were second generations descendants of the pioneer wave. The turbulence period had in a sense consolidated bonds of solidarity. This bonding is touched on in the final section of this chapter and for reasons attributed to religion and subsequent generations coming through, no longer seems to be as strong but is still relevant.

The ability to utilise the networks particularly in the first decade of liberalisation saw them enjoy first mover advantages. Capital, knowledge and networks were necessary perquisites to leverage the opportunities which members of the indigenous community were lacking. To a large extent the Kaunda government policy of Zambianisation had turned to be of Unipisation which in essence stifled the entrepreneurial prospects and prowess of indigenous Zambians.

However, president Chiluba's first 10 years at the helm was also the time when political patronage and elite capture played a determinative role. The first decade of liberalisation saw several Indian-Zambians not only benefit business wise but also be visibly involved in politics. Three prominent Indian-Zambian businessmen served as ministers in the Chiluba government

¹⁶² John Sutton and Gillian Langmead, "An enterprise map of Zambia"; Zambia Development Agency, "Trade Kings Assures ZDA it is Here to Stay," Accessed July 24th July 2019 www.zda.org.zm/?q=content/trade-kings-assures-zda-it-here-stay

¹⁶³ Grietjie Verhoef, "The History of Business in Africa: Complex Discontinuity to Emerging Markets," *Springer*, (2017): p.137

and others were involved in different ways. One of the key players is one of the respondents whose engagement and experience with the administration signalled the elite capture of the period. This experience is summarised in the following section.

ii) **Elite Capture**

The reforms did not improve the levels of corruption but rather made it worse. More than any time, the first decade had proximity to power become an essential attribute to not only successfully running a company but also acquiring them. One interviewee who is now retired from his business ventures and passed them on to his children narrated the challenges that came with working in the Chiluba government. The second generation Indian-Zambian who had played a key role in ousting the UNIP government by fundraising and organising state dinners for the MMD had declined to take up a political office or run for Member of parliament like the others. The entrepreneur who had during the Kaunda period ventured into manufacturing was interested in running business operations and engagements which would make the party self-sufficient or non-reliant on donor funding. It was a proposal that was welcomed by Chiluba who made him the party director for trade. He proposed to the president the setting up a company which would get preference on government tenders provided the bid was the lowest amongst the competing ones.¹⁶⁴

The interviewee recalled tenders not being granted despite being the lowest because due process was not followed or allegedly because the deals were made at State House – the official workplace and residence of the Zambian president.¹⁶⁵ A case was made for a medical tender to supply drugs which fell through even though it was the lowest of all competing bids. The frustration emanating from this prompted the business man to engage the president who despite agreeing that the rejection was not congruent with the establishment of the company, did no more than pick up the phone and express exasperation at the office in charge. Things become more revealing in the subsequent tender which was for crude oil. Similar to the medical tender, the lowest tender was submitted but still was unsuccessful and this time, a representative from one of the world's largest petroleum companies, who had a stake in the procurement stated that deals were all made at State House.¹⁶⁶ This prompted the interviewee to step down from the position.

¹⁶⁴ Interview with Indian-Zambian Entrepreneur 3

¹⁶⁵ Ibid

¹⁶⁶ Ibid

The above case is not a unique or an isolated one, it was harbinger of what was to be expected from the administration and also how Indian-Zambian entrepreneurs would try to position themselves. Notwithstanding the procurement process, the company set up was a hall mark of decoupling which would manifest itself in varying forms.

Chiluba's administration became increasingly corrupt and the president was seeking to amend the constitution to allow him to run for a third term. Chiluba's ambition had seen him amend the constitution on presidential eligibility as well as arrest and strip the Zambian citizenship of the former president Kaunda through a high court in 1999.¹⁶⁷

For the Indian community, the memories of the one-party state were all too fresh. A second-generation businessman, Majid Ticklay, who had been in the country for over fifty years but possessed a British overseas passport and had Zambian children, was given 1 hour to leave the country following an editorial that urged the Indian community to play a more active role in the country's politics.¹⁶⁸ The Chiluba government which had kept a contentious colonial public order act argued that the Majid was responsible for "sowing messages designed to promote ethnic divisions, hatred, racial discrimination, and anarchy among the people of the country."¹⁶⁹ Ticklay deportation would be rescinded in 2002 following a change in government.¹⁷⁰

While it was well established that Indian businessmen financed party operations and, in the process, benefited from tax cuts. It was not anticipated that Chiluba would increasingly create an environment that would go for prominent businessmen including Rajan Mahtani who had contributed \$3.6 million to Chiluba's 1996's re-election.¹⁷¹ As will be recalled from the previous chapter, Mahtani had been incarcerated by Kaunda during the one-party state and

¹⁶⁷ Beth Elise Whitaker, "Citizens and foreigners: Democratization and the politics of exclusion in Africa," *African studies review* 48, no. 1 (2005): pp.114-115; Open Society Foundation, "Excluding candidates and silencing critics," p.127 Accessed July 20th 2019 https://www.justiceinitiative.org/uploads/6c3c21ab-e946-45e1-b759-c7d880cb7c66/struggles-ch7_20091009_0.pdf

¹⁶⁸ Human Rights Watch, "The Need for Human Rights Benchmarks," A Human Rights Watch and Afronet Memorandum The World Bank's Consultative Group Meeting on Zambia, Lusaka, July 16 to 18, Accessed July 20th 2019 <https://www.hrw.org/legacy/backgrounder/africa/zambia-memo-july.htm>

¹⁶⁹ Human Rights Watch, "Zambia: Human Rights Developments." Accessed July 20th 2019 <https://www.hrw.org/legacy/wr2k1/africa/zambia.html>

¹⁷⁰ Webster Malido, "Zambia: Justice Has Been Done for Me, Says Ticklay," The Post Newspaper, May 10th 2002

¹⁷¹ Amos Malupenga, "Zambia: Mathani Has a Degree of Wealth."

would like one of my interviewees fund the MMD and removal of the UNIP government when he saw tides changing. He too had been a beneficiary of the privatisation period enjoying benefits such as the sale of Indeco Milling — Ndola Mill for a \$1 million.¹⁷²

However, a range of business dealings would see his relationship with Chiluba go sour. One was what came to be known as the Carlington maize scandal in which Mahtani is reported to have earned over \$240 000 by advancing himself as an economic advisor to Chiluba and introducing the owner of a tender bidding company.¹⁷³ The deal was in the 1990s and followed a shortage of Zambia's main cash crop – maize – that produced the country's staple food. A Canadian company known as Carlington was contracted to supply the crops which were never delivered. Chiluba was displeased by the deal that would haunt him even after his tenure through court cases and saw Carlington ordered to repay over six million of the \$24-million-dollar contract.¹⁷⁴

While some of Mahtani's engagement can be ascribed to fall under the dark side of social networks, some members of the Indian community used their weak ties to put pressure on the regime. One such example being the Indian-Zambian business man – Dipak Patel - who resigned on principle as a Cabinet Minister in 1996.

Dipak became a vocal critic of the administration in parliament and also utilised the settler community network - which illustrates the strength of weak ties - to put external pressure against President Chiluba's third term bid.¹⁷⁵ He rallied the Zambian Jewish community through Simon Zukas – a Zambian Jew - to approach the then IMF director Stanley Fisher to cut all support to Zambia had Chiluba gone ahead with the third term. Stanley Fisher was an Israeli -American who was born and spent part of his childhood in Northern Rhodesia and later went on to be vice president of the federal reserve.¹⁷⁶ That pressure along with civil society efforts paid off and Chiluba dropped his third term bid and was replaced by Levy Mwanawasa.

¹⁷² USA International Business Publications, "Zambia Privatization Programs and Regulations Handbook," Strategic Information and Regulations (2011): p.220

¹⁷³ Chisanga Puta-Chekwe, "Cobra in the boat : Michael Sata's Zambia." Adonis & Abbey Publishers (2017): pp.116-117; Brighton Phiri "Zambia: Chiluba Knows What Transpired in the Carlington Deal - Miyanda." The Post Newspaper, April 15th 2002

¹⁷⁴ Chisanga Puta-Chekwe, "Cobra in the boat: Michael Sata's Zambia" Ibid p.117

¹⁷⁵ Beth Elise Whitaker, "Citizens and foreigners: Democratization and the politics of exclusion in Africa," *African studies review* 48, no. 1 (2005): pp.114-115.

¹⁷⁶ Hugh Macmillan and Frank Shapiro, "Zion in Africa: The Jews of Zambia," p.308

Mwanawasa was prior to being president, was the lawyer who had represented Mahtani in the attempted coup case which was dropped. A weak tie with whom Mahtani shared the same city of origin, Mahtani would use this to push for favourable concessions on matters such as taxation, which as will be noted in the subsequent section, has always been a thorny issue for Indian-Zambian entrepreneurs.¹⁷⁷ Mahtani was no less clear on how he utilised or viewed his proximity to power to meet business ends; *"On the business side, perhaps because of my relationship, I have taken the liberty of writing to His Excellency the President on a number of occasions on issues I believe need to be given special consideration by his government."*¹⁷⁸

iii) Effects of market liberalisation and coping mechanisms

As indicated, the liberalisation of the Zambian economy had the effect of freeing up market forces that served as an enormous boost for Indian entrepreneurial prospects. However, this also had the effect of attracting foreign players, and goods which detrimentally affected the growth of Zambian industries. This was particularly the case at the turn of the century and this section as well as the chapter that follows illustrates this.

a) Influx of foreign players and unfair competition on the retail front –

The privatisation of state assets and liberalism heralded the country in or to the pre-independence period when South Africa had a preponderant role in the Zambian economy. Post 1991, the country saw the entry of big multinational South African retailers. The chains tended to import goods from South Africa which further impacted those in manufacturing as they enjoyed significant economies of scale and government incentives.¹⁷⁹ As part of incentives and plan to attract the South African chains and other foreign investors in the country, one of South Africa's retailer – Shoprite - was granted a 15 yearlong tax holiday with the initial five years seeing the company exempt from tax on capital goods as well as corporate tax which massively undercut its Indian competitors.¹⁸⁰ It grew to be the largest retailer in the country and with a

¹⁷⁷ Interview with Indian-Zambian Entrepreneur 7

¹⁷⁸ Amos Malupenga, "Zambia: Mathani Has a Degree of Wealth."

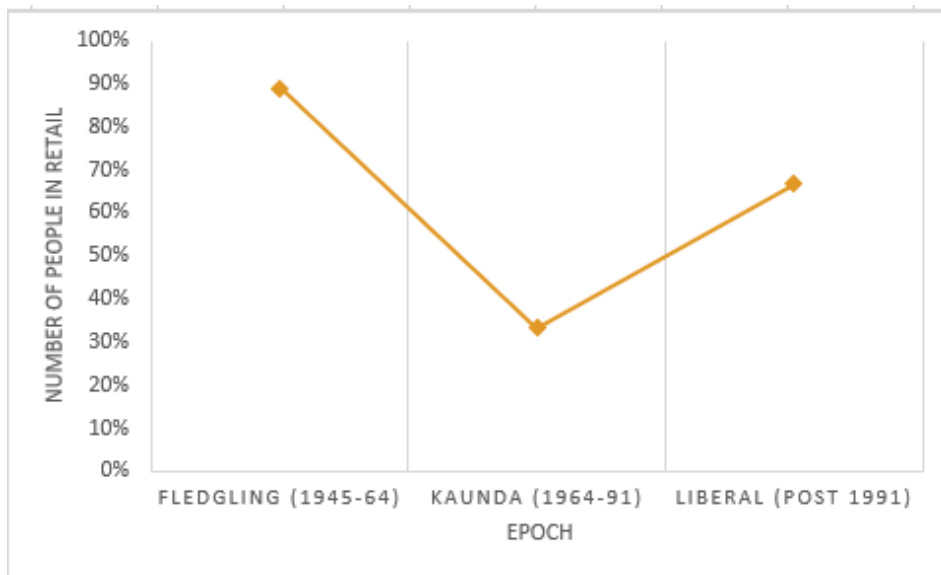
¹⁷⁹ Muradzikwa, Samson. "Foreign Investment in the SADC," University of Cape Town: Development Policy Research Unit, Working Paper 02/67 (2002): p.9

¹⁸⁰ Austin C Muneku, "Zambia-Shoprite." *Africa Labour Research Network* (2003): p.96; Ellen B McCullough et al, "The transformation of agri-food systems: globalization, supply chains and smallholder farmers." *Food & Agriculture Org.*, (2008): p.210;

business model that tilted at capturing low and middle income Zambians.¹⁸¹ In just under six years, the company had expanded across the country and seen its turnover increase from \$5million to \$72million in 2002 and with 37 stores in 2019.¹⁸² The reach of South African chains would further expand following the growth and expansion of shopping malls in the country.

The net effect of this was particularly negative on Indian-Zambian retailers, wholesalers and even manufacturers who were still yet to spring back from privatisation. Livingstone alone saw its post liberalisation Indian population fall to 150 from 2000 owing to removal of tariffs that culminated in over 40 textile companies closing and those who moved went to the US and UK.¹⁸³

Figure 5: Retail Footprint by Epoch



Source: Author

As the reader will recalled, 90% of the respondents were or had a parent/grandparent in retail in the colonial period, this had dropped to 30% for the turbulent period and went back up to

¹⁸¹ Ibid p.211

¹⁸² Ibid p.211

¹⁸³ Alan Beattie, "Dipak and the Goliaths," Financial Times, December 9th, 2005. Accessed August 1st 2019 <https://www.ft.com/content/53fcfb32-65fe-11da-8f40-0000779e2340> ; Macmillan Hugh, "An African Trading Empire: The Story of Susman Brothers & Wulfsohn, 1901-2005." Vol. 16. IB Tauris, (2005): p.351

60% during the liberal period. The increase being explained by the failure of manufacturing companies in the immediate aftermath of the post- Kaunda period.

This competitive environment was exacerbated by the entry of Chinese merchants. The Chinese not only enjoy greater economies of scale but also tend to have their stores or businesses located in high density areas unlike most Indians who are mostly in the central urban district. This is exacerbated by the fact that the Chinese merchant shops in both urban and peri-urban also tend to be bigger and also have longer working hours. While an Indian-Zambia business is usually open from 8 am to 4 pm, the Chinese ones run 7 am till 10 pm. This entry of Chinese merchants has come under severe criticism as it functions in the retail realm meant for Zambians. Kamwala trading area in Lusaka, which is still considered as the beating heart of the Indian minority and served as the trade locale for over 90 years now has over 100 Chinese traders.¹⁸⁴ The traders tend to sell consumer goods and products in a market that serves as the hub for buyers across the country to buy retail and wholesale goods.

One retailer made the case that because most of the goods in the country are imported, competitors who do not declare goods have considerable cost advantages over the firms.¹⁸⁵ Retail outlets and manufacturing firms increasingly complained about counterfeit products being smuggled in the country that some Indian-Zambian companies had to stop production owing to failure to compete.¹⁸⁶ This is compounded by the fact that imports are relatively higher because the country is landlocked and because of currency fluctuations.

Another interviewee who decided to rent out his shop to a South African retail company and is now into property development argued: "*We never thought beyond the shop. it was only until recently - 10 years ago - that I ventured into property development. It was hard to compete with Chinese retailers who get goods from China.*"¹⁸⁷ The switch towards construction, particularly property development of residential and commercial type has served as a diversifying of risks strategy and also a way of counteracting foreign competition. It represents

¹⁸⁴ Aleksandra W Gadzala, "From formal-to informal-sector employment: examining the Chinese presence in Zambia," *Review of African Political Economy* 37, no. 123 (2010): p.100.

¹⁸⁵ Interview with Indian-Zambian Entrepreneur 5, Lusaka, April 27th, 2019

¹⁸⁶ Chatula Kampo, "Zambia: Sunrise Biscuits On Brink of Closure," *Times of Zambia*, November 7th 2013; Kingsley Kaswende, "Zambia is Best Market for Philips Products in Africa," *The Post*, May 27th 2004.

¹⁸⁷ Interview with Indian-Zambian Entrepreneur 1

one of the fastest growing sectors in the country accounting for approximately 15% of the country's GDP in 2011 and an average growth rate of 10%.¹⁸⁸

b) Regulatory Arbitrage - tax avoidance – as a coping mechanism

Not only did the Indian minority feel that that the business environment is tilted towards favouring foreigners but that they operate in an institutional setting that has made them a constant target of harassment from regulatory authorities such as the Zambia Revenue Authority (ZRA). The biggest misgiving with operating in an environment that seemed bias and unfair has led to innovations that are aimed at obscuring risks or what is known as regulatory arbitrage. This innovation has been pronounced in the area of tax evasion and falls under the decoupling field from an institutional theory perspective.

80% of the respondents argued that the cost of doing business and taxes was too high with one making the case that: *“Only 2% of products in this store are manufactured locally, this means I have to pay 25% duty, 16% VAT and that is not taking into account the 9% margin. How do I compete when the government takes close to 50% of the overall costs of a product through import costs while a competitor smuggles or when a client would find it cheaper to fly abroad and buy the same item for less?”*¹⁸⁹ While the informant like most Indian-Zambian entrepreneurs argued that he was tax compliant, he stated that he had been subject to year on year visits by the ZRA which resulted in a scrupulous charge/penalty for a motor vehicle that was unaccounted for in the records.¹⁹⁰

However, most of the businesses that operated above board acknowledged that the Indian minority has played a key role in the introduction or fostering of tax evasion in the country. This regulatory arbitrage innovation which came to characterise Indian-Zambian business transactions was known or termed as *“Move Plug”*.¹⁹¹ The practice basically entails handing a customer a cash sale invoice rather than a tax invoice for a purchase. This would lead to not paying VAT which would drastically bring the cost of the product or good down and raise the return for the Indian entrepreneurs. *“Many members of the Indian community grew this trend*

¹⁸⁸ John Sutton and Gillian Langmead, “An enterprise map of Zambia,” p.103

¹⁸⁹ Interview with Indian-Zambian Entrepreneur 5

¹⁹⁰ Ibid

¹⁹¹ Interview with Indian-Zambian Entrepreneur 7

which has proved to be detrimental to businesses and companies that aim to be fully legitimate like mine."¹⁹²

Despite this open acknowledgment of a practice that has cost the country billions of dollars, the biggest rebuke on the practice from the Indian-Zambia community was levied on recent Indian migrants. To the Indian-Zambian minority, the high cost of doing business and unfair competition made survival of the firms increasingly dependent on actions that fall in line with decoupling and were mimicked by others.

In 2014, the government reported a loss of the equivalent of at least 10% of the country's GDP through tax evasion and determined to tighten the edges. Inevitably, Indian owned companies came under the spotlight but one in particular has been the subject of scrutiny and from the majority Indian-Zambian community. The company known as Vedanta is owned by an Indian and runs one of the largest mines which was purchased for a paltry \$25 million reportedly with the help of Rajan Mahtani.¹⁹³ The company posted paid 4% of the its production value and had videos of the owner mocking the country for selling him entities at a paltry sum he didn't even have. At the time of writing, the government had repossessed the mine and put it under liquidation.

iv) Change and Succession

One key finding that emerged from the research was the varying outcomes that have characterised the community as a whole and businesses as a result of subsequent generations taking or not taking over. As indicated at the beginning of the study, as a proportion of the total population of the first wave of migrants, the Hindu population far exceeded that of the Muslim population. However, the political economy of the Kaunda period had a net effect of significantly reducing the size of the group. Families moved in droves, but another factor proved to be more impactful, particularly for firms that still had a foothold in the country. This was the fact most of their children who moved abroad did not return. This is particularly the case for firms or businesses which were in retail or wholesale and had not expanded beyond one or two stores with approximately one to five employees.

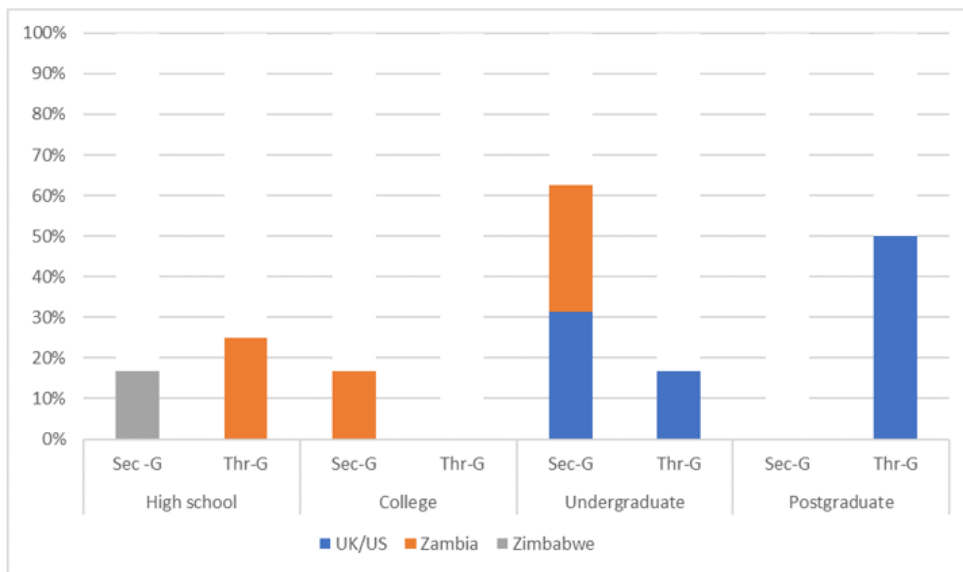
As indicated earlier, the majority retail outlets had individuals who are recent migrants and have been in the country for less than 15 years. As indicated by some of my interviewees, the fear to speculate or inability to diversify is one factor. In one telling encounter, one recent

¹⁹² Interview with Indian-Zambian Entrepreneur 7

¹⁹³ Chisanga Puta-Chekwe, "Cobra in the boat : Michael Sata's Zambia," p.121

migrant manning the till at a general trading store could neither speak English nor any of the Zambian languages as he had been in the country for no more than a year. As he was unable to engage with the author, he referred me to the Zambian store helper who elaborated on the kinship relations between the recent migrant and the owner of the store, a descendant of pioneer wave who had other stores but all his children had moved abroad. This business was within 50 meters of a big South African chain store and the outlet represents that which is dying or fading away.

Figure 6: Highest Qualification attained by Generation and Location of Studies



The major take away from the research was that there was an alignment or consensus between both the parents and the children that returning offered little to no prospects of success and that seeking a career path in the west was the best avenue. This was more prevalent amongst the Hindus than the Muslims because not only did the latter send their children to school in the US or UK, but they also invested in properties in those two countries. This was in stark contrast to the Muslim peers who tended to reinvest profit in the business. It was also the Indian-Zambian muslims, predominantly from Eastern province, who moved to Lusaka to reengage in trade following liberalisation.

However, those that returned have done so as professional managers for firms that are now classed as medium enterprises and tend to employ over a 100 people. These were mostly in manufacturing, but if in retail, there is marked specialisation and scale, like in the case in the next chapter on Bookworld. Typically, only one of the children if there is more than one tends

to return to run business activities. Haig in her PhD on the Hindu community has described those who have resettled in the US or UK as twice migrants with ties to three places.¹⁹⁴

v) The Effect of Globalization on Intragroup Relations

The conception and ties to India have not necessarily been ameliorated but they do not have the salient effect for the third generation. This has not only significantly influenced the conception of what home really is but also how subsequent generations of the pioneering wave deal or engage with subsequent waves of Indian migrants in the country. While the relationship between the recent migrants and the descendants of the first generation is one that is largely frictionless, there is little interaction or engagement between the two groups except during in social setting such as the Hindu Diwali event.

The recent migrants unlike the pioneering wave of migrants came from all parts of India. This is in stark contrast with the pioneer generation who despite varying religions came from the state of Gujarat. There was an understanding of social mores which was solidified or consolidated by having a shared language in Gujarati. To this day, the third or fourth generation have a stronger command of the language than even Hindi but tend to consider English as their main language.

Heavily, linked or tied to the aforementioned is how the two groups view both India and Zambia. To the pioneer wave, India represents a distant land and Zambia is seen as the first home while places like the US and the UK fall in second because of education and India comes in third place. On the other hand, the recent migrants tend to view India as their home and the majority hold Indian citizenship. In summing up the differences, one informant made the case that the two groups have a different way of conceptualising challenging or difficult times in the country such as the recent free fall of the currency. He made the case that “*when something happens that is not right in the economy, the emotion the recent migrants feel is anger because they say the ‘Zambians are screwing up the economy’, the emotion we feel is sadness.*”¹⁹⁵

However, within the pioneering wave of the Indian-Zambia minority, the engagement between the subsequent generations remains strong but was reportedly less so with members of a

¹⁹⁴ Joan Haig, “The Hindu Minority of Lusaka, Zambia: Three Challenges of Ethnographic Research.” *SAGE Publications, Ltd.*, (2014): p.263

¹⁹⁵ Interview with Indian-Zambian Entrepreneur 7

different religion.. The study also found that marriages were more prevalent from members of the same religion and the same wave. This finding appears to be consistent with research on longstanding East African Indian families of the Hindu faith who prefer to marry from within the region and religious community.¹⁹⁶

There are observable differences with what was noted in the study even with dress code, the Muslim men and women tended to be clad in the Shalwar Kameez while the Hindus were clad in more western professional business clothing. Kamini on Hindus in Zambia makes the case that this trend is in keeping with modernity within the Hindu minority although the older women or first-generation women tend to be clad in the Sari and younger ones only at festivities.¹⁹⁷

The two communities also run own and run two different and relatively prestigious schools in the respective schools. The Hindus own and run a prestigious school that used to be run by the state but was sold to the Hindu Association of Zambia in the liberal period. While the Muslims have owned and run the Lusaka Islamic cultural and education Foundation (LICEF) since 1985 as well as the Jami'a Islamiyya Trust (JIT) which seeks to provide university level training since 1999.¹⁹⁸

vi) Engagement with the Broader Zambian Community

One of the findings on the religious front that was expressed by both communities is the ability or free reign to practice either of the religions. Despite Zambia being declared a Christian nation following the amendment of the constitution in 1996, none reported any discrimination as a result of religious affiliation.

Nonetheless, the two groups engagement with the broader Zambian community beyond business remains at arm's length. While there has been an increase in officially sanctioned marriages with Kamini reporting about 30 Indian-Zambian men and 10 Indian-Zambian men marrying the indigenous Zambians since the 1970s.¹⁹⁹ None of the respondents was married to a Zambian and some made the case for long held values that espoused exclusivity still having salience although they are on the wane. A break from those values had given rise to the

¹⁹⁶ Gijsbert Oonk, "'After Shaking his Hand, Start Counting your Fingers': Trust and Images in Indian Business Networks, East Africa 1900-2000," *Itinerario* 28, no. 3 (2004): p.3.

¹⁹⁷ Krishna Kamini, "Home away from home: The changing face of Indian women in Zambia since 1911," p.146

¹⁹⁸ Felix J Phiri, "Muslim associations and the resurgence of Islam in Zambia," pp.113-122

¹⁹⁹ Krishna Kamini, "Home away from home: The changing face of Indian women in Zambia since 1911," p.146

emergence of a fourth category of Zambians during the colonial period who continue to be a part of Zambian society known as coloureds. The coloured offspring were a consequence of largely European relations, particularly the men with indigenous women but also Indian men.²⁰⁰

While the country has increasingly seen minority groups play an important visible role in public life which includes three Indian-Zambian cabinet ministers and more recently a white Zambian vice president, appointments of Indians to public office are still met with relative apprehension. One such case being the appointment of Abha Patel, a first generation Indian-Zambian from the second wave of the 1960s as High Court judge in 2018.²⁰¹ Married to a prominent second generation Indian-Zambian from the pioneer wave, the Zambian educated judge's nomination though endorsed by parliament was also subjected to concerns that heritage or background as a person of Indian origin was the only blight in an otherwise impeccable record.²⁰²

More than half of the respondents highlighted that the bad press and image of the Indian-Zambian community is owed to the third wave Indians who moved in droves to Zambia in the post liberal period, particularly in the last 15-20 years.

All respondents were significantly engaged in supporting the local community through religious organisations or humanitarian social clubs such as the Rotary. The initiatives range from providing pro-bono teaching services at local schools to supporting projects that improve health outcomes and entrepreneurial opportunities for Zambian youths. This isomorphic practice is seen as enhancing the legitimacy of the community and entrepreneurs.

²⁰⁰ Lewis H Gann, "A History of Northern Rhodesia: early days to 1953," p.448

²⁰¹ Benedict Tembo, "Abha Patel raising Zambian Bar," *Zambia Daily Mail*, Accessed July 30th 2019 www.daily-mail.co.zm/abha-patel-raising-zambian-bar/

²⁰² Chambwa Moonga, "Parliament approves Presidential appointments of 9 individuals as High Court judges," *The Mast*, Accessed July 30th 2019 <https://www.themastonline.com/2019/02/23/parliament-approves-presidential-appointments-of-9-individuals-as-high-court-judges/>

9. The Case of Bharat Nayee and Bookworld Zambia

This chapter complements the preceding sections by presenting the case of Bharat Nayee, the founder of Zambia's leading book and stationary retailing company known as Bookworld Zambia limited. The company which was established in 1991 boasts over 13 stores including an online platform and has a turnover of over \$4 million and 150 members of staff. The case of Bharat and Bookworld which internationalised through a sister company known as Bookworld Africa is useful for not only contextualisation but also making a study that is historical less so. The varying epochs will be touched largely through the entrepreneur who still serves as the Managing Director but has since 2014 seen the daughter – Shivani Patel - take up the managing director position. Owing to that, succession and change will also be explored.

i) Family History – Bharat Nayee

Bharat Nayee is second generation Indian Zambian who comes from a family that boasts a rich history towards Zambia's economic and political development. His uncle, Revabhai Valjee Nayee (see chapter 6) served as the first non-European mayor for Livingstone in 1964 while his father served as a councillor in the post-independence period.

Bharat Nayee was born in November, 1956 to Liladhar V. Nayee and Parsanben L Nayee in the then Northern Rhodesian city of Kalomo. Kalomo is a city along the line of rail that had earlier served as the capital of North Western Rhodesia before Livingstone and later Lusaka. Bharat's father, Liladhar V. Nayee, as was the case with over 85% of Indians in the colonial period, ran a retail business in the city. LV Nayee had moved to Northern Rhodesia from the Gujarat state of India in the 1940s following an invitation from his brother, R.V Nayee. The former self-employed hairdresser worked with his brother prior to opening his own retail venture known as Elvinas.

By the late 1950s, LV Nayee had grown into a prominent businessman that his status facilitated and, in a sense, necessitated his entry into local politics.²⁰³ Elvinas was then the only non-European or white owned store in Kalomo even by the early 1960s.²⁰⁴ LV Nayee was the representative stranger in the George Simmel's lexicon who occupied a favourable network position that had the net effect of granting considerable social capital. He served as the

²⁰³ Bharat Nayee (Managing Director, Bookworld Limited), interview by the author, Lusaka, April 24th 2019.

²⁰⁴ Jonathan Lawley, "Beyond the Malachite Hills: A Life of Colonial Service and Business in the New Africa." *Bloomsbury Publishing*, (2009): p.18

councillor for Kalomo district under the UNIP led government from 1964 to 1969. For an Indian businessman, getting involved in the council was more important than getting involved in the higher echelons of politics. However, that required joining the party, UNIP. This is because the council was responsible for not only the maintenance and provision of roads but also the granting of trading licences.²⁰⁵

Bharat's childhood was not without significant turning points. At age 13, his father retired from both business and politics due to ill health and moved back to India in 1969. Bharat had to relocate to Livingstone and continued his primary school education under the guardianship of his uncle. The setting while comfortable was not home and would a year later see him move to the United Kingdom. He spent 11 years there and graduated with a bachelor's degree in chemical engineering at North East London Polytechnic – now the University of East London. Despite having the opportunity to take up British citizenship and a job in the UK, he surmised that Zambia offered a platform to fully utilise his training. Bharat returned home with the ambition of joining and leading Nitrogen Chemicals of Zambia (NCZ). At the time, NCZ was one of the major parastatals that produced the ammonium nitrate needed for mining explosives and also fertiliser.²⁰⁶

As pointed out in Chapter seven, Zambia had a skills shortage of technical experts and had as result instituted policies that were meant to hand over posts to qualified Zambians through the Zambianisation project. This should have put Bharat in strong standing.

NCZ was then being run by expatriates and like was the case with most firms, they tended to view qualified Zambians as a threat. Bharat was hired by the company but had to work the night shift under very low pay. Meanwhile, the expatriates were granted salaries that were commiserate with working in Europe plus a car and house.²⁰⁷ Bharat concluded that he was not wanted and joined Zambia's mining conglomerate, ZCCM. He was put under Zambia Industrial and Mining Corporation (ZIMCO) conditions which provided better conditions but still a relatively low salary as he was Zambian. In a telling negotiation with the human resource manager, who was black, Bharat was informed that he would not accrue the benefits that came with being white and foreign, but that he was better off as an Indian-Zambian as the conditions

²⁰⁵ Interview with Bharat Nayee,

²⁰⁶ Andrew Sardanis, "Zambia: The First Fifty Years," p.37.

²⁰⁷ Interview with Bharat Nayee,

would have been worse had he been black.²⁰⁸ The inability to make returns based on his education would see him join the family business. It was in a sense the start of his entrepreneurial journey.

ii) Textile Family Business During the Kaunda Period

Bharat together with his two other brothers - Girish and Kanaiyalal - set up two textile businesses that run as separate entities. One was a socks manufacturing factory known as Naytex manufacturing and the other was a clothing factory known as Childcare limited. Textiles presented the ideal venture for Bharat because he had access to both material and non-material capital. This business underscored the role and importance of Kinship networks and how they serve as a useful buffer against labour market challenges.

Bharat's brother who was based in Livingstone provided the machinery which laid the base for the growth of a company which would end up employing over a 150 people. Furthermore, a considerable number of Indian-Zambian businessmen in Livingstone, including his cousins, were engaged in clothes manufacturing.²⁰⁹ More importantly, local manufacturing was in the realm that the state not only encouraged but supported by placing high tariffs on foreign goods. This support was further entrenched through parastatals that would buy products from local manufacturers.

As very few people had the know-how on clothing manufacturing and the fact that it was a closed economy, the textile factories were running day and night in order to meet demand from mostly mining companies and state-owned companies such as Mwaiseni stores and Zambian national health services. The textile business reflected the importance of ethnic ties but also marked features of coercive and mimetic isomorphism that was elaborated upon in chapter 7 under the Kaunda Period.

The company could not weather the storm that followed the change in government following liberalisation in 1991. There was no gradual but an immediate opening up of the market which hit local industries hard. There was duty on both raw materials and finished goods that made it impossible to compete.²¹⁰ Naytex manufacturing and Childcare limited was unable to survive and the family business had to shut down.²¹¹

²⁰⁸ Ibid

²⁰⁹ Interview with Bharat Nayee, May 8th 2019

²¹⁰ Andrew Sardanis, "Zambia: The First Fifty Years." P.37.

²¹¹ Interview with Bharat Nayee,

iii) Bookworld Limited

The resurgence period as indicated earlier was a period that was marked by significant opening up of not only the economy but also frontiers of knowledge. However, succeeding entailed being able to act in a nimble and decisive way. It was during this period that Kizner type entrepreneurial prowess was exhibited by Bharat to establish Bookworld. Liberalisation entailed that government control of the commanding heights of the economy had to give way and this was done through privatisation. In most cases, constrained resources and withdrawal of government support meant state owned enterprises were already on the cliff. One such company was Kingston which had served as the country's book retailer.

In true testament to the theory of weak ties and the use of local, Bharat utilized networks beyond ethnic ties to venture into the books and stationery business and subsequently expand it. It was information that would fall under non-material capital from a friend that Kingston was not only struggling but selling groceries to stay afloat. The market gap the company – Kingston - was failing to meet provided an opportunity for Bharat to open the first Bookworld store in the capital, Lusaka. The store opened on the main street of Lusaka known as Cairo road. The street had served as the first-class trading area during the colonial period. The business started with a liquid capital of under \$40 which was a pull of resources between Bharat and his wife, Parul Nayee.²¹² Parul continues to play an active role and overseas recruitment as well as operations in the outlets.²¹³

Growing the business would require grit and the utilisation of networks. At the time, Bookworld could only buy books from the only local publisher, the Kenneth Kaunda Foundation. This is the reason why earlier on, the business was striving to diversify into stationery to spread risks. When a representative from Longman books visited the country from Britain, it presented an ideal opportunity for Bharat.

Bharat's 10 years in the UK had significantly enhanced his understanding of British values and mannerisms that he found it easy to strikes points of convergence and interests with the British representative. The representative was treated to an Indian curry and later drinks by the Nayee

²¹² Wedson Konge, "Bookworld's Inspiring Story." *Times of Zambia: Business Columns*. Accessed July 2nd <https://www.times.co.zm/?p=85819>

²¹³ Shivani Patel (Director, Bookworld Limited), interview by the author, Lusaka, May 8th 2019

family. What followed was a request from Bharat for a good reference for a credit line in order to import books. The representative wrote a personal recommendation for the Longman Group.²¹⁴ Within the Longman group, there were two companies, Longman and Ladybird books which was a separate company but part of the Longman Group. The result was two separate accounts being opened for Bookworld. This was a propelling force for growth as every other publisher that Bookworld would engage would request or demand for two references.²¹⁵ It was a major break as Longman books were very popular and widely used in the country. More importantly, the deal afforded Bookworld a credit line of £200 000.²¹⁶ Bharat would be given the credit line for 120 days and as demand was high, the business could sell within 30 days and the company would over a 90 day period use the money for other ventures. It was that money that the business utilised to expand into stationery.²¹⁷

The securing of this deal displayed entrepreneurial prowess that is in large measure Schumpeterian and illustrated the benefits of being weak ties. It was Schumpeterian innovation given it displayed the ability to effectively assemble and mobilise resources in a market that was short on capital and lacked efficiently functioning financial markets. As it is seen later on, this dexterous understanding of market dynamics enabled Bharat to continuously innovate and subsequently branch into publishing and also reach foreign markets.

It would be amiss to not underscore an important political economy shift which as a result proved to be an enormous advantage in the importation of books and stationery. As pointed out in the preceding chapter, one of the drivers of growth for the Indian-Zambian minority post 1991 was the opening up of the economy. Up until liberalisation, Zambia had been in violation of the United Nations Florence agreement of 1950 which called for the elimination and removal of customs and trade barriers on education, scientific and cultural materials such as books.²¹⁸ The ability of pressure and interest groups to influence the government to adopt what was seen as normal standards in education reflected a normative isomorphic features which had the effect of making books duty free and subsequently cheaper to import in the country. The credit line

²¹⁴ Interview with Bharat Nayee,

²¹⁵ Ibid

²¹⁶ Wedson Konge, "Bookworld's Inspiring Story."

²¹⁷ Interview with Bharat Nayee,

²¹⁸ UNESCO, "Agreement on the Importation of Educational, Scientific and Cultural Materials," Adopted by the General Conference at its fifth session, Florence, 17 June 1950

www.unesco.org/education/pdf/FLOREN_E.PDF

and ability to import steamrolled the business. The clientele ranged from individual customers to government institutions such as the Zambia Library service and the prisons.²¹⁹ However, this change in policy was not necessarily done to favour Bookworld but was a result of number of interest groups pushing and lobbying for the government to reform. The market was indeed open but continued success required not only an understanding of the trends, but the agility to react.

a) Counteracting local competition

The above predisposition significantly influenced the expanding of Bookworld stores across the country. By 1995, the market had started attracting other players and competition was looming large. Bharat was looking to consolidate the market and one way of doing so was utilising first mover advantages. In a bid to deter competitors and give the impression that the Zambian books and stationery market was small, Bookworld rolled out a strategic innovation programme of countrywide expansion beginning in the capital Lusaka. Significant financial investment was put into the business to ensure the roll out functioned efficiently by installing systems such Sage for financial and operations management.²²⁰ It was not an entirely seamless operation as the initial operation was a costly investment in the Point of Sale system had failed. Nonetheless, the company's strategies proved effective and strengthened its market position, particularly for the first decade. The company grew and opened stores in the main towns of the country including an e-commerce platform that enables individuals to order books and gift items and have them delivered to customers' doorstep for free.



Bookworld Store in Lusaka.

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The physical stores also presented a radical departure from those that characterised the colonial era and are still in use by persons of Indian origin in the central business district. The stores tend to not only be larger but are equipped with the latest books that on average cost less than the competitors.

²¹⁹ Interview with Bharat Nayee,

²²⁰ Ibid

b) Internationalisation

Bookworld had long been looking to expand its portfolio and reach markets or customers beyond Zambia. However, one of the drivers of this was a fortuitous event in which one of the major global publishers - Macmillan - faced a scandal that threatened to ruin its brand reputation. In 2011, a subsidiary of Macmillan publishers was found guilty of unlawful conduct in East and West Africa for making bribery payments in order to acquire a publishing deal for textbooks in Sudan.²²¹ Macmillan was ordered to £11.3 million pounds and international organisations such as the World Bank banned the company from being granted contracts for a period of six years.²²² In order to cut its losses in the region and limit the damage, the company decided to sell its interests in Africa.²²³

Bookworld through its sister company known as Bookworld Africa decided to buy all the Macmillan titles in Zambia. Bookworld Africa was established to expand and grow the company's operations beyond Zambia and also serve as the publishing wing of the company.²²⁴ Bookworld Africa is a joint partnership in which Bookworld Ltd has 50% shares and two other British partners stake out the remaining shares.²²⁵ This deal is consistent with John Matthew's linkage learning and leverage framework on firms in developing countries which postulates that firms in or from developing economies tend to expand and internationalise by lurching on to players and brands from established markets.²²⁶ The aim of the Macmillan deal was to be able to buy the copyright and publish under the brand.²²⁷ The partnership with the British companies would prove to be an enormous plus for the company's procurement bids and also the medium term venture of text book manufacturing.

²²¹ Krause Hansen Hans, "The power of performance indices in the global politics of anti-corruption." *Journal of International Relations and Development* 15, no. 4 (2012): pp.520-521.

²²² BBC News, "Macmillan Publishers ordered to pay £11.3m." Accessed on July 1st, 2019, <https://www.bbc.com/news/business-14250566>

²²³ Benedicte Page, "Macmillan Education to move out of Africa." *The Bookseller*. Accessed on July 1st, 2019 <https://www.thebookseller.com/news/macmillan-education-move-out-africa>

²²⁴ Luke Brown, "Bookworld Zambia buys out Macmillan Books." The Medium.

Accessed July 2nd, 2019

<https://medium.com/the-best-of-zambia/bookworld-zambia-buys-out-macmillan-books-2352d7e87c8e>

²²⁵ Interview with Shivani Patel,

²²⁶ John A Mathews, "Dragon multinationals: New players in 21 st century globalization." *Asia Pacific journal of management* 23, no. 1 (2006): p.6

²²⁷ Ibid

Another initiative that helped drive growth and enhance its growth was the launch of an ecommerce platform. This was done in 2013 and marked out the company as one of the first in the country to have one. The move was seen as necessary step towards the capturing of the international and Zambian diaspora market particularly for books written by Zambian authors.

c) Change and Succession

The development and launch of the ecommerce platform was led by Bharat's second born daughter, Shivani Patel. Shivani returned to Zambia from the UK following her marriage to an Indian-Zambian businessman. In atypical fashion, she took up the position of director in her father's company rather than joining the husband's family business as is custom in Indian culture.²²⁸ Her appointment came at time when Bharat was not only running out of steam but also motivation that he was considering selling the business.²²⁹

The charismatic London School of Economics (LSE) graduate knew she was breaking with tradition but also felt strongly that she could add value to a firm she had been exposed to from a tender age. Furthermore, she fancied a managerial position because it afforded her the independence and autonomy to utilise her experience and training. She is the second of three children and holds a bachelor's degree in International Business from Cardiff University and a master's in Media and Communications from LSE. Prior to joining Bookworld, Shivani worked for three years for L'Oréal in the UK. That experience in a top company in the developed world significantly influenced her ideas and sense of what changes Bookworld had to institute in order to continue growing. This knowledge was significantly complemented by her intricate understanding of retail trade which was informed by childhood exposure and summer engagement with the business while on university holidays.

In addition to the ecommerce platform, one of the major cutting-edge changes she instituted internally was on the human resource front. When she took up the director role, most of the staff members did not have job descriptions or objectives.²³⁰ This meant that an individual would get hired and given a top line but would not know what their daily tasks are.

The most challenging reform to implement was the appraisal system. The assessment was done on a triannual basis. The first stage entailed communicating what was expected of each staff

²²⁸ Vipin Gupta and Nancy M. Levenburg, "16 Women in family business: three generations of research," *Handbook of research on family business* (2013): p.347.

²²⁹ Interview with Shivani Patel,

²³⁰ Ibid

member, the second was mid-year review in June to assess the performance and was followed by a final assessment at the end of year. These changes proved to be too hard hitting for some as they had gotten used to a laissez-faire approach or did not simply understand the importance of having set objectives.²³¹ The result was a considerable staff turnover at the beginning. The programme has grown in scale that it is not only at the company headquarters but runs in all outlets through managers.

Both internally and externally, the biggest challenge that Shivani face with having to institute changes were not necessarily because of race or gender, although the latter weighed in a little but age.²³² She was in her late twenties when she took charge and contends that a certain tempered steel and discipline was required to navigate and override certain perceptions. In external relations, because Bookworld was unlike most Indian-Zambian companies where the brand or company name was the same as the founder's name, Shivani did not carry the same clout other successors enjoy. However, this brand building beyond the founder aided in growing her foothold with prominent people as the business was not necessarily about Bharat. While she still puts key decisions past him and seeks his advise of strategic issues, Shivani makes the case that she has been given the leeway and space to run the company.

Bharat's first born daughter is in the US where she runs her own business while his son is completing his undergraduate education in Business Administration at Cardiff university in 2019. Like most affluent Indian-Zambian children, all of Bharat's children got a western education but with one already playing an active role in the business and the son earmarked to return in the fall of 2019 to focus or take the manufacturing wing of the business, his is a case that shows he has built something worth returning too.

d) Risks and the Challenges of Operating in Zambia

As pointed out in the preceding chapters and also illustrated by the Macmillan case in East Africa, one of the biggest challenges faced with operating on running a business in Africa is one of corruption. The Zambian market has in recent times been inundated with foreign companies including in the retail sector which by law is supposed to be reserved for Zambian citizens. The book and stationery sector is no exception to this and has seen mounting opposition from local actors to particularly two foreign companies that have been awarded government contracts.

²³¹ Ibid

²³² Interview with Shivani Patel

The foreign retail companies originating from East African were in part considered local because they had registered their companies with a government regulating body and went on to successfully bid for a Ministry of education contract. One of the companies was owned by Indians of Kenyan origin and it only had one store in the country while the other was a Ugandan book publishing company that got awarded \$5 million of the multi-million dollars tender to publish and supply books.²³³

The Ministry defended the action of awarding the contract to the foreign firms by arguing that the companies were registered in the country and that more often than not, the local companies tended to lack the capacity to publish.²³⁴ However, the deal went sour when the published books were not very well received by schools owing to spelling and grammatical errors. The scandal would later lead to senior members of the ministry losing their jobs and aid from the western world suspended.²³⁵ A parliamentary committee on education in which Bookworld was one of the involved stakeholders reported on the need to issue books that not only adapted to local settings and standards but that procurement processes and irregularities are enhanced.²³⁶

To Shivani and Bookworld, the way of counteracting challenges from unfair foreign competition is based on having a long-term view. *“Most of the foreign companies that are given contracts tend to have one major award and move to another county because their standards are not up to scratch”*.²³⁷ Bookworld’s focus and strategy has been about having a long-term

²³³ Lusaka Times, "We can prove Textbook Corruption-Zambia Publishers" Accessed July 14th 2019

<https://www.lusakatimes.com/2015/04/02/we-can-prove-textbook-corruption-zambia-publishers/>

Daily Nation, "US\$5m books scandal exposed" Accessed July 14 2019.

<https://www.zambiadailynation.com/2015/11/11/us5m-books-scandal-exposed/>

²³⁴ Teddy Kuyela, "No graft in books contracts, says education ministry" *Zambia Daily Mail*. Accessed July 19th 2019 www.daily-mail.co.zm/graft-books-contracts-says-education-ministry/

²³⁵ The Guardian, "Calls for UK to overturn aid freeze to Zambia despite corruption claims." Accessed July 14th 2019 <https://www.theguardian.com/global-development/2018/sep/25/uk-overturn-aid-freeze-zambia-despite-corruption-claims>

²³⁶ National Assembly, "Republic of Zambia Report of the Committee of Education, Science and Technology." *Fifth Session of the Eleventh National Assembly Appointed on 24th September, 2015*. Accessed July 14th 2019 www.parliament.gov.zm/sites/default/files/documents/committee_reports/Report%20of%20the%20committee%20on%20Education%2C%20Science%20and%20Technology.pdf

²³⁷ Interview with Shivani Patel,

goal because unlike other firms, they are deeply embedded in the Zambia society and cannot easily shut shop. It is a discipline that has been rewarded as the publishing wing got awarded a contract publish all the past national examinations papers for the examination council of Zambia and books for selected grades at primary school level.²³⁸ The books are written by teachers in the country, then sent to the UK for editing and then to India for printing.

This challenge of corruption and awarding contracts to foreign players in a sector that is meant for local players illustrates the difficulties of operating in a high risk environment which as we saw in the previous chapter, led to decoupling by some firms.

e) **Social Engagement & Corporate Social Responsibility**

Like most successful Indian-Zambians entrepreneurs and firms, Bharat and Bookworld have made it a must to be engaged and give back to both the Indian community in the country and wider Zambian community. Bharat has been a longstanding member of the Rotary club having joined the international service organisation in 1980 and served as its president in 1991. Bharat is also a key member of the Rotary club of Maluba which meets once a week and is a significant social network on its own that brings together highly connected and influential actors in commerce and politics to address social issues. For instance, two of the last three ministers of finance - which includes the current one - are members. Bharat, who is indeed passionate about social issues has distanced himself from politics as he argues that it is too dirty and he does not have the crocodile skin to endure.²³⁹

In addition to his Rotarian activities, Bharat also seats on the board of the prestigious Nkwazi and is also part of the board of trustees for the Zambia Agency of Persons with Disabilities (ZAPD). As has already been pointed out, Bharat's business and community engagement show a marked degree of embeddedness beyond ethnic ties and a relatively dense network.

His daughter Shivani has followed in the footsteps and is equally a member of the Rotary with an interest and focus on education where she mentors young people and has also integrated a training support programme into company functions. Shivani instigated and runs a paid internship programme for about a dozen high school graduates who are orphans and are academically gifted from a local NGO known as *Kuchetekela* Foundation.

²³⁸ Cathering Mumba, "State signs school textbooks deal." Zambia Daily Mail. Accessed July 14th 2019 www.daily-mail.co.zm/state-signs-school-textbooks-deal/

²³⁹ Interview with Bharat Nayee,

10. Conclusion

This dissertation has attempted to present the history and evolution of Indian-Zambian entrepreneurs and the broader community in Zambia. It is a history that is filled with resilience and ingenuity in times of both crisis and relative tranquillity. It is a useful prism to understand the changes that have characterised the nation state of Zambia which like Indian-Zambians did not exist in its current form at the start of the 20th century.

It has shown how policies and the broader institutional environment can have and had a constraining impact on the Indian minority in the pre and immediate post-colonial period. However, the landscape, particularly during the colonial period had the effect of strengthening in-group solidarity which enabled the community to withstand the barriers that prevented them from entering into professional and white-collar jobs that were closely guarded by the Europeans in a racially stratified society. This solidarity enabled the community to raise resources that dislodged the Jews from retail and got the Indian to play the middleman role. The key holding glue that propelled their success were evidently social networks that were largely built on family and by extension ethnic ties that were both social and commercial. What emerged was a group of entrepreneurs who had the ability to not only see opportunities but also seize them.

The abilities were thoroughly tested in subsequent regimes, particularly in the first black led Kaunda government which instituted reforms that saw over half the population leave but those who stayed displayed entrepreneurial and political risk management strategies that were both Schumpeterian and Kirznerian. While social networks were also important in this era, the ones that proved to be the most effective and useful in the coercive environment were the weak ties rather than the strong ties. They enabled entrepreneurs to go beyond their ethnic network and acquire resources that led to partnerships or contacts that were used as local bridges who could inform, support or endorse business operations. This was important as the companies were striving for legitimacy under a one-party state that had derived policies which threatened their survival.

The post Kaunda period presented the community with the opportunity and free reign to run businesses under the auspices of unbridled capitalism. This was the case for the first ten years when the community enjoyed the privileged position of not only having market knowledge but also capital and the ability to fully utilise networks for first mover advantages. However, the liberal period has also come to present a testing period for the Indian-Zambian minority owing to the entry of foreign firms. The first was the South African retailers followed by Chinese

manufacturers and retailers who have seen the curtains close for a significant number of Indian-Zambians. It is on this basis that we see succession and change to be severely hampered. The Chinese have come to illustrate that which the pioneer wave did in the early parts of the 20th century to the Jews in Northern Rhodesia.

While there is still resilience and sectoral shifts as evidenced by the Bookworld case, most of the entrepreneurs with children who have settled permanently in places like the UK and the US are increasingly renting and phasing out their businesses. While it might signal progress and at the same time the competitive pressures and risks of operating in Zambia, it is amber light on a trend that has seen descendants of the pioneer wave become a minority within the minority. The second and third migrant wave of the 1960s and post 1990s period now make up the majority of the persons of Indian origin population in Zambia and represent groups that warrant future research. Unlike the pioneer wave, they do not share the unique characteristic of having come from the same region or speaking the same language.

To the descendants of the pioneer wave, these differences are visible and influence how each group view each other and the country. On the whole, and despite the mixed experiences in varying time periods, most of the Indian-Zambians have a great deal of attachment to the country for affording them a home and are proud of their efforts towards the advancement of the country.

The contributions as argued at the beginning have not been captured in academia. A host of research, such as a comprehensive examination of the role of women in business growth and development remains to be done. Furthermore, studies on successive generations of the first wave through a transnational lens would go a long way towards augmenting our understanding of immigrant and diasporic communities in both the advanced and developing world.

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12. Appendix

Zambia's Inflation, Investment, Savings and Interest Rates

Year	Rate of Inflation (% p.a.)	Gross Dom. Investment (% GDP)	Gross Dom. Savings (% GDP)	Change in Real GDP/cap (% p.a.)	Treasury Bill (% p.a.)	Interest Rate Diff. Zambia/UK *	
1965	8.1	24.3	39.9	21.7	3.5	-4.7	60
1966	10.2	28.9	43.1	-6.0	3.8	-7.8	57
1967	5.0	30.8	37.0	3.0	4.4	-3.3	63
1968	10.8	32.4	39.3	3.7	4.5	-8.0	61
1969	2.4	18.1	51.4	1.3	3.5	0.7	49
1970	2.7	29.6	43.2	0.4	2.4	2.0	57
1971	6.0	37.3	35.2	-3.3	3.3	3.0	65
1972	5.1	35.3	36.9	5.7	4.3	1.6	63
1973	6.5	29.2	45.0	-3.9	3.9	-1.3	55
1974	8.1	36.4	45.9	3.3	4.0	2.3	54
1975	10.1	40.5	21.0	-5.5	4.0	11.0	79
1976	18.8	23.8	28.9	1.0	4.2	-4.5	71
1977	19.8	24.7	22.1	-7.6	4.4	-2.5	78
1978	16.3	23.9	20.5	-2.6	4.4	-8.0	80
1979	9.7	14.1	23.1	-3.8	4.4	-1.2	77
1980	11.6	23.3	19.3	2.3	4.5	-0.8	81
1981	13.0	19.3	6.8	0.5	5.8	-5.6	93
1982	13.6	16.8	7.9	-5.7	6.0	-11.4	92
1983	19.6	13.8	12.6	-4.9	7.5	-19.2	87
1984	20.0	14.7	18.5	-3.5	7.7	-18.6	82
1985	37.3	14.9	15.4	-2.7	13.2	-26.9	85
1986	54.0	23.8	22.6	-2.9	24.3	-42.9	77
1987	45.6	13.9	15.0	-2.7	16.5	-37.7	85
1988	54.7	11.4	16.2	-25.7	15.2	-46.8	84
1989	128.7	9.9	14.5	18.0	30.5	-115.6	86
1990	111.0	15.4	14.7	-9.0	30.5	-82.9	85
1991	92.6	13.5	11.6	-12.5	39.0	-59.1	88
1992	197.0	14.0	2.2	7.6	47.0	-148.6	98
1993	189.0	10.3	4.8	26.6	124.0	-97.0	95
1994	52.3	9.2	6.4	-33.5	78.4	13.5	94

Source: McPherson 1995

Sample Questionnaire for Management of Political Risks and Uncertainty by Indian-Zambian firms(entrepreneurs), 1945 - 2019

Name	Firm name & sector
1. Business Origins	a) Can you briefly provide details on the background of the business? When and why was it set up or established?
	b) Where did you originally emigrate from and settle?
	c) What was the motivation behind moving to Africa and Zambia in particular?
	d) What was your background in the country of origin?
	e) Were there any useful networks that you found particularly helpful or facilitated your settling in the country? For instance: religious organisations through the Hindu community or Indian Community?
2. Business Development	a) What factors influenced you going into this line of business?
	b) How did you access the necessary capital to establish or expand the business? Was it through banks or networks? What were the terms of these loans? What was there penalty or price of failing to see out obligations?
	c) How many people did the business start with and how many people are in the firm today?
	d) How do you rate the quality of the Zambian labour force? How has it impacted or influenced your recruitment strategies?
	e) If it has led to importation of workers, what kind and where did you get them from?
	a) How has succession affected the lines the business focuses on? Any changes in the product, process, distribution/marketing, logistics, management, governance style?
	b) What is the training and area of expertise for the subsequent generations?
	c) Has intergenerational change in any way affected the engagement with the Indian community and mainstream economy?

3. Evolution and Expansion	d) Do subsequent generations feel more Zambian than Indian? How has this changed or evolved in comparison to previous generations?
	e) How do you engage with kin in India? Do you visit or send remittances? How is this done? Through the bank, friends or networks?
4. Political Economy	a) What challenges and opportunities have been faced in this era (liberal era – since 1991)?
	b) How does this compare to the Kaunda period 1964-1991?
	b) How about during the pre-independence period?

Consent Form

1. Title of Project: Management of Political Risks and Uncertainty by Indian-Zambian Entrepreneurs, 1945 – 2019

Name of Researcher: Kondwani Happy Ngoma

Supervisors: Dr. Niall Mackenzie and Dr. Heike Wieters

2. Basic consent clauses, statement format

I confirm that I have read and understood the Plain Language Statement/Participant Information Sheet for the above study and have had the opportunity to ask questions.

I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. Consent on method clause

- I consent / do not consent (delete as applicable) to interviews being audio-recorded.
- (I acknowledge that copies of transcripts will be returned to participants for verification.)

4. Confidentiality/anonymity clauses

I acknowledge that participants will be referred to by pseudonym.

5. Where dependent relationship exists

I acknowledge that there will be no effect on my employment arising from my participation or non-participation in this research.

6. Basic consent clause, tick box format

I agree to take part in this research study

I do not agree to take part in this research study

7. Signature Section

Name of Participant Signature

Date

Name of Parent/carer (if participant is under 16)

Signature Date

Name of Researcher Signature

Date

13. Declaration

I hereby declare that I wrote this thesis paper independently, without assistance from external parties, and without use of other resources than those indicated. All information taken from other sources in text or in meaning are duly acknowledged in the text. The written and electronic forms of the thesis paper are the same. I give my consent to have this thesis checked by plagiarism software.

Location: Gottingen

Date: 15/08/2019

Name: Kondwani Happy Ngoma

Signature: 