

**Privatization and Its Labor Consequences in Developing
Countries: A Case Study of the Brazilian Banking
Industry Privatization Process**

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Abstract

Research on the labor impact of privatization usually equates the process to other types of restructuring processes, such as downsizing, mergers or acquisitions. It is argued that not unlike other restructuring processes, privatization is likely to generate organizational changes that may lead to major alterations in employment quality. Few studies, however, have investigated the labor effects of privatization and other restructuring processes in a comparative manner, especially in developing countries. The overall purpose of this dissertation is to contribute to the understanding of the labor consequences of privatization in developing countries. This objective is undertaken through an exploration of the association between privatization and other restructuring processes occurring within the Brazilian banking industry and changes in employment quality, i.e., fluctuations in wages, non-wage benefits and job security. The most basic premise guiding this study's comparative framework is that the process of privatization is likely to affect labor in unique ways, that is, generating employment quality changes unlike those occurring at other sectors undergoing alternative restructuring processes.

The sample consists of 476 respondents: employees (survivors) and ex-employees (retrenched) of public, privatized and private banks. Data were collected in 1998 by using a method of triangulation, i.e., surveys and in-depth semi-structured interviews. The principal results for this study confirm that changes in employment quality are more significant for workers associated with the privatized sector when compared to workers affiliated with other sectors of the Brazilian banking industry. Both quantitative and qualitative data for this study suggest that significant transformations in employment quality occurred as a result of privatization. It is further argued that the decline in employment quality after privatization can be conversely understood as a negative commitment on the part of Brazilian employers. This lack of commitment can be ultimately associated with a new developmental model with a particular type of economic orientation and specific form of labor organization based on flexibility.

Abrégé

Les études sur l'impact de la privatisation sur la main-d'oeuvre attribuent généralement l'impact à d'autres types de processus de restructuration, dont la réduction de l'activité, les fusions ou les acquisitions. Certains avancent que la privatisation, tout comme d'autres processus de restructuration, entraînera probablement des changements organisationnels qui peuvent par la suite mener à des modifications importantes de la qualité de l'emploi. Peu d'études, toutefois, portent sur la comparaison de l'impact de la privatisation sur la main d'oeuvre à celui d'autres processus de restructuration, surtout dans les pays en développement. Ce mémoire a pour objectif général de contribuer à la compréhension de l'impact de la privatisation sur la main d'oeuvre dans les pays en développement. Pour réaliser cet objectif, une étude des liens qui existent entre la privatisation et les autres processus de privatisation qui s'effectuent au sein du secteur bancaire brésilien et des changements qui s'opèrent relativement à la qualité de l'emploi, c.-à-d. les fluctuations de la rémunération, des avantages sociaux, et de la sécurité d'emploi a été menée. Le fondement du cadre de la présente étude comparative est le suivant: le processus de privatisation a un impact particulier probable sur la main d'oeuvre, c.-à-d. la génération de changements à la qualité de l'emploi autres que ceux observés dans d'autres secteurs où s'effectuent d'autres processus de restructuration.

L'échantillon comprend 476 répondants: des employés (survivants) et des anciens employés (retranchés) des établissements financiers des secteurs public, privé et privatisé. Les données ont été recueillies en 1998 à l'aide d'une méthode de triangulation, c.-à-d. des sondages et des entrevues semi-dirigées en profondeur. Les principaux résultats de l'étude confirment que les changements dans la qualité de l'emploi sont plus importants pour les travailleurs du secteur privatisé que ceux touchant les travailleurs d'autres secteurs de l'industrie bancaire au Brésil. Les données quantitatives et les données qualitatives montrent que des changements importants relatifs à la qualité de l'emploi s'effectuent à la suite de la privatisation. De surcroît, certains avancent que le déclin de la qualité de l'emploi à la suite de la privatisation peut être d'autre part perçu comme un engagement négatif de la part de l'employeur brésilien. Ce manque d'engagement peut être finalement associé à un nouveau modèle de développement comprenant une orientation économique et une forme d'organisation de la main d'oeuvre basé sur la souplesse.

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Chapter I

Privatization, Restructuring and Their Labor Effects: An Introduction

1.1 Introduction

Privatization, i.e., the turning over of public enterprises and activities to private investors, has become a key part of the developing countries' drive for modernization and revived growth. Privatization is part of a broad program of structural reforms to infuse the whole economy with competitive market forces, a set of reforms that most developing countries now see as a key element for their economic revival and long-term growth.¹

Underlying the privatization process is a neoliberal ideology, one that has attained worldwide attention, and dominated the political and economic debates around the world for the last two decades. In addition to privatization of public activity, neoliberal structural-adjustment policies include deregulation of private activity, cuts in social spending, the encouragement of market solutions to social problems, and free trade (Rosen 1995).

1

A more comprehensive analysis of the structural reform programs for developing countries is provided in chapter II of this study.

The basic ideas of neoliberalism are embedded in the development strategies of the International Monetary Fund (IMF), the World Bank, and in Latin America, the Inter-American Development Bank (IADB). The IADB's four "strategic directions" for the Latin American reform contain the core of the neoliberal model. They are: (i) a call for a greater openness to international trade and investment; (ii) modernization through private sector development, which means privatization and deregulation; (iii) a reduction in the size of government and cutbacks on public expenditures; and (iv) the development of human resources.

In light of the IADB's reform model for Latin America, one is led to ask the question: "How does a government develop human resources, take care of the basic needs of the poor, and still privatize, deregulate and cut back?" (Rosen 1995). It seems clear that this economic restructuring process would have specific effects upon various social groups and certainly labor would be most immediately and strongly affected by it.²

2

For instance, after privatization, 400 of the 1,500 employees of the Brazilian aircraft engine repair company CELMA were dismissed, as were 2,000 of CST's 9,300 employees, and 1,700 of ACESITA's work force of 8,700; the last two are steel producers (Pinheiro & Giambiagi 1994).

Since this restructuring process is well under way and is an irreversible fact for most developing countries, research is necessary to understand the unfolding of the process. Once the process of privatization is better understood through social science research, we could address important questions such as: "Can the negative social impact arising out of this process of privatization be somehow mitigated?" or "Could there be remedial measures such as the provision of a general safety net that adequately meet the problems faced by the more vulnerable sections of the labor force?" (Jayawardena in Moghadam 1995). Brazil is one of the largest developing nations undergoing a privatization process. Conducting this study in Brazil will certainly address these and other questions related to the privatization process.

1.2 Research Objectives

The overall purpose of this dissertation is to contribute to the understanding of the labor consequences of privatization in developing countries. This objective is undertaken through an exploration of the association between the privatization of the Brazilian banking industry and changes in employment quality, i.e., fluctuations in wages, non-wage benefits and job security.

Privatization is usually treated as a form of corporate reengineering or restructuring process designed to lower costs and improve corporate performance. These characteristics are comparable to other types of restructuring processes that occur at both the private and public sectors, e.g., downsizing, mergers and enterprise acquisitions.

Because privatization is usually equated to these corporate restructuring processes, many parallels are suggested by the literature in the way these processes affect labor. Currently, the Brazilian banking industry is composed of three sectors, e.g., the private, the public and the privatized sectors. All sectors have recently undergone some type of restructuring process, e.g., privatization at the privatized sector and downsizing, mergers or acquisitions at the private and public sectors. Thus, in this dissertation the effects of privatization on employment quality are primarily examined in a comparative manner, that is, the labor effects of privatization are compared to the effects resulting from other restructuring processes occurring at the private and public sectors of the Brazilian banking industry.

The main objective of using this comparative framework is to understand if the effects of privatization on labor

are unique or comparable to the effects of other restructuring processes occurring in other sectors.³

The most basic premise guiding this study's comparative framework is that the process of privatization is likely to affect labor in unique ways, that is, generating employment quality changes unlike those occurring at other sectors undergoing other restructuring processes.

Studies on public sector employment suggest better employment quality when compared to the private sector. Public sector employees tend to earn higher wages, have better benefit packages and enjoy higher levels of job security when compared to their private sector counterparts. Thus, even though the literature usually equates privatization to other restructuring processes, this study's comparative framework is guided by the idea that privatization affects labor in ways unlike other processes. Privatization is likely to lead to a drop in wages, benefits and job security when compared to other corporate restructuring processes occurring in other sectors of the economy.

Wharton (1998) argues that any sociological study of work must concern itself not only with the workers'

3

Further details on this comparative framework are provided in the methodological section of this study, i.e., chapter III, below.

experiences but also with the larger historical, economic and social contexts within which these experiences are embedded. It is fundamental to acknowledge such contexts since today more than ever working conditions are shaped not only by workers' local daily lives on their jobs, but also by the larger national and international trends that are transforming the current world of work. Multiple levels of analysis are therefore necessary to address the important questions in the sociology of work.

Thus, when examining the labor effects of privatization in developing countries, it is necessary to situate privatization in a contextual manner. For the purposes of this study, this means to look at privatization beyond a type of restructuring process affecting labor in developing countries and analyze it as a policy or strategy for development that is said to be significantly altering labor relations in these societies.

As will be further examined in chapter II below, privatization is currently defined as a strategy for development that is part of a new developmental scheme in developing countries. Privatization is said to be the centerpiece policy or strategy aimed at the creation or expansion of a market economy in developing countries which

is consequently leading to the flexibilization of the labor force.

Thus, in this study, privatization is examined as a restructuring process affecting the employment quality of workers which is embedded within a new developmental framework, also contributing, itself, to the transformation of labor relations, especially to the flexibilization of these relations. In the next section of this chapter I will put forth a preliminary argument for the claim that privatization is leading to the flexibilization of labor. This argument is based on an introductory analysis of the data for this study. Further evidence for the flexibilization of labor argument is provided in the analytic and concluding chapters that follow.

1.3 Prevalent Rationales for Privatization: An Analytic Overview

Social scientists use the phrase "ideas in good currency" to refer to concepts that have achieved rapid and universal acceptance without much critical thought (Schuster 1997). In this section of the chapter, I would argue that privatization is one such concept, an "idea in good currency." Accordingly, no other concept has so permeated the recent political, social and economic discourse across nations than the concept of privatization;

however, little critical analyses have been undertaken for privatization, and this is clearly perceived in the ways the concept of privatization has been justified.

The purpose of this preliminary analytical section is to provide an overview of the various rationales for privatization and to put forth a new rationale based on this research's findings. Here, I would argue that privatization in Brazil can be justified as a policy to change labor relations, from old relations characterized by full employment, to new relations, characterized by the flexibility of the workforce. The analysis will begin by introducing the previous rationales for privatization and will end with the introduction of the new rationale based on this study's data.

1.3.1 Previous Rationales for Privatization

Historically, several rationales have been offered for privatization. One of the most prevalent and long lived of these rationales is that of raising state capital or reducing public debt. The rationale of raising state capital can be traced back to the ideas of Adam Smith. Two centuries ago, Smith (1776) argued that:

In every great monarch in Europe the sale of the Crown lands would produce a very large sum of money which, if applied to the payment of public debts, would deliver from mortgage a much greater revenue than any which those lands have been afforded to the Crown...when the Crown lands have become private property, they would, in the course of a few years, become well improved and cultivated (in Salama 1995: 3-4).

Thus, according to Smith and other proponents of this prevailing rationale, privatization is a way that the government can generate money by converting its assets into cash.

Curtailement of the state, in size and/or power, is another prevalent rationale put forth for privatization. It is argued that "privatization can be used as a strategy to reduce the size of the state" or, as "a strategy to reduce the administrative burden on the state" (Schuster 1997: 265-266). According to this rationale, state expenditure should be curtailed by eliminating "off-budget" expenses. This rationale for privatization is grounded on a concern that the state has become too large and too expensive and, as so, it needs to be curtailed.

The rationale for reducing state size entails a more fundamental rationale, i.e., the "redefinition of state power" rationale. It is argued that because the states have become too large, they have also become overly intrusive in people's lives and consequently increasingly controlling of

individual freedom. According to this rationale, states already have control over the normal apparatus of coercion, and for this reason, they can control and dominate every individual within their jurisdiction. If states are also able to influence directly the economic sphere, then there is a danger of excessive political power over their citizens. Thus, state power should be curtailed as to allow greater autonomy to individuals.

A third common rationale put forth for privatization is that of democratization. Accordingly, privatization is regarded as a means to democratization because economic power is reallocated through the replacement of government's sole ownership to a broad-based private ownership (Bos 1991). In this sense, everyone is given the opportunity to own parts of industries or services of national importance. Before I proceed into the next rationale, I would like to make some remarks regarding the rationale for democratization.

Democratization as an aim of privatization is not easily achieved, at least in the long run. In some early privatization activities in Great Britain, for instance, small investors sold their shares shortly after purchasing them in order to enjoy a quick profit. For instance, in 1989, British Telecom had 1.2 million small shareholders

out of 2.3 million who bought shares in 1984. British Gas started with 4.5 million shareholders in December of 1986 and had only 2.5 million shareholders in April 1990 (Bos 1991). In both cases nearly fifty percent of the shareholders sold their shares within a time span of 4 to 5 years (Bos 1991). The selling of shares seemed to have occurred mostly during periods of economic distress with lower income shareholders, whose property shares were small, being more likely to resell their shares than other shareholders. Thus, the pattern seems to be that more and more shares will end up in the hands of fewer shareholders after privatization. These examples suggest that the democratization purpose or justification for privatization is not enduring; that is, democratization is short-lived or temporary after privatization.

A fourth related and frequently used rationale for privatization is that of the termination of the cycle of financial dependence on the state. In many countries, institutions or firms are highly reliant on government support and subsidies for their budgets. Privatization, consequently, is used to break the system of state subsidies for these dependent institutions or firms.

The basic, most predominant rationale for privatization is that of efficiency. The efficiency

rationale is one of the most often cited justifications for privatization, and it is grounded on the idea that the turning over of public enterprises and activities to private investors would make the delivery of goods and services more economically efficient (Schuster 1997).

The implicit notion in the efficiency rationale is that private entrepreneurs can more efficiently deliver goods and services than the public sector. However, studies comparing private and public firms in terms of efficiency, productivity, innovation and responsiveness are not in absolute consonance regarding the association between privatization and increase in efficiency.

Bennett & Johnson (1980) and Nellis (1994), for instance, suggest that private enterprises are more efficient than public enterprises producing the same goods or services or very close substitutes, given the same or very similar technology. They explain that political interference is one of the major causes of the efficiency-reducing conditions in public enterprises, which manifests itself mainly in overstaffing, under capitalization, wrong use of inputs, and other costly acts. Furthermore, private firms are more likely than public firms to use capital more effectively and more efficiently deliver goods and services because they are supervised by self-interested board

members and shareholders rather than by disinterested bureaucrats.

Other theorists (Batley 1996; Borcharding *et al.* 1982; Millward & Parker 1983; Van der Hoeven & Sziraczki 1997) argue that differences between private and public production are not significant, and that the relationship between ownership and performance is rather tenuous.

Van der Hoeven & Sziraczki (1997), for instance, investigated the performance of fifteen firms in the Republic of Korea, privatized during the early 1980s, and found that not all firms benefited equally from the change in ownership. According to their findings, only six firms showed increases in efficiency, two actually declined in efficiency after privatization. For the other seven firms, the effects were not significant (Van der Hoeven & Sziraczki 1997). Efficiency, these researchers claim, is mainly a function of market and incentive structures, and although it is commonly assumed that the competitive free market system is naturally more efficient and productive, data provide only partial support for this assumption.

Batley (1996) suggests that ownership may be less important than the existence of competition, operational autonomy, political support for management, local political context, and the nature of the service. According to Batley

it makes little difference whether a firm is privately or publicly owned as long as it operates in a competitive market. Other researchers argue that it is the exposure to competitive forces rather than the nature of ownership by itself that creates the greatest pressure for improved efficiency (Van der Hoeven & Sziraczki 1997).

Other rationales put forth for privatization are: (i) "the flexibility and adaptability" rationale, which is grounded on the idea that privatization will force institutions or firms to become more flexible and adaptable, (ii) "the elimination" rationale, which is based on the idea that privatized institutions or firms will be eliminated by privatization, and (iii) "the central government orders" rationale, i.e., privatization is undertaken because of central government orders to privatize.

In developing countries, the most prevalent rationales for privatization are first and foremost that of central government orders. In the general climate of stabilization and structural adjustment programs, privatization is being justified as a macro-level policy directive, in that both national governments as well as international organizations such as the International Monetary Fund, the World Bank,

and the World Trade Organization are pressing for privatization as an economic development policy directive.

Raising state capital is the next related and prevalent rationale for privatization in developing countries. This rationale is justified by the argument that privatization will lead to a conversion of state assets into cash with the main purpose of payment of public, foreign debt. The idea is to reduce government debt through the conversion of state assets into cash, consequently restoring federal credibility in financial markets for these countries.

With privatization, states will also be curtailed in size. However, the reduction or redefinition of state power does not seem a relevant issue in the developing countries' privatization discourse in that limited emphasis is placed into this rationale. State curtailment in these countries is less about power and more about the elimination of state institutions and firms themselves.

Privatization, it is argued, will also work to end financial dependence of the state in developing countries. It is uncritically accepted that once privatized, firms will become more efficient, more productive, flexible and adaptable. Before I proceed into the examination of the new rationale for privatization, I would like to examine some

of the justifications being used in the privatization discourse in developing countries.

First, it is important to point out that the proposition that the public sector in developing countries is "over-extended" and requires a "rolling-back" is empirically unproven. Evidence to support the hypothesis of an inverse relationship between macroeconomic performance and the size of the public sector is lacking.

In a 1986 study, Nunnenkamp was unable to detect any statistically significant relationship between the size of the public sector in developing countries, as measured by their output and investment shares, and various indicators of these countries economic performance, e.g., real growth in GNP and gross fixed investment, the level of industrialization and the growth in employment). What this means is that the sheer size of the public sector *per se* does not have a significant effect on the performance of the economy. What matters, Nunnenkamp argues, is the effectiveness with which resources allocated to the public sector are utilized.

Secondly, the argument that the direct effect of asset sales through privatization would lead to an immediate reduction in the government deficit is also empirically unsupported. A Princeton University evaluation of

privatization practices in Latin America, provided by Pinheiro and Schneider (1994) shows that revenue from privatization sales has done little to reduce public debts in that area. Some of the factors explaining the non-reduction of public debt through privatization are, first, the fact that several public enterprises were profitable in the first place and consequently with their privatization the government lost the future stream of income which these enterprises would have provided had they remain public. Secondly, it is not uncommon in developing countries for states to deliberately set the price of public enterprises too low to favor the buyers when privatizing, consequently, the public sector's net worth is reduced.

1.3.2 Labor Force Flexibility: A New Rationale for Privatization?

The findings for this study suggest a new rationale for privatization and this new rationale can be put in the following form: privatization is being advanced as a strategy to change overall labor relations, from an old, stable form to a new flexible form. My claim is grounded on several factors based on a preliminary analysis of the data for this study; what follows in this section is an examination of these factors.

The main question to be answered by this study is whether the association between privatization and loss in terms of employment quality is more significant than the association between other types of restructuring occurring in the public or private sector and loss in employment quality.

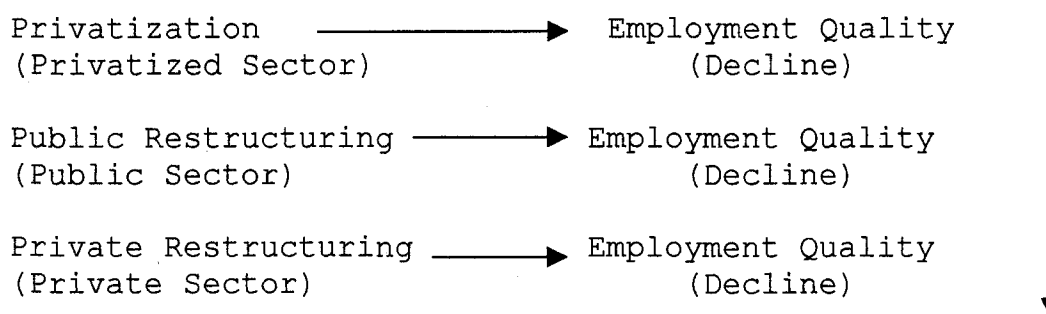
As will be further examined in the analytical chapters of this thesis, chapters V, VI and VII, the answer to this question is clearly positive, i.e., the effects of privatization on employment quality are in fact more significant when compared to those pertaining to the other types of restructuring occurring at the private and public sectors of the Brazilian banking industry.

Both the quantitative and qualitative data for this study suggest that significant transformations in employment quality occurred as a result of privatization. The association between privatization and changes in employment quality was found to be more significant than the changes occurring in the other two sectors examined in this thesis, i.e., the private and public sectors. However, it was also found that in the other sectors, i.e., private and public, changes in labor relations were also significant even though not as significant as those occurring in the privatized sector.

One possible interpretation for these findings is to claim that privatization is not unique in the way it is affecting labor relations. Other restructuring processes, i.e., those occurring at the private and public sectors, might have similar effects in the way they affect employment quality, even though to a lesser extent than privatization.

Model I, below, illustrates such explanation. Accordingly, each restructuring process has its own, independent effect on employment quality and labor relations, even though the data for all sectors show an overall decline in employment quality.

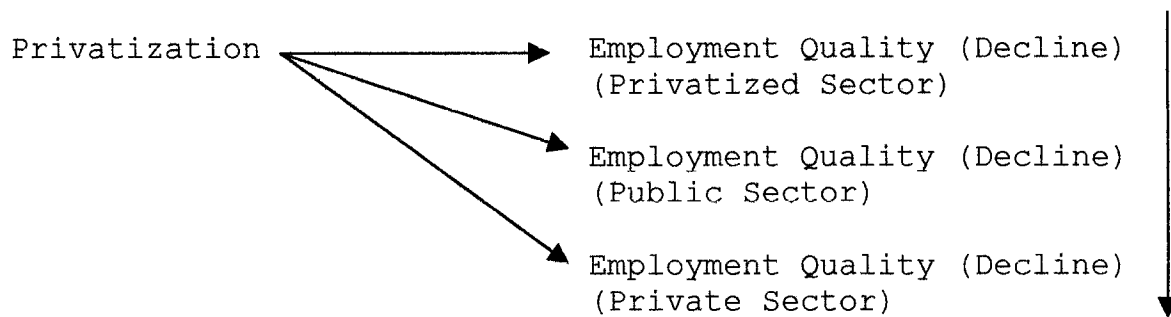
Figure 1.1 Model I. Independent Effects



An alternative explanation, based on this study's findings, however, seems to be more applicable. Here, I would argue that privatization is affecting the overall labor relations from old to new forms across sectors. Privatization is not only affecting labor relations in the

privatized sector, but it is also altering those relations pertaining to the public and private sectors. Accordingly, the decline of employment quality in all three sectors can be ultimately traced back to or is dependent upon privatization. Model II, below, illustrates such alternative explanation.

Figure 1.2 Model II. Alternative Explanation/Dependent Effects



Here are some explanations for my alternative position. First and foremost, public sector employment in Brazil used to be a symbol of old labor relations. Prior to privatization, labor relations in the public sector were characterized by full-time permanent positions with high levels of job security, more benefits and higher salaries when compared to the private sector. Quantitative findings in chapter IV of this study "The Public and Private Sectors: A Comparative Examination of Descriptive Statistics Before Restructuring and Privatization" confirm that public sector employment quality is in fact better

when compared to the private sector. With privatization, however, the reference or the symbol of old labor relations, which is the public sector itself, is being dismantled which consequently has an effect for all sectors of the industry. When the reference or symbol of old labor relations ceases to exist, both private and public sectors are affected, i.e., all sectors begin to lack a reference to a framework of old, stable labor relations. Lower salaries, lack of job security and loss of benefits are predominant features of this new order of labor relations across sectors. Therefore, privatization can be understood as having a symbolic role in the transformation of old forms of labor relations into a new one characterized mainly by the flexibilization of labor.

The second justification for my argument that privatization is being advanced as a strategy to transform labor relations to a new, flexible form is based on a double conduct on the part of the Brazilian state. Makler (1998) claims that the Brazilian state is adopting an equivocal stance about bank privatization, accordingly:

At the same time privatization of state banks is occurring [in Brazil], new government banks have been created ... In September 1998, the National Savings Bank (CEF) announced that by the end of 1999 it would establish and underwrite between 2 1/2 and 5 thousand municipal banks (Makler 1998:14).

How may this ambiguity on the part of the Brazilian state be explained? Makler suggests that even though the Brazilian government has recently adopted the liberalization model and consequently is committed to privatization, the legacy of developmentism (a state-directed economy) is still predominant. As a consequence, the role of the state in the banking industry is not withering, but merely transforming. Makler's argument for the legacy of developmentism might be partially correct, since ideological frameworks of development can be resistant to change. It might be the case that the Brazilian state is undergoing a transition process in which both frameworks (liberalization and developmentism) are concurrently operating. In my own view, however, the double conduct from the Brazilian state can be explained primarily by an interest in changing labor relations, more accurately, an interest in the flexibilization of such relations, which is primarily in accordance to the new liberalization framework for development.⁴

4

A more elaborate argument for the inter relatedness of developmental models and labor relations is provided in the concluding chapter of this thesis, i.e., chapter VIII.

Accordingly, the difference between the new public banks (e.g., Banco do Povo and Banco da Terra, among others) and the previous ones (state banks which are being privatized) lies primarily in their labor relations. Even though no concrete data about employment quality for these new state banks were gathered for this study, some preliminary information suggests that employment quality at these banks are characterized by lower salaries, lack of job security and fewer benefits when compared to the state banks created prior to the current privatization program.

The state's double conduct in Brazil, i.e., privatizing some banks while creating others, can be basically understood as a strategy being used by the Brazilian government to transform or flexibilize labor relations, from old to new forms. Through the strategies of privatization and the creation of new public banks, the Brazilian state is gradually eliminating the high labor costs associated with older public banks while maintaining or even increasing its share in the industry by cutting labor costs, since the employment quality in the new banks is relatively lower when compared to the previous, older state banks. Flexible labor relations, therefore, become the rule in the new banking industry labor market, regardless of sector, public or private.

The third justification for my labor flexibilization rationale is derived from my qualitative interviews with union leaders. During several of my interviews with union leaders, I was told that before the privatization process initiated in Brazil, a common bargaining strategy applied by unions was to use the job security of public sector employees as a way to advance collective bargaining gains to the whole industry, i.e., across sectors.

Because public sector employees were not easily dismissed, i.e., dismissals occurred in the public sector only in very excruciating circumstances, public employees could easily go on strikes for indefinite periods of time with little fear of losing their jobs. Private sector employees, on the other hand, were severely penalized when on strike. Thus, unions used to organize public sector employees to strike while private sector employees would not participate in such strikes. The gains derived from these strikes, however, were equally distributed across sectors within the industry, that is, both private and public bank employees benefited from the collective bargaining gains made through these strikes. With privatization, unions lost this strategy to negotiate for labor gains, since public employees now fear the loss of their jobs as much or even more than private sector

employees. Consequently this lost strategy might have contributed to the losses in employment quality across sectors of the industry, leading to more flexible labor relations.

One of the main consequences of the rise of these new forms of flexible labor relations in Brazil is that it might add to the disparity in income, which is already a prevailing characteristic of the Brazilian society. For instance, a 1996 World Bank publication on development in Latin America claims that while the policy of flexibility has been widely applied in the Latin American labor market, unemployment rates have been gradually increasing. Thus, privatization and the labor flexibility it brings might be directly associated with a rise in unemployment and may lead to a rise in income inequality in developing countries. A thorough examination of such claim, however, is far beyond the scope of this dissertation.

The objective of this section has been to provide a broad framework of justifications for privatization and to introduce my own interpretation, based on a preliminary analysis of my research findings, of how the process could be justified in developing countries. As mentioned previously, further analysis of this argument will be provided in the subsequent chapters of this study.

This section began with the argument that privatization should be denominated as an idea in good currency. It then presented the general most prevalent rationales or justifications for privatization as well as those most predominant in developing countries. The section concluded with the introduction of my own rationale based on the data collected for this study. The critiques presented for some of these rationales, e.g., efficiency, democratization, curtailment of state size, and reduction of public debt, suggest that the concept of privatization still remains as such, under analyzed or an idea in good currency.

The idea of privatization is still widely accepted and promoted worldwide without much criticism. Now, if privatization is to become anything more than exhortation or an idea in good currency, continuous examination of the rationales put forth in the privatization discourse is critical. One of the main objectives of this dissertation is to correct this paucity of critical analysis. The introduction to the flexibilization rationale in this section of the dissertation was an initial attempt to respond to such scarcity. Since the study of privatization in a sociological context is far under-conceptualized, I hope the ideas put forth in the remaining chapters of this

dissertation contribute to a better understanding of the process and inspire others to pursue such aim.

1.4 Structure of the Thesis

The main hypothesis in this dissertation is that employment quality will be significantly altered by privatization when compared to other types of restructuring processes occurring at other sectors of the banking industry. As it was mentioned in section 1.2 above, the Brazilian banking industry is currently composed of three sectors, e.g., the private, the public and the privatized sectors. All sectors have recently undergone some type of restructuring process, e.g., privatization at the privatized sector and downsizing, mergers or acquisitions at the private and public sectors. Thus, the main control variable in this study is types of restructuring according to sector, e.g., privatization, public and private restructuring. Other important control variables are gender and employment status: survivor and retrenched employees, i.e., workers who were dismissed as a result of restructuring.

According to the prior research on privatization, outlined and discussed in chapter II below, the employment quality of retrenched workers is significantly altered by privatization and other types of restructuring processes when compared to their counterparts, survivor employees. Thus, it is further hypothesized that employment quality will be significantly lower for retrenched workers when compared to their counterparts, survivor bank employees.

In addition, the literature in chapter II stresses that public sector employment has brought many advantages in the form of employment quality to female workers. Wages, benefit packages and job security are said to be better for public sector female workers when compared to their counterparts in the private sector. With privatization, however, it is argued that employment quality for female workers will deteriorate. Thus, it is further hypothesized in this study that with privatization, employment quality will be significantly inferior for female workers affiliated with the privatized sector.

The primary and secondary hypotheses for this study are further specified in the methodology, chapter III, below. The following chapters are structured in order to address this study's main and secondary hypotheses. Chapter II: "Privatization and the Research Questions It Raises,"

provides an analysis of the prior research undertaken on the labor effects of privatization and, when necessary, parallels are made to other types of restructuring processes for comparative purposes. First, an analysis of the labor effects of privatization as a policy that is part of a new developmental framework is undertaken. This analysis serves the purpose of situating privatization within a larger historical, economic and social context in which changes in employment quality are ensuing. This first section is followed by an examination of employment quality changes during the period preceding privatization.

A number of studies claim that prior to privatization, a series of labor related processes occur, all of which have a great impact on labor. Thus, even though the primary aim of this dissertation is to examine employment quality after privatization, it is important to analyze some of the studies pertaining to this pre-privatization phase. This is especially significant because, as it is argued by previous research on privatization, employment quality changes at this phase are likely to shape the way labor is affected later, when privatization actually takes place.

An assessment of the labor effects after privatization as well as other types of restructuring processes are the subject of the next section of chapter II. The aim in this

subject of the next section of chapter II. The aim in this section is to provide an understanding of the labor implications of privatization and other restructuring processes for survivor and retrenched workers. Accordingly, employment quality after privatization and other restructuring processes differs if employment status is taken into consideration. Thus, differences in the way the employment quality of retrenched and survivor workers is affected are examined in this section.

Following, an examination of the literature on the gendered labor consequences of privatization is undertaken. Here the principal aim is to examine how privatization is likely to affect the employment quality of women working in the newly privatized sector. This chapter also includes a general discussion of the Brazilian privatization program as well as a specific discussion of the Brazilian banking and financial sector privatization program.

Chapter III, "Methodology and Descriptive Statistics," elaborates on the research design and methodological procedures employed to test the main and secondary hypotheses for this study. It includes a thorough examination of the hypotheses, a detailed discussion on the data collection procedures, a discussion of the sampling techniques used for this study, the sample characteristics,

data, measurements and descriptive statistics for the entire sample. A description of each variable included in the analysis and a review of the models for analyzing the data for this study are also presented in chapter III.

In chapter IV: "The Public and Private Sectors: A Comparative Examination of Descriptive Statistics Prior to the Processes of Restructuring and Privatization," a comprehensive profile of employment quality pertaining to the two different banking sectors, i.e., public and private, prior to their restructuring processes is provided. Since before privatization, the privatized sector was in fact considered public sector, the data provided in this section combine the privatized and public sectors into a single category. The use of two contrasting categories, public versus private sectors is important for this chapter's main purpose of understanding employment quality before restructuring.⁵

This chapter seeks to establish, in accordance to the literature, that public sector workers enjoyed higher levels of employment quality, in regard to wages, non-wage benefits and job security prior to privatization.

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Before combining the two categories, i.e., public and private sectors, t-tests were conducted which suggest no significant differences between the two sectors regarding the main variables in use.

The comparisons of employment quality between the private and public sectors before restructuring in this chapter will serve to verify the established claim that working conditions at the public sector prior to its privatization were in fact superior when compared to the private sector, before their types of restructuring processes. Chapter IV serves primarily as an introduction to the analytic chapters that follow, i.e., chapters V, VI and VII. The "before restructuring and privatization" data examined in chapter IV provides an introduction for the "after restructuring and privatization" data discussed in the following three analytical chapters.

The results, in chapters V, VI and VII: "Privatization and Employment Quality After Privatization and Restructuring" - wages in chapter V, non-wage benefits in chapter VI and job security in chapter VII - are statistical procedures conducted to test the assumption that there is a strong association between the dependent variables, e.g., wages, non-wage benefits and job security, and the main independent variable, e.g., sector/type of restructuring: privatization, public and private restructuring.

These results lead to a series of multiple regressions which will determine whether the effects of privatization

on employment quality are more significant when compared to those of other types of restructuring processes occurring at other sectors of the industry. To test the secondary hypotheses for this study, employment status and gender will be introduced as two of the main control variables. Furthermore, the interaction effects of gender and sector and of employment status and sector are also discussed in the analytical sections of these chapters. These interaction effects will serve to further explore and test the secondary hypotheses for this study. The discussion sections in these three analytical chapters include both the quantitative and qualitative findings for this study.

Chapter VIII, the conclusion of this dissertation, summarizes the findings from the analysis. This chapter also attempts to link the specific findings for this study to the previous research on the broader labor implications of privatization as the principal strategy pertaining to the current developmental model in Brazil. The main argument of this concluding chapter is that the shift from an interventionist model of development (developmentism) to one based on neoclassical economic theory (the liberalization model with privatization as its core element) necessarily leads to the transformation in labor relations in Brazil, as the data for this study suggest.

Accordingly, different developmental frameworks give rise to distinct labor relations, with the earlier (state interventionist) model promoting the policy of full employment and our current neo-liberal model upholding and being grounded on labor flexibilization.

A discussion on the issues of labor market flexibilization, the reduction of the formal labor market and the subsequent growth of the urban informal sector, occasional employment and self-employment also will be undertaken in this chapter. Chapter VIII concludes with a discussion on the limitations of this research, suggestions for subsequent research projects and some labor policy recommendations on the issue of privatization.

1.5 Research Significance

The analysis of the association between the Brazilian banking industry privatization and changes in employment quality is significant for several reasons. First, as will be examined in chapter II, few studies concerning the labor effects of privatization in developing countries have been undertaken, and even fewer examine the labor consequences of the process in Latin America.

Marinakís (1992) has investigated changes in public enterprise employment in developing countries over time and

argues that, despite the increased attention given to privatization, amazingly little analysis has been made of employment issues. Thus, a major significance of this dissertation is to contribute to this limited literature. Furthering the understanding of privatization and its impact on employment is necessary both for subsequent research and labor policy recommendations.

The majority of studies conducted on the employment effects of privatization are restricted to the effects of the process on workers in the enterprises to be privatized or those that have already undergone privatization. Research on the labor effects of privatization on workers in the rest of the economy is scarce (Van der Hoeven & Sziraczki 1997). In this study, an attempt to link the employment consequences of privatization on workers in privatized enterprises and those workers in the rest of the economy is made. This was possible due to this study's unique research design which includes respondents from all sectors of the Brazilian banking industry.

As it was briefly mentioned above, a common characteristic shared by the entire banking industry in Brazil is that all of its sectors, i.e., private, privatized and public, have recently undergone some type of restructuring process. Thus, the inclusion of respondents

pertaining to all sectors of the banking industry permits answering important comparative questions such as: "Are changes in employment quality more significant for respondents linked to privatized banks (when compared to those linked to public and private banks which underwent other types of restructuring)?" and "Is privatization affecting the employment quality of bank employees to a greater extent than that of employees pertaining to other sectors of the industry?"

This study also seeks to contribute to the understanding of the gendered labor consequences of privatization. The idea for this dissertation emerged out of an exploratory research project undertaken in Brazil in 1997. The objective of this earlier study was to investigate how privatization was affecting the employment quality of female employees working in a Brazilian bank undergoing the process of privatization.

Two main reasons grounded this initial study. First, it is widely acknowledged that privatization, as an economic reform policy, "changes production and social reproduction, and because gender is embedded in those processes, women are profoundly affected by it" (Moghadam 1995, Weil 1992). Secondly, unlike other industries that have been privatized, e.g., steel sector, railroad

transportation system, and the public electricity companies, women are over represented in the banking industry in Brazil. In fact, the labor force participation of women in banking is the highest of all sectors of the Brazilian economy.⁶ The presence of a massive female labor force in the industry, therefore, was ideal for a gender specific analysis. Thus, a primary significance of this study is to further contribute to the understanding of the gendered labor consequences of privatization.

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At a national level the sector is 47% women, and in some of the major Brazilian cities, the percentages of women among workers in the banking industry range from 53% to a high of 70% (Segnini 1994).

1.6 Summary and Conclusions

In this introductory chapter, the previous justifications offered for privatization were analyzed and a new justification based on the findings for this study was offered. This new justification composes a preliminary argument for the inter relatedness of privatization and labor relation flexibility, which will be further elaborated in the subsequent chapters of this thesis.

A preliminary analysis of the data suggests, as discussed in the section 1.3.2 above, that privatization in Brazil may be justified as a strategy to change labor relations from an old, stable form to a flexible new form.

The argument proposed in section 1.3.2, is based on three factors. First, the public sector in Brazil used to be a symbol of stable labor relations and privatization is working as to dismantle such symbol. At a more concrete level, it was argued that the Brazilian state is using a double conduct regarding the privatization of the banking industry. At the same time that the government is engaged in the privatizing of some public banks, it is also creating new state banks. The main difference between the new and old public banks, however, lies in labor relations.

While at the old banks, labor relations were characterized by superior employment quality, such as higher salaries, better benefit packages and high job security, labor relations at the new state banks are far inferior in comparison to the old banks. What this suggests is that through the double conduct of privatization and the creation of new state banks, the Brazilian state is maintaining its role in the banking industry and at the same time transforming its labor relations to more flexible forms.

It was further argued unions have lost strategies that in the past used to promote gains for the entire banking industry, regardless of sector. Qualitative data for this study suggest that public sector employees, because of fear of losing their jobs, are reluctant to engage in strikes that once benefited the whole industry. It can be therefore argued that the loss of labor strategies associated with privatization is leading to a weakening of unions which is also contributing to more flexibility in labor relations across sectors of the banking industry in Brazil.

In addition to the argument for flexibilization, the objectives, structure and significance of this dissertation were outlined in this introductory chapter. In terms of its objectives, this dissertation aims at analyzing whether

employment quality (e.g., wages, non-wage benefits and job security) is more significantly affected by privatization when compared to other restructuring processes occurring at both the private and the public sector of the Brazilian banking industry.

As discussed above, when analyzing the labor effects of privatization, it is essential to treat it as a restructuring process embedded within a new developmental framework. It seems fundamental to look at privatization beyond a type of restructuring process affecting labor in developing countries, because, as a policy or strategy for development, privatization is said to be significantly altering labor relations in these societies. Further analysis of this developmental framework is offered in the chapters that follow.

Regarding the structure of this thesis, the content of each subsequent chapter was outlined. The chapters in this thesis are structured in order to address the study's main and secondary hypotheses. These hypotheses will be further outlined in chapter III.

In terms of its significance, this dissertation seeks to contribute to the limited literature on the labor impact of privatization in the developing countries and as such, provide further understanding of the process and its impact

on employment. Secondly, in this study, an attempt to link the employment consequences of privatization on workers in privatized enterprises and those workers in the rest of the economy is made. This is important because studies on the labor effects of privatization on workers in the rest of the economy are also scarce. Lastly, this study also seeks to contribute to the understanding of the gendered labor consequences of privatization.

Chapter II

Privatization and the Research Questions It Raises

2.1 Introduction

The main objective of this chapter is to provide an analysis of the previous research on the impact of privatization on labor. The chapter begins with an analysis of privatization as the centerpiece of a new developmental program aimed at the expansion of an international market economy in developing countries. This section is followed by an analysis of the pre-privatization phase and its labor consequences, and subsequently by an examination of the impact of privatization on survivors and retrenched workers. Next, an empirical analysis of the gendered labor impact of privatization is undertaken. The history and implementations of the Brazilian privatization program (PND) as well as a brief introduction on the restructuring of the Brazilian banking industry compose the last sections of this chapter.

2.2 Privatization and the New Developmental Model

Privatization is the centerpiece of a full structural developmental program that is altering both the foundations

of the economic system and the social order in developing societies (Tokman 1997, Van der Hoeven & Sziraczki 1997). The three essential components of this program are trade liberalization, deregulation and privatization.

Tokman (1997) defines trade liberalization as a process in which national economies become more integrated into the international economy. This process is said to be fundamental for developing countries since, it is argued, their economic health no longer depends on the sheer size of their industry and on economies of scale, but on their ability to compete internationally.

In terms of employment, it is widely argued that with trade liberalization, new opportunities for growth and job creation will necessarily occur. Tokman, however, claims that the prevailing differences of wages and labor regulations among countries are likely to generate trade expansion based on unfair labor practices and an increased exploitation of workers. In light of this problem, an international debate about how to avoid the exploitation of workers has been recently established. The debate questions whether the answer for this problem lies in the need for additional labor regulation; however, this potential solution has been in itself problematic due to the second

feature of this new developmental framework, i.e., deregulation.

Deregulation means basically reducing protection and government intervention in trade, finance, and labor markets. These reductions in protection have been introduced and justified as to increase economic efficiency and to allow for a greater role for markets in the allocation of resources. The process of deregulation has also led to substantial legal reforms worldwide (Tokman 1997).

Deregulation, and its emphasis on the reduction in protection for labor markets, makes the search for new policies regulating the new global labor market a contradictory task. A necessary outcome of deregulation is the removal of the institutional "rigidities" and "distortions" deriving from labor laws; this is directly related to a maximization in labor market flexibility. Officials at the International Labour Office (ILO) argue that the increase in labor flexibilization created by deregulation in developing countries leads to wage reduction, unemployment and ultimately mass impoverishment (Thirkell et al. 1998).

The last component of the new development model is privatization, which is considered to be the centerpiece of

this new developmental program. Privatization implies a decrease of size and functions of governments and an increasing importance of the private sector and markets in the management and allocations of resources (Tokman 1997). A basic definition of privatization is the turning over of public enterprises and activities to private investors. As mentioned in the introductory chapter of this thesis, privatization has become one of the key words in the current political, social and economic discourse across nations, and is grounded on a basic purpose: the need to depoliticize most economic decisions by separating the private sector from the state.

During the last two decades of the 20th century, a large number of developing countries have launched major privatization programs and the introduction of such schemes have been justified mainly as a strategy for development. Privatization is proclaimed to be a key part of many developing countries' drive for modernization and revived economic growth. The World Bank cites the huge budget deficits associated with subsidies to public enterprise in many developing countries as one of the major obstacles to their economic growth (World Bank 1995 in Birch and Haar 2000). In order to overcome this obstacle, the current developmental model, based on neoclassical economic theory,

requires states to retreat from the economic sphere and limit their activities to the provision of a regulatory framework to assist and enhance the workings of the private sector.

According to this new developmental model, states should delimitate their functions to the monitoring of economic activity, the prevention of abuses, and the guaranteeing of political stability. These are, supposedly, the only government functions necessary to ensure the continuity of a regime that is based on competition and generates growth and employment (Edwards 1995).⁷

The major instruments of the new development model are the structural adjustment programs, standby loans, and the targets/ conditionalities negotiated with governments.⁸

7

Recent studies criticize the idea that in the new global economy, national governments are becoming less relevant in the macroeconomic sphere. According to critics of this perspective, states are still strong participants not only in the implementation of social programs, but also in the determination of strategies for managing the industrial economy - and consequently labor markets (Weiss 1998).

8

The role of international financial institutions (IFIs) such as the World Bank and the International Monetary Fund in endorsing the structural adjustment programs and consequently promoting the new developmental model is extensively acknowledged. Other financial institutions include the European Bank for Reconstruction and Development (EBRD), the Organization for Economic Cooperation and Development (OECD), the Paris Club, the Technical Assistance for the Commonwealth and Independent States (TACIS), and in Latin America, the Inter-American Development Bank (IADB). According to Thirkell *et al.* (1998), IFIs have been promoting the mechanisms of the market economy as fundamental for economic development even though the effectiveness and the relevance of the model in relation to the Third World have been extensively criticized (Thirkell *et al.* 1998). For a comprehensive discussion of structural adjustment programs and the other instruments of the neoclassical economic model, i.e., standby loans and the targets/ conditionalities negotiated with governments see Thirkell *et al.*, 1998, chapter III.

Structural adjustment programs are designed to balance and restructure national economies and financial systems with the aim of achieving stable and non-inflationary growth (Thirkell *et al.* 1998). Restrictions of wages, pensions, and social benefits are some of the labor consequences of these programs, as the control over the growth of wages is used as the main anchor for reducing inflation and maintaining it at a low level (Thirkell *et al.* 1998).

The implementation of structural adjustment programs is usually undertaken in two distinct stages. The first is the macro-economic stabilization and monetary stage with the liberalization of prices and trade, combined with measures to limit inflation. Following that is the restructuring of the economy and its sectors with ownership change through accelerated privatization as its core (Thirkell *et al.* 1998).⁹

In the developing countries, public enterprise sales slowly began in the mid-1980s, but the pace accelerated in the latter half of the 1980s and has continued to grow since then.

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Even though privatization has been the most commonly used measure to restructure the economy and consequently to expand the size of the private sector in developing countries, there have been other measures, i.e., enterprise growth and small/medium enterprise development. For a more comprehensive discussion of these alternative measures see Cook *et al.* 1998, pp.4-8.

By the early 1990s, there had been almost 3,000 separate cases of privatization in the developing world (Cook *et al.* 1998). The number increased more than fourfold in Latin America and more than threefold in Asia, when the six-year period of 1988-93 is compared with the previous eight-year period of 1979-87 (Cook *et al.* 1998).

There are many consequences for privatization as a policy in terms of the reorganization of labor. ILO's officials argue that privatization of state enterprises and the resulting weakening in state control of the economy is likely to significantly alter the context for labor relations in developing countries (Thirkell *et al.* 1998). It is widely argued that after privatization, there is a tendency to move away from regular employment and increasingly toward temporary, casual contract labor (Van der Hoeven and Sziraczki 1997). For instance, after their privatization, Telecom and Telefónica (of Mexico) have implemented attractive early voluntary retirement plans, which removed 5,000 workers from tenured positions. The interesting hidden facet of this labor management strategy is that these telecommunications companies have rehired most of the "retired" workers on task-based contracts. In this way, the two companies have retained the availability

of skilled labor while avoiding the firm's obligations to tenured workers (pension contributions, vacations, health insurance, and other social benefits) and simultaneously reducing the number of unionized employees (Petrazzini 1996).

Cook *et al.* (1998) argue that viewed from an economy-level perspective, the impact of privatization on employment is based upon the relative importance of the public enterprise sector in the national economy. In the developing countries, the contribution of public enterprise output to GDP averaged about ten percent in the 1980s (Cook *et al.* 1998). Thus, from a purely economic perspective, *i.e.*, observing only the feeble contribution of the public enterprise sector in the national economy, privatization might be understood as having a relatively insignificant impact on labor. However, as will be analyzed in the sections to follow, the impact of privatization on labor in developing countries has been quite substantial.

2.3 The Employment Consequences of Privatization: The Pre-Privatization Phase

Prior to the actual privatization of state-owned enterprises (SOEs), *i.e.*, the pre-privatization phase, a series of processes affecting labor occurs. The most common

of these are the processes of recruitment freeze, the reduction of "redundant labor" and the provision of incentives for early retirement in order to make the enterprise more attractive to potential buyers (Cook *et al.* 1998, Petrazzini 1996, Burke & Nelson 1998). These processes are likely to have a great impact on labor and thus contribute to the future of workers as privatization unfolds.

Not unlike the period preceding other types or restructuring processes, e.g., downsizing, mergers or acquisitions, the pre-privatization period has many employment consequences for individual workers (Meyer 1995). Some of these consequences are the stressors and attendant symptoms of strain. Jick (1985) proposed that individuals in organizations undergoing any type of restructuring process are subjected to various sources of stress. These include role confusion, work overload, career plateauing, poor incentives, office politics and conflict, lack of participation in decision making, tense organizational climate, ideological disagreement, conflicts between job and personal life, and lack of job security (in Burke & Nelson 1998).

Rosellini (1981) observed that the reduction of "redundant labor", one of the processes pertaining to the

pre-privatization phase, had a significant role in a recent increase in federal employees' usage of health services. With the anticipation of the possibility of staff retrenchment, almost triple the number of federal employees were treated at the Department of Health and Human Services for stress-related symptoms such as dizziness, stomach upset, and high blood pressure.

Blundell (1978) reported that government employees in Denver whose staff had been reduced and reorganized were found to be so fearful and concerned about their futures that productivity suffered. Despite the negative labor effects at the initial phase of privatization, workers do not always oppose the process. Petrazzini (1996) argues that even though common sense would suggest that at the pre-privatization phase labor would inevitably resist privatization, the reaction of public sector workers has been in fact diverse.

In some countries, public sector workers in some state owned enterprises have fully supported the privatization process in its inception, while others have met the process with opposition. In Thailand, for instance, public sector unions have been able to mobilize considerable political support for their stand against privatization (Edgren 1989), whereas in Mexico and Malaysia, workers in certain

state owned enterprises have fully supported privatization. Reasons for workers' support of privatization include government commitment to protect job stability, and the endorsement for privatization by various unions, headed by non-traditional leaders (Petrazzini 1996).

When labor hostility to privatization occurs, it emerges out of fear of losing important benefits and public sector privileges that had been gained by unions over the years. Animosity to privatization is also directly linked to a general apprehension about the possibility of decline in earnings, the worsening of working conditions and most importantly, the threat of massive layoffs (Cook *et al.* 1998, Petrazzini 1996, Burke & Nelson 1998).

The prediction that privatization would lead to a sizable dismissal of public workers is based on the widely accepted argument that state owned enterprises in developing countries are overstaffed by personnel with few efficiency incentives who enjoyed high salaries, excessive fringe benefits, and considerable political influence (Petrazzini 1996).

There is also a prevailing assumption that, because the public sector tends to rely more on labor-intensive technologies than does the private sector, a takeover by

private management would increase high-tech production strategies, with a subsequent reduction of the labor force.

Another related argument upholds that since state owned enterprises have kept a relative monopoly status in developing countries, the search for competitiveness has not been an issue before privatization. With privatization, however, these enterprises would be forced to cut their labor force substantially in order to compete in the marketplace.

Regardless of which of the above arguments is being used, the literature suggests that mass redundancies are predominant at the pre-privatization phase (Petrazzini 1996, Cook *et al.* 1998, Van de Hoeven and Sziraczki 1997, Edgren 1989).

Petrazzini (1996) argues that during the restructuring period preceding the privatization of the Chilean postal and telex services, massive dismissals occurred. Accordingly, hundreds of postal and telex offices were closed and their labor force was reduced by approximately forty percent. Later, when the actual divestiture took place, more services were abolished and 400 additional jobs were eliminated. The same trend of massive layoffs was found in Pakistan. There, during the initial stages of privatization, some forty three percent of workers employed

in the public enterprises had been laid off (Cook *et al.* 1998, Van der Hoeven and Sziraczki 1997).

In many African countries as well as in Latin America, the period preceding privatization has been characterized by several measures to reduce the number of public sector employees, including hiring freezes, enforcing mandatory retirement age and voluntary severance schemes (Cook *et al.* 1998). For instance, prior to its privatization, the state owned airline Aeroméxico reduced the ratio of employees to aircraft by more than sixty percent (Petrazzini 1996). Mexicana, the other state owned Mexican airline, also had a substantial loss of workers during the pre-privatization phase.

The trend of massive layoffs can be cushioned by several factors. The most important of these are: the expansion of privatized enterprises and government intervention on behalf of labor (Petrazzini 1996, Cook *et al.* 1998). Petrazzini (1996) argues that enterprise expansion might serve to change the trend of massive dismissals. The period prior to the privatization of the Compañía de Teléfonos de Chile (CTC) is an example of such process. Even though CTC's pre-privatization phase was characterized by a hiring freeze, there have not been massive layoffs of personnel. This trend, Petrazzini

argues, was due to a cushioning effect of the enterprise's expansion. According to Petrazzini (1996), there is some basis for believing that the introduction of substantial new capital for expansion and upgrading will at least partially absorb the current degree of labor redundancy of the newly privatized enterprises in developing countries.

Another fundamental factor influencing the trend to massive layoffs is government regulation prior to privatization. In some instances, governments have reached agreement with the purchasers that employment levels will be maintained for a specified period of time after privatization. These agreements are usually in the form of a precondition of sale to temporarily or in some cases, permanently retain workers at jobs that were previously at risk (Petrazzini 1996, Cook et al. 1998). Obtaining such an understanding, however, may require governments to accept a lower purchase price for the public enterprise (Cook et al. 1998).

When governments intervene on behalf of labor, the threat of massive layoffs is greatly reduced. For instance, before the privatization of some SOEs in Mexico, the Mexican government required the transfer of public employees to the new private companies and a guarantee of job stability for a limited period of time (Petrazzini

1996). The government of Sri Lanka is yet another example of government intervention on labor's behalf. In order to protect job stability of public sector workers, the state in Sri Lanka, stipulated to all new owners of privatized enterprises the requirement to maintain all employees after privatization up to the retirement age of fifty-five (Cook *et al.* 1998). The government of Ghana also assumed responsibility for liabilities with respect to retrenched workers of privatization. The state in Ghana has taken a number of steps to deal with its substantial liabilities for end-of-service benefits to retrenched workers including a national pension scheme to replace the retirement gratuity provisions of collective bargaining and the standardization of entitlements to severance and redundancy payments. In addition, Ghana's Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) has, in practice, devoted resources to provide compensation packages for retrenched public sector employees (Cook *et al.* 1998).

Nepal is yet another example of how government intervention addresses the retrenchment caused by privatization. There, the state intervened on behalf of labor and stipulated that layoffs were not permitted during the first year of privatization. As a result, the impact of

privatization on employment and social protection has been mainly positive. In a number of privatized enterprises, employment was not reduced, while output, capacity for utilization and investment increased (Cook et al. 1998).

In many instances, however, the purchasers of privatized enterprises did not comply with the states' precondition of sale to retain workers (Petrazzini 1996). In Argentina, for instance, in spite of a contractual commitment by the new management to keep employment at existing levels, the private owners achieved considerable reduction of personnel during the months prior and post sale of ENTEL, one of the country's main telecommunication companies. Through a mechanism of "early voluntary retirement," ten percent of the former 45,000 ENTEL employees left the company (Petrazzini 1996).

In terms of earnings and benefit packages decline and the worsening of working conditions in the pre-privatization phase, the literature offers few case-studies. The post-privatization assessment below offers a broader range of studies on the area. Two studies with contrasting findings are worth mentioning, however. The first refers to Chile, the second to Sri Lanka.

In Chile, the *programa de autofinanciamiento* (self-financing program) was implemented aiming at reducing the

number of SOEs and transferring the productive ones to the private sector. When that happened, the program caused salary decreases across the board and a loss of important benefits for public workers (Petrazzini 1996). In Sri Lanka, on the other hand, earnings, benefits and working conditions remained the same during the pre-privatization phase. As the privatization process initiated, the government entered into an agreement with the future owners of the privatized enterprises to maintain the terms of employment as favorable as those existing at privatization (Cook et al. 1998). Again, when governments intervene on behalf of labor, the negative effects of privatization in terms of employment conditions can be also lessened.

Nevertheless, as some examples above suggest, there are no guarantees that the new management of privatized enterprises will comply with states' precondition of sale to retain workers or to keep the terms of employment after privatization.

It is argued that the tendency of states intervening on behalf of labor is likely to recede in the near future. Edgren (1989) claims that even though no government wants to see mass redundancies occur, in particular at times or in regions where no alternative employment exists, many

states have drawn up strict rules preventing their own interference in labor matters.

2.4 The Post-Privatization Period: Survivors and Retrenched Workers

Cook *et al.* (1998) claim that to compare the employment conditions of workers before and after privatization, a basic distinction should be made between workers who remain in employment and those who are retrenched as a result of privatization.

For those who remain, i.e., survivors, studies consistently indicate that for all types of restructuring processes, privatization included, job attitudes such as job satisfaction, job involvement, organizational commitment, and intention to remain with the organization become more negative (Brockner *et al.* 1992; Brockner *et al.* 1994; Hallier & Lyon 1996). These negative effects, combined with the fact that survivors must do more with fewer resources, make the aftermath of privatization more difficult to deal with.

During the post privatization phase, the processes of recruitment freeze, reduction of "redundant labor" and the provision of incentives for early retirement continue. In Guinea, for instance, a large number of employees were

removed from the public sector payroll as a result of the privatization or closure of SOEs. Some employees, particularly those in the mining companies, were re-employed on a contractual basis with no job stability. Early retirement and voluntary departure with substantial benefit packages were offered to public sector workers as inducements to leave employment.

In regard to labor terms and conditions such as employment security, wages, working conditions and social protections of employment, Cook *et al.* (1998) argue that they are likely to be changed for survivors of privatization. For instance, after its privatization, Argentina's ENTEL increased the length of working hours. Prior to its privatization, ENTEL's workers enjoyed a work week that amounted to only thirty-five hours. With privatization, however, the working hours were increased to the typical forty hours a week (Petrazzini 1996).

Cook *et al.* (1998) claim that these changes often depend on whether or not public enterprise workers were covered by social security schemes applicable to civil servants. For instance, workers in railways, telecommunications and transport usually have civil service employment contracts, while those in manufacturing and banking usually do not (Cook *et al.* 1998).

Another problem for survivors of privatization, Cook *et al.* (1998) argue, lies on the transfer or "portability" of social protection benefits, in particular of pensions. When workers move from one scheme to another, Cook argues, they almost always lose, because the old scheme does not transfer enough money to the new. In addition, many public sector pension schemes provide increasingly better benefits with longer service, because benefits are linked to the (highest) earnings level, just before retirement, while in the private sector these benefits tend to be related to lifetime earnings. Thus, it is usually to the advantage of younger workers to move and of older workers to stay. The same applies to health insurance coverage.

Another labor consequence during the post-privatization phase is the demotion or reassignment of jobs to survivor workers within the newly privatized enterprises. Schelenker and Gutek (1987) examined the effects of being reassigned (demoted) to nonprofessional jobs on professionals in a large social service agency. In the administration of staff cuts, one group of social workers was abruptly reassigned to nonprofessional jobs while keeping the same salary and benefits. Individuals who were reassigned (demoted) reported significantly less self-esteem, significantly less job and life satisfaction, and

significantly greater intention to leave the agency. No differences were found on measures of professional role involvement, professional role identification (commitment to social work), and work-related depression.

Petrazzini (1996) and Cook *et al.* (1998) argue that although privatization has restricted some important labor rights for survivor workers, it has also resulted in economic benefits for this workers' category. Salary increases is one of these benefits. In Chile, survivors of the privatized telecommunications enterprise CTC negotiated a new collective labor contract achieving with it a salary hike of thirteen percent in real terms (Petrazzini 1996, Cook *et al.* 1998). Mexican telecommunications workers have also benefited from salary improvements. After privatization, TELMEX management restructured and reduced the number of job categories within the company. This reform resulted in salary hikes for all survivors. Economic benefits have also been derived by survivor workers remaining in the privatized companies in Brazil. These have been primarily in the form of increased wages, even though this has not happened in all privatized enterprises (Cook *et al.* 1998).

Wage increases after privatization may nevertheless be a short-term benefit for survivor workers of privatized

enterprises. Petrazzini (1996) gives three justifications for this claim. First, he argues, salary increases are in most cases tied to the high profits that the now private companies were able to make following privatization, due to sharp increases in tariffs. This, he continues, is a one-time only increase to adjust depreciated and subsidized rates to the cost structure of the business, which means that substantial tariff increases will be absent in the future. Secondly, as the now monopolistic companies move into liberalized markets, they may witness a squeeze on profits with its subsequent impact on the salary profile. Finally, many of the privatized companies in developing countries operate in markets characterized, until recently, by a pattern of recurrent inflationary cycles. If any of these countries fall back into such cycle, it may happen, as it has in the past, that wages will again progressively deteriorate in real terms, turning the recent improvements into a disappointing illusion.

Cook *et al.* (1998) argues that for workers who leave employment, the labor impact of privatization will be determined by the provisions of the existing social security system and by the specific measures designed to reduce the social costs of privatizations. Cook further

specifies these measures into social protection measures and labor market policies.

While labor market policies are aimed at assisting the re-entry of retrenched workers into employment and can include skill training, assistance in establishing new enterprises and subsidized private employment, social protection measures are aimed at reducing the economic hardship of those workers who leave the privatized enterprise and include redundancy and severance payments and the provision of pensions.

Three main forms of social protection payments have been developed to deal with the hardship caused by retrenchment. The first is unemployment compensation, usually financed through some form of contributory scheme. Unemployment insurance provides a reasonable level of protection in most developed countries, but seldom in developing countries, where such insurance normally does not exist.

Secondly, workers may receive general payments upon employment termination which often are an alternative to unemployment or retirement benefit schemes. This is the main form of social protection in developing countries, as discussed by Cook *et al.* (1998). Retrenched workers receive

a lump-sum compensation package that may provide for their subsistence for a limited period of time.

Lastly, special provisions for payment have frequently been negotiated in the event of redundancy. These are seen as a compensation for the loss of the job security that characterizes public sector employment.

Social protection measures and labor market policies are rarely enforced in developing countries. In Brazil, for instance, current legislation requires laid-off employees of privatized enterprises to be retrained. In practice, however, this is rarely undertaken (Cook *et al.* 1998).

In terms of reemployment chances for the retrenched workers of privatized companies, some theorists suggest that privatization is more often followed by net job creation than reduction (Megginson, Nash & Rendenborgh 1994), and that with the expansion of the private sector, retrenched public sector workers will be able to find comparable jobs in the private sector. These theorists argue that privatization will increase the capacity of the economy to create employment by generating more resources for investment and growth (Vuylsteke 1988, World Bank 1995 in Van der Hoeven and Sziraczki 1997).

Others, however, disagree with the idea of job creation after privatization and claim that while private

industry has demonstrated a higher capacity for generating productive employment through a more efficient use of both capital and labor, this does not mean that privatizing existing public enterprises will generate more employment in the long run (Edgren 1990 in Van der Hoeven and Sziraczki 1997).

Dantico & Jurik (1986) and Fisk et al. (1978) claim that although the absolute demand for private sector jobs may increase proportionately to public sector layoffs, comparisons of similar private and public service providers suggest that private firms rely more heavily on unskilled labor than do government providers.

Dantico & Jurik (1986) claim that, while on its face the work to be done appears to be the same, jobs in the private sector are frequently redefined with a resulting "dumbing down" of positions which results in lower pay scales for entry-level workers in the private sector. Furthermore, Fisk et al. (1978) argue that the private sector provides entry-level workers with fewer benefits and less opportunity for advancement than does the public sector.

Before moving into the next section, it is important to point out that previous research dealing with retrenched workers' attitudes, in reference of job loss or re-entry to

the labor market, has not been found. In the analytic chapters that follow, an attempt to contribute to this scarce literature is made when discussing the labor effects of privatization and other restructuring processes on retrenched workers.

2.5 The Gendered Labor Consequences of Privatization

Unlike other restructuring processes, privatization is said to have some specific gendered effects on labor. In reviewing the literature related to the social consequences of privatization on women, however, one is struck by the paucity of empirical research done in this area, especially in regard to developing countries.

Since the privatization process has had a greater impact on the former socialist countries, most of the studies undertaken on this subject deal with the former Soviet Union, Czechoslovakia, Hungary, East Germany, and Poland (Fong & Paull 1992, Kiss 1991, Lapidus 1992, Leven 1991, Moghadam 1992 & 1995, Paukert 1992, Rosenberg 1991, Sobchak 1991, Szalai 1991, Weil 1992). In addition, three more studies were undertaken in this area which deal with the issue of privatization in general terms. Two of these studies regard privatization in the U.S., and one in Canada (Dantico & Jurik 1986, Hannant 1989, Hopkins 1994).

The prevalent claim in most of these studies is that privatization, as an economic reform, changes production and social reproduction, and because gender is embedded in those processes, women are profoundly affected by it (Weil 1992 in Moghadam 1995).

In regard to production, it is argued that women's ability to earn secure incomes is determined both by economic conditions and economic policies (Weil 1992), and as an economic reform policy, privatization has a direct impact on women in the productive sphere. More specifically, increasing trends of privatization are adversely affecting the work opportunities available to women worldwide (Moghadam 1992,1995).

In Eastern European countries the aggregate labor force participation rate of women has been higher than in Western Europe and nearly equivalent with that of men (Fong & Paull 1992). Fong and Paull argue that throughout Eastern Europe the rates of unemployment were very low before the privatization process, but with the transformation from central planning and state ownership towards a market-based economy and private property, unemployment is beginning to emerge in substantial numbers in most of these countries. Furthermore, in proportion to their labor force participation, women are over-represented among the

unemployed (Fong & Paull 1992, Moghadam 1995). Exceptions for this trend are Hungary and Slovenia, where women's unemployment rates are lower than those of men (Moghadam 1995, Szalai 1991, Paukert 1992, Weil 1992).

Weil (1992) claims that in the case of Hungary, this might be related to the fact that most privatization there has occurred in the mining, energy and heavy industrial sectors, e.g. metallurgy and chemicals, sectors where women had little representation which might have had the effect of shielding them from the impact of privatization in these industries.

In their theoretical study on the social impact of privatization on women in the U.S., Dantico and Jurik (1986) claim that the public sector has historically served as an opportunity ladder for disadvantaged groups in the U.S. (Dahl 1961, Eire 1978, O'Connor 1984). Since the New Deal, the U.S. government has played an important role as a job provider, and "this role has been especially significant in extending employment opportunities to women and other disadvantaged workers" (Dantico & Jurik 1986).

Many of the reported advances made by women and minorities, in the form of higher average wages and professional occupational rankings, can be attributed to their achievements in government sector occupations (Cayer

& Sigelman 1980). Thurow (1980) argues that while the public sector employs sixteen percent of all white males, it directly employs twenty-one percent of all women in the paid labor force. Approximately fifty-nine percent of the employed women in the U.S. are located in service (non-household) occupations, and over half of these service jobs are government positions (Reskin & Hartman 1986). Women, racial and ethnic minorities (especially Blacks and Hispanics), therefore, are heavily dependent on government agencies for employment opportunities.

Dantico and Jurik (1986) claim that the transfer of public service-related agencies to the private sector will reduce the number of government jobs, and because so many recent gains in the forms of employment opportunities, rank, and wages for traditionally disadvantaged workers have been largely due to the public sector, privatization is likely to have especially strong implications for female workers. A net reduction in the number of public sector jobs, they argue, will necessarily mean that some government workers will be laid off, and since women are disproportionately clustered in low ranking positions in this sector, "they are more likely to suffer lay-off when publicly-provided services are transferred to the private sector" (Dantico & Jurik 1986).

In her 1989 empirical study on the impact of privatization of the postal services on women, Hannant argues that the plan for the privatization of postal services in Canada aimed at closing 734 existing urban offices. Among the urban employees, the first workers to feel the effects of the privatization process were the cleaners, the vast majority of whom were women and immigrants. These workers who were previously protected by a collective agreement and earned between \$8 and \$12 per hour, suddenly found themselves without a union and earning near minimum wages, with reduced benefits and little job security (Hannant 1989).

Another form of privatization that generated a whole series of problems for postal workers was that of franchising. It involved the closing of as many as 6,000 of its union-staffed post offices in favor of transferring to private businesses the right to sell postal goods or services. In addition to the many jobs lost due to the franchising process, in each franchising case, the business owner hired non-unionized, low-waged, and primarily female labor to staff the postal operations (Hannant 1989).

The privatization of Canada Post had greater negative effects for women in rural than in other areas (Hannant

1989). Of the 5,221 rural post offices across Canada, some 1,700 were slated for extinction and the other 3,500 were privatized by 1999 (Hannant 1989). Hannant claims that post office positions are of particular importance for women living in rural areas, since these are areas where primary resource based economies offer fewer employment opportunities. Thus, more than urban or suburban women, post office closures mean for rural women the prospect of permanent unemployment (Hannant 1989). Furthermore, where jobs are not lost, few women in rural areas can afford to work for the commission salary offered under a privatized postal outlet. In some instances wages have been reduced by as much as seventy percent after privatization, with the postmaster receiving between one-quarter and one-half of her former income (Hannant 1989).

It is argued that public employment promises women not only raw numbers of jobs but relative to the private sector, significantly more high ranking jobs and better wage scales than the private sector (Dantico & Jurik 1986, Hannant 1989). In the U.S., for instance, when the relevant human capital investments, i.e., education, skill, and experience, are taken into account, the male-female wage differentials are significantly lower in the public than in the private sector, and after adjustments are made for

skills, the federal government pays white women substantially more (twenty percent) than does the private sector (Dantico & Jurik 1986). Minority women end up with an even larger premium, around thirty percent in federal employment, and a smaller premium of around five percent in state and local governments (Thurow 1980).

In short, employment opportunities in the public sector have been mostly beneficial to female workers. Women employed by the U.S. government appear to be better paid, on the average, than their female cohort in the private sector (Dantico & Jurik 1986). Furthermore, since the U.S. government is an important source of professional level jobs for women, i.e., fifty percent of all female professionals as compared to thirty-five percent of all males in professional occupations are working in government jobs (Thurow 1980), and since gender-based employment rate differences are even more marked for professionals employees, privatization of government agencies can negatively affect the employment prospects for professional women, and "contribute to a decline or stagnation in the percentage of women workers located in professional and managerial level-jobs in the U.S." (Dantico & Jurik 1986:429).

Furthermore, to the degree that women have been able to advance into middle and upper-level management positions in federal, state and local governments, public employment offered them the opportunity to participate in policy formation (Dantico & Jurik 1986). However, with the privatization of the public sector in the U.S. women might lose such opportunity as well. In addition to unemployment, reduction of wages, and other labor related consequences, privatization also means less job security and less social benefits. Since its privatization, workers became contractors for Canada Post, rather than employees, and as such, they are unlikely to receive dental or medical health care, pension, holiday pay or sick leave benefits (Hannant 1989). Furthermore, contracting out means that contracts have a specified term, once the contract expires, the whole contract has to be tendered and renegotiated. Thus, while postal workers may have job security under the terms of a particular contract, once this contract expires that job security is immediately threatened (Hannant 1989).

Hopkins (1994) argues that in most countries privatization is followed by raising childcare costs and the labeling of childcare facilities as inefficient burden on the newly privatized enterprises. She claims that because both socialist and capitalist systems place

responsibility for maintaining families on women, women are the ones paying the costs of privatizing responsibility for dependents (Hopkins 1994).

Due to the paucity of empirical research in developing countries, any conclusion on the gendered labor effects of privatization in these countries would seem premature and speculative. Further investigation on the effects of privatization on the labor force and its specific consequences to the female work force is necessary, especially in the developing countries, where gender inequality remains predominantly high.

Myrdal (1963) argues that "the free play of the market forces will work more powerfully to create inequalities and to widen those (in regions where inequalities) already exist." Since privatization is a corollary of a market liberalization process, it is important to investigate Myrdal's claim and examine if privatization is likely to further increase the degree of gender inequality in the less developed countries. Thus, additional empirical research on the process of privatization in developing countries might help disclose the direction of this process and to reveal the effects it might have on the labor force in general and on the female labor force in particular. In this study, an attempt to do so is undertaken.

2.6 The Brazilian Privatization Program

In most countries of the Latin American region, privatization has become an important feature of economic reform (Birch & Haar 2000). In Latin America, privatization has been justified as a strategy to improve and extend basic services, to produce revenues for the state, attract foreign investment and new technology, lower costs and increase efficiency.

In a recent study by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), a series of both structural and cyclical reasons for the prevalence of privatization in Latin America have been identified (Birch and Haar 2000). In terms of structural factors motivating the Brazilian privatization program, ideological reasons were found to be of primary importance, with the objectives of efficiency and modernization being secondary and changes in market structure tertiary. Regarding cyclical motivations, fiscal urgency came as a first factor, followed by restricted investment and external pressure.

The Brazilian privatization program, PND (Programa Nacional de Destatização) was initially launched in April of 1990. In 1989, for the first time in 29 years,

Brazilians directly elected a civilian president. The campaign platform of the winner, Fernando Collor de Melo, was based on neoliberal thinking and included proposals for a drastic reform of the state's economic role, the opening of the economy to foreign capital, and the curbing of quasi-hyperinflation (Souza 2000).

The implementation of the PND was based on the creation of an Executive National Privatization Committee (Comissão Diretora do Programa Nacional de Destatização - CDPND) composed of individuals chosen by the president of Brazil and by the manager of the National Privatization Fund. Since the beginning of the program, the National Bank of Economic and Social Development (Banco Nacional de Desenvolvimento Econômico e Social - BNDES) played the role of "secretariat" for the PND and was responsible for lending administrative and technical support to the officials involved; helping the officials hire consulting firms for the valuation of the companies undergoing sale; determining minimum prices, conditions, and forms of sales; carrying out specific studies prior to privatization; publishing public notices (editais) and specifying the conditions under which the sale would occur.

When the National Privatization Plan was first launched, the emphasis was on selling state companies in

exchange for the cancellation of devalued, non-performing debts of state-owned entities. The idea was to reduce government debt to the private sector and to restore federal credibility in financial markets. Although the discount of federal debt paper made federal companies cheap for the purchasers, little cash was actually obtained by the government. Of the R\$ 9.3 billion in companies sold up to October 1995, the government received cash payments of only R\$1.8 billion (World Bank 1997).

Recent changes to the National Privatization Plan have attempted to remedy the problems experienced during the earlier years of the plan. The BNDES stipulated that all auctions starting from 1996 would be cash only, in the hopes of raising cash for investments and redeeming part of the growing domestic debt (World Bank 1997). The program is also geared towards attracting foreign investors, which had minimal participation during the initial years of the PND. While foreign investors had a modest five percent of all PND acquisitions prior to 1995, their cumulative share for the period ending in 1996 rose to fourteen percent, reflecting a strong interest in the privatization of electric utilities and railroads (BNDES 1998). In 1996, there was active foreign participation in two important auctions - the state's utility company operating in the

state of Rio de Janeiro (LIGHT), and the Western Network of the Federal Railway Network (RFFSA) auctions, which were won by French and American consortia, respectively (World Bank 1997).

According to the 1998 BNDES Report of Activities, since the PND was announced in 1990, a total of fifty-eight federally owned companies and equity share interests have been sold to private buyers, mostly in the steel, chemical, petrochemical, fertilizer and electric power sectors. In addition, concessions were granted for private operation of five Systems of RFFSA railroads (BNDES 1998). The income earned from such sales amounted to US\$ 18.4 billion plus debts transferred to the private sector in the amount of US\$ 8.1 billion, for a grand total of US\$ 26.5 billion.

By the mid-1990s, the privatization of state firms in Brazil had largely concluded for three basic industrial sectors of the economy, namely, steel, petrochemicals and fertilizers (Souza 2000). The banking and financial industry was the next in line to undergo privatization.

The Brazilian banking sector is undergoing numerous restructuring processes. Major reforms in the private sector and privatization of public banks are currently the rules for the industry. Since July 1994, the Brazilian Central Bank has liquidated fifteen banks and intervened in

another six for restructuring and/or privatizing purposes (Barreto 1996).

Most state-owned banks were created during the 1970s, with a mixture of developmental, social and commercial purposes. Recently, however, these banks are serving mainly bureaucratic functions to the state machinery, such as handling state payrolls and providing general services to state functionaries.

These public institutions were financed mostly by foreign capital, and were also instrumental for the Brazilian government in its attempts to attract foreign finance (Frieden 1982). Although these were for the most part regional banks, the number of inter-regional branches increased in great proportions during the 1970s and 1980s, and abroad, their affiliates multiplied, generating many jobs. For instance, from 1972 to 1981, BANERJ and BANESPA, the banks of the states of Rio de Janeiro and São Paulo respectively, had their overseas subsidiaries increased from 18 to 102 (Frieden 1982). The state's rationale for such expansion was that these international affiliates would help finance and encourage Brazilian exports and that Brazilian bank branches in major financial centers could borrow foreign capital more easily (Frieden 1982).

The inflationary economy in Brazil during the 1980s can also account for the banking industry expansion in both public and private sectors. During the 1980s, inflation rates in Brazil reached extremely high levels, above a hundred percent yearly at times, and for banks this was an easy way to make profits. For example, banks would act as government agents collecting water and energy bills from the population but those funds would only be passed to the government three days later. When Brazil was running an average eighty percent monthly inflation rate, for instance, three days represented an eight percent gain. Inflation, then, fueled an easy way to make profits, thus making banking a very lucrative business, and as such, the industry proliferated (Barreto 1996).

With the economic reforms of the 1990s, especially the currency stabilization project, inflation rates in Brazil dropped substantially, forcing banks to adapt to a new market structure. The Brazilian government claimed that a new economic environment had to be created, one that would cut in half the number of banks by the end of the century. This generated major reforms in the financial system, with mergers, acquisitions, and liquidation of banks becoming commonplace in the private financial sector, while

privatization became the rule in the public banking sector.¹⁰

Privatization and other types of restructuring processes have already cut the number of banks in Brazil from 263 in 1994 (the year in which the inflation-busting real plan was introduced) to 214 (The Economist, June 2000). These recent transformations in the Brazilian banking industry are likely to have a direct effect on the work force, with privatization affecting the employment quality of those working in the public banking sector and other types of restructuring being likely to generate employment changes for those in the private sector and the non-privatized public sector. An analysis of these and other related changes will be provided in the following chapters of this study.

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The sale and privatization of Brazilian banks is such a widespread practice that advertisements for the selling of public banks are being regularly placed in major newspapers, both national and international. Refer to Appendix B for an advertisement for the sale of a Brazilian state bank placed recently (April, 3rd 2000) in the New York Times. The advertisement is entitled "10 Reasons to Buy a Bank in the World's Eighth Largest Economy: Brazil."

2.7 Summary and Conclusions

The purpose of this chapter was to provide an analysis of the research on the impact of privatization on labor. First, an analysis of privatization as the centerpiece of a new developmental program aimed at the expansion of an international market economy in developing countries was undertaken. It was argued that privatization as part of a full structural transformation program that is altering both the foundations of the economic system and the social order in developing societies is also fundamentally changing labor relations in these societies.

This section was followed by an analysis of the pre-privatization phase and its labor impact. As discussed above, prior to the actual privatization of SOEs, a series of processes affecting labor occur. The most common of these are the processes of recruitment freeze, the reduction of "redundant labor" and the provision of incentives for early retirement. These processes and their impact on labor were examined here. The positive impact of government intervention on behalf of labor during this pre-phase was also analyzed in this section.

The impact of privatization on survivors and retrenched workers was discussed in the section that

followed. In this section, it was argued that to compare the employment conditions of workers before and after privatization, a basic distinction should be made between workers who remain in employment and those who are retrenched as a result of privatization, since the post privatization phase differs for survivors and retrenched workers.

Although there are a host of negative effects for survivors of privatization, such as increased pressure for early retirement and voluntary departure, decline in working conditions such as employment security, non-wage benefits, and social protections of employment, privatization has also resulted in economic benefits for survivors. These and other related issues were discussed in this section.

For retrenched workers, the labor impact of privatization is influenced by the provisions of the existing social security system and by the specific measures designed to reduce the social costs of privatization. Since social protection measures and labor market policies are rarely enforced in developing countries, the effects of privatization on retrenched workers are likely to be mostly negative.

Next, an empirical analysis of the gendered labor impact of privatization was undertaken. In this section, special emphasis was placed on the ways privatization is affecting the employment quality of women.

Lastly, the history and implementations of the Brazilian privatization program (PND) was examined. This section included a brief introduction on the restructuring of the Brazilian banking industry.

Before we proceed to the next chapter, it is important to point out that the labor impact of privatization in Brazil has remained up to this point under analyzed. Little research has been undertaken in the specific effects of privatization for the Brazilian labor market. Of this meager literature, however, some differences and similarities with other developing countries are clearly perceived.

Similarly to Thailand, unions in Brazil have been able to mobilize considerable political support for their stand against privatization. In Brazil, labor hostility to privatization has occurred primarily out of fear of losing important benefits and public sector privileges that had been gained by unions over the years and to a general apprehension about the possibility of decline in earnings, the worsening of working conditions and most importantly,

the threat of massive layoffs. Union mobilization in Brazil, however, has done little to stop the process of privatization to move forward.

Not unlike certain SOEs in Pakistan, a number of African countries and in many areas in the Latin American region, as mentioned in the sections above, the period preceding privatization in Brazil has been characterized by several measures to reduce the number of public sector employees, including massive layoffs, hiring freezes, enforcing mandatory retirement age and voluntary severance schemes.

It was argued in the sections above that a fundamental factor influencing the trend to massive layoffs is government regulation prior to privatization. In some instances, governments have reached agreement with the purchasers that employment levels will be maintained for a specified period of time after privatization. These agreements are usually in the form of a precondition of sale to temporarily or in some cases, permanently retain workers at jobs that were previously at risk. When governments intervene on behalf of labor, the threat of massive layoffs is greatly reduced. Unlike Mexico, Ghana, Sri Lanka and Nepal, where governments required the transfer of public employees to the new private companies

and a guarantee of job stability for a period of time, the Brazilian state has not attempted to regulate the massive layoffs that occur as the privatization process unfolds. In Brazil, the state has adopted a hands-off policy in regard to labor before, during and after privatization. As a result, the impact of privatization on employment has been mainly negative. Further evaluation of the labor effects of the Brazilian privatization process will be undertaken in the analytical chapters to follow.

Chapter III

Methodology and Descriptive Statistics

The purpose of this chapter is to describe the research design and the methodological procedures employed to test the main and secondary hypotheses for this study. It includes a thorough examination of the hypotheses, the sampling techniques used in this study and a discussion of the descriptive statistics for the entire sample. This chapter also includes a detailed discussion on the data collection procedures, a description of each variable included in the analytic chapters of this study and a review of the models for analyzing the data (see Appendix A for a copy of the questionnaire).

3.1 Research Design and Hypotheses

This research was designed with the objective of testing a single primary and two secondary hypotheses. The primary hypothesis is based on the assumption that there is a strong association between the dependent variable, i.e., employment quality - measured in terms of wages, non-wage benefits and job security - and the

independent variable, i.e., restructuring according to sector - privatization, private and public restructuring.¹¹

The assumption is that both private and public restructuring affect the employment quality of workers to a lesser extent when compared to privatization. Thus, levels of wages, non-wage benefits and job security are expected to be significantly inferior for workers in the privatized sector when compared to those pertaining to other restructured sectors.

The two secondary hypotheses tested by this study are based on the assumptions that there are strong statistical associations between the dependent variable - employment quality - and two distinct independent variables, e.g., employment status, i.e., survivors and retrenched workers - and gender. Here, I would argue, based on the literature, that the employment quality of retrenched employees is significantly inferior when compared to the employment conditions of their counterparts, i.e., survivor employees.

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The dependent variables used in this study to measure employment quality, i.e., wages, non-wage benefits and job security, have been widely used by major labor organizations when investigating trends in employment quality, e.g., the U.S. Bureau of Labor Statistics (BLS) and the International Labour Organization (ILO).

In regard to gender, as examined in chapter II, it is widely argued that privatization is likely to lead to an increasing drop in wages, benefits and job security to women. Thus, it is further hypothesized that employment quality will be significantly inferior for female workers in the privatized sector when compared to other respondents in the sample.

It is important to point out that the main objective of investigating the secondary hypotheses outlined here is to understand if the employment quality of these two groups of respondents, privatized sector female employees and retrenched workers, is being affected negatively after privatization and/or restructuring. Table 3.1 outlines the hypotheses for this study.

Table 3.1 Summary of Primary and Secondary Hypotheses

Hypotheses	Description
Primary Hypothesis	Employment quality is significantly inferior for workers affiliated with the privatized sector when compared to that pertaining to respondents in other sectors.
Secondary Hypothesis I	Employment quality is significantly inferior for retrenched workers when compared to their counterparts, survivor workers.
Secondary Hypothesis II	The employment quality of female workers affiliated with the privatized sector is significantly inferior when compared to other workers in the sample.

3.2 Data Collection Procedures, Sampling Techniques & Sample

The data for this research were collected during a period of approximately six months, i.e., from May to November 1998. The timeframe for the data collection process was not random, but purposely chosen.

The main objective of this research was to analyze and compare employment quality after restructuring in the privatized, public and private sectors of the Brazilian banking industry. Thus, data had to be gathered in the period following privatization and the other forms of restructuring processes that occurred at the private and public sectors of the banking industry. Therefore, it was necessary that the banks included in this study had been restructured prior to the period of data collection.

The three public banks in this study had initiated their restructuring processes approximately three years prior to the data collection procedure. For the two privatized banks in the study, privatization had occurred six months and a year respectively, prior to the data collection period. Finally, the two participant private banks had been restructured a year and three years prior to this study's proceedings of data collection. Table 3.2 provides the banks under this study according to their

types, type of their restructuring processes, the exact or approximate date of their restructuring and the number of respondents in each bank.¹²

Table 3.2 Bank Types, Restructuring Processes, Dates of Restructuring and Number of Respondents

Banks	Type of Restructuring	Date of Restructuring	Number of Respondents Total 476
Privatized Bank I	Privatization	June 26th 1997 *	98
Privatized Bank II	Privatization	Dec. 4th 1997 *	61
Public Bank I	Downsizing	June 1995 **	87
Public Bank II	Downsizing	June 1995 **	55
Public Bank III	Downsizing	Sept. 1994 **	78
Private Bank I	Downsizing/Merger	June 1995 **	55
Private Bank II	Downsizing/ Acquisition	March 1997 **	42

* Exact dates obtained by The Brazilian Development Bank (BNDES) / Federal Privatization Office - June 19th, 1998 Publication.

** Approximate Dates

The sample consists of 476 respondents - employees (survivors) and ex-employees (retrenched) of public, privatized and private banks. The three main eligibility criteria for the sample population were:

I. Respondents were required to have been working for at least three (3) years prior to the restructuring of their bank settings.

II. Respondents in the category of retrenched employees were required to have been dismissed at least a month after the restructuring of their work setting.

III. Retrenched respondents were required to be re-employed at the time data were collected.

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Actual bank names are made unknown to protect respondents' anonymity privilege.

These sample characteristics were relevant for three reasons. First, in order to evaluate employment quality changes, respondents were required to have been employed at these bank settings for a certain period of time. Three years prior to restructuring seemed to be a reasonable minimum period of time for respondents to conduct a proper evaluation on the employment quality changes that occurred in their work settings. Secondly, in order to qualify as retrenched employees of restructuring, it was necessary for respondents to have been dismissed after the actual occurrence of restructuring in their bank settings. Lastly, in order to evaluate employment quality changes of retrenched employees of restructuring, it was necessary that these workers have been re-employed. A large number of workers who completed the questionnaire were unemployed. However, with no other jobs to compare employment quality after restructuring, these respondents were disqualified.¹³

The total number of questionnaires distributed at the official banks for this study was approximately 1,675. The questionnaires were distributed by four research assistants. These were graduate students in sociology affiliated with the Federal Universities of Social Sciences

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Data collected for unemployed respondents will be used for a future project concerning the impact of privatization and other forms of restructuring processes on the unemployed.

located in Rio de Janeiro and Porto Alegre, two major universities located in Brazilian urban centers.

A total of 842 respondents (50.3%) refused to complete the questionnaires. This relatively high refusal rate can be explained by several factors. Length of questionnaire and lack of interest in the study were some of the important factors contributing to this refusal rate. Many respondents expressed concerns about the questionnaire length and the time required to complete it, consequently, decided to exclude themselves from the research altogether. The high refusal rate for this study, however, can be primarily attributed to a generalized climate of distrust among respondents in these recent restructured organizations. Many respondents questioned the research sponsorship, and voiced a concern that this was a research undertaken by their own organization as a means to discover the particulars of their views about the organization itself. This was especially true for the banks in this study where official permission for data collection was provided by the management.

Official permission by management meant to a large number of respondents that management could have access to their responses for the questionnaire. This contributed to the creation of a climate of distrust among respondents and

researchers. In banks where official permission for data collection was not obtained or was not necessary, the refusal rates were much lower. Of the 842 respondents who refused to answer the questionnaire, 523 (62.1%) were affiliated with banks where official permission for data collection was obtained.

A total of 833 respondents completed the questionnaires. Of these, approximately forty three percent of the respondents (Total: 357) were ineligible, i.e., they were either recent employees in the banks, had been dismissed before the restructuring of their bank settings started, or were unemployed. A total of 476 respondents (57%) satisfied all the requirements for selection. Table 3.3 summarizes the response rates for this study's survey.

Table 3.3 Survey's Response Rates Results

Response Rates Results	Total Number (%)
Approximate Number of Questionnaires Distributed	1,675 (100%)
Refusal Rate	842 (50.3%)
Completed Questionnaires	833(49.7%)
Completed Questionnaires Not Satisfying Requirements	357/833 (42.9%)
Completed Questionnaires Satisfying Requirements	476/833 (57.1%)

Where official permission to conduct the research was granted, questionnaires were randomly distributed. This was the case for most bank settings participating in this study. In two banks where official permission was not granted, however, questionnaires were distributed in a

snowball fashion. This was the case for one privatized and one private bank. A snowball method was also used to collect data from retrenched workers.

It is argued that snowball sampling or any type of purposive sampling technique is in many instances the only type of sampling technique available to a researcher when selecting members of a difficult-to-reach, or specialized population (Neuman 1994). Since official lists of employees who survived restructuring as well as employees who were terminated as a result of restructuring were not readily available in some bank settings, as bank administrators tend to be very secretive about this type of information, randomization was rather implausible in such situations. Thus, under these circumstances, a snowball sampling method seemed to be the sole appropriate data collection technique for part of this study.

A method of triangulation was used in the collection and analysis of the data for this study. Using both quantitative and qualitative measurements, i.e., surveys and in depth semi-structured interviews, allowed for a thorough examination of the effects of privatization and other restructuring processes on labor. The use of a survey and interviews allowed an examination of the processes from different perspectives and, as so, it implies greater

validity than a single method. The survey, however, constitutes the main data collection procedure for this study. It was composed of questions formulated on the basis of the literature review on the processes of restructuring and privatization and aimed at measuring the employment effects of different types of restructuring on the labor force. The questionnaire was composed of four sections:

- I. Demographics
- II. Family and Work
- III. Work-Related Changes
- IV. Mental Health

As will be examined later in the analytic chapters, only the first and third sections of the questionnaire were used in this study's analysis, i.e., demographics and work-related changes. The data for the other two sections are reserved for future projects dealing with restructuring processes and their effects on family life and the mental health of workers.¹⁴

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The objectives of these subsequent studies are twofold. In regard to the family related data, it is widely argued that changes in the workplace are likely to have an effect on other societal institutions, including the family. Thus, the objective is to use the family related data to examine whether transformations in the institution of work resulting from corporate restructuring are likely to have an impact on the family life of survivors and retrenched workers. Secondly, as argued in chapter II, restructuring processes are likely to affect the mental health of workers, both survivors and retrenched. Thus, collecting data pertaining to the mental health of survivors and retrenched workers of restructuring could be used to further the understanding of the association between restructuring and mental health. These two objectives, however, fall beyond the scope of this dissertation and are reserved for subsequent projects.

In depth semi-structured interviews were conducted with a percentage of the final sample as well as with bank officials and union leaders. Approximately 20% of the respondents (total: 92), a small number of bank officials (total: 10) and union leaders (total: 6) were interviewed during the period between June and September of 1998. The purpose of these interviews was to delve deeper into the experiences of respondents with the processes of privatization and other restructuring processes and the effects these processes had on their working lives, especially in regard to employment quality.

Interviews with bank officials and union leaders were also necessary to further comprehend the respondents' experiences in regard to the changes in employment quality that occurred as a result of restructuring processes. Furthermore, the interviews with bank officials served the purpose of exploring the employer's or management's stance in regard to the processes of restructuring and privatization which also contributes to a better understanding of work transformations associated with these processes.

A number of qualified respondents, according to the eligibility criteria, were asked or volunteered to be interviewed on a subsequent occasion, after the completion

of the survey. Table 3.4 below describes the sample for interviewed respondents according to sector, employment status and gender.

Table 3.4 Interviewed Respondents According to Sector, Employment Status and Sex

Privatized				Public				Private			
Survivor		Retrenched		Survivor		Retrenched		Survivor		Retrenched	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
10	7	7	4	8	9	9	4	7	10	8	9

As shown in Table 3.4, a total of 92 respondents were interviewed. Each interview meeting lasted approximately one hour. These interviews took place at the respondents' workplace or other neutral location. When it was more convenient for respondents, however, we agreed to meet at their own residences. Questions pertaining to changes in employment quality were the main focus of these interviews.

3.3 Descriptive Statistics

Table 3.5 presents the descriptive demographic statistics for the entire sample. It consists of the proportion of female respondents in the sample, mean age of respondents, marital status, i.e., proportion of married or

cohabitating respondents, respondents' level of education and the racial composition of the sample.

Table 3.5 Demographic Statistics

Socio-Demographics	Mean (S.D.) / Proportion of Total Sample
Female (a)	.51 (-)
Age	38.4 (6.32)
Married/Cohabiting(b)	.61 (-)
Children (c)	.98 (.90)
Education (d)	14.1 (2.00)
White (e)	.74 (-)
Total	476

(a) Proportion of female respondents of the total sample

(b) Proportion of married or cohabitating respondents of the total sample

(c) Mean number of children/ total sample

(d) Measured in years of formal education

(e) Proportion of white respondents of total sample

The sample is composed of a proportionate representation of male (49%) and female respondents (51%). The mean age for the entire sample was 38.4 with a standard deviation of 6.32, which explains the substantive proportion of married and cohabitating respondents. As table 3.5 indicates, the sample is composed of a high proportion of married or cohabitating respondents. Accordingly, sixty one percent (61%) of the respondents were either married (48.5%) or living with a partner in a conjugal relationship (12.6%). The mean number of children reported by respondents was .98, with a standard deviation of .90. In terms of educational level, table 3.5 shows the mean for years of schooling completed by respondents to be

14.1 with a standard deviation of 2.0. This suggests a highly educated workforce according to Brazilian standards.¹⁵ In terms of the racial composition of the sample, whites are over represented (74%), with a minor representation of non-whites (26%). The latter category includes mostly Brazilian blacks, but also Asian Brazilians, mostly descendants of Japanese and Chinese immigrants. This under representation of non-whites in the sample reflects a broader under representation of the group in the Brazilian service industry as a whole. This issue will be further examined in chapter V, below, when discussing the issues of economic and social exclusion and race in Brazil.

Table 3.6 below displays the employment characteristics for the entire sample. As demonstrated on the table, respondents are proportionately represented across sectors, i.e., the proportion of respondents in the privatized, public and private sectors are .33, .37, .30, respectively.

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Illiteracy rates are very high in Brazil. According to the World Bank, the illiteracy rate for the adult population in Brazil is sixteen percent (2001 World Bank Publication - Brazil/Data).

Table 3.6 Employment Characteristics Statistics (Entire Sample)

Employment Characteristics	Mean (S.D.) / Proportion of Total Sample (N=476)
<u>Sector</u>	
Privatized	.33 (-)
Public	.37 (-)
Private	.30 (-)
<u>Employment Status</u>	
Survivor	.56 (-)
Retrenched	.44 (-)
<u>Compensation</u>	
Wages Before Restructuring (a)	1755.05 (1127.04)
Wages After Restructuring (a)	1318.87 (1000.69)
Non-Wage Benefits Before Restruct. (b)	6.84 (2.42)
Non-Wage Benefits After Restruct. (b)	3.68 (3.02)
<u>Job Characteristics</u>	
Admission Procedure (c)	.33 (-)
Tenure (months) (d)	129.75 (94.65)
Job Security Before Restructuring (e)	3.74 (1.39)
Job Security After Restructuring (e)	1.09 (1.27)
Collective Bargaining (f)	.78 (-)
Collective Bargaining Participation (g)	.19 (-)
<u>Job Categories (h)</u>	
Managerial/Supervisory	.18 (-)
Administrative	.40 (-)
Clerical	.36 (-)
Other	.05 (-)

(a) Monthly wages before and after restructuring measured in Reais (Brazilian Currency). One Real equaled 1.22 U.S. Dollars at the time survey was administered.

(b) Based on an index containing 10 distinct benefit items: (1) Health insurance, (2) Pension plan, (3) Life insurance, (4) Child care voucher assistance system, (5) On-site child care facility, (6) Tuition assistance, (7) Paid vacation, (8) Disability plan (9) Profit sharing/ Stock plan, (10) Food Stamps.

(c) Proportion of respondents hired by standardized tests.

(d) Measured in number of months worked

(e) Measured through a composite index varying From 0 (Total Lack of Security) to 5 (Total Security).

(f) Proportion of unionized respondents

(g) Proportion of respondents active in union.

(h) Proportion of respondents in four distinct job categories.

In terms of employment status, the proportion of survivor employees is .56, while the representation of retrenched or ex-employees is equivalent to forty-four percent.

Two factors are important when examining compensation: wages and non-wage benefits. In regard to wages before and after restructuring,¹⁶ a substantial decrease is observed for the entire sample. Accordingly, before restructuring and privatization, the mean monthly salary for the entire sample was that of 1755.05. After restructuring, however, the mean salary decreased approximately \$437 Reais, to 1318.87. In regard to non-wage benefits, a comparison of the mean number of non-wage benefits before and after restructuring also shows a sharp decrease, from 6.84 to 3.68.¹⁷

Approximately thirty-three percent of the respondents were hired through standardized testing. The other sixty-seven percent of respondents were either hired through interview processes or networking, which are the most common recruitment procedures for the private sector in Brazil. In reference to job tenure, the mean number of months worked by respondents for the entire sample was that of 129.75, which is equivalent to approximately eleven years of employment.

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Monthly wages before and after restructuring are measured in Reais (Brazilian Currency). One Real equaled 1.22 U.S. Dollars at the time survey was administered.

¹⁷

Based on an index containing 10 distinct benefit items: (1) Health insurance, (2) Pension plan, (3) Life insurance, (4) Child care voucher assistance system, (5) On-site child care facility, (6) Tuition assistance, (7) Paid vacation, (8) Disability plan, (9) Profit sharing/Sock plan, (10) Food Stamps.

Its standard deviation, i.e., 94.65 (approximately eight years of employment), however, suggests a great variance for the total sample.

As will be explained in section 3.4 below, job stability or security (before and after restructuring and privatization) was measured by a composite index using two measures of self-perceived employment security. The index ranges from zero, defined as total lack of security, to five, total security. As table 3.6 indicates, before restructuring, respondents considered their positions quite stable. The mean found for job security before restructuring was that of 3.74. After restructuring, however, respondents reported a substantive decline in job security. From the initial mean 3.74, the job security mean for the entire sample dropped to a mere 1.09.

In regard to collective bargaining, approximately eighty percent of the respondents reported being a union member. However, only a small percentage (19%) of the respondents considered themselves active in union's activities. Thirty-six percent of the sample was made up of clerks. The category of clerks includes cashiers, receptionists and various office workers. Administrative staff made up forty percent of the sample. This category includes secretaries, human resources personnel, computer

programmers and analysts, and other professionals, such as paralegals and accountants. Those in higher management and supervisory positions made up eighteen percent of the sample. All other job positions, including the self-employed and those working in the informal sector were categorized as "other." This category made up about five percent of the sample.

3.4 Variables Featured in the Analysis

The three primary dependent variables, i.e., wages, non-wage benefits and job security (after restructuring and privatization), are explained in section 3.4.1 and analyzed consecutively in chapters V, VI and VII below. The independent variables are grouped into three categories to facilitate the discussion and enhance the clarity of this dissertation. The groups are based on the literature and are listed as follows: (i) socio-demographic indicators, (ii) employment characteristics, and (iii) sector or type of restructuring. Section 3.4.2 describes the independent variables.

3.4.1 Dependent Variables

In a recent article by Kalleberg, Reskin and Hudson (2000), it is argued that when assessing employment quality, it is the workers themselves who are ultimately equipped to conduct such evaluation. Workers may consider the quality of their jobs inferior or superior for many reasons. Among the most commonly cited reasons in the sociology of work are wages, non-wage benefits and job security. These are, therefore, the dependent variables for this study.

3.4.1.1 Wages (After Privatization/Restructuring)

Among all measurements of employment quality including job security, job safety and benefits, wages or pay is considered primary. A broad consensus exists that wages are a fundamental dimension of employment quality (Farber 1997, Jencks *et al.* 1988 in Kalleberg, Reskin and Hudson 2000). To measure wages after restructuring and privatization, respondents were asked to report their current monthly salary. A small number of missing cases was found, which were recoded according to the mean for the entire sample. Monthly wages were measured in Reais (Brazilian currency). When the survey for this study was conducted, one Real was

equivalent to US\$ 1.22. During the period of data collection, the Real remained a stable currency, although more recently it lost value compared to the U.S. dollar. The use of wages as a dependent variable is not as common as the use of $\ln(\text{wages})$. This is so because when examining the distribution of wages, a skewed pattern is often found. A number of researchers in the area of sociology of work, however, favor the use of wages in place of $\ln(\text{wages})$. For instance in the U.S., Gordon (1996) as well as Tomaskovic-Devey (1993), in Brazil, Castro & Guimarães (1993), Roland (1999) and Silva (1999). Since the cases under examination in this study were not far from a normal distribution and for the simplicity of interpretation, I use respondents' monthly wages as the dependent variable.¹⁸

3.4.1.2 Non-Wage Benefits (After Privatization/Restructuring)

Employment benefits are an important aspect of job quality. According to the U.S. Bureau of Labor Statistics (BLS), when assessing the quality of different types of jobs, workers, employers, and researchers often consider benefits along with other characteristics of the job. The measurement for non-wage benefits for this research was

¹⁸ Furthermore, a separate model using $\ln(\text{wages})$ was examined which produced similar results to that of wages.

based on an index containing ten distinct non-wage benefit items. Table 3.7 provides a list of items pertaining to the non-wage benefit index and their description.

Table 3.7 Non-Wage Benefit Items

Non-Wage Benefit Items	Description
Health Insurance	Employer-provided plan
Pension Plan	Employer-provided plan
Life Insurance	Employer-provided plan
Child Care Voucher	Monthly payment for childcare
On-Site Child Care	Childcare facilities in work setting
Tuition Assistance	Tuition payment for respondents' educational advancement
Paid Vacation	Two to four weeks of paid vacation per annum
Disability Plan	Employer-provided plan
Profit Sharing/ Stock Plan	Employer-provided plan
Food Stamps	Employer-provided plan

Respondents were given the list of benefits specified in table 3.7 above and asked a question adapted from the BLS Employee Benefits Survey (EBS). The EBS is part of the National Compensation Survey, which provides measures of occupational earnings, trends in compensation costs, and participation in, and details of, benefit plans in the U.S. The question regarding benefits for this research is the following:

"Now I would like to ask you about non-wage benefits on your job - not government programs, but *employer-sponsored* plans. The following is a list of ten non-wage benefits that might pertain to your employment package. Please mark down the benefits your employer offers you."

3.4.1.3 Job Security (After Privatization/Restructuring)

According to a BLS publication entitled "Measuring Job Security", in order to control costs, firms are increasingly seeking more flexibility in their use of labor. Accordingly, employers have sought this additional flexibility within their own work forces, as well as from sources outside their organizations. Internally, they have hired workers on a temporary basis; externally, they have obtained labor through temporary help agencies or by contracting with firms or individuals to provide specific services. All of these measures have led to less job security for employees.

Job stability or security was measured in this research by a composite index using two measures of self-perceived employment security (Dominitz and Manski 1996). First respondents were asked to assert their self-perceived level of job security through a scale varying from zero (0), indicating total lack of security, to four (4) indicating total employment security (See Appendix A: Questionnaire, for scale model). The question asked was the following:

"Please indicate the level of security in your current employment. The scale below varies from zero (0), indicating total lack of security, to four (4) indicating total employment security"

A second assessment for self-perceived job security is based on a measure by the BLS' Current Population Survey (CPS). According to the BLS, a key factor used to determine if a worker's job fit the conceptual definition of "contingent" was whether the worker believed that the job was temporary or would not continue. Thus, the BLS question asked as a supplement for the scale was as follows:

"Provided the economy does not change and your job performance is adequate, can you continue to work for your current employer as long as you wish?"¹⁹

Respondents were given two choices, yes (1) or no (0), a dummy variable. These values were added to the value they marked on the scale. The composite of the two measurements provided the respondent's index for job security. For instance, a respondent marking 1 on the scale and 0 for the question would have an index of 1 (one) for job security.

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According to the BLS article on employment security, the phrase "provided the economy does not change" was placed in the question in order to explicitly try to measure individuals who were in jobs that were structured to be short term as opposed to just obtaining a measure of how people felt about the overall economy and the prospects of a recession affecting their employment.

The total points in job security a respondent could report were five (5), i.e., four pertaining to the scale plus one for the question regarding contingency. A reliability test was conducted to examine if the two questions for job security were measuring the same item, i.e. job security. The test confirmed job security co-measurement, with a reliability coefficient, alpha, being equal to .6122.

3.4.2 Independent Variables

The independent variables included in this study are divided into three main categories: (i) socio-demographic indicators, (ii) job characteristics and (iii) sector or type of restructuring. These variables are frequently used in studies pertaining to the sociology of work.

3.4.2.1 Socio-Demographic Indicators

Four socio-demographic indicators are included in the analysis in this thesis, namely: age, gender, race and education. Age is a continuous variable, gender is a single dummy variable, e.g., female (1) and male (0), and so is race, i.e., white (0) and non-white (1). Education is a continuous variable measured according to years of formal schooling.

3.4.2.2 Job Characteristics

Four job characteristic indicators are included in the analysis in this thesis, namely, admission procedure, job category, collective bargaining membership and employment status.

3.4.2.2-1 Admission Procedure

As it was explained in the above sections of this chapter and in chapter II, differences in admission or hiring procedures exist across sectors of the Brazilian economy. As previously examined, access to public sector employment in Brazil is undertaken through a recruitment procedure involving mostly standardized examinations. These exams are considered difficult, since they require skills and abilities that are usually above the national educational average. It is argued that the public sector's hiring procedure, through standardized exams, left little latitude for discrimination, and for this reason, women and to a lesser extent minorities had taken advantage of this recruitment criteria and are highly represented as public sector employees in Brazil.

To examine differences in hiring procedures and the effect these might have on employment quality, admission procedure was operationalized into a single dummy variable.

Respondents were asked to state the principal admission procedure by which they got hired to their current job. They were offered two alternative options: standardized exam (1) or other (0), the latter category including face-to-face interview and networking.

3.4.2.2-2 Job Category

Respondents were asked to identify their current employment position. These open-ended answers were then coded and grouped into four categories, (i) management/supervision, (ii) administrative, (iii) clerical and (iv) other, e.g., the latest category including all other job categories, including self-employment.

The category of clerks included cashiers, receptionists and various office workers. Administrative staff included secretaries, human resources personnel, computer programmers and analysts, and other professionals, such as paralegal and accountants. This variable was included in the analysis for the purpose of examining whether employment quality after restructuring varies for respondents pertaining to distinct job categories. Three dummy variables were created in relation to these job categories.

3.4.2.2-3 Collective Bargaining Membership

Collective bargaining membership was measured by a single dummy variable that asked respondents if they were union affiliated (0) or non-affiliated (1). A large proportion of respondents across sectors was union affiliated. The variable was included in the analysis for the purpose of examining if union affiliation has an impact on employment quality of respondents after restructuring.

3.4.2.2-4 Employment Status

Employment status was measured by a single dummy variable, survivor (1) and retrenched (0) employees. Respondents were asked to identify themselves as survivor or retrenched employees of restructuring. Their answers were then coded and grouped into two categories. As it was described in this chapter, respondents in both employment status categories are proportionally distributed across the entire sample, with survivor employees having a representation of .56 and retrenched employees that of .44.

3.4.2.3 Sector/ Type of Restructuring Process

Two dummy variables were created in relation to sector/type of restructuring. Respondents were asked to identify the type of restructuring that occurred at their

work setting. Their answers were then coded and grouped into three categories, privatization, public restructuring or private restructuring.

3.5 Methods of Analysis

Given the nature of the data, the most efficient manner of conducting this analysis is to employ multiple regression analysis. In chapters V, VI and VII, I use multiple regression analysis and compare multiple regression models. A set of independent variables are used to initiate the analysis, then new variables are added to determine whether the new model significantly explains more of the total variance in the dependent variables.

For each dependent variable, wages, non-wage benefits and job security, a set of three models will be utilized. The sociological literature on work suggests that employment quality depends on three sets of factors. These factors are: (i) individual characteristics, such as age, race, sex, education and experience; (ii) the characteristics of one's job, such as job category, skill requirements, levels of authority or autonomy, and unionization, among others, and lastly, (iii) the characteristic of the organization where one is employed (Wharton 1998). The multiple regression analyses used in

this study encompass these three sets of sociological factors.

The first model in this study includes socio-demographic indicators, e.g., age, race, education and sex, as well as some of the typical job characteristic variables used in sociological research in the area of work. The job characteristic variables used in the first model are admission procedure, job category and union membership. The second model introduces the variable for employment status. As was previously argued, employment status can also be of great explanatory power when dealing with employment quality after privatization and other types of restructuring processes. Finally, in terms of organizational characteristic, sector or type of restructuring is added in the third and last model.

A step-wise regression method is employed to test whether adding the variables for (i) employment status and (ii) sector/type of restructuring would significantly increase the coefficient of determination (R^2) when the dependent variables are wages (chapter V), non-wage benefits (chapter VI) and job security (chapter VII). This stepwise procedure allows the examination of the specific contribution of each distinct independent variable to the model. It is hypothesized that the coefficient of

model. It is hypothesized that the coefficient of determination will be significantly altered to a greater extent in the second and third models in comparison to the first model.

Interaction effects will be examined by a separate set of models. This last set of models includes all the variables contained in the third model as well as the new applicable interaction variables. The objective of these last models is to further test the secondary hypotheses for this study by examining the significance of adding interaction effects. Justifications for including each set of interaction effects are provided in each analytic chapter of this study, chapters V, VI and VII.

As mentioned previously in this chapter, data collection and data analysis for this study involves both quantitative and qualitative methods. The data collected in form of in-depth semi-structured interviews, conducted with a small percentage of the sample, is also used in the analytic chapters to further elaborate the quantitative results for this study.

3.6 Summary

This chapter began by introducing the research design and the hypotheses for this study. As previously explained, this research was designed with the objective of testing a single primary and two secondary hypotheses. The primary hypothesis is based on the assumption that there are strong statistical associations between employment quality, as measured in terms of wages, non-wage benefits and job security, and the independent variable, i.e., restructuring according to sector: private restructuring, public restructuring and privatization. The assumption is that employment quality after privatization will be inferior when compared to employment quality after public and private restructuring processes. The two secondary hypotheses tested by this study are based on the assumptions that there is a strong association between employment quality and two independent variables: employment status, i.e., survivors and retrenched workers, and gender.

Following the research design and hypotheses, the description of the data collection procedures was provided accompanied by an examination of sampling techniques, a discussion of the sample and the analysis of the

descriptive statistics for the entire sample. Finally, a detailed description of each variable as well as a brief outline of the methods for analyzing this study's data composed the last two sections of this chapter.

Chapter IV

The Public and Private Sectors: A Comparative Examination of Descriptive Statistics Prior to the Processes of Restructuring and Privatization

In this chapter, a comprehensive comparative profile of employment quality pertaining to two different sectors of the Brazilian banking industry examined in this study, i.e., the public and the private sectors, is provided. Comparisons between the private and public sectors are undertaken to verify the established claim that working conditions at the public sector prior to privatization were superior when contrasted to the working conditions pertaining to the private sector of the same industry.

It is important to establish that before privatization employment conditions were indeed better since this is in consonance with the literature reviewed for this study which argues that, when compared to the private sector, public sector employment is far superior, in terms of wages, non-wage benefits and job security.

The chapter begins with an analysis of the descriptive statistics according to sector before restructuring and privatization. However, before examining the descriptive statistics for the two sectors, it is important to provide

a brief presentation of the rationale used for the collection of the data before restructuring and privatization. Since this chapter will be dealing mostly with data based on respondents' recollections, it is important to include a section discussing the advantages and disadvantages of relying on retrospective data. The following section provides such discussion.

4.1 Retrospective Data: A Case for Its Use in this Study

The purpose of this section is to provide a rationale for the use of retrospective data in this study. A considerable proportion of the data collected for this study was based on respondents' retrospection, i.e., wages, non-wage benefits and employment security before restructuring. The main objective for using retrospective data was to understand differences in employment quality across sectors before and after the processes of restructuring and privatization.

In this chapter, an argument will be proposed which claims that before restructuring, public sector employment quality was far superior when compared to that pertaining to the private sector of the Brazilian banking industry. Data for this argument will be provided in section 4.2

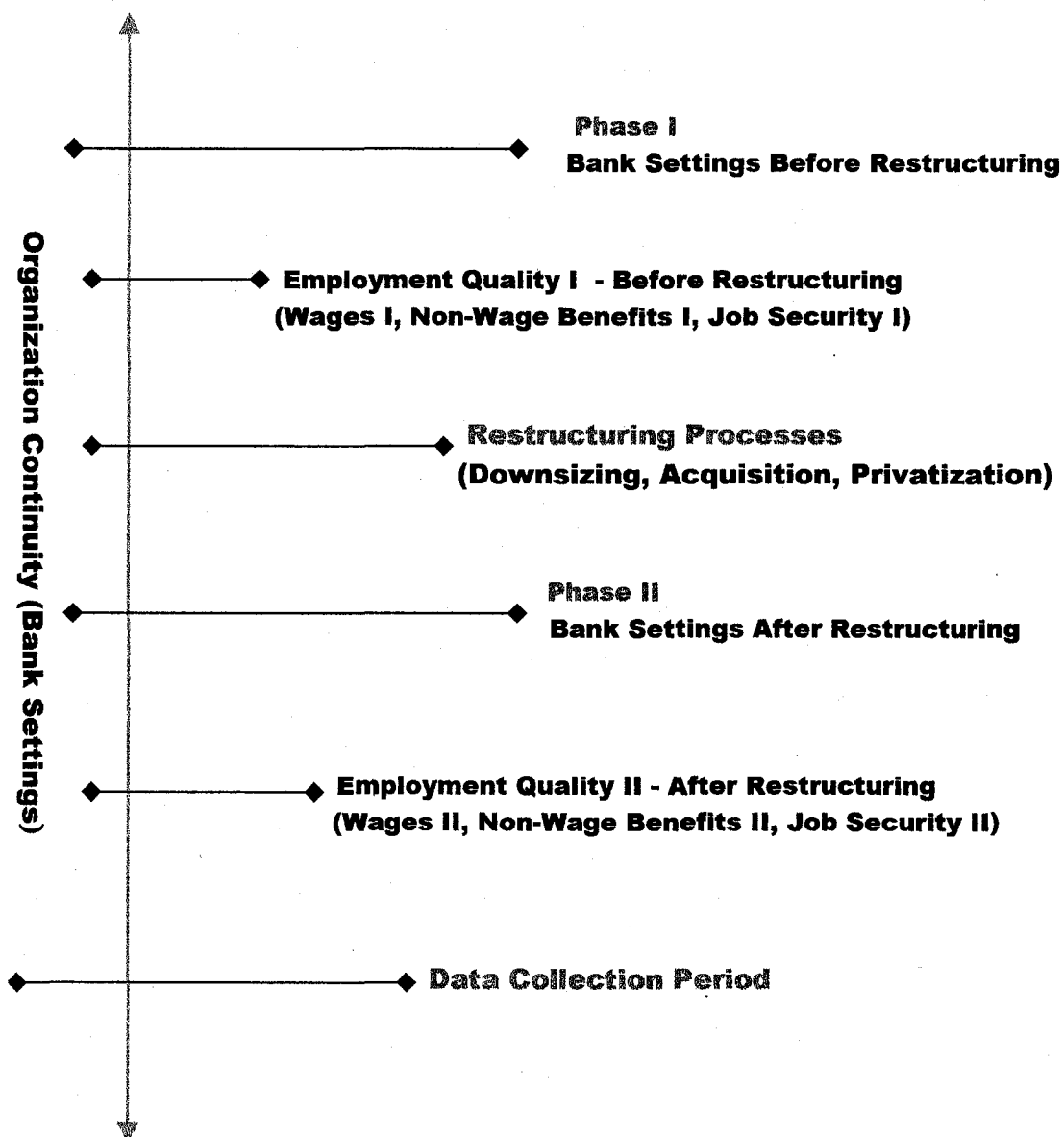
below. The argument provided in this section, however, is necessary because whenever retrospective data are used, concerns about data accuracy are likely to emerge. It is widely argued that when dealing with data based on recollection, unintended mistaken retrospection on the part of respondents is likely to occur, which may become a source of inaccurate data.

When studying organizations, however, an argument favoring retrospective data can be put forth. Pettigrew (1979), for instance, claims that changes in organizations might not be easily detected at the time that they actually occur. Consequently, respondents' retrospection might be the best source of accurate data. According to Pettigrew, organizations shift in response to market values and social forces. These shifts, however, are hard to detect when they actually occur, but they are easier to recognize in retrospect, through a process of recollection of the organization's passages and history (Pettigrew 1979).

Adopting Pettigrew's perspective in this research, it was assumed that organizations, in this study's case, bank settings, may be explored as continuous systems, with a past, present and future. The process itself, as explained by Pettigrew, is seen as a continuous interdependent sequence of actions and events that can be used to explain

the origins, continuations, and outcome of some phenomenon. For this study, the phenomena under analysis are restructuring processes, principally privatization, and their resulting changes in employment quality.

Diagram 4.1 Adaptation of Pettigrew's Theoretical Framework of Organizational Continuity for this Study



The diagram 4.1 above depicts the applicability of Pettigrew's theoretical framework for this study's data collection procedures. The application of Pettigrew's framework for this study treats bank settings as continuous organizational systems.²⁰

Accordingly, the data gathering process for this study occurred in the period following these organizations' restructuring processes. This period was characterized by a change in employment quality from phase I (employment quality I) to phase II (employment quality II). Changes in wages, non-wage benefits and job security could be observed and reported by respondents through adhering to such a continuous framework.

Thus, by using Pettigrew's framework, data derived from respondents' recollection ceases to be associated with inexactitude. In fact, his framework sets the basis for the argument that indeed respondents' recollection constitutes a positive source of accurate data collection.

20

The idea of using Pettigrew's theoretical framework for this study is grounded on Salama's (1995) study on privatization. Salama used Pettigrew's framework of organizational continuity to study the effects of privatization on corporate culture change in Brazil and the UK.

4.2 The Public and Private Sectors: A Comparative Examination of Descriptive Statistics Before Restructuring and Privatization

As mentioned in the introductory section for this chapter, the literature on public sector employment suggests that relative to the private sector, public sector employment is characterized by significantly better wage scales, more non-wage benefits and higher levels of job security. The data in this section compares and contrasts employment quality at the public and private sectors of the Brazilian banking industry. The main objective of this section is to provide evidence for the primacy of the public over the private sector of the Brazilian banking industry in terms of employment quality.

Since before privatization, the privatized sector was considered public sector, the data provided in this section combines the privatized and public sectors into one, single category. Before combining the two categories, however, t-tests were conducted which suggest no significant differences between the two sectors, e.g., privatized and public, regarding the main variables in use. The purpose of the use of this unitary category is to compare and contrast employment quality between public and private sectors before restructuring and privatization. The use of these two contrasting categories is important for this chapter's

main purpose of understanding employment quality before restructuring.

Before we examine the variables for employment quality according to the two sectors, it is fundamental to outline the descriptive statistics for both sectors. This initial descriptive framework is important for our general purpose of comparison and contrasting in this chapter. It is important to understand that the workforce in both public and private sectors of the Brazilian industry shared similar characteristics in order to compare and contrast their working conditions before restructuring. If it is found that these two workforces shared similar demographic characteristics, then sectoral differences become the main source for employment quality differentiation.

Table 4.1 presents the descriptive statistics for the entire sample by sector in the following order: (i) socio-demographic, (ii) job characteristics, and (iii) job categories. The findings in table 4.1 indicate similar patterns for the two sectors regarding the majority of descriptive statistics.

In reference to the sex of respondents, table 4.1 shows that the proportion of female respondents is consistent across sectors, i.e., .49, in the public sector and .56 in the private sector. Similarly to the entire

sample, an equal representation of female (and male) respondents is found when sector is taken into account. In terms of the racial composition of the sample across sectors, again the same pattern of over representation of whites for the entire sample was found.

**Table 4.1 Demographic Statistics
(Entire Sample by Sector Public and Private)**

Variables	Sector Mean (S.D.) / Proportion of Sample by Sector	
	Public	Private
Socio-Demographics		
Female (a)	.49 (-)	.56(-)
White (b)	.76 (-)	.72 (-)
Married/Cohabiting (c)	.63 (-)	.56 (-)
Children (d)	1.03 (.90)	.83 (.87)
Age	39.88 (6.00)	34.95 (5.67)
Education (e)	14.11 (2.21)	14.18 (1.35)
Job Characteristics		
Admission Procedure (f)	.46 (-)	.01 (-)
Job Tenure (g)	140.74 (96.85)	100.54 (82.07)
Collective Bargaining Membership (h)	.80 (-)	.73 (-)
Collective Bargaining Participation (i)	.21 (-)	.18 (-)
Job Categories (j)		
Clerical	.35 (-)	.36 (-)
Administrative	.37 (-)	.47 (-)
Managerial/Supervisory	.20 (-)	.13 (-)
Other	.06 (-)	.02 (-)

N = 476

- (a) Proportion of female respondents by sector
- (b) Proportion of white respondents by sector
- (c) Proportion of married or cohabitating respondents by sector
- (d) Mean number of children by sector
- (e) Measured in years of formal education
- (f) Proportion of respondents hired by standardized tests
- (g) Measured in number of months worked
- (h) Proportion of unionized respondents
- (i) Proportion of respondents active in union
- (j) Proportion of respondents in four distinct job categories

Like the racial composition for the entire sample, white respondents were over represented, constituting more than seventy percent of respondents in all sectors, i.e., 76% in the public and 72% in the private sector, respectively.

Regarding marital status, table 4.1 shows a high proportion of married or cohabitating respondents across sectors. Comparable to the statistics for the entire sample, more than fifty percent of respondents across sectors are either married or living with a partner in a conjugal relationship. The mean number of children was also consonant across sectors, with the public sector mean being somewhat higher when compared to the mean for the private sector, i.e., 1.03 and .83 for the public and private sectors, respectively.

In terms of age of respondents, table 4.1 shows that the mean age for respondents varies across sectors. Accordingly, public sector respondents tend to be an older workforce when compared to the private sector. The mean age for public sector respondents was approximately 40 years, while at the private sector, respondents reported a mean of approximately 35 years of age.

Educational levels were similar for respondents in both sectors. Accordingly, the mean number of years of

formal education was 14 across sectors. This finding runs against the widespread argument which claims that the public sector is "bloated with unqualified personnel" (Zank, et al.). The data for this study suggests that respondents across sectors, public or private sector, are highly educated and therefore should be considered, in its totality, a very qualified workforce.

In terms of job characteristics, it was found that the proportion of respondents hired by standardized tests varied across sectors. In consonance with the literature on public sector employment, the data suggest that a higher percentage of public sector employees were hired through standardized exams when compared to their counterparts at the private sector, i.e., 46% at the public as compared to a mere 1% at the private sector. Respondents at the private sector reported being hired predominantly by interviews and some form of networking as opposed to standardized exams.

Job tenure across sectors was higher for public sector respondents. While at the private sector, the mean number of months worked by respondents was one hundred (100), or the equivalent of 8.37 years of work, public sector respondents reported a mean of one hundred and forty months, or 11.72 years.

The proportion of unionized respondents across sectors was also similar to that of the entire sample. More than 70% of respondents across sectors reported membership in the union. In regard to union participation, approximately 20% of respondents across sectors reported participation, a pattern that was also predominant for the entire sample statistics.

In regard to job categories in the public and private sectors, equivalent representations were found for the four job categories, with clerks having an approximately thirty-five percent of representation across sectors, administrative personnel between thirty-seven to forty-seven percent, managers and supervisors between thirteen to twenty percent, and finally the last category including all other functions having a small representation of two to six percent.

Table 4.2, below, displays the employment characteristics before restructuring for the entire sample according to sector. Column 1 describes the variables for employment quality, column 2 and 3 depicts the data for the public and private sectors, respectively, and lastly, column 4 provides the t-value for the differences between the public and private sector.

In consonance with the literature, the data in table 4.2 suggest that working conditions at the public sector prior to restructuring and privatization were in fact of better quality when compared to those pertaining to the private sector. For all three measures of employment quality, i.e., wages, non-wage benefits and job security, significant differences across sectors were found.

Table 4.2 Employment Characteristics Statistics Before Restructuring and Privatization (Entire Sample By Sector)

Variables	PUBLIC Mean (X1) & S.D.	PRIVATE Mean (X2) & S.D.	PUBLIC/ PRIVATE T (X1-X2)
Wages Before Restructuring (a)	1939.18 (1115)	1319.11 (1033)	5.15 ***
Benefits Before Restruct. (b)	7.28 (2.44)	5.78 (1.98)	6.46 ***
Job Security Before Restruct. (c)	3.92 (1.38)	3.31 (1.30)	4.41 ***

N= 476 *p < .05 **p < .01 ***p < .001

(a) Monthly wages before and after restructuring measured in Reais (Brazilian Currency). One Real equaled 1.22 U.S. Dollars at the time the survey was administered.

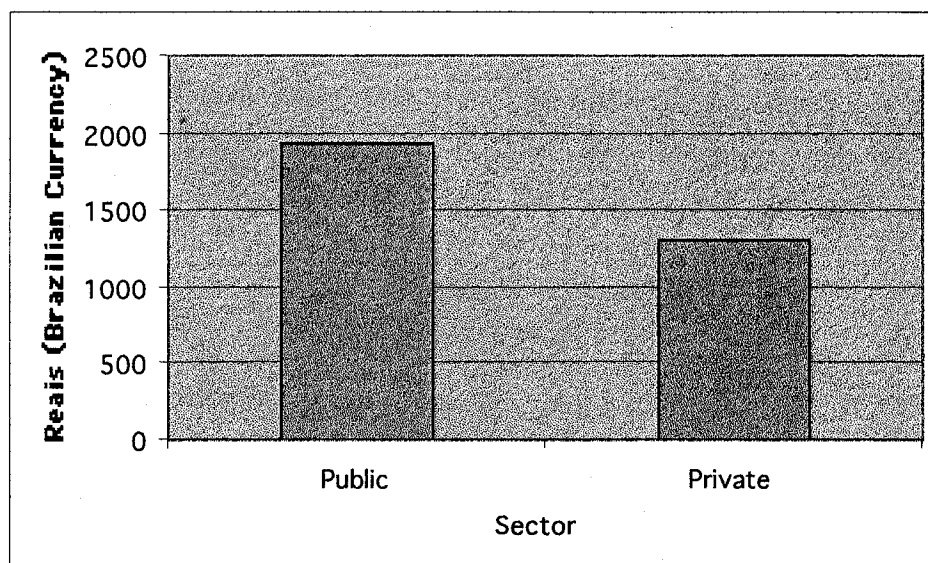
(b) Based on an index containing 10 distinct benefit items: (1) Health insurance, (2) Pension plan, (3) Life insurance, (4) Child care voucher assistance system, (5) On-site child care facility, (6) Tuition assistance, (7) Paid vacation, (8) Disability plan (9) Profit sharing/ Stock plan, (10) Food Stamps.

(c) Measured through a composite index varying From 0 (Total Lack of Security) to 5 (Total Security).

Respondents at the public sector reported a higher mean for wages in comparison to those in the private sector. While the mean for public sector respondents was about \$1,939 Reais monthly (approximately US\$1,590), the mean for private sector respondents was approximately \$620 Reais less, e.g., \$1,319 Reais (about US\$1,080). These findings seem to confirm the literature asserting that public sector wages are usually higher than wages

pertaining to the private sector. Diagram 4.2, below, depicts the graph for wages according to sector, i.e., public and private.

Chart 4.2 Wages Before Restructuring and Privatization According to Sector

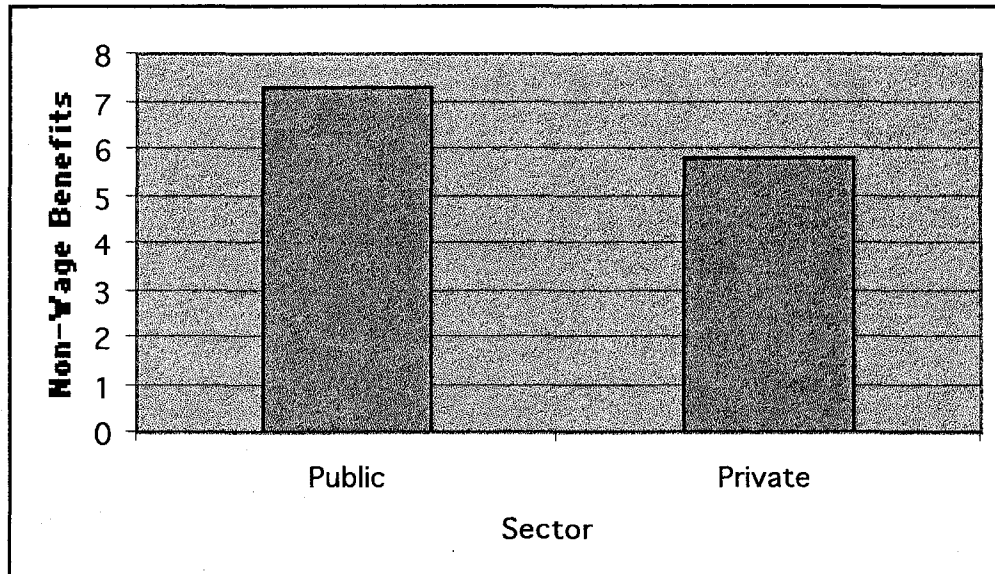


In terms of non-wage benefits, table 4.2 also suggests significant differences across sectors. While at the public sector, the mean number of non-wage benefits was that of 7.28 out of a list of ten benefits, the mean for the private sector was that of 5.78. Diagram 4.3 clearly demonstrates the significant difference in non-wage benefits indexes across sector before restructuring and privatization.

Again, in consonance with the literature, before restructuring and privatization, public sector employees

tended to have better non-wage benefit packages when compared to their private sector counterparts.

Chart 4.3 Non-Wage Benefits Before Restructuring and Privatization According to Sector



Finally, the mean for job security before restructuring and privatization significantly differed across sectors as well. While the mean for the public sector was that of 3.92 out of 5 points, the mean for the private sector was 3.31 out of a 5-point scale.

Overall, the significant differences for employment quality across sectors in the Brazilian banking industry found in this section of the study serves to confirm the literature which claims that working conditions at the public sector were of higher quality when compared to the

private sector. Before privatization and restructuring, public sector workers enjoyed higher salaries, better benefit packages and higher levels of self-perceived job security when compared to their counterparts in the private sector. Employment quality after restructuring and privatization are examined in the analytic chapters that follow.

4.3 Summary and Conclusions

In this chapter, differences in working conditions for the public and private sectors were examined through a comparison and contrast analysis of the data regarding the period before restructuring and privatization.

The chapter began with a brief presentation of the rationale used for the collection of the data before restructuring and privatization, i.e., data based on recollection. Next, the descriptive statistics according to sector before restructuring and privatization were outlined and discussed. This was followed by an examination of the differences in employment quality between the two sectors before restructuring and privatization.

Despite the fact that respondents pertaining to these two sectoral categories shared comparable characteristics for a series of descriptive statistics, it was also found

that employment quality for respondents in the two sectors differed significantly.

Respondents were equally represented with regard to gender, racial composition, marital status, unionization level and participation, number of children, and educational level. In addition, respondents in the public and private sectors shared equivalent representations for the four job categories examined by this study.

A number of expected differences were also found when examining the initial set of descriptive statistics. In consonance with the literature on public sector employment, the data for this study suggest that a higher percentage of public sector employees were hired through standardized exams when compared to their counterparts at the private sector. Respondents at the private sector reported being hired predominantly by interviews and some form of networking as opposed to standardized exams. Job tenure across sectors was somewhat higher for public sector respondents as it was age of respondents, i.e., public sector respondents tended to be an older workforce when compared to the private sector.

Regarding the employment quality data, it was found that working conditions at the public sector prior to restructuring and privatization were in fact of better

quality when compared to those pertaining to the private sector. For all three measures of employment quality, i.e., wages, non-wage benefits and job security, significant differences across sectors were found.

Respondents at the public sector reported a higher mean for wages and non-wage benefit indexes in comparison to those pertaining to the private sector. Furthermore, the mean for job security before restructuring and privatization significantly differed across sectors, with the public sector level of self-perceived job security being higher when compared to the private sector.

The significant differences for employment quality across sectors in the Brazilian banking industry found in this section of the study serves to confirm the literature which claims that working conditions at the public sector are of higher quality when compared to the private sector. Public sector banking employment before restructuring was characterized by significantly better wage scales, more non-wage benefits and higher levels of job security.

The main objective of this section, i.e., to provide evidence for the primacy of the public over the private sector of the Brazilian banking industry in terms of employment quality, was therefore accomplished by the analysis of the data presented in this chapter.

The next three chapters provide in depth analyses of working conditions after restructuring and privatization. The principal aim, according to the main hypothesis for this study, is to understand if privatization is unique in the way it affects employment quality when compared to other restructuring processes occurring at the private and public sectors of the Brazilian banking industry. The analysis begins with an examination of wages, followed by non-wage benefits and ends with job security, the three main dependent variables for this study.

Chapter V

Privatization and its Labor Effects: An Analysis of Employment Quality - Wages

5.1 Introduction

As mentioned in the introductory chapter of this study, research on the labor effects of privatization usually equates the process to other types of restructuring processes, such as downsizing, mergers or acquisitions. It is widely argued that not unlike other restructuring processes, privatization is likely to generate organizational changes that may lead to major alterations in employment quality. Few studies, however, have investigated the labor effects of privatization and other restructuring processes in a comparative manner. For example, Nelson, Cooper, and Jackson (1995), conducted a study comparing privatization and other types of structural reorganization, especially downsizing, but within the same organization, the U.K. water industry.

This study attempts to contribute to this scarce comparative literature. The main objective of this and the two subsequent analytic chapters that follow, i.e., chapters VI and VII, is thus to examine, in a comparative

manner, the labor effects of privatization to other restructuring processes, and to answer the question: Is privatization similar to other restructuring processes, or is it unique in the way it affects the employment quality of workers?

The descriptive statistics provided in chapter IV suggest significant differences in employment quality when sector is taken into account. Findings in chapter IV indicate that before privatization and restructuring, wages, non-wage benefits and job security were significantly lower for the private when compared to the public sector of the Brazilian banking industry. The multivariate analyses that follow in this and the next two analytic chapters seek to further explore the relationship between employment quality and privatization. Due to the findings of previous research on privatization and the results for the descriptive statistics in chapter IV of this thesis, it is hypothesized that employment quality will be significantly inferior after privatization, when compared to the employment quality after other types of restructuring processes.

As mentioned in the methodological chapter, this sample provides a unique opportunity to test this hypothesis since it is composed of respondents representing

three distinct restructured sectors within the same industry.

5.2 Analytic Chapters: A Brief Outline

This and the next two chapters of this thesis are structured to test the primary and secondary hypotheses for this study. The objective of these analytic chapters is to answer basically three questions.

In regard to the primary hypothesis, the question to be examined is the following: Is employment quality significantly inferior for workers in the privatized sector when compared to that pertaining to respondents in other restructured sectors of the Brazilian banking industry? Since the literature suggests that with privatization, employment quality tends to decline, it is hypothesized that employment quality will be significantly inferior for workers in the privatized sector when compared to other restructured sectors of the Brazilian banking industry.

In regard to employment status, the question to be addressed in this and the next two chapters is the following: Is employment quality significantly inferior for retrenched workers when compared to their counterparts, survivor workers? As examined in chapter II of this study, significant differences for employment quality were found

in several studies between the retrenched and survivor categories, with retrenched workers falling behind their survivor counterparts in many categories of employment quality. Thus, it is further hypothesized in this study that employment quality is significantly lower for retrenched when compared to their survivor counterparts.

Lastly, in reference to the gendered effects of privatization, the literature stresses the superiority of employment quality for women affiliated with the public sector. As argued in chapter II, wages, non-wage benefit packages and job security levels are said to be significantly higher for public sector female workers when compared to female workers in the private sector. With privatization, however, employment quality tends to decline. Thus, it is further hypothesized in this study that employment quality will be significantly inferior for privatized sector female workers when compared to other respondents in the sample. The question to be addressed regarding gender in this and the next two analytic chapters is therefore: Is the employment quality of privatized sector female workers significantly inferior when compared to other workers in the sample?

This chapter, chapter V, examines these questions and their corresponding hypotheses in regard to wages. Chapters

VI and VII focus on non-wage benefits and job security, respectively. As mentioned before, wages, non-wage benefits and job security are the three measures for employment quality examined in this study.

5.3 Wages After Privatization: Results

As mentioned in chapter III of this study, among all measurements of employment quality including job security, job safety and benefits, wages or pay is considered primary. A broad consensus exists that wages are a fundamental dimension of employment, e.g., Farber 1997, Jencks *et al.* 1988. To measure wages after restructuring, respondents were asked to report their current monthly salary. Missing values were recoded according to the mean for the entire sample.²¹ Monthly wages were measured in Reais (Brazilian currency). When the survey for this study was conducted, one Real was equivalent to US\$1.22. During the period of data collection, the Real remained a stable currency.²² This section discusses the results for wages, the first measure of employment quality for this study.

²¹

A small number of missing cases were found for the variable for wages, e.g., eleven out of 476 cases.

²²

Currently, as of November 2001, the Real equals US\$ 2.54.

Table 5.1 reports the results of the ordinary-least-squares regression for wages. According to model 1 of table 5.1, seven of the eight variables are significant, namely, age, race, education, admission procedure, union membership, and two job category variables.

In terms of age, the regression coefficient suggests an association between age and slightly higher wages. For every one unit (in years) increase in age, there is an increase of \$29.94 Reais in current salary. Thus, every additional year of age is associated with an increase of approximately US\$25 in monthly salary. This small salary increase can be explained by seniority. Since older workers tend to have greater seniority, they also tend to earn higher wages when compared to their younger counterparts.

The coefficient for race, i.e., non-white, on the other hand, suggests an association between the category of non-white workers and lower wages. Accordingly, non-white workers earn approximately \$186 Reais (US\$152) less in monthly salary when compared to their white cohort with similar demographic characteristics. This finding will be further elaborated in the discussion section below.

Table 5.1 OLS Regression Coefficients from the Analysis of Wages After Privatization and Restructuring (Measured in Reais - Brazilian Currency)

Independent Variable	Model 1	Model 2	Model 3
Intercept	-704.59	-736.96	-641.64
Socio-Demographic Indicators			
Age	29.94 ***	29.48 ***	26.40 ***
Sex			
Female	-64.19	-145.40 **	-142.66 **
(Male)			
Race			
Non-White	-186.44 *	-169.30 **	-165.17 **
(Other)			
Education	44.32 **	48.40 ***	60.74 ***
Job Characteristics			
Admission Procedure			
Standardized Test	266.89 ***	171.20 **	-40.54
(Other)			
Collective Bargaining Membership			
Union Member	354.88 ***	265.12 ***	254.09 ***
(Non-Member)			
Job Category			
Management/Supervision	1136.63 ***	723.58 ***	738.06 ***
Administrative	525.79 **	107.88	131.88
Clerical	101.68	-281.54 *	-242.48
(Other)			
Employment Status			
Survivor		701.64 ***	718.30 ***
(Retrenched)			
Sector/Type of Restructuring			
Privatization			47.32
Public Restructuring			-335.82 **
(Private Restructuring)			
R2	.31	.41	.43

N = 476 *p < .05 **p < .01 ***p < .001 (two-tailed tests)

In terms of education, for every one unit increase in education there would be an increase of approximately \$44 Reais in monthly wages, i.e., every additional year of formal schooling is associated with an increase of approximately US\$36 in monthly wages, or the equivalent of US\$432 annually.

Regarding admission procedure, it was found that respondents who were admitted to their current position via standardized exams are likely to earn \$266 Reais (approximately US\$218) more than their counterparts admitted through other types of hiring procedures. As it was mentioned in chapter II, standardized examinations are the predominant hiring procedure of the public sector, thus high earnings associated with standardized examinations can be ultimately explained by employment affiliation in the public sector.

Still in model 1, union membership was also associated with higher wages. Accordingly, when compared to their counterparts, i.e., non-union members, with the same demographic characteristics, union members were likely to earn approximately \$354 Reais more in monthly wages (about US\$290). Being a union member, therefore, seems to be a strong predictor for worker's chances to earn higher wages, more so than age or education.

Job category is also significantly associated with wages after restructuring. Those in management and administrative positions tend to earn significantly more in monthly wages when compared to all other job categories, including self-employment. Managers and/or supervisors earned a significant amount of \$1136 Reais (US\$ 931) more

in monthly salary when compared to their counterparts in other job categories despite similar demographic characteristics. Administrative personnel also earned substantially more when compared to other job categories in the sample. These workers earned approximately \$525 Reais (US\$ 430) more in monthly wages when compared to the other job categories. Lastly, the R^2 for the entire model equals .31. This means that thirty one percent of the variation in wages can be explained by all independent variables included in model 1.

Adding employment status in model 2 significantly increased the explanatory power in comparison to model 1. In addition to the age, race, education, admission procedure, union membership and two job category variables, which remained significant in the second model, gender and employment status significantly added to the model. Before we examine the results for gender and employment status in model 2, however, it is important to mention that while management remained a significant variable in model 2, the category of clerical workers emerged as the second significant variable in the job category group for model 2. Accordingly, clerical workers are likely to earn approximately \$281 Reais less when compared to other categories of workers.

In regard to gender and employment status, the results in model 2 suggest that while gender was significantly associated with lower wages, the opposite relationship prevailed for survivorship. Survivors tended to earn substantially higher wages when compared to their counterparts, retrenched workers.

In model 2, gender emerged as a significant factor explaining wages after restructuring. Accordingly, female workers earn significantly less in wages when compared to their male counterparts. Female employees earn about \$142 Reais less (about US\$ 116) in monthly salary than male respondents in the sample. This means a major annual wage gap between male and female workers, with women earning approximately US\$1,396 less in yearly wages when compared to their male counterparts with similar demographic characteristics. This finding was expected since it is widely argued that women's earnings continue to fall short of men's earnings in most developing countries (Ollenburger and Moore 1998). Accordingly, male-female wage differentials are particularly significant in developing countries and in those industrializing countries where labor standards were allowed to deteriorate under the pressure to compete successfully in the world market for

manufactured goods and to attract foreign investment (United Nation Blue Book Series 1996).

Survivors, on the other hand, tend to earn substantially more when compared to their counterparts, i.e., retrenched employees. Those who remained employed in the bank settings after restructuring tended to earn a sum of approximately \$701 Reais (US\$574) more in monthly wages when compared to those who left or were dismissed as a result of restructuring, i.e., retrenched employees.

The R^2 for model 2, with the additional employment status variable equals .41, an increase of .10 when compared to the previous model. Thus, ten percent of the variation in wages can be explained by the additional variable of employment status in the second model.

The addition of the variable sector/type of restructuring in model 3 slightly increased the explanatory power when compared to model 2. The R^2 for model 3, with the variable for type of restructuring equals .43, a small increase of .02 when compared to the previous model.

In addition to the socio-demographic indicators of age, gender, race, education, and the job characteristic variables of union membership and job category as well as employment status, which remained significant, type of restructuring was yet another significant explanatory

variable for wages. The effect of this additional variable, however, does not support this study's primary hypothesis which indicates a decline in wages after privatization when compared to other restructuring processes occurring in other sectors of the Brazilian banking industry.

Accordingly, the coefficient for wages after privatization was not significant. For workers affiliated with the public settings, however, monthly wages were predicted to decrease approximately \$335 Reais. In other words, after public restructuring, workers affiliated with the public sector could expect to earn approximately US\$3,295 less in yearly salary compared to their counterparts in other sectors with similar demographic characteristics.

The increase of two percent from model 2 suggests that the variable sector/type of restructuring adds minimally to the explanatory power of model 2. The results of model 3 as well as models, 1 and 2 are further discussed in section 5.4 below. The results and discussion for the interaction effects are discussed in section 5.5 below.

5.4 Wages After Privatization: A Discussion

The main objective of this section is to discuss and explain the findings in section 5.3. Following the outline set on section 5.2, this section addresses initially the

question regarding the primary hypothesis for this study, followed by the secondary hypothesis dealing with employment status. The hypothesis regarding gender will be addressed in section 5.5: "Interaction Effects: Wages," below.

According to the results in section 5.3, the coefficient for wages after privatization was not statistically significant. Contrary to the hypothesis for this study, wages after privatization were not inferior when compared to wages after other restructuring processes. For workers associated with the public sector, however, wages were predicted to be approximately \$335 Reais less, a decrease of an estimated US\$274 a month. What this means is that after public restructuring, public sector affiliated workers could expect to earn approximately US\$3,295 less in annual salary when compared to their counterparts in other sectors with similar demographic characteristics. This finding seems to be in contradiction with the literature that suggests that public sector earnings are comparably higher than the earnings pertaining to the private sector. How, then, can this contradictory result for wages after public restructuring be explained? Why did workers affiliated with the public sector fare far below in terms of wages when compared to their counterparts in the other

sectors? The use of qualitative methods in the form of interviews with public sector respondents, union officials and public sector bank directors provides some clarification and reinforce the quantitative findings for respondents affiliated with the public sector.

A distinguishing feature was recognized in the content of these respondents' interviews. For all categories of interviewed respondents, i.e., public sector employees, union leaders, and public banks' directors, some reference was found to the restructuring occurring at the public sector as a prelude to privatization. Accordingly, public restructuring was treated and referred to by these respondents during their interviews as a pre-privatization phase. They explained that they saw the restructuring that was occurring in their banks as a pre-privatization process because they were all anticipating the privatization of these public banks in the near future.²³ Thus, the negative wage adjustments for public sector workers found in table 5.1 can be ultimately explained as an indirect consequence of privatization, more specifically, as a pre-privatization wage adjustment.

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One out of three of the public banks in this study had been privatized. Privatization is scheduled for the other two.

Accordingly, during the pre-privatization phase, as described in chapter II, massive layoffs as well as salary decreases and changes in working conditions occur. The Chilean case, explained in chapter II is in consonance with the findings for wages for this study. During the pre-privatization phase of some of the Chilean SOEs, loss of important benefits as well as salary decreases occurred across the board (Petrazzini 1996).

Public sector's retrenched workers interviewed for this study demonstrated immense concern about negative adjustments in their wages. They claimed that the reduction in wages after restructuring came with heavy costs both economically and psychologically. Economically, it meant drastic adjustments in their way of life and since the majority of the respondents in the sample were either married or living with a spouse; family budget was also affected negatively by these dramatic wage reductions. Psychologically, a large percentage of these respondents made some reference to the loss of status due to wage reduction. Retrenched public sector respondents saw this loss of status as almost as difficult to bear as the financial strain created by wage reduction.

Despite the fact that privatization was not yet a reality for the public banks in this study, its effects

were already being concretely felt by workers affiliated with that sector; this was so mostly in terms of wages and to a lesser extent in terms of loss of benefits and job security, as will be examined in chapters VI and VII.

The findings for wages in section 5.3 are therefore indirectly in consonance with the primary hypothesis for this study. Since public sector affiliated respondents considered the restructuring process occurring at the public sector as a prelude to privatization or a pre-privatization phase, it can be argued that ultimately it is privatization that has a negative effect on wages for these workers.

As discussed in the introductory chapter of this study, privatization does not merely affect workers at the privatized sector, the symbolic meaning of privatization can exert practical implications for the employment quality of workers located in all sectors, private, privatized or public.

In terms of the secondary hypothesis regarding employment status, the findings in section 5.3 are in accordance with the literature reviewed in chapter II. The results clearly suggest that being a survivor of privatization and/or restructuring does matter.

Accordingly, it was observed that survivors tend to earn

substantially more in monthly wages when compared to their counterparts, retrenched employees. Those who remained employed in the bank settings after restructuring earn significantly more in wages when compared to those who left or were dismissed as a result of restructuring. Thus, the answer to our question regarding employment status is clearly positive: survivorship does matter in terms of wages.

Since it is already established that retrenched workers earn significantly less than their survivor counterparts, it will be interesting to examine if survivor workers affiliated with the privatized sector fared better or worse in terms of wages *vis-à-vis* other workers. In section 5.5, the issue of wages and employment status will be further examined by introducing the interaction effects of survivorship and sector. The aim of this section is to explore sectoral differences regarding employment status and wages.

Section 5.5 also addresses the secondary hypothesis for this study regarding gender. Even though the findings in section 5.3 uncovered some gender differences for wages, as in in model 2 where gender emerged as a significant variable explaining wages after restructuring, the results

in this section did not address the issue of the effects of privatization on the employment quality of female workers.

The result regarding gender merely established that after restructuring female workers earn significantly less in wages when compared to their male counterparts. However, sectoral differences between female workers were not investigated. Thus, by introducing the interaction effect of gender and sector/type of restructuring in section 5.5, the question regarding the impact of privatization on gender will be finally examined.

Before we proceed into the discussion of the interaction effects, however, it is important to point out that significant wage differences regarding race were found for all three models in table 5.1. According to the findings in section 5.3, non-white respondents are likely to be paid significantly lower salaries when compared to their white counterparts. The results for all three models suggest that non-white respondents tend to earn approximately US\$1,600 less in annual salary when compared to white respondents with similar demographic characteristics. This finding seems to be in consonance with Silva's (1999) argument that racially based discrimination has a role in the determination of socio-economic standing in the Brazilian society.

In his 1999 study, Silva analyzed wage discrimination within occupational groups using two racial categories, i.e., whites and non-whites. To ensure reliability, he selected only the occupations having at least twenty incumbents from each color group, resulting in a total of sixty-nine occupations. Silva evaluated interracial differences in intra-occupational income attainment by measuring labor market discrimination as the relative difference between expected and actual income. His results indicate the mean level of labor market discrimination to be .229 and the relative difference to be .272. The analysis of the actual distribution of both indicators suggests a clear tendency for the measures of discrimination to be positive, indicating net gains for the white population. In fact, Silva argues, in only three occupations, i.e., high school teachers, bar attendants and real-estate construction entrepreneurs, were the discrimination coefficients negative, that is, there was no evidence of discrimination.

To explain the wage discrimination found in his own study of Brazilian non-whites, Silva cites the 1965 work of Hodge. According to Hodge (1965), since non-whites are in a weaker economic position than whites, they are forced to accept lower wages than whites for the performance of the

performance of the same job. Hodge's argument might serve to explain the significant lower wages for non-whites as compared to whites in the banking industry in this study. Non-white workers in Brazil are in a weaker economic position than whites. Accordingly, nineteen percent of whites as opposed to seventy five percent of those defined as black or brown earn less than the minimum wage in Brazil (Margolis 1992 in Neuhouser 1999).

Furthermore, because lower wages tend to reduce wages for everyone in the same occupation, Hodge hypothesizes that the larger the proportion of non-white workers in an occupation, the greater the resentment of whites against their non-white co-workers. This resentment, Hodge claims, translates into pressure on employers, which ultimately leads to higher levels of discrimination against non-whites, neutralizing the downward effect on wages caused by non-white competition. Stolzenberg (1973) calls this the "economic-threat hypothesis" (in Silva 1999).

According to the descriptive statistics in chapter IV of this study, non-white workers are under represented in the banking industry across sectors. This under representation might be explained by Stolzenberg's "economic-threat hypothesis." Under the pressure of the white workers' increasing resentment against non-whites,

bank employers might be using discriminatory hiring practices against non-white workers, which might explain their lower representation within the industry. This under representation is likely to be more predominant after privatization, since hiring procedures in the formal sector tend to rely more and more on face-to-face interviewing as discussed in chapter III above.

Neuhouser (1999) claims that in Brazil, one's life chances are severely constrained by skin color: infant mortality and illiteracy rates are higher among blacks, life expectancy is lower, blacks are more likely to be poor, less integrated into the educational system and less rewarded for the education they do receive. Accordingly, while "whites earn 3.5 percent more for each additional year of schooling, blacks earn only 2.2 percent" (Margolis 1992). This might serve to explain this study's finding that non-white bank industry workers earn significantly less than their white counterparts, even though they share similar educational levels.

Institutional discrimination, or racism, is predominant at all major social and economic spheres in Brazil, including the labor market. Racial discrimination is institutionalized in Brazil as structural barriers block the access of racial minorities to scarce resources. Since

good jobs are becoming an extremely rare resource in Brazil, as will be discussed in the concluding chapter of this study, it can be argued that racial minorities are likely to be increasingly at a disadvantage in the current Brazilian labor market.

In the next section, the interaction effects of race and sector as well as race and employment status are investigated. The introduction of race*sector and race*employment status as interaction variables will serve to further elaborate the findings for wages for non-white respondents in the sample.

5.5 Interaction Effects: Wages After Privatization

The main objective of this section is to answer the questions related to the secondary hypothesis for this study regarding gender. As mentioned before, the literature on the gendered impact of privatization upholds that public sector female workers tend to enjoy better employment conditions when compared to their private sector counterparts. With privatization, however, employment quality for public sector female workers tends to decline.

The interaction effects between gender and sector are introduced in this section to test if, after privatization, wage levels for privatized sector female workers tend to

decline. Furthermore, the effects of the interaction between gender and employment status as well as gender and race are included to test if two categories female workers, i.e., survivor and non-white, fared better/worse in terms of wage levels when compared to the other respondents in the sample.

In addition to the interaction variables concerning gender, the introduction of the interaction effects between employment status and sector serves to further elaborate the secondary hypothesis concerning survivorship. As was found in section 5.3 and discussed in section 5.4 above, survivor workers fared far better in terms of wages when compared to their retrenched counterparts. However, without interaction effects, it is impossible to say if privatization had a greater impact on the wages of survivor workers affiliated with the privatized sector when compared to respondents affiliated with other sectors of the banking industry. Thus, by examining the interaction between employment status and sector, the effects of privatization on survivor workers can be analyzed.

The introduction of the interaction effects regarding race and sector as well as race and employment status is important because the findings in section 5.3 of this study suggest significant differences in wages between the white

and non-white categories of workers. After restructuring, non-white workers tend to earn significantly less in wages when compared to their white counterparts. However, again it is not clear which category of respondents fared worse in terms of wage losses. The interaction between race and sector can elucidate the effects of privatization on non-white workers in terms of wages. Finally, in terms of the interaction effect between race and employment status, it is important to examine the effects of survivorship on non-white respondents' wages.

The questions regarding race in this section are also important because when examining the literature on the gendered impact of privatization, references are made as to how privatization is likely to affect the employment quality of minorities. It is argued that, not unlike female workers, minority workers are deeply affected by privatization. Similarly to female workers, public sector minority employees tend to earn better salaries, have better benefit packages and more job security when compared to their counterparts in the private sector. With privatization, however, employment quality of minority workers tends to decline. Thus, it is important to examine if this is the case for non-white workers affiliated with the Brazilian banking industry as well.

Table 5.2 below summarizes the results for the interaction variables in this study. Models 1, 2 and 3 display the results for the interaction effects regarding gender and model 4 presents the results for the interaction variable of employment status and sector. Finally, models 5 and 6 reveal the interaction effects regarding race. It is important to mention that all models, 1 through 6 in table 5.2 contain all variables included in the third model for the main effects in table 5.1 above.

In terms of the interaction effects between gender and sector/type of restructuring, the results of model 1 do not support the secondary hypothesis for this study. Privatized sector female workers tend to earn higher wages when compared to other respondents affiliated with the Brazilian banking industry. The finding for the privatized sector might be explained by the recency of the privatization process. Accordingly, since these banks have undergone the process of privatization just recently, it might be a while before wage levels for female employees begin to decline and consequently to resemble wage levels at the private sector.

Still in model 1, the result for public sector female workers was in accordance with the previous literature that suggests higher earnings for female workers affiliated with

the public sector. Accordingly, salaries for workers associated with the public sector were found to be the highest when compared to workers affiliated with the other two sectors of the banking industry.

The results in model 3 on table 5.2 suggest that non-white female respondents tend to earn approximately \$376 Reais less when compared to other workers in the sample. Not unlike the result for non-white respondents in section 5.3, the result for non-white female respondents in this section suggests a type of institutional discrimination. As mentioned in the discussion of the main effects in section 5.4 above, one's life chances are severely bound by race in Brazil. In terms of wages, it was discussed that in Brazil, whites earn more for each additional year of schooling when compared to blacks (Margolis 1992). This might serve to explain this section's finding regarding the inferior wage level for non-white female workers. Despite the fact that these respondents share comparable educational backgrounds with all respondents in the sample, non-white female respondents still earn significantly less. The result for the interaction between race and gender in this section suggests that a type of gendered racial discrimination is institutionalized in the Brazilian labor market.

In model 4 of table 5.2, significant results were found for the interaction effects between employment status and sector. Accordingly, in the category of survivors, privatized sector respondents fared far better in terms of wages when compared to their counterparts in the other two sectors. Survivor respondents affiliated with the privatized sector tend to earn approximately \$355 Reais more in monthly salary when compared to their counterparts in the other sectors. This finding might be explained by the work of Petrazzini (1996) and Cook et al. (1998) mentioned in chapter II. According to Petrazzini and Cook, while it is a fact that privatization has restricted some important labor rights for survivors, it has also resulted in economic benefits for this category of workers, mostly in terms of salary increases. As mentioned in chapter II, in Chile, survivors of a privatized telecommunications enterprise, CTC, negotiated a new collective labor contract achieving with it a salary hike of thirteen percent in real terms.

Mexican telecommunications workers have also benefited from salary improvements. After privatization, TELMEX management restructured and reduced the number of job categories within the company. This reform resulted in salary hikes for all survivors.

Table 5.2 OLS Regression Coefficients from the Analysis of Interaction Effects for Wages After Privatization and Restructuring (Measured in Reais)

Independent Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Intercept	-594.17	-606.16	-553.73	-600.10	-644.81	-637.83
Socio-Demographic Indicators						
Age	26.77 ***	25.07 ***	26.28 ***	24.84 ***	26.63 ***	26.20 ***
Sex						
Female	-340.87 **	7.39	-235.06 **	-126.59 **	-140.31 *	-147.74 *
(Male)						
Race						
Non-White	-159.11 *	-187.46 *	-318.72 **	-139.32	-205.12	-124.35
(Other)						
Education	62.63 ***	59.03 ***	58.07 **	63.12 **	60.57 **	60.10 **
Job Characteristics						
Admission Procedure						
Standardized Test	-44.62	-43.97	-49.35	-50.74	-39.56	-34.06
(Other)						
Collective Barg. Membership						
Union Member	246.70 **	257.03 **	258.47 **	228.67 **	254.14 **	253.85 **
(Non-Member)						
Job Category						
Management/Supervision	737.78 ***	735.74 ***	731.58 ***	720.82 ***	742.16 ***	738.80 ***
Administrative	119.36	125.57	142.06	80.86	136.73	131.97
Clerical	-256.42	-238.82	-240.56	-263.91	-236.05	-245.33
(Other)						
Employment Status						
Survivor	734.42 ***	852.48 ***	739.46 ***	706.95 ***	716.64 ***	738.52 ***
(Retrenched)						
Sector/Type of Restructuring						
Privatization	-95.29	27.76	41.76	-118.47	38.42	45.93
Public Restructuring	-499.30 ***	-354.54 ***	-333.00 **	-169.67	-356.53 **	-329.81 **
(Private Restructuring)						
Interaction Effects						
Gender*Sector						
Female*Public	326.55 *					
Female*Privatized	300.83 *					
Gender*Employment Status						
Female*Survivor		-276.00				
Gender*Race						
Female*Non-White			-376.42 *			
Employment Status*Sector						
Survivor*Public				-339.58 *		
Survivor*Privatized				355.12 *		
Race*Sector						
Non-White *Public					86.50	
Non-White *Privatized					38.80	
Race*Employment Status						
Non-White*Survivor						-79.85
R2	.43	.43	.43	.46	.43	.43

N = 476 *p < .05 **p < .01 ***p < .001 (two-tailed tests)

Cook et al. also claim that economic benefits have also been derived by workers remaining in privatized

enterprises in Brazil. These have been primarily in the form of increased wages, even though this has not happened in all privatized enterprises.

Petrazzini argues, however, that wage increases after privatization may be of short-term duration for survivor workers of privatized enterprises. As mentioned in chapter II, Petrazzini provides three justifications for his claim. First, he argues, salary increases are in most cases tied to the high profits that the now privatized companies were able to make following their privatization, due to sharp increases in tariffs. This, he continues, is a one-time only increase to adjust depreciated and subsidized rates to the cost structure of the business, which means that substantial tariff increases will be absent in the future. Secondly, as the now monopolistic companies move into liberalized markets, these newly privatized firms may witness a squeeze on profits and consequently a subsequent impact on the salary profile. Finally, many of the newly privatized companies in developing countries operate in markets characterized by a pattern of recurrent inflationary cycles. If any of these countries fall back into such cycle, it may happen, as it has in the past, that wages will again progressively deteriorate in real terms, turning the recent improvements into a disappointing

illusion. Petrazzini and Cook *et al.*, therefore, suggest that the higher salaries enjoyed by survivor workers in the privatized sector may be only temporary.

Still in model 4 of table 5.2, significant results were found for the interaction effects between survivorship and public sector affiliation. Accordingly, in the category of survivor, public sector respondents fared far worse in terms of wages when compared to their counterparts in the other two sectors. Survivor respondents affiliated with the public sector tend to earn approximately \$339 Reais less in monthly salary when compared to their counterparts in the other sectors. Again, this finding might be explained by treating public restructuring as a prelude to privatization, or a pre-privatization process in which salary decreases are likely to occur.

The results in model 2 for the interaction effects between gender and employment status, as well as those pertaining to race in models 5 and 6 were not significant.

5.6 Summary and Conclusions

The main objective of this chapter was to answer the question: Is privatization like other restructuring processes, or is it unique in the way it affects employment quality? More specifically, the section investigated if

privatization and other restructuring processes differ in the way they affect the monthly salary of workers.

This chapter was structured to test the primary and secondary hypotheses for this study, and to answer basically three questions:

- I. "Are wages significantly inferior for workers in the privatized sector when compared to those pertaining to respondents in other restructured sectors of the banking industry?"
- II. "Are wages significantly inferior for retrenched workers when compared to their counterparts, survivor workers?"
- III. "Are wages of privatized sector female workers significantly inferior to those of other respondents in the sample?"

The results in this chapter suggest that contrary to the primary hypothesis for this study, wage levels after privatization were not significantly inferior when compared to wage levels after other restructuring processes. For workers affiliated with the public banks, however, a negative wage adjustment was predicted. This adjustment, however, was ultimately explained as a factor of privatization. Since respondents considered the

restructuring process occurring at the public sector as a prelude to privatization or a pre-privatization phase, it was argued that ultimately it was privatization that had a negative effect on wages for public sector workers.

It was further argued that despite the fact that privatization was not yet an actual fact for the public banks in this study, its effects were already being concretely felt by public sector workers. The findings for public sector wages are, therefore, indirectly in consonance with the primary hypothesis for this study.

In terms of the secondary hypothesis regarding employment status, the findings in this chapter suggest that being a survivor of privatization and/or restructuring does matter. Accordingly, it was observed that survivor workers tend to earn substantially more in monthly wages when compared to their counterparts, retrenched employees. Those who remained employed in the bank settings after restructuring earn significantly more in wages when compared to those who left or were dismissed as a result of restructuring.

Significant wage differences were found regarding race. According to the findings, non-white respondents are likely to be paid significantly lower salaries when compared to their white counterparts. The findings

concerning race were explained by the fact that racial discrimination is institutionalized in Brazil, which makes one's life chances severely constrained by skin color.

Regarding the interaction effects, the results in this chapter do not support the secondary hypothesis concerning gender. Wage levels for female workers affiliated with the privatized sector were in fact higher when compared to respondents in the other sectors. This finding was explained by the recency of the privatization process.

When examining the results for the interaction effects regarding gender and race, significant differences in wages were detected between non-white female workers and other respondents. Non-white female respondents tend to earn significantly less in monthly wages when compared to other respondents in the sample. It was argued that the result for the interaction of race and gender suggest that a type of gendered racial discrimination is institutionalized in the Brazilian labor market.

The findings for the interaction effects between employment status and sector suggest that survivor workers affiliated with the privatized sector tend to earn significantly higher salaries in comparison to workers in other sectors. This finding does not support the hypothesis that privatization affects wage levels of workers to a

higher extent than other restructuring processes. However, the result for the interaction between survivorship and privatization seems to be in consonance with the works of Petrazzini and Cook mentioned in chapter II. These two researchers argue that although privatization has restricted some important labor rights for survivor workers, it has also resulted in economic benefits for this category of workers, mostly in form of salary increases. Nonetheless, they further suggest that the salary hikes enjoyed by survivor workers in the privatized sector may be only temporary.

Significant results were found for the interaction effects between survivorship and public sector affiliation. Accordingly, in the category of survivor, public sector respondents fared far worse in terms of wages when compared to their counterparts in the other two sectors. Again this finding might be explained by treating public restructuring as a prelude to privatization, or a pre-privatization process in which salary decreases are likely to occur.

The results for the interaction effects between gender and employment status, as well as those pertaining to race were not found to be significant.

Chapter VI

Privatization and its Labor Effects: An Analysis of Non-Wage Benefits

6.1 Introduction

In this chapter, an analysis of the effects of privatization and restructuring on non-wage benefits will be undertaken. Similarly to chapter V, this chapter is structured to test this study's primary and secondary hypotheses, and to answer the related questions regarding non-wage benefits. As in chapter V, an ordinary-least-squares regression method is employed to test whether adding the variables for employment status and sector/type of restructuring would significantly increase the coefficient of determination (R^2) when the dependent variable is non-wage benefits.

Interaction effects will be examined by a separate model. As in chapter V, the main objective of using interaction variables is to answer the questions related to the secondary hypotheses for this study regarding gender and employment status.

As mentioned in chapter III, non-wage benefits are an important aspect of job quality. Accordingly, the U.S.

Bureau of Labor Statistics (BLS) upholds that when assessing the quality of different types of jobs, workers, employers, and researchers often consider benefits along with other characteristics of the job.

The measurement for non-wage benefits for this study was based on an index containing ten distinct non-wage benefit items: (i) health insurance, (ii) pension plan, (iii) life insurance, (iv) child care voucher, (v) on-site child care facilities, (vi) tuition assistance, (vii) paid vacation, (viii) disability plan, (ix) profit sharing/stock plan, and (x) food stamps.

Respondents were given a list of benefits containing these ten items and asked to mark down the benefit items offered to them by their employer. As mentioned in chapter III, the question was adapted from the BLS Employee Benefits Survey (EBS). The EBS is part of the National Compensation survey that provides measures of occupational earnings, trends in compensation costs, and participation in, and details of, benefit plans.

6.2 Non-Wage Benefits After Privatization: Results

This section outlines the results for non-wage benefits, the second measure of employment quality evaluated in this study. Table 6.1 reports the results of

the ordinary-least-squares regression for non-wage benefits.

According to model 1 of table 6.1, six out of eight variables are significant: sex, admission procedure, union membership, and the three variables for job category. The significant result for sex suggest that after privatization and/or restructuring, female respondents are likely to have slightly better benefit packages when compared to their male counterparts. Accordingly, being a female worker increases one's benefit index by .67 point.

In terms of admission procedure, it was found that employment entrance through standardized examinations is associated with a significantly higher index of benefits. Being hired through standardized exams increases one's benefit index by 1.14 points, i.e., workers in that category are likely to have 1.14 more benefit items in their index when compared to their counterparts, i.e., those hired through other hiring procedures sharing the same demographic characteristics. As mentioned in the previous chapters of this study, standardized examination is the predominant hiring procedure in the public sector, thus like the result for wages in chapter V, the higher benefit indexes associated with standardized examinations

can be ultimately explained through public sector affiliation.

Union membership was also found to be associated with higher benefit indexes. Accordingly, being a union member increases one's index of benefits by almost 1 point, i.e., workers in that category have .98 more benefit items than their non-member counterparts sharing the same demographic characteristics. Thus, it can be argued that the effect of unionization still remains a positive factor for workers' job quality, in terms of benefits.

Still in model 1, it can be observed that being either in the clerical, administrative or managerial job categories is also associated with higher benefit indexes. The indexes for managers, administrative and clerical personnel were 3.2, 2.5 and 2.2, respectively. These three categories of workers share higher benefit indexes when compared to their counterparts in other job categories. This finding seems in consonance with the results for the next model. As it will be observed, survivor employees tend to have significantly higher benefit indexes when compared to retrenched workers. Since these three job categories are composed largely by survivor workers, it is then expected that these workers will tend to have significantly higher benefit indexes when compared to those in the third

("other") job category, made up mostly of retrenched employees. The R^2 for the entire model equals .13. This means that 13% of the variation in non-wage benefit indexes can be explained by the all independent variables included in model 1.

Adding employment status in model 2 significantly increased the explanatory power in comparison to model 1. In model 2, admission procedure, union membership and the job category of managers/supervisors remained significant. In addition, it was found that being a survivor was significantly associated with higher index of benefits. Workers in the survivor category are likely to enjoy benefit indexes characterized by four (4) additional benefit items when compared to their retrenched counterparts with similar demographic characteristics.

The R^2 for model 2, with the additional variable for employment status equals .52. It is important to mention that the addition of only one variable in model 2, i.e., employment status, increased the statistical power of the model by .39 when compared to the previous model. This is an extremely significant addition. Thus, thirty nine percent of the variation in benefits can be explained by the additional variable of employment status.

Table 6.1 OLS Regression Coefficients from the Analysis of Non-Wage Benefits After Privatization and Restructuring (Measured According to an Index of Ten Benefit Items*)

Independent Variable	Model 1	Model 2	Model 3
Intercept	-.03	-.21	1.50
Socio-Demographic Indicators			
Age	.01	.01	.01
Sex			
Female	.67 ***	.16	.23
(Male)			
Race			
Non-White	-.22	.12	-.17
(Other)			
Education	.04	.06	.05
Job Characteristics			
Admission Procedure			
Standardized Test	1.14***	.60 **	.13
(Other)			
Collective Bargaining Membership			
Union Member	.98 ***	.46 **	-.19
(Non-Member)			
Job Category			
Management/Supervision	3.20 ***	.82 *	1.01 **
Administrative	2.17 ***	-.24	.122
Clerical	2.52 ***	.31	.41
(Other)			
Employment Status			
Survivor		4.05 ***	3.68 ***
(Retrenched)			
Sector/Type of Restructuring			
Privatization			-2.40 ***
Public Restructuring			-1.18 ***
(Private Restructuring)			
R2	.13	.52	.62

N= 476 *p < .05 **p< .01 ***p< .001 (two-tailed tests)

Adding the variable sector/type of restructuring in model 3 significantly increased the statistical power in comparison to model 2. Four variables were significant in model 3: management/supervision, survivorship, privatization and public restructuring. In terms of the additional variables, the coefficient for the privatized and public sectors suggests an association between

privatization as well as public restructuring and reduced benefit indexes.

The coefficient for sector/type of restructuring indicates a strong association between privatization and reduced benefit indexes. Accordingly, the results in model 3 suggest that affiliation with the privatized sector significantly reduces one's index of benefits by more than 2 points, i.e., workers in that category are likely to have 2.4 less benefit items in their indexes when compared with their counterparts in other sectors sharing the same demographic characteristics.

For those in the public sector, the coefficient in model 3 also indicates an association between public restructuring and reduced benefit indexes. Accordingly, being a public sector employee significantly decreases one's index of benefits by more than 1 point, i.e., workers in that category are likely to have 1.18 less benefit items than their counterparts in other sectors.

The R^2 for model 3, with the variable for type of restructuring equals .62, an increase of .10 when compared to the previous model. Thus, it can be argued that ten percent of the variation in non-wage benefits can be explained by the additional independent variables regarding sector in the third model. Again, it is fundamental to

stress the importance of the addition of the variable for sector/type of restructuring in model 3, since the addition of merely one variable increased the statistical power of the model by .10 when compared to the previous model.

6.3 Non-Wage Benefits After Privatization: Discussion

In section 6.2, it was found that the main independent variables explaining the results for non-wage benefits are employment status and sector/type of restructuring.

In terms of the results regarding sector, reductions in non-wage benefits were found after both public restructuring and privatization. While the finding for lower benefits after privatization directly confirms the primary hypothesis for this study, the result for public restructuring can be indirectly linked to the primary hypothesis for this study as well.

Not unlike the results which demonstrated lower wages after public restructuring in chapter V, the negative results for non-wage benefits after public restructuring in this chapter can also be interpreted as emerging out of the process of privatization. Since public restructuring was widely regarded by respondents as a pre-privatization phase, as mentioned in chapter V, the reduced benefit indexes associated with public restructuring can be

ultimately explained as a product of privatization. Consequently, both findings for sector in model 3 of table 6.1 serve to confirm the hypothesis that employment quality, in terms of non-wage benefits, is inferior after privatization.

To further elucidate the quantitative findings regarding sector/type of restructuring, what follows in this section is an examination of some of the qualitative findings for this study based on an analysis of interviews with respondents, union leaders and bank directors.

As examined in chapter II of this thesis, Cook *et al.* (1998) and Petrazinni (1996) claim that after privatization, the loss of important benefits for workers is likely occur. Because workers in Brazil obtain most of their benefits through their employment, such as health insurance and retirement benefits, the loss of benefits associated with privatization and restructuring may inflict considerable hardship on these workers and their families, especially in single-earner households.

When interviewing bank directors, I was told that the benefit packages pertaining to the newly privatized firms were previously inflated and needed to be leveled if these firms were to remain competitive. Bank directors stated that curtailing labor social costs was one of the primary

objectives of privatization since benefit package cuts were necessary if banks were to survive in the new economic environment of a competitive market.

Respondents, regardless of sector, and union leaders, on the other hand, expressed great dissatisfaction about these cuts. While some interviewed employees complained about new restrictions on their health and drug plan, others condemned the closing of the bank's subsidized childcare facilities. In one of the privatized banks in this study, the great majority of respondents expressed immense grief over the loss of their retirement and pension fund.

As it was examined in chapter II, Cook *et al.* (1998) claims that the transfer or "portability" of social protection benefits constitutes a major problem for the survivors of privatization. In regard to pensions after privatization, Cook argues that when workers move from one scheme (public) to another (private), they almost always lose, because the old scheme does not transfer enough money to the new one.

Bank workers in the newly privatized sector reported a fundamental loss in terms of the portability of retirement benefits. These workers lost years of contribution to their pension plan fund after privatization. Survivors as well as

retrenched workers were left without a pension fund after privatization. A year after the actual divestiture, they were still struggling to regain a part of the contributions they paid throughout the years that they worked at the bank. On that a male, 55 year-old respondent claims:

"Losing our pension fund is outrageous... How dare they do such a terrible thing to us? And, now, when we demand our money back, they say they will return the sum we contributed, with no correction for inflation or anything else...This, in my view, is the same as stealing..."

In reference to the result for employment status in table 6.1, it was found that survivors fared far better than their retrenched counterparts after restructuring and privatization. The qualitative findings based on interviews also served to further explain the quantitative findings for employment quality in table 6.1.

Accordingly, more than 85% of the interviewed retrenched workers in this study reported that their benefit packages were substantially reduced. Privatized sector retrenched workers rehired in the formal (private) sector, stated that compared to their benefit packages in the public sector, their new benefit packages in the private sector included fewer benefit items. While some claimed that they had no childcare assistance, others complained of shorter vacation periods. However, most respondents in that category

reported inferior medical insurance benefits. Retrenched workers, regardless of sector, employed in the informal sector or self-employed were further affected by a reduction in benefits. A large percentage of respondents in this category claimed that after their dismissal, benefits, such as medical insurance had to be paid out of their own pocket. These workers reported to be paying extremely high premiums for health insurance, prescription drugs and childcare assistance. Despite the high price being paid, many interviewed respondents complained about the quality of health services received since they considered their current health providers of inferior quality when compared to those associated with their previous benefit packages as public sector employees.

In conclusion, privatization and retrenchement are directly connected with a reduction in non-wage benefits. With privatization and public restructuring, employers are cutting back on important benefits and consequently affecting the lives of workers and their families. For workers associated with the privatized sector, the issue of "portability" of benefits after privatization partly explains their reduced benefit package *vis-à-vis* respondents in other sectors. For retrenched workers of all sectors rehired in the formal or informal sectors of the

economy, the predominance of inferior benefit packages in the private and informal sectors of economy seem to partially explain the decline.

6.4 Interaction Effects: Non-Wage Benefits After Privatization

The main objective of this section is to answer the questions related to secondary hypothesis for this study regarding gender. Similarly to wages, the literature on the gendered impact of privatization upholds that public sector employment provides female workers with significantly better non-wage benefit packages. With privatization, however, reductions in benefits are likely to occur. The interaction effects between gender and sector are introduced in this section to test if reductions in non-wage benefit are more significant for female workers affiliated with the privatized sector when compared to other respondents in the sample. Furthermore, the effects of the interaction between gender and employment status as well as gender and race are included to test if the categories of survivor and non-white female workers fared better/worse in terms of non-wage benefits when compared to other workers in the sample.

In addition to the interaction variables concerning gender, the introduction of the interaction effects between

employment status and sector serves to further elaborate the hypothesis concerning survivorship. As it was discussed in section 6.3, survivor workers fared far better than their retrenched counterparts in terms of their non-wage benefits indexes. However, without interaction effects, it is impossible to answer if reductions in non-wage benefits were more significant for survivor workers' affiliated with the privatized sector when compared to workers affiliated with other sectors of the Brazilian banking industry.

Finally, the interaction effects regarding race and sector as well as race and employment status will be analyzed. Here, the main objective is to examine the employment quality of non-white respondents *vis-à-vis* other respondents in the sample. Table 6.2, below, summarizes the results for the interaction variables in this study. Models 1, 2 and 3 display the results for the interaction effects regarding gender, whereas model 4 presents the results for the interaction variable of employment status and sector. Finally, models 5 and 6 reveals the interaction effects regarding race.

In model 1, the interaction of gender and sector is examined. The results for the model do support the secondary hypothesis for this study. Accordingly, the interaction effect between gender and privatization was

significant, i.e., when sector and gender are combined into a single variable, it was found that female workers affiliated with the privatized sector are likely to have their benefit packages reduced by .79.

Table 6.2 OLS Regression Coefficients from the Analysis of Interaction Effects for Non-Wage Benefits After Privatization and Restructuring

Independent Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Intercept	1.37	1.38	1.42	1.07	1.50	1.51
Socio-Demographic Indicators						
Age	.004	.009	.005	.001	.004	.004
Sex						
Female	.663 *	-.279	.311	.066	.225	.218
(Male)						
Race						
Non-White	-.172	-.093	-.030	-.295	.200	-.092
(Other)						
Education	.042	.052	.048	.034	.047	.045
Job Characteristics						
Admission Procedure						
Standardized Test	.137	.147	.143	.196	.109	.147
(Other)						
Collective Barg. Membership						
Union Member	.178	.176	.182	.255	.182	.186
(Non-Member)						
Job Category						
Management/Supervision	1.03 **	1.01 **	1.01 **	.740	.971 **	1.01 **
Administrative	.173	.143	.112	-.102	.081	.122
Clerical	.462	.396	.406	.205	.360	.403
(Other)						
Employment Status						
Survivor	3.64 ***	3.23 ***	3.67 ***	5.26 ***	3.68 ***	3.72 ***
(Retrenched)						
Sector/Type of Restructuring						
Privatization	-2.02 ***	-2.33 ***	-2.39 ***	-.68 *	-2.27 ***	-2.40 ***
Public Restructuring	-.923 **	-1.12 ***	-1.18 ***	-.074	-1.07 **	-1.17 ***
(Private Restructuring)						
Interaction Effects						
Gender*Sector						
Female*Public	-.555					
Female*Privatized	-.792 *					
Gender*Employment Status						
Female*Survivor		.933 **				
Gender*Race						
Female*Non-White			.340			
Employment Status*Sector						
Survivor*Public				-1.55 ***		
Survivor*Privatized				-2.99 ***		
Race*Sector						
Non-White *Public					-.554	
Non-White *Privatized					-.597	
Race*Employment Status						
Non-White*Survivor						-.151
R2	.63	.63	.62	.66	.62	.62

N = 476 *p < .05 **p < .01 ***p < .001 (two-tailed tests)

Even though this is not a substantial reduction, i.e., it represents less than one benefit item, the result is still significant. Furthermore, interviewed women pertaining to the privatized sector reported important losses for this measurement of employment quality.

Feminist methodological studies claim that when investigating any social process or problem in terms of gender, qualitative analysis has been shown to be more effective than analysis relying on quantitative methods. It is argued that qualitative analysis serves to elucidate the gendered subtleties that are not easily detectable through quantitative or hard data only. This section summarizes some of the most important qualitative findings encountered during my interviews with the female workers in the banking industry. The objective is to further elucidate the quantitative findings for gender on table 6.2, below.

Respondents in the privatized sector, regardless of sex, claimed to have lost important benefits, such as pension funds, profit sharing and tuition assistance. Approximately 76% of the interviewed respondents in the privatized and public sectors claimed that after privatization and public restructuring, their health benefit plan was replaced by a new plan characterized by lesser coverage and inferior services.

A fundamental issue raised in the interviews with these respondents was the fact that the number of medical providers, i.e., in-network providers, previously associated with their health plan was greatly reduced. Regarding medical benefits, women were particularly dissatisfied with these changes.

Some of the interviewed respondents claimed that their gynecologists, obstetricians and pediatricians were excluded from their new health plan altogether, and after years of services, they had to opt for other medical doctors to provide services for themselves and their family. Other respondents in the privatized and public sectors claimed that many of the prescription drugs that were previously available and provided by their former health plans, were no longer covered under their new health plan. Most interviewed women in both privatized and public sectors regarded these changes in their health plan as negative. However, women in the privatized sector were particularly affected by the loss of another important benefit, the closing of on-site childcare facilities.

During the pre-privatization period, privatized sector respondents claimed, their on-site childcare facilities were inactivated. In their interviews, both male and female respondents affiliated with the privatized sector

acknowledged the loss of such facilities; however, it was the category of female respondents in the privatized sector who were most affected by this benefit reduction. Since women in Brazil, like those in most countries, are still considered primary caretakers and as such are in charge of most childcare arrangements, the closing of these on-site childcare facilities represented a particular burden for women in the privatized sector. This is a concrete example of the way the effects of privatization can be gendered. Even though both male and female respondents reported the closing of such facilities as a benefit loss, the loss was more detrimental for the female respondents.

When asked to explain the closing of the child care facilities, bank administrators reiterated Hopkins' (1994) words, stated in chapter II, that these facilities represented a financial burden on the newly privatized enterprises, and as so they needed to be eliminated.

Regarding the result for the interaction effects between gender and employment status in model 2 on table 6.2, significant differences in non-wage benefits were found between female survivor and other respondents. Accordingly, the category of female survivor respondents fared slightly better in terms of benefit indexes when compared to other respondents in the sample. Female

survivor respondents are likely to have .93 points more in their index when compared to other respondents.

Model 4 in table 6.2, serves to further elaborate the findings for the results in section 6.3 dealing with employment status. The model displays the result for the interaction effect between employment status and sector. Accordingly, the results in model 4 further elucidate the relationship between survivorship and sector in regard to benefits. The findings for the model suggest that both public and privatized affiliated survivor workers fared far worse in terms of their benefit indexes when compared to other respondents. While survivor workers in public sector are likely to have 1.55 less benefits, those affiliated with the privatized sector are likely to have 2.99 less benefits *vis-à-vis* other workers affiliated with the Brazilian banking industry. Thus, the findings for the interaction of employment status and sector fully supports the hypothesis that privatization does affect the benefit levels of retrenched workers to a greater extent when compared to other restructuring processes.

The results in model 3 for the interaction effects between gender and race, as well as those pertaining to race, i.e., sector and employment status, in models 5 and 6 were not significant.

6.5 Summary and Conclusions

This chapter sought to analyze the effects of privatization and restructuring on non-wage benefits. Like the other two analytic chapters for this study, an ordinary-least-squares regression method was employed to test whether adding the variables for employment status and sector/type of restructuring would significantly increase the coefficient of determination when the dependent variable is non-wage benefits.

Interaction effects were examined by a separate model, with the primary objective to answer the questions related to the secondary hypothesis for this study regarding gender and employment status.

The following results were observed for the regressions for non-wage benefits. First, being a survivor was found to be associated with a significantly higher benefit index. Survivor employees' indexes are characterized by four additional benefit items when compared to their retrenched counterparts with similar demographic characteristics. Secondly, being affiliated with the privatized sector significantly decreases one's

index of benefits when compared to their counterparts in other sectors sharing the same demographic characteristics.

An association between public restructuring and inferior benefit indexes was also observed. Accordingly, being affiliated with the public sector significantly decreases one's index of benefits. Not unlike the explanation for lower wages after public restructuring in chapter V, the finding for benefits after public restructuring in this chapter was also interpreted as a result of privatization. Accordingly, public restructuring was considered by a large proportion of respondents as a pre-privatization phase. Thus, the significantly inferior benefit index associated with public restructuring can be ultimately explained as a product of privatization. Both findings for sector, i.e., privatization and public restructuring, served to confirm the hypothesis that employment quality, in terms of non-wage benefits, is inferior after privatization.

The result for the interaction effects for non-wage benefits between gender and privatization was significant. It was found that privatized female employees are likely to have slightly reduced non-wage benefit packages when compared to other workers in the sample. Furthermore, interviewed women affiliated with the privatized sector

reported important losses for this measurement of employment quality. Respondents in the privatized sector, regardless of sex, claimed to have lost important benefits. Women in the privatized sector, however, were particularly affected by the closing of on-site childcare facilities. This, it was argued, constitutes a concrete example of the way the effects of privatization can be gendered.

The finding for the interaction effects between gender and employment status suggests significant differences in non-wage benefits. Accordingly, female survivor respondents fared slightly better in terms of benefit indexes when compared to other respondents affiliated with the Brazilian banking industry.

The results for the interaction effects between employment status and sector suggest that survivor workers in the privatized banks fared far worse in terms of their benefit indexes when compared to other respondents in the sample. The findings for this interaction effect fully supports the hypothesis that privatization does affect the benefits levels of workers to a greater extent when compared to other restructuring processes.

The results for the interaction effects between gender and race, as well as those pertaining to race, i.e., sector and employment status were not significant.

Chapter VII

Privatization and its Labor Effects: An Analysis of Job Security

7.1 Introduction

This chapter examines the third and final measure of employment quality for this study, i.e., job security. As mentioned in chapter III, the BLS publication entitled "Measuring Job Security" claims that in order to control costs, firms are increasingly seeking more flexibility in their use of labor. The article argues that employers have sought additional flexibility within their own work forces, as well as from sources outside their organizations. Internally, they have hired workers on a temporary basis and externally, they have obtained labor through temporary help agencies or by contracting with firms or individuals to provide specific services. All of these measures have led to less job security for employees.

In this study, job security was measured by a composite index using two measures of self-perceived employment security (Dominitz and Manski 1996). Respondents were initially asked to assert their self-perceived level of job security through a scale varying from zero (0),

indicating total lack of job security, to four (4) indicating total employment security. Next, a second question for self-perceived job security based on a measure by the BLS' Current Population Survey (CPS) was introduced. According to the BLS survey, a key factor used to determine if a job fits the conceptual definition of "contingent" is whether the worker believes that his/her job is temporary or would not continue. As stated in chapter III, the adapted BLS question to measure contingency and as so to supplement the job security scale, was the following:

"Provided the economy does not change and your job performance is adequate, can you continue to work for your current employer as long as you wish?"

The composite of the two measurements provided the respondent's index for job security. As mentioned in chapter III, a reliability test was conducted to examine if the two questions for job security were measuring the same item, i.e., job security. The test confirmed co-measurement for the two variables, with a reliability coefficient, alpha, being equal to .6122.

7.2 Job Security After Privatization: Results

This section examines the findings of the ordinary-least-squares regression for this study's last measure for employment quality. Table 7.1 reports the results for job security. Accordingly, in model 1, five variables are significant, namely: education, union membership, and the three job categories, i.e., management/supervision, administrative and clerical.

In terms of the first significant independent variable, it was found that for every year of formal education, respondents could expect a .05 increase in job security. Even though this is not a substantial result, education still remains a significant variable explaining levels of self-perceived employment security after privatization and restructuring.

Union membership was also associated with higher level of job security. Accordingly, being a union member significantly influences one's level of job security. Unionized workers are likely to have levels of security increased by .26 on an index of 5 points. Thus, the effect of unionization on workers' levels of self-perceived job security is positive.

The three job categories in model 1 were also associated with higher levels of self-perceived job security. Accordingly, being in a managerial or supervisory position increases one's level of job security by .83 points on a 5-point scale. Administrative and clerical personnel are also likely to enjoy higher levels of self-perceived job security. While the index for workers in administrative positions was .62 out of 5 points, the clerical workers' index was slightly lower, i.e., .46 out of 5 points.

The findings for job categories are in consonance with the results for the next model, model 2 with the additional employment status variable. As it will be observed, when the variable for employment status is added in the second model testing employment security, the job security index for the category of survivor employees tend to be significantly higher when compared to that of retrenched workers. Since the three significant job categories in model 1 are made up largely by survivor workers, it is then expected that job security indexes for workers in these categories to be significantly higher when compared to those in the third ("other") job category, made up mostly of retrenched employees.

The R^2 for the entire model equals .04, which means that four percent of the variation in job security can be explained by all variables included in the model.

Table 7.1 OLS Regression Coefficients from the Analysis of Job Security After Privatization and Restructuring (Measured Through a Scale Varying From 0/Total Lack of Security to 5/Total Security)

Independent Variable	Model 1	Model 2	Model 3
Intercept	-.376	-.416	-.500
Socio-Demographic Indicators			
Age	.01	.01	.01
Sex			
Female	-.06	-.16	-.12
(Male)			
Race			
Non-White	-.04	-.02	-.05
(Other)			
Education	.05 *	.05 *	.04
Job Characteristics			
Admission Procedure			
Standardized Test	-.07	-.18	-.37
(Other)			
Collective Bargaining Membership			
Union Member	.26 *	.15 ***	.01
(Non-Member)			
Job Category			
Management/Supervision	.83 ***	.32	.42 *
Administrative	.46 *	-.05	.14
Clerical	.62 **	.14	.18
(Other)			
Employment Status			
Survivor		.86 ***	.66 ***
(Retrenched)			
Sector/Type of Restructuring			
Privatization			-1.33 ***
Public Restructuring			-.55 ***
(Private Restructuring)			
R2	.04	.14	.32

N = 476 *p < .05 **p < .01 ***p < .001 (two-tailed tests)

As mentioned above, adding employment status in model 2 significantly increased the explanatory power in comparison to model 1. In addition to education and union

membership, the independent variable related to survivorship was significantly associated with higher levels of self-perceived employment security. Workers who remained in the restructured bank settings could expect levels of job stability of approximately .86 points in a 5-point scale when compared to those workers who left as a result of restructuring, i.e., retrenched employees. As predicted above, the variables for job category lost their significance as the significance of employment status emerged. Survivorship, therefore, can be considered a significant predictor for the measure of self-perceived job security. This finding will be further elaborated in sections 7.3 and 7.4, in the discussion section and when examining interaction effects for job security.

The R^2 for model 2, with the additional variable for employment status equals .14, an increase of .10 when compared to the previous model. It is important to mention that the addition of only one variable in model 2 significantly increased the statistical power in comparison to model 1. This is an extremely significant addition. Thus, ten percent of the variation in job security can be explained by the variable of employment status.

The addition of the variable sector/type of restructuring in model 3 significantly increased the

explanatory power of the variable in comparison to model 2. In addition to the job category of management/supervision and employment status, adding the variables for sector/type of restructuring significantly altered the model.

The coefficient for the privatized sector suggests a strong association between privatization and lack of employment security. Privatization is associated with a negative level of job security of 1.33 points. The finding for privatization is thus in accordance with the primary hypothesis for this study. Accordingly, it can be argued that employment security is indeed inferior after privatization when compared to other restructuring processes. Still in model 3, the coefficient for the public sector also suggests a strong association between public restructuring and lack of job security. Although the association between public restructuring and lack of job security is not as strong as that of privatization, it is still a significant result. Public restructuring is associated with a negative level of job stability of .55 points. Thus, it can be argued that similarly to privatization, public restructuring negatively affects workers' levels of self-perceived job security. The findings for job security according to sector will be

further examined in both the discussion section and the section analyzing interaction effects that follows.

The R^2 for model 3, with the additional variable for sector/type of restructuring equals .32, a substantial increase of .18 when compared to the previous model. Thus, it can be argued that thirty two percent of the variation in the job security can be explained by all independent variables included in the third model.

7.3 Job Security After Privatization: A Discussion

The results for job security in section 7.2 are in consonance with the primary hypothesis for this study, i.e., that employment quality, understood in this chapter as job security, is inferior after privatization when compared other restructuring processes. Furthermore, the secondary hypothesis regarding employment status was also substantiated by the results in section 7.2. Accordingly, it was found that survivor workers fared far better than their retrenched counterparts in regard to employment security.

Similarly to the results for wages and benefits in chapters V and VI, the finding for public restructuring in section 7.2 above can be ultimately linked to privatization. Not unlike the result for privatization in

section 7.2, public restructuring was also found to be associated with lack of employment security. As discussed in chapters V and VI, respondents in the public sector considered the restructuring in their sector as a prelude to privatization. Consequently, the lack of job security after public restructuring can be ultimately, even though indirectly, associated with privatization.

What follows in this section is an analysis of the findings in section 7.2. The quantitative results in section 7.2 will be substantiated in this section by an examination of the previous studies on privatization reviewed in chapter II and the qualitative findings for this study, mostly in the form of interviews with respondents.

Several factors serve to explain the findings for lower levels of self-perceived job security after privatization. First, levels of self-perceived employment security were greatly influenced by an awareness of the massive dismissals that occurred after the privatization in Brazil. Being cognizant of the massive layoffs associated with privatization made most respondents attentive to the vulnerability of their own employment. Interviewed respondents reported that knowing that anyone could be next for a dismissal made them very insecure about their own

employment. Respondents affiliated with the privatized sector, however, were particularly concerned about the issue of dismissals. In this study, a large percentage (95%) of interviewed survivor employees of privatized and public banks demonstrated a fundamental concern with a threat of an imminent dismissal and felt that their perception of employment security to have deteriorated mainly for that reason.

In chapter II, it was argued that when governments intervene on behalf of labor, the threat of massive layoffs after privatization is greatly reduced. State intervention, therefore, might contribute to maintain levels of employment security balanced after privatization. For instance, as mentioned in chapter II, in Mexico, Ghana as well as Sri Lanka states have attempted to mitigate the effects of massive layoffs generated by privatization by either negotiating with the new owners of the privatized enterprises a guarantee of job stability or assuming responsibility for liabilities with respect to retrenched workers of privatization. The latter included the creation of a national pension scheme, the standardization of severance and redundancy payments, as well as the retraining and re-integration of retrenched workers of privatization within the labor market. All these measures

on the part of a state might serve to contribute to maintain workers' self perceived job security leveled.

In Brazil, however, even though massive privatization programs were introduced and carried out, and extensive layoffs ensued as a result of such programs, the state did not undertake any negotiation with the owners of the newly privatized enterprises in regard to workers' job stability. Furthermore, no labor market policy aimed at assisting the re-entry of retrenched workers of privatization into employment has been implemented. Thus, the lower levels of perceived job security for both retrenched and survivor employees in this study can be partially explained by the lack of specific measures designed to reduce the social costs of privatization in Brazil.

Interviewed retrenched workers complained of being left with no governmental assistance in terms of subsidized private employment, skill retraining, or in establishing new enterprises. Skill retraining seminars for retrenched workers of privatization were offered mainly by unions. However, as union officials stated during their interviews, funds were available to finance only a limited number of retraining seminars and these were already overbooked, since the number of retrenched employees of privatization seeking these seminars was increasing on a daily basis.

Larangeira (1997) argues that even though the strategy of retraining bank workers is relevant for the better qualification of the Brazilian labor force, especially bank workers, the strategy alone would not solve the problem of reemployment if the unemployment rate in Brazil remains high. Officials at the bank workers' union in Rio de Janeiro seem to agree with that claim. According to the union's vice president, retrenchement greatly reduced the union's membership and consequently its funds for investing in retraining sessions. On this she commented:

"We came to a point in the union's history that we have to make a terrible choice. Either we use the funds to pay our own salaries, or in creating new retraining seminars for the unemployed. Furthermore, the creation of these seminars does not guarantee employment for this new retrained workforce especially because the unemployment rate is likely to remain as high as it is now"

The problem of job insecurity is further exacerbated by the fact that privatization in Brazil is not being followed by net job creation in the formal market, as suggested by the Megginson, Nash & Rendenborgh 1994 study cited in chapter II. According to official statistics, in 1993, unemployment in Brazil was 15 percent and twenty five million workers had insufficient employment (ETAPAS 1991, Soares 1995, Schneider 1996 in Neuhouser 1999). Furthermore, the Brazilian labor market is currently

characterized by a trend that William and Windebank (1998) refer to as informalization, i.e., the steady growth of informal market employment. Data gathered by the ILO, suggest that the share of informal sector in non-agricultural employment has increased rapidly from 52 to 56.4 percent during the four-year period between 1990 to 1994. Employment in the informal economy, a type of employment shared by many of the retrenched workers in this study, is usually characterized by low pay, low levels of job stability and fewer, if any, benefits. Thus, the trend to informalization might also serve to explain the low levels of job security for retrenched employees of privatization.

The same trend might serve to explain the lower levels of security among survivors of privatization. Being cognizant of the massive dismissals occurring at their bank settings, as well as the trend to the informalization of employment that is also occurring in the economy, might work in keeping survivor workers' levels of job security to a low. Survivor employees are aware that to find a position like the one they currently hold is substantially unlikely in a labor market characterized by high unemployment levels and growing informalization.

The Brazilian government continues to adopt a hands-off policy in regard to labor matters concerning privatization. To this day, it has implemented no social protection measures aimed at reducing the economic hardship of those workers who leave the privatized enterprises. According to the report of union officials and a 1998 BNDES publication, the official data provider for the Brazilian privatization program, in 1997 the number of dismissed employees in one of the privatized banks in this study was 3,400 of approximately 6,400 employees prior to privatization. For this specific case, as well as all many other cases of privatization involving massive dismissals, the Brazilian government has kept an uninvolved stance, i.e., the state did nothing to protect the job stability of both survivors and retrenched employees of privatization.

In conclusion, measures of self-perceived job security are likely to further drop for both retrenched and survivor workers of privatization in Brazil for several reasons. Among them are: (i) the scarcity of new jobs in the formal market and concurrent growth of the informal economy, (ii) the rising unemployment rates, and finally, (iii) the lack of state resources and willingness for the retraining of retrenched workers. Furthermore, as discussed in chapter I, because the effects of privatization are likely to be felt

in other sectors, it can be argued that measures of self-perceived job security are likely to further drop for workers in the other sectors of the Brazilian banking industry as well.

7.4 Interaction Effects: Job Security After Privatization

Similarly to the previous two analytic chapters examining wages and non-wage benefits, the main objective of this section is to answer the questions related to secondary hypotheses regarding gender and employment security. As previously mentioned, employment quality is likely to decline after privatization. In terms of employment security, it is widely argued that with privatization, levels of security tend to drop for female workers affiliated with the privatized sector. The interaction effects between gender and sector are introduced in this section mainly to test if declines in job security are in fact more significant for female workers affiliated with the privatized sector when compared to other respondents in the sample. Furthermore, the effects of the interaction between gender and employment status as well as gender and race are included to test if the categories of female survivor and non-white female workers fared better or worse in terms of self-perceived

job security when compared to other respondents in the sample.

In addition to the interaction variables concerning gender, the introduction of the interaction effects between employment status and sector serves to further elaborate the hypothesis concerning survivorship. As discussed in section 7.2, survivor workers fared far better when compared to their retrenched counterparts in terms of job security. However, without interaction effects, it is impossible to answer if privatization had a greater negative impact on privatized survivor workers' levels of self-perceived job security when compared to survivor workers affiliated with other sectors. Interaction effects regarding race and sector as well as race and employment status are examined in the final portion of this section.

Table 7.2, below, summarizes the results for the interaction variables in this study. In model 1, the interaction of gender and sector/type of restructuring is examined. Accordingly, the results for this model do not support the secondary hypothesis for this study. The finding for the interaction effect between gender and privatization was not significant, i.e., levels of self-perceived job security for female workers affiliated with the privatized sector were not significantly different when

compared to other respondents in the sample. The (non-significant) result for job security for privatized sector female workers might be explained by the recency of the process of privatization. Since privatization is still a recent restructuring process, it might take a while for changes in job security after privatization to become detectable through quantitative data.

Still in model 1, the result for the public restructuring suggests that women affiliated with the public sector are likely to share higher levels of job security when compared to other workers in the sample. Even though the finding for this category of workers is not substantial, i.e., .55 points out of a 5 point index of job security, it is still significant and serves to corroborate the literature which suggests higher levels of employment security for women affiliated with the public sector.

In terms of the interaction effects between gender and employment status, it was found that levels of self-perceived job security for female survivor workers were significantly inferior when compared to other respondents in the sample. According to the result in model 3, female survivor respondents could expect a negative level of employment security of .42 out of 5 points.

Table 7.2 OLS Regression Coefficients from the Analysis of Interaction Effects for Job Security After Privatization and Restructuring

Independent Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Intercept	.558	.554	.446	.431	.504	.495
Socio-Demographic Indicators						
Age	.008	.005	.007	.011	.008	.008
Sex						
Female	-.422 **	.103	-.067	-.151	-.125	-.117
(Male)						
Race						
Non-White	-.037	-.084	.043	-.098	-.181	-.106
(Other)						
Education	.046	.040	.045	.039	.043	.044
Job Characteristics						
Admission Procedure						
Standardized Test	-.387 **	-.383 **	-.372 **	-.360 **	-.367 **	-.387 **
(Other)						
Collective Barg. Membership						
Union Member	-.013	.012	.005	.056	.010	.008
(Non-Member)						
Job Category						
Management/Supervision	.432	.417	.425	.463 *	.435	.420
Administrative	.132	.131	.134	.247	.154	.140
Clerical	.176	.193	.186	.235	.203	.191
(Other)						
Employment Status						
Survivor	.683 ***	.866 ***	.648 ***	.638 ***	.663 ***	.633 ***
(Retrenched)						
Sector/Type of Restructuring						
Privatization	-1.52 ***	-1.36 ***	-1.33 ***	-1.06 ***	-1.38 ***	-1.33 ***
Public Restructuring	-.837 ***	-.578 ***	-.551 ***	-.908 ***	-.582 **	-.558 **
(Private Restructuring)						
Interaction Effects						
Gender*Sector						
Female*Public	.558 **					
Female*Privatized	.395					
Gender*Employment Status						
Female*Survivor		-.420 *				
Gender*Race						
Female*Non-White			.231			
Employment Status*Sector						
Survivor*Public				.711 **		
Survivor*Privatized				-.611 **		
Race*Sector						
Non-White *Public					.175	
Non-White *Privatized					.230	
Race*Employment Status						
Non-White*Survivor						.109
R2	.33	.32	.32	.36	.32	.32

N = 476 *p < .05 **p < .01 ***p < .001 (two-tailed tests)

Interviewed female survivor respondents saw their lack of employment security to be intimately associated with the threat of an imminent dismissal after restructuring. They

also felt negatively about the possibility of reemployment in case a dismissal occurred.

Survivor female respondents in all sectors claimed that the threat of a dismissal that emerged out of restructuring had made them become extremely concerned about how their age could be a negative factor if they were forced to search another job in the Brazilian labor market. The negative stance about reemployment associated with age for survivor female workers further deteriorated their perception about job security. Before the process of privatization began, public sector's universalistic criteria of recruitment and promotions allowed women of all ages to ingress and remain in the labor market. With privatization, however, middle aged and mature women were faced with diminishing chances of being reintegrated as workers in the formal labor market.

The issue of age in reemployment was also widespread in the interview content of retrenched female employees. In this category, all interviewed women, with no exception, stated that they had faced the problem of ageism during the search for their new position after restructuring. Respondents in this category claimed that in their search for reemployment they had to settle for inferior positions than those previously held at the bank because their age

constituted a major obstacle to reemployment. These women mentioned that the more attractive positions available in the labor market aimed at younger candidates, i.e., people in their 20s. Since the mean age for the female respondents in the sample is above 35 for all sectors, the problem of ageism affected them all, regardless of sector of origin.

Retrenched female workers, however, felt slightly more secure about their employment when compared to their survivor counterparts. This might be due to the fact that they had already undergone the process of reemployment. Even though most of them thought their new jobs were inferior when compared to their previous positions at the banks, they felt more secure than survivors since they were able to find reemployment in a market characterized by gendered ageism.

The qualitative findings for this study is in consonance with Itzin's argument (1986) which claims that women face age discrimination in the labor market at younger ages than men do. Worldwide, age discrimination is gendered. The Special Committee on Aging in the U.S. (1991) and the Seniors Employment Bureaux in Canada (1994) report that women face age discrimination in employment at earlier ages than men do, with age discrimination against women in these countries beginning as early as the age of 40.

Similarly, in Brazil, private sector employers prefer to hire young and unmarried women up to 24 years of age (probably because they have less family responsibilities), while men continue their presence in the labor market through maturity (Bruschini 1989).

The majority of interviewed male respondents did not mention their age to be a major obstacle in their search for reemployment. These respondents referred to objective factors such as the high unemployment levels and the informalization of the labor market in Brazil.

The data for this study show that female respondents as young as 32 categorized themselves as "older workers" and claimed that their age would be a major impediment in their search for alternative employment. As a 35-year old female private sector survivor respondent stated:

"Age is a real problem, especially for us...women. When a woman reaches her 30s in Brazil, employers do not hire her anymore. It does not matter if you have the appropriate skills, if your work is clean or if you have a college or a graduate degree. A woman is not likely to be hired after a certain age here."

The problem of age then cuts across sectors. Public, privatized and the private sector female survivor respondents thought that their age would be a major impediment for reemployment in the new all private labor market. Facing diminished chances for reemployment made

women in the category of survivors extremely insecure about their employment in the bank settings.

The results in model 4 in table 7.2 elaborate the findings dealing with employment status in section 7.3. As it was observed in section 7.3, survivor workers fared far better in regard to job security when compared to other workers in the sample. The results in model 4, however, serve to further elucidate the relationship between survivorship and sector in regard to employment security. Accordingly, the findings for the interaction between employment status and sector in model 4 support the hypothesis that levels of job security for survivor workers is inferior after privatization when compared to other restructuring processes. The results in model 4 suggest that survivor workers affiliated with the privatized sector could expect levels of job security significantly lower when compared to other respondents in the sample. The result found for the interaction effect between survivorship and privatized sector was a negative .61 out of a 5 point index.

The finding for lack of employment security for survivor employees of privatization in this study is in consonance with the 1998 study by Cook et al. mentioned in chapter II of this thesis. According to Cook, labor terms

women in the category of survivors extremely insecure about their employment in the bank settings.

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The finding for lack of employment security for survivor employees of privatization in this study is in consonance with the 1998 study by Cook et. al. mentioned in chapter II of this thesis. According to Cook, labor

terms and conditions such as employment security, working conditions and social protections of employment are likely to deteriorate for survivors after privatization. The account of a male survivor in one of privatized banks exemplifies the general perception of most interviewed survivors of privatization regarding job security in their sector. On this subject he mentions:

"Job security after privatization? This is an illusion... The reality is that everyday I come here [to the bank setting] I feel that I can be the next in line for a dismissal."

Not unlike female survivor workers, the low levels of job security found for survivor workers affiliated with the privatized sector could be explained by the awareness of mass dismissals after privatization and the low chances for reemployment in case these mass dismissals occurred. Furthermore, since the labor market in Brazil is currently characterized by a growth in both unemployment and informal sector work activities, as mentioned above, employment instability becomes the predominant feeling in the workplace after privatization.

Still in model 4, the result for public restructuring seems in consonance with the literature which claims higher levels of employment security for workers affiliated with the public sector. Accordingly, public sector survivor

employees could expect a positive level of .71 on a job security index of 5 points.

As it was explained above, reductions in wages and non-wage benefits were explained as being indirectly associated with privatization. It was argued that because respondents in the public sector perceived the restructuring occurring at their sector as a prelude to privatization, or a pre-privatization process, then reductions in wages and benefits could be ultimately associated with privatization. The result for employment security however, is not in consonance with this argument. Unlike the wages and non-wage benefit levels, job security levels for survivor workers affiliated with the public sector cannot be indirectly explained through privatization. The perception of elevated job security for survivor workers affiliated with the public sector can be ultimately explained by a persisting symbolism of permanent employment associated with public employment. Accordingly, even though public sector survivor workers are suffering reductions in wages and non-wage benefits and associating these with privatization, they are not willing to give up their perception of secure employment associated with their sector. These workers still perceive their (public sector) employment as relatively stable *vis-à-vis* survivor workers

in other sector of the Brazilian banking industry. Like the results for non-wage benefits in chapter VI, the results for the interaction effects in model 3, i.e., gender and race, as well as in models 5 and 6, regarding race, sector and employment status were not significant.

7.5 Summary and Conclusions

This chapter sought to analyze the effects of privatization and restructuring on employment security. Like the other two analytic chapters for this study, chapters V and VI, an ordinary-least-squares regression method was employed to test whether adding the variables for employment status and sector/type of restructuring would significantly increase the coefficient of determination when the dependent variable is job security.

Employment security was measured in this study by a composite index using two measures of self-perceived employment security, i.e., a scale measuring self-perceived job security, and a question measuring job contingency based on a measure by the Bureau of Labor Statistics' (BLS) Current Population Survey (CPS).

The results for job security in this chapter are in consonance with both the primary hypothesis regarding

privatization and the secondary hypothesis related to employment status. In regard to the results for sector/type of restructuring, it was found that job security is inferior after privatization when compared with other restructuring processes. Furthermore, it was found that, overall, survivor workers fared far above their retrenched counterparts in regard to employment security.

Not unlike the result for privatization in section 7.2, public restructuring was also found to be associated with lack of employment security. Similarly to the results for wages and benefits after public restructuring, the result for job security after public restructuring was ultimately, even though indirectly, explained through privatization.

Several factors were outlined to explain the findings for lower levels of self-perceived job security after privatization. First, levels of self-perceived employment security were greatly influenced by an awareness of the massive dismissals that occurred after the privatization process in Brazil. Secondly, even though massive privatization programs were introduced and carried out in Brazil, and extensive layoffs ensued as a result of such programs, the state did not undertake any negotiation with the owners of the newly privatized enterprises in regard to

workers' job stability. Thirdly, no labor market policy aimed at assisting the re-entry of retrenched workers of privatization into employment has been implemented by the Brazilian government. Thus, the lower levels of perceived job security after privatization in this study could be ultimately explained by the lack of specific measures designed on the part of the Brazilian state to reduce the social costs associated with privatization.

It was also discussed that the problem of job insecurity is further exacerbated by the fact that privatization in Brazil is not being followed by net job creation in the formal market. Accordingly, unemployment rates are high and the Brazilian labor market is currently characterized by a steady growth of informal market employment. These trends might also serve to explain the low levels of job security after privatization.

In terms of interaction effects, the finding for the interaction effect between gender and privatization was not significant and consequently does not support the secondary hypothesis for this study. Accordingly, levels of self-perceived job security for female workers affiliated with the privatized sector were not significantly different when compared to other workers in the sample. The result for job security for privatized sector female workers was explained

by the recency of the process of privatization. It was argued that since privatization is still a recent restructuring process, it might take a while for changes in job security after privatization to become detectable through quantitative data.

The results for the public restructuring suggest that women affiliated with the public sector are likely to share higher levels of job security when compared to other workers in the sample. It was argued that this finding serves to corroborate the literature that suggests significantly higher levels of employment security for women affiliated with the public sector.

In terms of the interaction effects between gender and employment status, it was found that levels of self-perceived job security for female survivor workers were significantly inferior when compared to other respondents in the sample. Female survivors' lack of employment security was associated with both the threat of an imminent dismissal after privatization and restructuring and the diminishing chances of reemployment because of a predominant pattern of gendered ageism in the Brazilian labor market.

The findings for the interaction between employment status and sector support the hypothesis that levels of job

security for survivor workers is inferior after privatization when compared to other restructuring processes. Survivor workers affiliated with the privatized sector could expect levels of job security significantly lower when compared to workers affiliated with other sectors. The finding was explained by the study of Cook et al. mentioned in chapter II of this thesis. According to Cook, labor terms and conditions such as employment security, working conditions and social protections of employment are likely to deteriorate for survivors after privatization.

The result for public restructuring seems in consonance with the literature which claims higher levels of employment security for workers affiliated with the public sector. The perception of elevated job security for survivor workers affiliated with the public sector was explained by a persisting symbolism of permanent employment associated with public employment. Accordingly, public sector survivor workers are not willing to give up a perception of secure employment associated with their sector. These workers still perceive their public sector employment as relatively stable *vis-à-vis* survivor workers in other sector of the Brazilian banking industry.

Like the results for non-wage benefits in chapter VI, the results for the interaction effects in model 3 regarding gender and race, as well as 5 and 6, related to race, sector and employment status were not significant.

Chapter VIII

Conclusion

This thesis examined the labor impact of the process of privatization in comparison to other restructuring processes within the Brazilian banking industry. The analytic chapters, chapters V, VI and VII tested several hypotheses and explored relationships between the variables associated with privatization and other restructuring processes. This concluding chapter is divided into three main sections. The first and second sections summarize the major results from the analyses and attempts to link the specific findings of this study to previous research on the broader labor implications of privatization as a developmental policy. The third section of this chapter discusses the limitations of this dissertation and the implications of this study for public policy and future research.

8.1 Summary of Findings

As previously mentioned, the main question to be answered by this study was if loss in employment quality was more significant after privatization when compared to

other types of restructuring processes occurring in the public or private sectors. The findings in the analytical chapters of this thesis suggest that changes in employment quality were found to be more significant for workers affiliated with the privatized sector when compared to workers affiliated with the other two sectors examined in this thesis, i.e., the private and public sectors.

Both the quantitative and the qualitative data for this study suggest that significant transformations in employment quality occurred as a result of privatization. This is especially the case in terms of non-wage benefits and job security.

The following is a summary of the main results observed in the analytic chapters. First, in accordance with the primary hypothesis for this study, it was found that being affiliated with the privatized sector significantly decreases a worker's index of benefits and levels of self-perceived job security when compared to their counterparts in other sectors sharing the same demographic characteristics. In terms of wages, however, it was found that contrary to the primary hypothesis, wages after privatization were not significantly lower when compared to workers affiliated with the other sectors of the Brazilian banking industry.

In fact, when interaction effects between employment status and sector were examined, privatized sector survivor respondents fared far better in terms of wages when compared to other respondents in the sample. Although this finding runs contrary to the main hypothesis for this study, higher wages for survivors is an expected outcome of privatization, especially in its initial stages. In chapter II and again in chapter V, it was argued that although privatization has restricted some important labor rights for survivors, it has also resulted in economic benefits for this category of workers, one of them being salary increases. Wage increases, however, are likely to be a short-term benefit for survivor workers of privatized enterprises. Among the reasons given for the temporary duration of salary hikes after privatization are the recurrent inflationary cycles predominant in developing countries. It was argued that in case of a fall back into an inflationary cycle, wages after privatization would again progressively deteriorate in real terms.

In terms of the secondary hypothesis regarding employment status, it was found that survivorship is significantly associated with higher wages, increased benefit indexes and superior levels of job security. Accordingly, being a survivor of privatization and/or

restructuring does matter: those who remained employed in the bank settings after restructuring scored significantly higher in the three measures of employment quality when compared to those who left or were dismissed as a result of privatization or restructuring, i.e., retrenched workers.

In reference to the secondary hypothesis regarding gender and privatization, i.e., that employment quality tend to decline for female workers affiliated with the privatized sector, the findings in the three analytic chapters are contrasting. While it was found that the results for wages and job security do not support the hypothesis, the result for benefits does support it. Accordingly, for female workers affiliated with the privatized sector, wages and job security levels are not predicted to decline. A significant decline in non-wage benefits, however, was observed for this category of respondents.

Lastly, contrary to the literature which suggests better employment quality for workers affiliated with the public sector, the findings for the main effects in the analytic chapters suggest that lower wages, inferior benefit indexes and lower levels of self-perceived job security were predicted for respondents after public restructuring. When interpreting these findings, it was

argued that since respondents considered the restructuring process occurring at the public sector as a prelude to privatization or a pre-privatization phase, then ultimately it was privatization that had a negative effect on wages, non-wage benefits and job security for workers affiliated with the public sector. It was further argued that despite the fact that privatization was not yet an actual fact for the public banks in this study, its effects were already being concretely felt by public sector workers. The findings for the public sector are, therefore, indirectly in consonance with the primary hypothesis for this study.

Up to this point, the three measures of employment quality used in this study have been treated as items pertaining solely to workers, i.e., workers' wages, benefits and their levels of self-perceived job security. However, as Leidner (1999) points out, these three measures for employment quality can also be treated and understood as items pertaining to employers, that is, the three measures for employment quality can be interpreted as measuring the commitment of employers to their workers. When the measures of employment quality are understood in this manner, i.e., pertaining to employers rather than to employees, it leads us to a distinct route in interpreting the findings in the analytic chapters for this study.

Accordingly, the significant negative results for the measures of employment quality after privatization and retrenchment observed in the analytic chapters can be ultimately understood as a decline in employers' commitment to the labor force. This lack of commitment to the workforce, it can be argued, is intrinsically connected to privatization.

In the introductory chapter of this study a new rationale for privatization was proposed. It was suggested that, in developing countries, privatization as part of a new developmental model is being advanced as a strategy to change overall labor relations, from an old, stable form to a new, more flexible form. Unlike the new flexible labor relations, old relations of labor were characterized by a strong commitment on the part of employers which was necessarily linked to better employment quality for workers. The labor flexibilization rationale provided in the introductory chapter was grounded upon several factors based on a preliminary analysis of this study's data. In this concluding chapter, an attempt to further establish this new flexibilization rationale for privatization is provided. The argument that follows in the next sections of this concluding chapter is based on the final data analysis presented in chapters V, VI and VII.

The next section attempts to situate the specific findings for this study within the new developmental model and its broader structural reforms in Brazil. It examines and contrasts two developmental models, their production orientation and their influence on labor relations. The purpose of this section is to make a final connection between privatization and the issue of labor flexibilization in Brazil. The main argument in this concluding section is that different developmental models and their distinct economic orientations are intrinsically connected to particular forms of labor organization. Changes in developmental models are likely to be associated with changes in labor organization, and consequently to changes in employment quality or employers' commitment to the workforce. Since, as discussed in chapter II, privatization is an intrinsic part of the new developmental model being implemented in most developing countries, the process of privatization can be regarded as inherently associated with these labor changes.

8.2 Privatization, Developmental Models and Production Orientation: The Rise of the New Organization of Labor

From the 1950s through the early 1970s, the predominant model of development in Latin America required

states to be actively engaged in developmental projects. The policy of import-substitution industrialization (ISI) was the development orthodoxy of that era. An inner-directed policy, ISI was based on the rationale that import controls reduced expensive imports of manufactured goods from the West and shifted resources into domestic manufacturing, ultimately leading to internal development.

It was also argued that markets frequently failed to work efficiently in developing countries and consequently active state participation was necessary to offset these market failures (Cook & Kirkpatrick 1988). Together, these two aspects of the model, domestic industrialization and state involvement, would ultimately facilitate an economic "take-off" for these countries.

The state interventionist approach of this early model was actively supported by the major international and bilateral aid agencies, which encouraged development planning, provided technical assistance to strengthen planning capabilities, and allocated investment funds to public sector projects (Cook & Kirkpatrick 1988).²⁴

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Toye (1986 in Cook & Kirkpatrick 1988) contrasts the attitude of the bilateral aid agencies in the 1960s when they were engaged in competing with each other to finance public sector steel mills, with their approach in the 1980s when "they are ultra-private enterprise in orientation."

Following the guidelines of this earlier model, states invested heavily in industrialization and as thus became dynamic participants of the socioeconomic life with extensive ownership of assets in production, services, trade and transports.

The creation of state-owned enterprises (SOEs) in such areas as mining, electricity, petrochemical and banking established the strategic role of the state in promoting inner-economic growth in developing countries. Public enterprises were also instrumental for the primary purpose of employment creation and preservation (Cook 1988). Accordingly, the SOE sector became one of the largest employers in many developing countries (Adam 1992).

Vilas (1995a) claims that the policy of import substitution in Latin America started earlier than the 1950s. According to Vilas, the policy began in the 1930s and lasted more than four decades, until the early 1970s. Vilas claims that after the crash of the world's major economies in 1929, a reduction of the supply of imported manufactured goods occurred which provided an impetus for the growth of domestic manufacturing in Latin America (Vilas 1995a). During these four decades, he continues, there was an implied coincidence of interests between industrialists, including states, and the unions regarding

the goal of full employment. The growth of wages and salaries, derived from expanding employment, gave lower and middle class workers buying power which in turn contributed to the expansion of a domestic market. Thus, internal industrial growth, an essential characteristic of the import substitution economic scheme, favored the expansion of a domestic market mainly through a policy of full employment.

After the 1970s, the import substitution model was overthrown and a new model for development emerged, one that required an "economic reorientation." Unlike the earlier ISI model, this new model is grounded on the need to accommodate the linkages between the national and the international markets (Vilas 1995). Consequently, the inner oriented approach of import-substitution was replaced by an export-led strategy.

Investments and consumption related to domestic markets are no longer considered essential inputs for national growth, as it was the case for the previous economic scheme of import substitution (Vilas 1995). Consequently, full employment also ceased to be a main interest of industrialists, again, including states. According to Vilas (1995), "as the realization of surplus value tends to lose ties to the domestic market, working

and middle-class wages are no longer approached as tools for capital accumulation, but as expenses to be saved in order to enhance international competition and accumulation."

Looking at the earlier and current developmental models, it can be deduced that a clear relationship exists between type of developmental framework, their economic orientation and the organization of labor relations. The ISI model and its inner economic orientation required an organization of labor relations based on full employment. Industrialists and states as employers had a common interest in maintaining labor relations as such because "working and middle-class wages were approached as tools for capital accumulation." The new export-oriented developmental framework, however, requires a new organization of labor relations. Accordingly, with the rise of the new developmental model, and its external production orientation "wages [as well as benefits and job security] are treated as expenses to be saved in order to enhance international competition and accumulation" (Vilas 1995).

The shift in developmental models, from the ISI to the current model based on economic liberalism, can therefore be understood as a shift from a policy of full employment to one based on labor flexibilization. Furthermore, the

reform of labor markets or the process of labor market flexibilization is intrinsically connected to the process of privatization. First and foremost, privatization is the fundamental policy of this new developmental model. Secondly, it is argued that privatization functions as to legitimate this process of labor market flexibilization. Accordingly, under increasing liberalization and globalization of the world economy, capital, which has reached high levels of international mobility, will flow primarily into those developing countries in which labor conditions and costs enhance the company's competitiveness and will exit from those with stringent labor conditions (Petrazzini 1996). Van der Hoeven and Sziraczki (1997) argue that more than an economic process, privatization is a political act, undertaken as part of a broader structural adjustment or economic transformation program. The very act of privatization, they continue, is often used as a signal to domestic and international markets that a new economic climate (and consequently a new labor organization) is about to be established. With privatization, states are sending the message that the benefits long enjoyed by the formal sector workers are no longer a required part of labor arrangements (Van der Hoeven and Sziraczki 1997).

The results for this study are in accordance with the argument that privatization functions as to legitimate the process of labor market flexibilization. As it was observed, employment quality declined significantly after privatization, not only for workers affiliated with the privatized sector, but to a lesser extent for the totality of respondents in this study's sample. The decline in employment quality, and conversely in employers' commitment to the workforce, indicates that labor relations are in fact being transformed from full to flexible employment in Brazil. By implementing a thorough privatization program, the Brazilian state is clearly sending a message to prospective employers that full employment with reasonable wages, benefit packages and job security is no longer part of its new labor arrangements. Thus, employers are no longer required to be committed to the workforce in Brazil. This argument was clearly substantiated by this study's data.

Petrazzini (1996) argue that in many developing countries, employers and states are joining together to draft the new regulatory framework for labor markets. According to Petrazzini, this new labor model includes:

- i. the suppression of seniority and job security which means the end of contractual commitment not to lay workers off.
- ii. the consolidation of temporary hiring in which management gains contractual leeway to hire and layoff workers on temporary and task-related bases.
- iii. the flexibility of job allocation within a company, meaning that contracts reduce restrictions on transferring workers among departments.
- iv. the reformulation and consolidation of categories and department-level contracts.
- v. the reduction of labor input in the company's managerial decisions - previous contractual requirements to inform the union in advance of planned changes in workplace are being rescinded.
- vi. limitations on meetings and assemblies - new regulations restrict union meetings and assemblies in the workplace.
- vii. the creation of framework agreements between management and workers to develop and implement productivity programs to improve the performance of the company.

As suggested by Petrazzini, the trend towards labor market flexibilization is a fact in most developing countries. In Mexico, an apparent feature of the growth of external flexibility is the increasing use of non-unionized contract labor (Van der Hoeven and Sziraczki 1997). In Pakistan, contract workers may constitute as much as thirty-two percent of the workforce in the large-scale manufacturing sector. In Bulgaria, more and more employers are putting newly recruited workers on so-called civil contracts, which gives no security of employment and from which workers can be released either without notice or with less than normal notice and severance pay. In addition, employers are not obliged to pay social contributions for civil contract labor; consequently, workers are not entitled to unemployment compensation if they lose their jobs (Van der Hoeven and Sziraczki 1997).

Across Latin America, new agreements restricting labor rights and promoting the demands for labor flexibility and higher productivity are on the rise. As a consequence, there has been an increasing tendency in what Javed Burki et al. (1996) call "deficient good employment growth" and an increasing informal sector share of employment. In a number of Latin American countries the current trend is to substitute full-time jobs for informal and part-time jobs.

According to government figures, the national rate of underemployment is estimated at seventy-five percent in Peru and at fifty-five percent in Nicaragua. The underemployed are often either independent own-account workers, or flexible workers linked to the formal sector including casual, temporary, and home-based workers. These jobs tend to be low-income, provide little or no benefits, and on average have an adverse impact on poverty and income distribution (Javed Burki *et al.* 1996). As discussed in the previous chapters, the reality of workers in these countries is bleak, i.e., they are situated in a labor market characterized by the scarcity of new jobs in the formal market, rising unemployment, lack of resources for retraining, and the absence of unemployment insurance benefits.

This trend is further exacerbated by the weakening of unions. Few studies discuss the impact of unions on privatization as well as the consequences of privatization on unions, e.g., Edgren (1989), Petrazzini (1996), and Vilas (1995 and 1995a). It is argued that the extent of unionization is usually considerably higher in the public sector than in the private sector (Belman *et.al* 1996). With privatization, however, the scope of unions is likely to be significantly reduced in developing countries, consequently

leading to a decline in the unions' power. The data for this study are in consonance with this claim. As argued in the analytic chapters, with privatization unions in Brazil are losing membership and consequently power.

Petrazzini (1996) claims that privatization resulted in the loss of some important labor rights gained after long years of political struggles, such as tenure in the company, strike and association rights, retirement and health benefits. The loss of these rights, he argues, along with the reduction of unionized workers, has seemingly affected the legitimacy and political presence of the labor movement and its institutional arm, i.e., the unions.

Edgren (1989) argues that where unions are weak, employers have approached workers individually and made them agree to voluntary retirement, in many cases on terms less favorable than those stipulated by law. Edgren claims that there have been reports of intimidation, for instance by way of threats such as if the worker does not resign on the terms offered by the employer, the company may close down and thus nobody will get paid. Prolonged periods of non-payment of wages have also been used to force workers to leave without receiving statutory severance pay.

Faced with the scarcity of new jobs in the formal sector, rising unemployment, lack of resources for

retraining and the rise of flexible work relations, characteristics shared by many Latin American countries, labor leaders in most developing countries see the policy of privatization as a major setback for the hard won rights acquired over several decades.

In conclusion, privatization is part of a full structural transformation program or a new development model that is altering both the foundations of the economic system and the social order in developing societies. The process is also fundamentally changing labor relations in these societies. In this section, an examination of the shift from an interventionist model of development to one based on neoclassical economic theory was undertaken. The analysis of shift in developmental model was paralleled by an examination of the transformation in labor relations in Brazil. The main argument in this section was that different developmental frameworks give rise to distinct labor relations, with the earlier (interventionist) model promoting the policy of full employment and the current neo-liberal model upholding and being grounded on labor flexibilization.

The data in this study ground the argument for the labor flexibilization rationale after privatization proposed in the introductory chapter of this study and

reiterated in this final chapter. Accordingly, it was found that the decrease in employment quality after privatization can be conversely understood as a negative commitment on the part of employers. This lack of commitment can be associated with a shift in developmental models and their particular form of economic orientation and ultimately translated into labor flexibilization.

8.3 Research Limitations and Implications

Several important issues were beyond the scope of this analysis. First, this study examines only one industry, i.e., the Brazilian banking industry. To fully comprehend the impact of privatization on labor, a comparative analysis including other industries would be applicable. Furthermore, in order to understand the overall impact of privatization on employment in developing countries, the inclusion of other developing nations would also be appropriate.

Secondly, this was not a longitudinal study, thus, I could not conclude or test any causal links between employment quality and privatization. The only conclusions that can be drawn from this study are those that combine the findings to the theories in the literature. Collecting

data at several points in time might serve to circumvent this limitation and therefore understand to a greater extent how privatization and declines in employment quality are associated.

Lastly, this study assumed that public sector hiring was predominantly undertaken through standardized exams. However, it was later found that a large percentage of the respondents in both public and privatized sectors were not hired through exams, but through the introduction of a relative or friend. Thus, widespread nepotism was part of the hiring system for the public sector in Brazil. Even though, as argued, the universalistic criteria of standardized exams allowed women and minorities to ingress employment in the public sector, the same sector was also used as employment favors for friends and relatives. The issue of nepotism in the public sector could have been further explored by this research in the form of another independent variable.

On a more positive note, this study has added to a better understanding of the labor effects of privatization in developing countries, especially those concerning Latin America. Furthermore, the study has also contributed to the limited literature of the gendered labor consequences of privatization in developing countries, as well as the labor

effects of the process on retrenched and survivor workers. Its' combination of quantitative and qualitative data collection and analysis allowed for a thorough examination of the process and consequently a deeper knowledge of its labor impact.

In terms of the implications for this research, two major expectations are put forth, one scholastic, another political. First, it is hoped that this research inspires others to pursue the study of the labor effects of the process of privatization in developing countries. As mentioned in the previous chapters, the issue of privatization in developing countries remains under theorized, and for this reason, it is extremely important to continue investigating the process and its effects on labor.

Secondly, not unlike any study in the area of social change, this study seeks to provide not only understanding of the workings of the process of privatization on labor, but to call the attention of those involved in labor policy to the detrimental labor effects of the process. As mentioned in chapter VII, the state in Brazil adopts a hands-off policy regarding the labor outcomes of privatization. The Brazilian state has implemented no social protection measures aimed at reducing the economic

hardship of those workers affiliated with the recently privatized enterprises. It is the aim of this study, therefore, to suggest the necessary action on the part of governments to appease some of the detrimental effects of privatization on the labor force. As argued before, where states remained involved, the labor impact of privatization on labor was not substantially negative.

In the introductory chapter of this study, privatization was equated to "an idea in good currency," i.e., a widely accepted and promoted idea without much criticism. The content of this study and its combination of both quantitative and qualitative analysis has contributed to the limited literature on the labor impact of privatization in the developing countries and as such, it has added to the body of critical knowledge about the process. I am therefore certain that this study has attained its objectives.

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Appendix A

**Privatization and Its Labor Consequences in Developing
Countries: A Case Study of the Brazilian Banking
Industry Privatization Process**

**McGill University
Department of Sociology
Montréal, Canada
1998
(Type SURVIVOR)**

Questionnaire Number :.....
Distribution Date:.....
Collection Date:.....

Dear Participant,

This research deals with the processes of privatization and other restructuring processes that are currently taking place in the Brazilian banking industry. The survey that you are about to participate seeks to uncover changes in employment quality for workers currently and previously affiliated with the banking industry. I hope you will take some time to complete this questionnaire and return it to me, or one of my assistants. Your participation completing this questionnaire is extremely important for the success of this survey.

Please be assured that all the information furnished by you here will remain confidential. This questionnaire is part of an academic research and access to your responses is restricted solely to me, my assistants and my supervisors at McGill University in Canada. The approximate time required to complete the questionnaire is thirty minutes. Please answer all the questions. If you are in doubt of the content or meaning pertaining to any question, please feel free to contact me or one of my assistants on the telephone number listed below. It is important that we receive all your answers so that our research regarding the labor impact of privatization and other restructuring processes will be as complete, accurate and useful as possible.

I would like to thank you in advance for your cooperation in participating in this study, without it, this research would not be accomplished. If you are interested in receiving any publication related to this study please answer YES for the question below. Once again, thank you for your participation.

Iêda Chapoval McGill University/Montreal/Canada

I. If in doubt about the content or meaning of any question in the questionnaire, please call:

.....

II. Are you interested in receiving any publication related to this study?

[] Yes [] No

III. If your answer was YES for question II, please provide your name and address in the space below, so that we may mail you the publications.

SECTION I. DEMOGRAPHIC INFORMATION

1. Are you:

- ☐ Male (0)
☐ Female (1)

2. Your age is:

--

 (00)

3. Are you:

- ☐ White (0)
☐ Black (1)
☐ Other, Please Specify..... (0,1)

4. Please circle the highest grade you have completed:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify

SECTION II. FAMILY INFORMATION

5. Your marital status is:

Married		(1)
Live with a partner, but not married		(2)
Divorced or Separated		(3)
Widow(er)		(4)
Single		(5)

If you are married or currently live with a partner, please answer questions 6 to 8, If not skip to question 9.

6. If your spouse or partner works, what type of work does she/he does?

--

7. Provided the economy does not change and your spouse's or partner's job performance is adequate, can he/she continue to work for his/her current employer as long as he/she wishes?

- ☐ Yes (1)
☐ No (0)
☐ I don't know (8)

8. Please check the highest grade completed by your spouse/partner:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify.....

9. Regarding your living arrangements, do you:

- | | | |
|--------------------------|---|-----|
| <input type="checkbox"/> | Rent | (3) |
| <input type="checkbox"/> | Own your home, but still pay for mortgage | (2) |
| <input type="checkbox"/> | Own your home and it is fully paid | (1) |
| <input type="checkbox"/> | Live with your parents | (0) |
| <input type="checkbox"/> | Other arrangement, please specify..... | (X) |

10. What is the approximate monthly family income?

R\$

11/12. How many dependents do you have? (Indicate "0" in case of no dependents)

Number of Adult Dependents:	Number of Children:
-----------------------------	---------------------

13. Who is responsible for the housework at your home?

- | | | |
|--------------------------|----------------------------|-----|
| <input type="checkbox"/> | Myself | (0) |
| <input type="checkbox"/> | My Spouse/ Partner | (1) |
| <input type="checkbox"/> | Paid Help | (2) |
| <input type="checkbox"/> | Other, Please Specify..... | (3) |

SECTION III. YOUR JOB AT THE BANK

This section deals with changes that might have occurred in the bank where you currently work. It involves questions regarding possible occupational changes, changes in working conditions and, satisfaction with your work.

14. I am currently an employee at:

Privatized I		(0)
Privatized II		(0)
Private I		(1)
Private II		(1)
Public I		(2)
Public II		(2)
Public III		(2)

15. In the last year or couple of years, one of the following processes occurred at your bank setting, e.g., downsizing, bank acquisition or privatization. Which of these processes occurred at the bank you current work?

16. What was your position at the bank **BEFORE** any one of these processes occurred?

17. What is your **CURRENT** position at the bank?

18/19. How would you categorize the satisfaction with your job at the bank BEFORE and AFTER these processes occurred?

BEFORE

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

AFTER

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
(1)	(2)	(3)	(4)	(5)	(8)

20. How long have you been working at this bank?

YEARS	MONTHS

(00)

21. What admission procedure did the bank used to hire you?

<input type="checkbox"/> Standardized Exams	(1)
<input type="checkbox"/> Interviews	(0)
<input type="checkbox"/> Other Tests	(0)
<input type="checkbox"/> Other, Please Specify.....	(0)

22/23. What was/is your monthly salary BEFORE and AFTER these processes took place at your bank setting? (If you do not know the exact amount, please estimate)

BEFORE	AFTER
R\$	R\$

24/25. How would you categorize the satisfaction with your salary at the bank BEFORE and AFTER these processes occurred?

BEFORE

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

AFTER

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
(1)	(2)	(3)	(4)	(5)	(8)

The next THREE questions refer to the stability or security at your job at the bank.

26/27. Please indicate the level of security in your current employment. The scale below varies from zero (0), indicating total lack of security, to four (4), indicating total employment security.

Total Lack of Security

Total Security

BEFORE 0 _____ 1 _____ 2 _____ 3 _____ 4

AFTER 0 _____ 1 _____ 2 _____ 3 _____ 4

28. Provided the economy does not change and your job performance is adequate, can you continue to work for your current employer as long as you wish?

- [] Yes (1)
 [] No (0)
 [] I don't know (8)

29/30. BEFORE AND AFTER privatization or any other restructuring processes that have taken place at your bank setting, how would you categorize your satisfaction with job security at the bank?

BEFORE

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

AFTER

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

(1) (2) (3) (4) (5) (8)

Now I would like to ask you about non-wage benefits on your job - not government programs, but employer-sponsored plans.

31. The following is a list of ten non-wage benefits that might pertain or had pertained to your employment package at the bank. Please mark down all the benefits your employer currently offers you in the first column of the table below. In the second column, please mark down all the benefits your employer offered you before privatization or any other restructuring processes that have taken place at your bank setting.

	CURRENT	BEFORE
Health Insurance		
Pension Plan		
Life Insurance		
Child Care Voucher		
On-Site Child Care		
Tuition Assistance		
Paid Vacation		
Disability Plan		
Profit Sharing/ Stock Plan		
Food Stamps		

32/33. **BEFORE AND AFTER** privatization or any other restructuring processes that have taken place at your bank setting, how would you categorize your satisfaction with your benefit package at the bank?

BEFORE

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

AFTER

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

(1) (2) (3) (4) (5) (8)

The next TWO questions refer to your relationship with the union of bank workers.

34. Are you affiliated with the bank workers' union?

- ☐ Yes (0)
☐ No (1)
☐ I don't know (8)

35. If you are affiliated with the union, do you participate in the union's meetings?

- ☐ Yes (0)
☐ No (1)
☐ I don't know (8)

This section of the questionnaire deals with various topics related to your job at the bank BEFORE AND AFTER privatization or any other restructuring processes that have taken place at your bank setting.

36. For each statement below you have five options as your answer, please choose the option that best reflects your experience at your job. The five options are:

- 0. Totally Agree
- 1. Agree
- 2. Neither Agree, nor disagree
- 3. Disagree
- 4. Totally Disagree

Totally Disagree (4)
Disagree (3)
Neither Agree, nor disagree (2)
Agree (1)
Totally Agree (0)

	(0)	(1)	(2)	(3)	(4)
(A) Before privatization or any other restructuring processes, my job at the bank allowed me to use most of my abilities.					
(A1) Currently, my job at the bank allows me to use most of my abilities.					
(B) I used to like my work environment and the company of my co-workers before privatization or any other restructuring processes.					
(B1) Currently, I like my work environment and the company of my co-workers.					
(C) My job at the bank provided me with social status and prestige before privatization or any other restructuring processes.					
(C1) Currently, my job at the bank provides me with social status and prestige.					
(D) Before privatization or any other restructuring processes, I used to have all the support from my supervisor(s) at the bank.					
(D1) Currently, I have all the support from my supervisor(s) at the bank.					
(E) Before privatization or any other restructuring processes, I received recognition for all tasks well accomplished at the bank.					
(E1) Currently, I receive recognition for all tasks well accomplished at the bank.					
(F) My work at the bank was valuable and benefited many people, before privatization or any other restructuring processes occurred.					
(F1) Currently, my work at the bank is valuable and benefits many people					

SECTION IV. YOUR MENTAL HEALTH

37. For each statement on the table below, please choose one of the following alternative answers:

- 0. Never
- 1. Rarely
- 2. Sometimes
- 3. Often
- 4. Always

	Never (0)	Rarely (1)	Sometimes (2)	Often (3)	Always (4)
	(0)	(1)	(2)	(3)	(4)
(A) I am satisfied with my life					
(B) I enjoy life's little pleasures					
(C) I feel worn out					
(D) I can think as clearly as ever					
(E) When I wake up in the morning, I feel that there is nothing to look forward to					
(F) I have nothing to live for					
(G) I have lost interest in most (or all) things and activities that used to interest me					
(H) I am (or have been told that I am) unusually irritable					
(I) I have many things to be thankful for					
(J) I am interested in sex as ever (or more than before)					
(K) I have been sleeping less than I usually do					
(L) Despite the ups and downs of life, I am generally content					
(M) I have a persistent feeling of emptiness					
(N) I think about death					
(O) I experience an unusual lack of energy, even after a good rest					
(P) I can forgive myself for my mistakes and I move on					

END OF QUESTIONNAIRE, THANK YOU FOR YOUR PARTICIPATION

**Privatization and Its Labor Consequences in Developing
Countries: A Case Study of the Brazilian Banking
Industry Privatization Process**

**McGill University
Department of Sociology
Montréal, Canada
1998
(Type REEMPLOYED)**

Questionnaire Number :
Distribution Date:.....
Collection Date:.....

Dear Participant,

This research deals with the processes of privatization and other restructuring processes that are currently taking place in the Brazilian banking industry. The survey that you are about to participate seeks to uncover changes in employment quality for workers currently and previously affiliated with the banking industry. I hope you will take some time to complete this questionnaire and return it to me, or one of my assistants. Your participation completing this questionnaire is extremely important for the success of this survey.

Please be assured that all the information furnished by you here will remain confidential. This questionnaire is part of an academic research and access to your responses is restricted solely to me, my assistants and my supervisors at McGill University in Canada. The approximate time required to complete the questionnaire is 30 minutes. Please answer all the questions. If you are in doubt of the content or meaning pertaining to any question, please feel free to contact me or one of my assistants on the telephone number listed below. It is important that we receive all your answers so that our research regarding the labor impact of privatization and other restructuring processes will be as complete, accurate and useful as possible.

I would like to thank you in advance for your cooperation in participating in this study, without it, this research would not be accomplished. If you are interested in receiving any publication related to this study please answer YES for the question below. Once again, thank you for your participation.

Iêda Chapoval McGill University/Montreal/Canada

I. If in doubt about the content or meaning of any question in the questionnaire, please call:

.....

II. Are you interested in receiving any publication related to this study?

☐ Yes ☐ No

III. If your answer was YES for question II, please provide your name and address in the space below, so that we may mail you the publications.

SECTION I. DEMOGRAPHIC INFORMATION

1. Are you:

- ☐ Male (0)
☐ Female (1)

2. Your age is:

--

 (00)

3. Are you:

- ☐ White (0)
☐ Black (1)
☐ Other, Please Specify..... (0,1)

4. Please circle the highest grade you have completed:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify

SECTION II. FAMILY INFORMATION

5. Your marital status is:

Married	(1)
Live with a partner, but not married	(2)
Divorced or Separated	(3)
Widow(er)	(4)
Single	(5)

If you are married or currently live with a partner, please answer questions 6 to 8, If not skip to question 9.

6. If your spouse or partner works, what type of work does she/he does?

--

7. Provided the economy does not change and your spouse's or partner's job performance is adequate, can he/she continue to work for his/her current employer as long as he/she wishes?

- ☐ Yes (1)
☐ No (0)
☐ I don't know (8)

8. Please check the highest grade completed by your spouse/partner:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify

9. Regarding your living arrangements, do you:

- | | | |
|--------------------------|---|-----|
| <input type="checkbox"/> | Rent | (3) |
| <input type="checkbox"/> | Own your home, but still pay for mortgage | (2) |
| <input type="checkbox"/> | Own your home and it is fully paid | (1) |
| <input type="checkbox"/> | Live with your parents | (0) |
| <input type="checkbox"/> | Other arrangement, please specify..... | (X) |

10. What is the approximate monthly family income?

R\$

11/12. How many dependents do you have? (Indicate "0" in case of no dependents)

Number of Adult Dependents:	Number of Children:
-----------------------------	---------------------

13. Who is responsible for the housework at your home?

- | | | |
|--------------------------|----------------------------|-----|
| <input type="checkbox"/> | Myself | (0) |
| <input type="checkbox"/> | My Spouse/ Partner | (1) |
| <input type="checkbox"/> | Paid Help | (2) |
| <input type="checkbox"/> | Other, Please Specify..... | (3) |

SECTION III. YOUR PREVIOUS AND YOUR CURRENT JOB

This section deals with changes that might have occurred in the bank where you had previously worked as well as information about your current job. It involves questions regarding possible occupational changes, changes in working conditions and, satisfaction with your job.

14. Which of the following banks were you an employee of:

Privatized I		(0)
Privatized II		(0)
Private I		(1)
Private II		(1)
Public I		(2)
Public II		(2)
Public III		(2)

15. In the last year or couple of years, one of the following processes occurred at the bank setting where you previously worked, e.g., downsizing, bank acquisition or privatization. Which of these processes occurred at the bank where you used to work?

--

16. What was your position at the bank?

--

**Privatization and Its Labor Consequences in Developing
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Industry Privatization Process**

**McGill University
Department of Sociology
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Questionnaire Number :
Distribution Date:.....
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Dear Participant,

This research deals with the processes of privatization and other reestructuring processes that are currently taking place in the Brazilian banking industry. The survey that you are about to participate seeks to uncover changes in employment quality for workers currently and previously affiliated with the banking industry. I hope you will take some time to complete this questionnaire and return it to me, or one of my assistants. Your participation completing this questionnaire is extremelly important for the success of this survey.

Please be assured that all the information furnished by you here will remain confidential. This questionnaire is part of an academic research and access to your responses is restricted solely to me, my assistants and my supervisors at McGill University in Canada. The approximate time required to complete the questionnaire is 30 minutes. Please answer all the questions. If you are in doubt of the content or meaning pertaining to any question, please feel free to contact me or one of my assistants on the telephone number listed below. It is important that we receive all your answers so that our research regarding the labor impact of privatization and other restructuring processes will be as complete, accurate and useful as possible.

I would like to thank you in advance for your cooperation in participating in this study, without it, this research would not be accomplished. If you are interested in receiving any publication related to this study please answer YES for the question below. Once again, thank you for your participation.

Iêda Chapoval McGill University/Montreal/Canada

I. If in doubt about the content or meaning of any question in the questionnaire, please call:

.....

II. Are you interested in receiving any publication related to this study?

☐ Yes ☐ No

III. If your answer was YES for question II, please provide your name and address in the space below, so that we may mail you the publications.

SECTION I. DEMOGRAPHIC INFORMATION

1. Are you:

☐ Male

(0)

☐ Female

(1)

2. Your age is:

(00)

3. Are you:

☐ White

(0)

☐ Black

(1)

☐ Other, Please Specify.....

(0,1)

4. Please circle the highest grade you have completed:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify

SECTION II. FAMILY INFORMATION

5. Your marital status is:

Married	<input type="checkbox"/>	(1)
Live with a partner, but not married	<input type="checkbox"/>	(2)
Divorced or Separated	<input type="checkbox"/>	(3)
Widow(er)	<input type="checkbox"/>	(4)
Single	<input type="checkbox"/>	(5)

If you are married or currently live with a partner, please answer questions 6 to 8, If not skip to question 9.

6. If your spouse or partner works, what type of work does she/he does?

7. Provided the economy does not change and your spouse's or partner's job performance is adequate, can he/she continue to work for his/her current employer as long as he/she wishes?

☐ Yes

(1)

☐ No

(0)

☐ I don't know

(8)

8. Please check the highest grade completed by your spouse/partner:

Elementary 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

High School 9 - 10 - 11

College 1 - 2 - 3 - 4 - 5

Post-Graduate Level, Please Specify.....

9. Regarding your living arrangements, do you:

- | | | |
|--------------------------|---|-----|
| <input type="checkbox"/> | Rent | (3) |
| <input type="checkbox"/> | Own your home, but still pay for mortgage | (2) |
| <input type="checkbox"/> | Own your home and it is fully paid | (1) |
| <input type="checkbox"/> | Live with your parents | (0) |
| <input type="checkbox"/> | Other arrangement, please specify..... | (X) |

10. What is the approximate monthly family income?

R\$

11/12. How many dependents do you have? (Indicate "0" in case of no dependents)

Number of Adult Dependents:	Number of Children:
-----------------------------	---------------------

13. Who is responsible for the housework at your home?

- | | | |
|--------------------------|----------------------------|-----|
| <input type="checkbox"/> | Myself | (0) |
| <input type="checkbox"/> | My Spouse/ Partner | (1) |
| <input type="checkbox"/> | Paid Help | (2) |
| <input type="checkbox"/> | Other, Please Specify..... | (3) |

SECTION III . YOUR PREVIOUS AND YOUR CURRENT JOB

This section deals with changes that might have occurred in the bank where you had previously worked as well as information about your current job. It involves questions regarding possible occupational changes, changes in working conditions and, satisfaction with your job.

14. Which of the following banks were you an employee of:

Privatized I		(0)
Privatized II		(0)
Private I		(1)
Private II		(1)
Public I		(2)
Public II		(2)
Public III		(2)

15. In the last year or couple of years, one of the following processes occurred at the bank setting where you previously worked, e.g., downsizing, bank acquisition or privatization. Which of these processes occurred at the bank where you used to work?

--

16. What was your position at the bank?

--

17. Describe the type of industry you currently work at and your CURRENT position at this industry

--

18/19. How would you categorize the satisfaction with your job at the bank and at your current position?

AT THE BANK

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

IN YOUR CURRENT JOB

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

(1) (2) (3) (4) (5) (8)

20. How long have you been working at your current job?

YEARS	MONTHS

(00)

21. What admission procedure did your current employer use to hire you?

- [] Standardized Exams (1)
- [] Interviews (0)
- [] Other Tests (0)
- [] Other, Please Specify..... (0)

22. What was your monthly salary at the bank? (If you do not know the exact amount, please estimate)

R\$

23. What is your current monthly salary? (If you do not know the exact amount, please estimate)

R\$

24/25. How would you categorize the satisfaction with your salary at the bank and at your current position?

AT THE BANK

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

AT CURRENT JOB

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
----------------------	-----------------	--	---------------	--------------------	------------------

(1) (2) (3) (4) (5) (8)

The next set of questions refer to the stability or security at your current job and your previous job at the bank.

26/27. Please indicate the level of security at your current and your previous job at the bank. The scale below varies from zero (0), indicating total lack of security, to four (4), indicating total employment security.

Total Lack of Security		Total Security
AT THE BANK	0 _____ 1 _____ 2 _____ 3 _____ 4	
AT YOUR CURRENT JOB	0 _____ 1 _____ 2 _____ 3 _____ 4	

28. Provided the economy does not change and your job performance is adequate, can you continue to work for your current employer as long as you wish?

[] Yes	(1)
[] No	(0)
[] I don't know	(8)

29/30. How would you categorize your satisfaction with job security at your previous job at the bank and at your current job?

AT THE BANK

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
-------------------------	-----------------	---	---------------	-----------------------	---------------------

AT CURRENT JOB

[] Very Unsatisfied	[] Unsatisfied	[] Neither Satisfied, Nor Unsatisfied	[] Satisfied	[] Very Satisfied	[] I Don't know
(1)	(2)	(3)	(4)	(5)	(8)

Now I would like to ask you about non-wage benefits on your job at the bank and your current job - not government programs, but employer-sponsored plans.

31. The following is a list of ten non-wage benefits that might pertain or had pertained to your employment package. Please mark down all the benefits your employer currently offers you in the first column of the table below. In the second column, please mark down all the benefits your employer offered you at the bank where you previously worked

	CURRENT	BANK
Health Insurance		
Pension Plan		
Life Insurance		
Child Care Voucher		
On-Site Child Care		
Tuition Assistance		
Paid Vacation		
Disability Plan		
Profit Sharing/ Stock Plan		
Food Stamps		

32/33. How would you categorize your satisfaction with your benefit package at the bank and at your current job?

AT THE BANK

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

AT YOUR CURRENT JOB

<input type="checkbox"/> Very Unsatisfied	<input type="checkbox"/> Unsatisfied	<input type="checkbox"/> Neither Satisfied, Nor Unsatisfied	<input type="checkbox"/> Satisfied	<input type="checkbox"/> Very Satisfied	<input type="checkbox"/> I Don't know
---	--------------------------------------	---	------------------------------------	---	---------------------------------------

(1)

(2)

(3)

(4)

(5)

(8)

The next TWO questions refer to your relationship with the union of bank workers.

34. Were you affiliated with the bank workers' union?

- ☐ Yes (0)
- ☐ No (1)
- ☐ I don't know (8)

35. If you were affiliated with the union, did you participate in the union's meetings?

- ☐ Yes (0)
- ☐ No (1)
- ☐ I don't know (8)

This section of the questionnaire deals with various topics related to your job at the bank and your current job.

36. For each statement below you have five options as your answer, please choose the option that best reflects your experience at your job. The five options are:

- 0. Totally Agree
- 1. Agree
- 2. Neither Agree, nor disagree
- 3. Disagree
- 4. Totally Disagree

Totally Disagree (4)
Disagree (3)
Neither Agree, nor disagree (2)
Agree (1)
Totally Agree (0)

	(0)	(1)	(2)	(3)	(4)
(A) Before privatization or any other restructuring processes, my job at the bank allowed me to use most of my abilities.					
(A1) Currently, my job allows me to use most of my abilities.					
(B) I used to like my work environment and the company of my co-workers before privatization or any other restructuring processes.					
(B1) Currently, I like my work environment and the company of my co-workers.					
(C) My job at the bank provided me with social status and prestige before privatization or any other restructuring processes.					
(C1) Currently, my job provides me with social status and prestige.					
(D) Before privatization or any other restructuring processes, I used to have all the support from my supervisor(s) at the bank.					
(D1) Currently, I have all the support from my supervisor(s) at my job.					
(E) Before privatization or any other restructuring processes, I received recognition for all tasks well accomplished at the bank.					
(E1) Currently, I receive recognition for all tasks well accomplished at my job.					
(F) My work at the bank was valuable and benefited many people, before privatization or any other restructuring processes occurred.					
(F1) Currently, my work is valuable and benefits many people					

SECTION IV. YOUR MENTAL HEALTH

37. For each statement on the table below, please choose one of the following alternative answers:

- 0. Never
- 1. Rarely
- 2. Sometimes
- 3. Often
- 4. Always

	Never (0)	Rarely (1)	Sometimes (2)	Often (3)	Always (4)
	(0)	(1)	(2)	(3)	(4)
(A) I am satisfied with my life					
(B) I enjoy life's little pleasures					
(C) I feel worn out					
(D) I can think as clearly as ever					
(E) When I wake up in the morning, I feel that there is nothing to look forward to					
(F) I have nothing to live for					
(G) I have lost interest in most (or all) things and activities that used to interest me					
(H) I am (or have been told that I am) unusually irritable					
(I) I have many things to be thankful for					
(J) I am interested in sex as ever (or more than before)					
(K) I have been sleeping less than I usually do					
(L) Despite the ups and downs of life, I am generally content					
(M) I have a persistent feeling of emptiness					
(N) I think about death					
(O) I experience an unusual lack of energy, even after a good rest					
(P) I can forgive myself for my mistakes and I move on					

END OF QUESTIONNAIRE. THANK YOU FOR YOUR PARTICIPATION

A REESTRUTURAÇÃO DA INDÚSTRIA BANCÁRIA E SEUS EFEITOS PARA A FORÇA DE TRABALHO

**McGill University
Departamento de Sociologia
Montréal, Canada
1998
(Tipo Funcionário)**

Número de Identificação do Questionário:
Data de Distribuição:
Data de Coleta:

Prezado Participante,

Esta pesquisa trata das mudanças que estão acontecendo na indústria bancária no Brasil. Sua participação, respondendo este questionário, é muito importante para que haja um entendimento maior sobre as transformações que estão acontecendo nessa indústria e seus efeitos para a força de trabalho. Por favor, preencha este questionário e devolva-lo assim que terminar para mim ou um dos meus assistentes. Sua participação completando esse questionário é extremamente importante para o sucesso dessa pesquisa.

Todas as informações fornecidas por você aqui serão mantidas em sigilo absoluto. Este questionário é parte de uma pesquisa puramente acadêmica e sua única afiliação é com a Universidade McGill em Montréal, no Canadá. Apenas eu, ou um dos meus assistentes de pesquisa, teremos acesso á suas respostas. O questionário precisará ser respondido por inteiro. O tempo para completa-lo é de aproximadamente trinta minutos. Se alguma pergunta não tiver a clareza necessária para que você possa responde-la, por favor entre em contato comigo ou com um dos meus assistentes no número de telefone abaixo. Para que haja um entendimento por completo do impacto da privatização e outros processos de reestruturação na força de trabalho brasileira, é importante que o questionário seja respondido por completo.

Desde já, eu gostaria de agradecer sua cooperação pelo preenchimento deste questionário - sem a sua colaboração essa pesquisa não seria possível. Se você estiver interessado em receber cópias de qualquer publicação relacionada a esse estudo, por favor marque SIM para a pergunta abaixo. Uma vez mais, muito obrigada pela sua participação.

Iêda Chapoval McGill University/Montréal/Canadá

I. Em Caso de Dúvidas, por favor contatar o número de telefone abaixo e pergunte por:

II. Você está interessado(a) em receber publicações relacionadas á essa pesquisa?

[] Sim [] Não

III. Se você disse sim para a pergunta número dois acima, por favor forneça seu endereço no espaço abaixo para que possamos mandar as publicações para você.

SECÃO I. DADOS PESSOAIS

1. Você é:

- ☐ Homen
☐ Mulher

(0)
(1)

2. Sua idade é:

--

 (00)

3. Você é:

- ☐ Branco
☐ Negor
☐ Outro, Por favor especifique.....

(0)
(1)
(0,1)

4. Marque com um circulo o seu nível de escolaridade:

Primario 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

Secundario 9 - 10 - 11

Universitário 1 - 2 - 3 - 4 - 5

Post-Univeristário, Por favor especifique

SECÃO II. DADOS SOBRE SUA FAMILIA

5. Você é:

Casada		(1)
Vive com um companheiro(a)		(2)
Divorciado(a)		(3)
Viuvo (a)		(4)
Solteiro(a)		(5)

Se você é casado(a) ou mora com um companheiro(a), por favor responda as perguntas de 6 até 8 abaixo, se não, siga para pergunta número 9.

6. Se seu esposo ou esposa trabalha, que tipo de trabalho ele ou ela faz?

--

7. Se a economia não mudar e seu esposo ou esposa continuar sendo um bom trabalhador(a), você acha que ele ou ela poderam manter seu trabablho pelo tempo que desejarem?

- ☐ Sim
☐ Não
☐ Eu não sei

(1)
(0)
(8)

8. Marque com um circulo o nível de escolaridade de seu esposo ou esposa:

Primario 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

Secundario 9 - 10 - 11

Universitário 1 - 2 - 3 - 4 - 5

Post-Univeristário, Por favor especifique

9. Sobre sua residência, você:

- ☐ Aluga (3)
☐ Tem casa própria, mas ainda está pagando (2)
☐ Tem casa própria quitada (1)
☐ Mora com seus pais (0)
☐ Outro, por favor especifique..... (X)

10. Qual é sua renda familiar mensal (aproximadamente)?

R\$

11/12. Quantos dependentes você tem? (Indique "0" se não tiver nenhum)

Número de Adultos Dependentes:

Número de Menores Dependentes:

13. Quem é responsável pelo trabalho doméstico na sua casa?

- ☐ Você mesmo (0)
☐ Minha esposa(o) ou companheira (o) (1)
☐ Empregada(o) (2)
☐ Outro, por favor especifique..... (3)

SEÇÃO III. SEU TRABALHO NO BANCO

Essa seção trata das mudanças que possivelmente aconteceram no banco onde você trabalha. A seção envolve perguntas relacionadas a possíveis mudanças ocupacionais, mudanças em condições de trabalho e satisfação com seu trabalho.

14. Atualmente eu trabalho em:

Privatizado I		(0)
Privatizado II		(0)
Privado I		(1)
Privado II		(1)
Público I		(2)
Público II		(2)
Público III		(2)

15. No(s) último(s) ano(s), um ou mais dos seguintes processos aconteceram no banco onde você trabalha: (1) Enxugamento de pessoal, (2) Incorporação de dois ou mais bancos, (3) Privatização. Qual desses processos aconteceram no banco onde você trabalha?

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16. Qual era o seu cargo nesse banco ANTES desses processos acontecerem?

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17. Qual é o seu cargo ATUAL no banco?

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18/19. Como você avaliaria a SATISFAÇÃO com seu CARGO no banco ANTES E DEPOIS do Enxugamento de pessoal, Incorporação ou Privatização?

ANTES

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
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DEPOIS

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

20. Há quanto tempo você trabalha nesse banco?

ANOS	MESES	(00)

21. Qual foi o principal processo de admissão que esse banco usou para contrata-lo(a)?

- ☐ Concurso Publico (1)
☐ Entrevistas (0)
☐ Outros Testes (0)
☐ Outro, por favor especifique (0)

22/23. Qual era seu salário mensal ANTES E DEPOIS do enxugamento, incorporação ou privatização? (Se você não sabe a quantia exata, dê uma estimativa)

ANTES

DEPOIS

R\$	R\$

24/25. Como você avaliaria a SATISFAÇÃO com seu SALARIO no banco ANTES E DEPOIS do Enxugamento de pessoal, Incorporação ou Privatização?

ANTES

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
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DEPOIS

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

As próximas três perguntas referem a segurança ou estabilidade no seu trabalho no banco.

26/27. Numa escala de zero á quatro (zero significando insegurança total em relação a continuidade no seu trabalho, e quatro significando segurança total quanto a continuidade no seu trabalho), como você avaliaria a estabilidade seu trabalho ANTES e DEPOIS do enxugamento, incorporação ou privatização? (Faça um círculo em volta da sua resposta)

Insegurança Total

Segurança Total

ANTES 0 _____ 1 _____ 2 _____ 3 _____ 4

DEPOIS 0 _____ 1 _____ 2 _____ 3 _____ 4

28. Se a economia não mudar e você continuar a ser um bom trabalhador, você acha que poderá manter seu trabalho pelo tempo que desejar?

- [] Sim (1)
 [] Não (0)
 [] Eu não sei (8)

29/30. Como você avaliaria a SATISFAÇÃO com sua SEGURANÇA DE TRABALHO no banco ANTES E DEPOIS do Enxugamento de pessoal, Incorporação ou Privatização?

ANTES

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
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DEPOIS

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

Agora, eu gostaria de saber sobre os benefícios relacionados ao seu trabalho no banco - não estou interessada em saber de benefícios oferecidos pelo estado, somente aqueles oferecidos pelo seu empregador.

31. A tabela abaixo contém uma lista de dez benefícios que talvez o seu empregador te ofereça. Por favor marque na primeira coluna todos os benefícios o banco te oferece atualmente. Na segunda coluna, por favor marque os benefícios oferecidos a você ANTES do enxugamento, incorporação ou privatização?

	ATUALMENTE	ANTES
Assistência Médica		
Caixa de Previdência		
Seguro de Vida		
Auxílio Creche ou Babá		
Creche Particular do Banco		
Pagamento de Cursos		
Férias Pagas		
Seguro de Incapacidade		
Participação de Lucros		
Vale Alimentação		

32/33. ANTES E DEPOIS do Enxugamento de pessoal, Incorporação ou Privatização. Como você avaliaria o seu PACOTE DE BENEFÍCIOS oferecido pelo banco?

ANTES

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
------------------------	------------------	--------------------------------------	----------------	----------------------	----------------

DEPOIS

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

As próximas DUAS perguntas referem a sua relação com o sindicato dos bancários.

34. Você é afiliado(a) ao sindicato dos bancários?

- [] Sim (0)
 [] Não (1)
 [] Eu não sei (8)

35. Se você é afiliado, você participa das reuniões sindicais?

- [] Sim (0)
 [] Não (1)
 [] Eu não sei (8)

Essa seção lida com varios topicos relacionados ao seu trabalho no banco ANTES E DEPOIS do Enxugamento de pessoal, Incorporação ou Privatização que aconteceram no banco.

36. Na tabela abaixo, você terá que escolher entre cinco opções para vários tópicos sobre o seu trabalho ANTES e DEPOIS do enxugamento, incorporação ou privatização. As suas cinco opções são:

- (0) Concordo Plenamente
 (1) Concordo
 (2) Nem Concordo, Nem Discordo
 (3) Discordo
 (4) Discordo Plenamente

Discordo Plenamente (4)

Discordo (3)

Nem Concordo, Nem Discordo (2)

Concordo (1)

Concordo Plenamente (0)

	(0)	(1)	(2)	(3)	(4)
(A) Antes do enxugamento, incorporação ou privatização, meu trabalho no banco me dava a oportunidade de usar a maioria das minhas habilidades.					
(A1) Atualmente, meu trabalho no banco me dá a oportunidade para eu usar a maioria das minhas habilidades.					
(B) Eu gostava do meu ambiente de trabalho e da companhia dos meus colegas no banco, antes do enxugamento, incorporação ou privatização.					
(B1) Atualmente, eu gosto do meu ambiente de trabalho e da companhia dos meus colegas no banco.					
(C) Meu trabalho me proporcionava status social e prestígio, antes do enxugamento, incorporação ou privatização.					
(C1) Meu trabalho atual no banco me proporciona status social e prestígio.					
(D) Antes do enxugamento, incorporação ou privatização, eu tinha todo o auxílio dos meus supervisores.					
(D1) Atualmente eu tenho todo auxílio dos meus supervisores no meu trabalho.					
(E) No meu trabalho, eu era reconhecido(a) por todo trabalho bem feito que eu fazia, antes da incorporação, enxugamento ou privatização.					
(E1) Atualmente, eu sou reconhecido(a) por todo trabalho bem feito que eu faço no banco.					
(F) Meu trabalho tinha valor e beneficiava muitas pessoas, antes do enxugamento, incorporação ou privatização.					
(F1) Atualmente, meu trabalho tem valor e beneficia muitas pessoas.					

SECÃO IV. SUA SAUDE MENTAL

37. Para cada frase na tabela abaixo, por favor escolha uma das seguintes cinco alterantivas:

- (0) Nunca
- (1) Raramente
- (2) Às vezes
- (3) Muitas vezes
- (4) Sempre

	Sempre (4)				
	Muitas Vezes (3)				
	Às Vezes (2)				
	Raramente (1)				
	Nunca (0)				
	(0)	(1)	(2)	(3)	(4)
(A) Eu estou satisfeito(a) com a minha vida.					
(B) Eu aprecio os pequenos prazeres da vida.					
(C) Eu me sinto muito cansado(a).					
(D) Eu posso pensar mais claro do que nunca.					
(E) Quando acordo de manhã, eu sinto que a vida não tem razão.					
(F) Eu não tenho nenhum motivo para viver.					
(G) Eu perdi interesse pelas coisas e atividades que me interessavam antes.					
(H) Eu estou muito irritado (a) ultimamente.					
(I) Eu me sinto agradecido(a) por muitas coisas na minha vida.					
(J) Eu me interesso por sexo como sempre (ou mais do que antes).					
(K) Eu tenho dormido menos do que costumo dormir .					
(L) Apesar das mudanças na minha vida, I estou geralmente contente.					
(M) Eu sinto um sentimento persistente de vazio na minha vida.					
(N) Eu penso sobre a morte.					
(O) Mesmo depois de um bom descanso, eu me sinto sem energia.					
(P) Eu consigo me perdoar pelos meus erros e seguir em frente com minha vida.					

FINAL DO QUESTIONÁRIO. OBRIGADO PELA SUA PARTICIPAÇÃO

A REESTRUTURAÇÃO DA INDÚSTRIA BANCÁRIA E SEUS EFEITOS PARA A FORÇA DE TRABALHO

McGill University
Departamento de Sociologia
Montréal, Canada
1998
(Tipo Reempregado)

Número de Identificação do Questionário:
 Data de Distribuição:
 Data de Coleta:

Prezado Participante,

Esta pesquisa trata das mudanças que estão acontecendo na indústria bancária no Brasil. Sua participação, respondendo este questionário, é muito importante para que haja um entedimento maior sobre as transformações que estão acontecendo nessa indústria e seus efeitos para a força de trabalho. Por favor, preencha este questionário e devolva-lo assim que terminar par mim ou um dos meus assistentes. Sua participação completando esse questionário é extremamente importante para o sucesso dessa pesquisa.

Todas as informações fornecidas por você, neste questionário, serão mantidas em sigilo absoluto. Este questionário é parte de uma pesquisa puramente acadêmica e sua única afiliação é com a Universidade McGill em Montréal, no Canadá. Apenas eu, ou um dos meus assistentes de pesquisa, teremos acesso á suas respostas. O questionário precisará ser respondido por inteiro. O tempo para completa-lo é de aproximadamente trinta minutos. Se alguma pergunta não tiver a clareza necessária para que você possa responde-la, por favor entre em contato comigo ou com um dos meus assistentes no número de telefone abaixo. Para que haja um entendimento por completo do impacto da privatização e outros processos de reestruturação na força de trabalho brasileira, é importante que o questionário seja respondido por completo.

Desde já, eu gostaria de agradecer sua cooperação pelo preenchimento deste questionário - sem a sua colaboração essa pesquisa não seria possível. Se você estiver interessado em receber cópias de qualquer publicação relacionada a esse estudo, por favor marque Sim para a pergunta abaixo. Uma vez mais, muito obrigada pela sua participação.

Iêda Chapoval McGill University/Montréal/Canada

1. Em Caso de Dúvidas, por favor contatar o número de telefone abaixo e pergunte por:

II. Você está interessado(a) em receber publicações relacionadas á essa pesquisa?

☐ Sim ☐ Não

III. Se você disse sim para a pergunta número dois acima, por favor forneça seu endereço no espaço abaixo para que possamos mandar as publicações para você.

SECÃO I. DADOS PESSOAIS

1. Você é:

- ☐ Homen
☐ Mulher

(0)

(1)

2. Sua idade é:

--

(00)

3. Você é:

- ☐ Branco
☐ Negor
☐ Outro, Por favor especifique.....

(0)

(1)

(0,1)

4. Marque com um circulo o seu nível de escolaridade:

Primario 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

Secundario 9 - 10 - 11

Universitário 1 - 2 - 3 - 4 - 5

Post-Univeristário, Por favor especifique

SECÃO II. DADOS SOBRE SUA FAMILIA

5. Você é:

Casada		(1)
Vive com um companheiro(a)		(2)
Divorciado(a)		(3)
Viuvo (a)		(4)
Solteiro(a)		(5)

Se você é casado(a) ou mora com um companheiro(a), por favor responda as perguntas de 6 até 8 abaixo, se não, siga para pergunta número 9.

6. Se seu esposo ou esposa trabalha, que tipo de trabalho ele ou ela faz?

--

7. Se a economia não mudar e seu esposo ou esposa continuar sendo um bom trabalhador(a), você acha que ele ou ela poderam manter seu trabablho pelo tempo que desejarem?

- ☐ Sim
☐ Não
☐ Eu não sei

(1)

(0)

(8)

8. Marque com um circulo o nível de escolaridade de seu esposo ou esposa:

Primario 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8

Secundario 9 - 10 - 11

Universitário 1 - 2 - 3 - 4 - 5

Post-Universitário, Por favor especifique

9. Sobre sua residência, você:

- [] Aluga (3)
[] Tem casa própria, mas ainda está pagando (2)
[] Tem casa própria quitada (1)
[] Mora com seus pais (0)
[] Outro, por favor especifique..... (X)

10. Qual é sua renda familiar mensal (aproximadamente)?

R\$

11/12. Quantos dependentes você tem? (Indique "0" se não tiver nenhum)

Número de Adultos Dependentes: Número de Menores Dependentes:

13. Quem é responsável pelo trabalho doméstico na sua casa?

- [] Você mesmo (0)
[] Minha esposa(o) ou companheira (o) (1)
[] Empregada(o) (2)
[] Outro, por favor especifique..... (3)

SEÇÃO III. SEU TRABALHO NO BANCO

Essa seção trata das mudanças que possivelmente aconteceram no banco onde você trabalhava e também requer informação sobre seu trabalho atual. A seção envolve perguntas relacionadas a possíveis mudanças ocupacionais, mudanças em condições de trabalho e satisfação com seu trabalho.

14. Em qual dos bancos abaixo você trabalhava:

Privatizado I	(0)
Privatizado II	(0)
Privado I	(1)
Privado II	(1)
Público I	(2)
Público II	(2)
Público III	(2)

15. No(s) último(s) ano(s), um ou mais dos seguintes processos aconteceram no banco onde você trabalhava: (1) Enxugamento de pessoal, (2) Incorporação de dois ou mais bancos, (3) Privatização. Qual desses processos aconteceram no banco onde você trabalhava?

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16. Qual era o seu cargo nesse banco?

--

17. Em que tipo indústria você trabalha atualmente e qual é o seu cargo?

--

18/19. Como você avaliaria a SATISFACÃO com seu CARGO no banco e no seu trabalho atual?

NO BANCO

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
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NO SEU TRABALHO ATUAL

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

20. Há quanto tempo você está trabalhando no seu trabalho atual?

ANOS MESES

		(00)
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21. Qual foi o principal processo de admissão que seu empregador atual usou para contrata-lo(a)?

- | | |
|---|-----|
| <input type="checkbox"/> Concurso Publico | (1) |
| <input type="checkbox"/> Entrevistas | (0) |
| <input type="checkbox"/> Outros Testes | (0) |
| <input type="checkbox"/> Outro, por favor especifique | (0) |

22. Qual era seu salário mensal no banco? (Se você não sabe a quantia exata, dê uma estimativa)

R\$

23. Qual é seu salário mensal atual? (Se você não sabe a quantia exata, dê uma estimativa)

R\$

24/25. Como você avaliaria a SATISFACÃO com seu SALÁRIO no banco e no seu trabalho atual?

NO BANCO

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
---	---------------------------------------	---	-------------------------------------	---	-------------------------------------

NO SEU TRABALHO ATUAL

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

As próximas três perguntas referem a segurança ou estabilidade no seu trabalho no banco e no seu trabalho atual.

26/27. Numa escala de zero á quatro (zero significando insegurança total em relação a continuidade no seu trabalho, e quatro significando segurança total quanto a continuidade no seu trabalho), como você avaliaria a estabilidade no seu trabalho no banco e seu trabalho atual? (Faça um círculo em volta da sua resposta)

	Insegurança Total	Segurança Total
NO BANCO	0 _____ 1 _____ 2 _____ 3 _____ 4	
NO SEU TRABALHO ATUAL	0 _____ 1 _____ 2 _____ 3 _____ 4	

28. Se a economia não mudar e você continuar sendo um bom trabalhador(a), você acha que poderá manter seu trabalho pelo tempo que desejar?

- [] Sim (1)
 [] Não (0)
 [] Eu não sei (8)

29/30. Como você avaliaria a SATISFAÇÃO com sua SEGURANÇA DE TRABALHO no banco e no seu trabalho atual?

NO BANCO

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
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NO SEU TRABALHO ATUAL

[] Muito Insatisfeito	[] Insatisfeito	[] Nem satisfeito, nem insatisfeito	[] Satisfeito	[] Muito Satisfeito	[] Eu não sei
(1)	(2)	(3)	(4)	(5)	(8)

Agora, eu gostaria de saber sobre os benefícios relacionados ao seu trabalho no banco e no seu trabalho atual - não estou interessada em saber de benefícios oferecidos pelo estado, somente aqueles oferecidos pelo seu empregador.

31. A tabela abaixo contém uma lista de dez benefícios que talvez o seu empregador te ofereça. Por favor marque na primeira coluna todos os benefícios oferecidos a você pelo seu empregador atual. Na segunda coluna, por favor marque os benefícios que eram oferecidos á você pelo o banco.

	ATUALMENTE	BANCO
Assistência Médica		
Caixa de Previdência		
Seguro de Vida		
Auxílio Creche ou Babá		
Creche Particular do Banco		
Pagamento de Cursos		
Férias Pagas		
Seguro de Disabilidade		
Participação de Lucros		
Vale Alimentação		

32/33. Como você avaliaria a SATISFAÇÃO com seu PACOTE DE BENEFÍCIOS no banco e no seu trabalho atual?

NO BANCO

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
---	---------------------------------------	---	-------------------------------------	---	-------------------------------------

NO SEU TRABALHO ATUAL

<input type="checkbox"/> Muito Insatisfeito	<input type="checkbox"/> Insatisfeito	<input type="checkbox"/> Nem satisfeito, nem insatisfeito	<input type="checkbox"/> Satisfeito	<input type="checkbox"/> Muito Satisfeito	<input type="checkbox"/> Eu não sei
---	---------------------------------------	---	-------------------------------------	---	-------------------------------------

(1)

(2)

(3)

(4)

(5)

(8)

As próximas DUAS perguntas referem a sua relação com o sindicato dos bancários.

34. Você era afiliado(a) ao sindicato dos bancários?

- ☐ Sim (0)
☐ Não (1)
☐ Eu não sei (8)

35. Se você era afiliado, você participava das reuniões sindicais?

- ☐ Sim (0)
☐ Não (1)
☐ Eu não sei (8)

Essa seção lida com varios topicos relacionados ao seu trabalho no banco e seu trabalho atual.

36. Na tabela abaixo, você terá que escolher entre cinco opções para vários tópicos sobre o seu trabalho no banco e seu trabalho atual. As suas cinco opções são:

- (0) Concordo Plenamente
- (1) Concordo
- (2) Nem Concordo, Nem Discordo
- (3) Discordo
- (4) Discordo Plenamente

Discordo Plenamente (4)

Discordo (3)

Nem Concordo, Nem Discordo (2)

Concordo (1)

Concordo Plenamente (0)

	(0)	(1)	(2)	(3)	(4)
(A) Meu trabalho no banco me dava a oportunidade de usar a maioria das minhas habilidades.					
(A1) Atualmente, meu trabalho me dá a oportunidade para eu usar a maioria das minhas habilidades.					
(B) Eu gostava do meu ambiente de trabalho e da companhia dos meus colegas no banco.					
(B1) Atualmente, eu gosto do meu ambiente de trabalho e da companhia dos meus colegas.					
(C) Meu trabalho no banco me proporcionava status social e prestígio.					
(C1) Meu trabalho atual me proporciona status social e prestígio.					
(D) Eu tinha todo o auxílio dos meus supervisores no banco.					
(D1) Atualmente eu tenho todo auxílio dos meus supervisores no meu trabalho.					
(E) No meu trabalho no banco, eu era reconhecido(a) por todo trabalho bem feito que eu fazia.					
(E1) Atualmente, eu sou reconhecido(a) por todo trabalho bem feito que eu faço.					
(E) Meu trabalho no banco tinha valor e beneficiava muitas pessoas.					
(F1) Atualmente, meu trabalho tem valor e beneficia muitas pessoas.					

SEÇÃO IV. SUA SAUDE MENTAL

37. Para cada frase na tabela abaixo, por favor escolha uma das seguintes cinco alternativas:

- (0) Nunca
- (1) Raramente
- (2) Às vezes
- (3) Muitas vezes
- (4) Sempre

	Sempre (4)				
	Muitas Vezes (3)				
	Às Vezes (2)				
	Raramente (1)				
	Nunca (0)				
	(0)	(1)	(2)	(3)	(4)
(A) Eu estou satisfeito(a) com a minha vida.					
(B) Eu aprecio os pequenos prazeres da vida.					
(C) Eu me sinto muito cansado(a).					
(D) Eu posso pensar mais claro do que nunca.					
(E) Quando acordo de manhã, eu sinto que a vida não tem razão.					
(F) Eu não tenho nenhum motivo para viver.					
(G) Eu perdi interesse pelas coisas e atividades que me interessavam antes.					
(H) Eu estou muito irritado (a) ultimamente.					
(I) Eu me sinto agradecido(a) por muitas coisas na minha vida.					
(J) Eu me interesso por sexo como sempre (ou mais do que antes).					
(K) Eu tenho dormido menos do que costumo dormir.					
(L) Apesar das mudanças na minha vida, I estou geralmente contente.					
(M) Eu sinto um sentimento persistente de vazio na minha vida.					
(N) Eu penso sobre a morte.					
(O) Mesmo depois de um bom descanso, eu me sinto sem energia.					
(P) Eu consigo me perdoar pelos meus erros e seguir em frente com minha vida.					

FINAL DO QUESTIONÁRIO. OBRIGADO PELA SUA PARTICIPAÇÃO

Appendix B

10 REASONS TO BUY A BANK IN THE WORLD'S EIGHTH LARGEST ECONOMY: BRAZIL

- 1** 500 billion dollars: Brazil is geographically speaking the fifth largest country in the world with a population of 190 million people, and the eighth largest economy in the world with a GDP close to half a trillion dollars. Brazil is also a member of the MERCOSUR economic bloc together with Argentina, Uruguay, Paraguay and, shortly, Chile. A market with the potential for 300 million inhabitants and a combined GDP of nearly a one trillion dollars.
- 2** The largest privatization program in the world. Brazilian privatization programs have reached a volume that surpasses that achieved in the United Kingdom. This year, amongst companies to be privatized is the State Bank of Maranhão - BEM, a state bank in excellent financial health and with an enormous potential for expansion and the development of new business.
- 3** The prospects for growth. São Luis, where the headquarters of BEM are located, is a historical city which has been declared a World Heritage Site by UNESCO. The city is the capital of Maranhão, the state with the fastest rate of growth in the Northeast of Brazil and offers investors a wide range of business opportunities in the industrial, agricultural and service areas. BEM plays an active role in the development of Maranhão, supporting its economy and acting as an intermediary in financing and incentives. With privatization, the opportunities for greater profitability and involvement in these sectors could only increase.
- 4** The site and available infrastructure. Situated at the point where three geopolitical regions, the North, Northeast and Midwest converge, Maranhão covers an area 2.4 times the size of Florida, 1.1 times the size of Italy or 70% the size of Venezuela. The state has an international airport, large gauge railways, an excellent network of tarmacked roads and a deep water port, all situated in a state within easy reach from Europe, the United States and the Panama Channel.
- 5** The financial health of BEM. The bank has been through a process recovery and is now a healthy institution, as shown in the financial reports of 31st of December 1999 (refer to www.bemnet.com.br). Its assets are entirely clean, made up of National Treasury Bonds and diverse credits. For more in-depth information, contact Deloitte Touche Tohmatsu, the consultant and consortium leader for the privatization process of BEM.
- 6** A complete and modern banking structure. BEM offers its clients the same standards of service as any large bank. Automatic Teller Machines, Call Center, its own credit card and Internet banking. In addition, all 190 service outlets are linked in real time either through satellite or fiber optics technology.
- 7** Technology advanced. BEM was the first Brazilian bank to adopt the FBA Navigator system from Unisys, voted by Microsoft as the best automatic banking system in the world. The system allows all transactions taking place in its branches through Automatic Teller Machines, on the Internet or through the Call Center, to be processed on-line and in an integrated system.
- 8** Controlled spending program and absence of lawsuits. The bank has 570 employees (an average of 7.5 per branch for 3 per service point outlet) figures which are comparable to international averages. In order to arrive at this level, BEM has had to resolve all workforce problems. As such, the buyer will not have to confront problems of downsizing or deal with legal issues related to Human Resources.
- 9** Possibility of immediate functional and profitable operation. The bank's present structure, including the technology in place, its client list, the productivity of its personnel, the absence of workforce conflicts and its clean financial bill of health, guarantees to the buyer immediate operating conditions, the possibility for expansion and, hence, profitability.
- 10** An exceptional opportunity. BEM is ready to expand. To investors, whether private or corporate, it represents an opportunity to enter the market in Maranhão, the Brazilian banking system and MERCOSUR. In order to become a controlling shareholder of this small big bank, all the investor needs to do is to present the documents required by the Banco Central do Brasil, show proof of financial capacity of little more than R\$ 96,000,000.00 and, of course, have an entrepreneurial spirit. BEM is active, modern and competitive concern that meets the requirements of the most demanding investors.

