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Portuguese decolonization in Africa:
The role and responsibility of shifts of power on business failure and social wealth
Blindness toward decolonization risk can explain contingency and improvisation in the chaos of emergency decisions

Decolonization was not properly a historical surprise for entrepreneurs...

... but the stability of the political regime and official speech has brought high forecasting difficulties on the timing for such a political decision:

- Portuguese neutrality during in the Second World War,
- the Marshall Plan (1947),
- the decision to join NATO in 1949,
- and accession to EFTA (1960)

1950s and 1960s: The first moment of managerial capitalism in Portugal, when mergers and crossed-capital participations brought strength to several economic groups (Mata, 2009).
Globalization (transfers of technology)
Shifts in administration power,
Politics (changes in regulation), ...
are all relevant variables for risk in business

The capacity to react to new business environments, to take advantages of change,
For businessmen and boards to make money and improve prestige
Forecast abilities to transform challenges into new opportunities

Leadership capacity, decision-making
abilities to face the future, and avoid surprise
To address emerging developments,
Observation and organizational culture paying attention to change in Africa?

Handling risk to transform it into strategic visionary projects in Africa?

Leading business coordination against external shocks? Guidance?
Expected damage depends on subjective probabilities assigned to guestimates for losses!!!

Agile CEOs’ risk analysis missions, in multinational corporations!
Small family businesses: shifts of political power mean future geopolitical problems
Need of immediate firm policies
Appropriate responses to contingency,
From the first signs of new directions emerging
According to convictions on preparedness needs

Inventive responses in unanticipated ideas, with time constraint

DECOLONIZATION, a catastrophic situation:
- danger of business loss,
- danger of property loss,
even put lives at risk

Utopian blindness disregards early warning!
Revival may be a slow process
Tactical recovery strategies
Requiring persistence and consistency under the new historical conditions

Talented executive attention?

Blindness toward risk is the worst prospect,
Blindness prevents any kind of anticipation and may even mean disaster, business suicide, and collapse

Avoiding a business crash.
Colonial wars in the 3 largest colonial territories of Angola (1961), Guinea (1962; 10 Sept 1974) and Mozambique (1964)

Decolonization: a radical shift of power in those newly independent countries...

... which installed their own governments

A tremendous shift for the strategic evolution of the Portuguese economy (1415 to 1974/75)
Issuing banks: BP, plus 2 imperial banks, BNU, Banco de Angola.

The Portuguese monetary union, the Escudo Monetary Zone, (framed in 1961, at work since 1963): the same m.u., the escudo, with different currency circulations.

Banks were very important nodes in colonization.

A visible difference after 1970, when the general index moves steadily up until the end of 1973.


Evident signals of volatility. The cost of capital for the corporations operating in the overseas territories was significantly higher than for corporations in general.
Decolonization: a tremendous loss of social wealth. Over 500,000 people living in the ex-colonies returned to Portugal (IARN). All bank deposits were lost: local banknotes were not exchanged into homeland escudos, and they could only transfer pitifully small amounts of money.

Decolonization: governments in the newly independent territories adopted socialist or communist blueprints.

- All overseas companies listed on the Lisbon Stock Exchange were either nationalized by the African governments...

- or failed in their businesses, because of the poor political and economic conditions for their operation:

Not a single overseas company remained listed after the Lisbon Exchange resumed operations in equities, in 1977.
BNU and Banco de Angola received the new money issuing functions, as well as all assets and liabilities, including all the buildings of their local networks and equipment. All other colonial banks were nationalized, without any payment of indemnities. (Valério, 2006).

The expression of independence and sovereignty: The issuing of their own currencies:
- the escudo in Cape Verde,
- the peso in Guinea-Bissau, (joining the WAMU, or Union Économique et Monétaire de Ouest Afrique, UEMOA, in 1997)
- the dobra in S. Tomé and Principe,
- the kwanza in Angola, and the metical in Mozambique.
Visionary expectations on decolonization? NO CONTINGENCY PLANS!
Some people thought that a South African model would be possible in Mozambique!

Blindness to risk: no safety conditions to remain, plus local civil wars

Generalized nationalizations based on socialist and communist political blueprints

As land was nationalized, colonial agribusiness units disappeared in all territories


Confidence to invest in the African newly-independent countries took a long time! After the fall of the Berlin wall!