Opportunities And Barriers To Organic Growth Of 'Family-Owned' SMMEs In The Metals Manufacturing Industry In Gauteng

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ABSTRACT

SMMEs in South Africa - primarily SMMEs in the start-up phase, have in recent years seen some of the highest failure rates in the world with many of them unable to grow beyond the start-up phase. The issue is made more distressing by the fact that SMMEs in South Africa make up more than 50% of the private sector's employment constructs. One of the industries hardest hit by the high SMME failure rate has been the metals and metals manufacturing industry. A phenomenon encountered during the research saw many of the SMMEs in the metals manufacturing industry operating as family-owned enterprises. The research surrounding the factors contributing to SMME failure and success has been well documented, however this research has not specifically included that of family-owned SMMEs in Gauteng operating in the metals manufacturing industry i.e. what specific factors have contributed to their successes or lack thereof. The research interviews conducted with several family-owned SMMEs in the metals manufacturing industry operating mainly out of Gauteng saw several main themes appear surrounding opportunities and challenges to organic growth for these SMMEs. The main opportunity identified for these family-owned SMMEs was the ability to draw off national resources and small business policies to assist in growing their businesses. One of the main challenges identified by these businesses was the perceived general instability of the labour-market shortages, government policy, union interference and the decline in economic stability. The lack of awareness surrounding government incentive programmes available to SMMEs came up as a theme throughout most of the interviews. The study results suggest that business owners are not aware or are ignorant of government legislation and incentives established to provide support. Therefore, government needs to engage, inform, and advise these SMMEs to the available support structures in order to increase their opportunities for success.

DECLARATION

I declare that this research report is my own unaided work. It is being submitted to the Degree of Masters of Administration to the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.

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(Signature of Candidate)

.... day of ...., ...

(day) (month) (year)

DEDICATION

This research report is dedicated to my family, without whom none of this would've been possible. All of life's sacrifices have an end game. May this sacrifice, be their last.

ACKNOWLEDGEMENTS

I would like to thank my family, friends, and colleagues for giving me the support and cheerleading required in completing this endeavor.

Immeasurable thanks goes to Prof. Rob Venter who has guided me through this process with immense patience and belief. The seemingly impossible task was made possible with his dedication.

I would like to thank the entrepreneurs who partook in the research. Their cooperation and that of their families made this research a reality.

A final thank you to those who sacrificed their time, effort, and money in assisting me with the research. All debt shall eventually be repaid.

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to identify, analyse, and discuss recommendations around the opportunities and barriers to organic growth of 'family-owned' SMMEs in the metals manufacturing industry in Gauteng.

1.2 Context of the study

SMMEs (Small, medium, and micro enterprises) form 56% of the private sector's employment construct and 36% to gross domestic product (Ntsika, 2002), with the remaining distribution going towards medium sized and larger firms.

Research on family run businesses that have been previously published addresses, discusses, analyses, and offers recommendations on the different obstacles family businesses encounter during all the different life cycles of the business (Carlock & Ward, 2001; Fletcher, 2002; Poza, 2013). While having to circumnavigate family related matters, according to Olawale and Garwe, "most new SMEs do not grow; their failure rate in South Africa (75%) is one of the highest in the world" (Olawale & Garwe, 2010).

Further adding to the already high rate of failure for SMMEs, the stresses of aberrant family relationship dynamics and poor ownership and management succession planning, consequently escalates the failure rate of SMME's to a point where most are not able survive beyond one generation (Fletcher, 2002). Family run businesses suffer from its unique set of obstacles and points of failure, which is discussed in further detail in this report.

What is evident, is the difference in the working environment dynamics which directly influence not only the day-to-day operations of the organization, but also on the more significant strategic decisions (Fletcher, 2002). Knowledge on management and financial structure strategies for family run organizations is well documented but there is no empirical application within a South African context and metals manufacturing context.

SMMEs contribute a high margin of GDP to the economy and yet are prone to high failure rate. This is an indication not only of their value but also their volatility within the South African economy. Government also faces the challenge of rectifying historical imbalances and inequalities in the private sector created during the Apartheid era. Therefore, in a attempt to overcome these obstacles, Government has identified the need to intervene by means of policies, legislation, and intervention programmes (Berry et al., 2002; J. D. Lewis, 2001).

Even with Government intervention, small South African businesses in the engineering sector in recent years, particularly in the last 3 years, have taken strain due to several factors. These include lack of access to finance, crime, high interest rate, insufficient government support, high taxes, shortage of skilled labour, and many other external environmental factors (Olawale & Garwe, 2010).

1.3 Problem statement

SMME family businesses are complex organizations with many unique variables not normally experienced by non-family businesses acting upon them (Chrisman, Chua, & Litz, 2004; Chua, Chrisman, & Sharma, 1999; Poza, 2013). Additionally, evidence suggests that Government plays an important role in business development and growth, especially when it comes to SMMEs (Kesper, 2001b; Rogerson, 2004). Therefore, it is important to identify the key factors in context of these themes.

As detailed below, the main problem describes the primary issue the research is seeking to discourse. The research, as outlined in the context of the study, has identified two particular areas of interest that influence growth in the context of the study, and they include:

- SMME Family-Owned Businesses
- Government Policy’s Role concerning SMMEs

Therefore, for this particular research, the main problem outlined is broken into two sub-problems.

1.3.1 *Main problem*

The main problem is to identify and analyse opportunities and barriers to organic growth for family-owned SMME's in the metals manufacturing industry in South Africa.

1.3.2 *Sub-problems*

The first sub-problem is to identify and analyse opportunities and challenges family-owned SMME's in the metals manufacturing will face during the growth phase of the business lifecycle.

The second sub-problem is to discuss and analyse positive and negative impacts the role government policy has had on these family-owned business.

1.4 Significance of the study

As previously mentioned, a wealth of literature in the areas of studies including family-owned businesses - Carlock and Ward (2001); Fletcher (2002); Poza (2013) - and the challenges of attempting to grow an SMME in South Africa - Berry et al. (2002); Brink, Cant, and Ligthelm (2003); Kesper (2001a) - is already available, but what this report seeks to do, is take the two areas and combine them to form a more focused area of research, for which there currently exists very little. Further more, the research takes into consideration the significance of the geographic locale the family businesses.

1.4.1 *Family Businesses and Expansion Strategies*

Outcomes from this report will provide SMMEs operating as family-owned engineering businesses with an understanding of the opportunities, risks and challenges facing them should they consider taking their business to the next level of growth. Many family businesses reach their proverbial ceiling in their capacity to expand beyond their current operating levels (Poza, 2013; Salvato, Chirico, & Sharma, 2010). Without the adequate planning and succession planning, family businesses run the risk of not surpassing the founding entrepreneurs tenure (Carlock & Ward, 2001).

Therefore, the research can inform these organizations on whether their respective firms are indeed scalable, and whether there is feasibility of expansion to a larger scale operation. Many businesses experience psychological barriers when addressing expansion due to inadequate planning and misinformation (Berry et al., 2002).

Additional significance can be derived from this report in the findings relating to the trials of operating an SMME in South Africa in the engineering industry as research suggests.

1.4.2 *Family-Owned SMMEs and their relationship with Government*

This research will have added benefits that provide family-owned SMMEs in identifying a platform of engagement with government and establish a relationship where the goals and targets are clear and achievable. Previous research identified that only few SMMEs derived benefit from government programmes due to several factors, including low awareness (J. D. Lewis, 2001).

Research has shown that businesses that have made use of these government programmes have shown to be significantly unsatisfied with the assistance they received from these programmes. The SMMEs did rate the quality and cost of services the programmes provide to be improving but still unsatisfactory.

1.5 Delimitations of the study

<u>Family-Owned SMMEs</u>

The study focuses principally, and where necessary, on family-run SMMEs situated exclusively in Gauteng, South Africa. All the interviewed SMMEs used in this research are SMMEs' owned by a singular family with the eldest patriarch as the main shareholder.

SMME’s in the Metals Manufacturing Industry

This report will limit the SMME’s industry framing to that of those directly associated with the metals industry including manufacturing, fabrication and sales.

Government Policy

For the purpose of the study, the context in which government policies are referred to in a context of government bodies and policies that have a direct influence on family-owned SMMEs. For the purpose of this research these include BEE/BBBEE, employment equity, and SETAs.

Chinese Steel and Steel Related Products

This report will limit the range of steel and steel related products to seamless pipes, plates, hot-rolled flat steel, tanks, steel equipment, fittings, valves, pre-fabricated equipment and machinery.

1.6 Definition of terms

Metals Manufacturing Industry

Businesses described in reference to the metals industry and those directly involved in manufacturing, fabrication, and sales of metal and metal-based products.

SMME

As outlined and detailed in the Government Gazette of the Republic of South Africa in 2003, Small, medium, and micro enterprises (SMME/SME) as an organization that satisfies a certain set of criteria. Figure 1 below outlines the basic differences between small and medium enterprises.

Sector or subsector in accordance with the standard Industrial Classification	Size of class	The total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Manufacturing	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m

Figure 1: Small Business Definitions. SOURCE: ("Small Business Definition," 2016)

Family-Owned Business

The term 'family-owned' business is used interchangeably with that of 'family-controlled' business. The term is defined by the construct that a business is owned and controlled by two or more members of a family. Other attributes include the inclusion of direct and indirect family members in the managerial structures of the organisation (Poza, 2013). For the purpose of this study, the term is used primarily in reference to both family controlled and family managed businesses (Morris, Williams, Allen, & Avila, 1997).

Organic Growth

The term organic growth is defined as the model of growth for an organisation achieved through internal expansion as opposed to growth via mergers and acquisitions, which is termed inorganic (Kling, Ghobadian, & O'Regan, 2009).

BEE/BBBEE

The term BEE/BBBEE will, for the purpose of this research, be defined as per the Broad-Based Black Economic Empowerment Act of 2013. This definition used refers to the economic empowerment of historically disadvantaged sect of the South Africa's socio-economic climate. Those previously disadvantaged include the African, Coloured and Indian community. Empowerment also extends to the non-racially classified but previously disadvantaged, such as woman, workers, youth, people with disabilities and people living in rural areas (DTI, 2013).

1.7 Assumptions

The following assumptions for the purpose of the study were made:

- The uses of statistics obtained from Statistics South Africa are taken as accurate or accurate enough to be used in the report to support data and analysis.

- The reference to Government refers specifically to the post-1994 democratic government from 1994 up until to 2016.

- The family-run managerial structure is based, but not limited to, the patriarchal-managerial relationship that takes the assumption that the patriarchal head of the family takes on the role as head of the organization. The remainder of the family members are assumed to take on the remainder of the managerial or other major functional roles the business requires.

- The interviews conducted for the purposes of the research were done in an ethical manner, and that all subjects responded as truthfully as possible.

1.8 Summary of Chapters

1.8.1 *Chapter 2- Literature Review*

Chapter 2 explores the literature surrounding the definition, significance, contributions to the economy and, the various unique aspects that make up family businesses. The advantages and disadvantages of family businesses are discussed.

The chapter goes on to explore the significance of SMME enterprises and their contribution to the economy of South Africa, and furthermore, the factors contributing and inhibiting their growth, specifically in the metals manufacturing industry.

And to conclude, the final portion of the chapter looks at government policy that have direct involvement and/or direct influence on the family-owned SMMEs operating in the metals manufacturing industry.

1.8.2 *Chapter 3- Research Methodology*

Chapter 3 discusses the qualitative methodological processes used in this research report, addressing research design, population and sample, procedures, research instrument, limitations, data analysis methods and, validity and reliability methods.

1.8.3 *Chapter 4- Presentation of Results*

This chapter discusses the results collected during the interviews. Through the process of thematic content analysis, themes were extracted through the process of coding and were then presented. The themes are presented with quotes from the interviews to support the themes.

The themes were identified and categorised according to the two research questions.

1.8.4 *Chapter 5- Discussion of Results*

Chapter 5 takes the results presented in chapter 4 and analyses the themes in accordance to the research questions. The discussion of the primary themes refers back to the literature used in Chapter 2, and seeks to verify or challenge the results obtained during Chapter 4. From this, the research questions are answered.

1.8.5 *Chapter 6- Conclusions and Recommendations*

The concluding chapter of this report summarises the results from chapter 5, particularly looking at the opportunities and barriers family-owned SMMEs in

South Africa possess, and how government has had both a negative and positive influence on these Family Businesses.

Recommendations are made to these family businesses on how to manage the opportunities and barriers when confronting the growth phase of their business, and on how to better understand the effect government has on their business.

1.9 Summary

This chapter sought to outline the context in which this report was carried out and what the objectives of this study are. As mentioned above, this study is expected to contribute to the academic body of literature pertaining to SMME family businesses and government's role on these businesses.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The main problem this report will seek is to identify and analyse barriers to organic growth for family-owned SMMEs in the engineering industry in South Africa.

Within this framed construct, this chapter will consist of three sections. This includes the discussions of the first sub-problem, second sub-problem, and the third sub-problem and lastly, the conclusion of the literature review.

The first section explores and discusses the existing relevant literature pertaining to the first sub-problem, which identifies and analyses opportunities and barriers family-owned SMMEs will face during the growth phase of the business lifecycle.

The second section explores the literature and legislation concerning policies government has implemented in the last two decades, and the different impacts they have had on family-owned SMMEs, both positive and negative.

This following section examines the relevant literature pertaining to family-owned SMMEs and the present opportunities and possible challenges they will face when undergoing the growth phase, and therefore the foundation for Research Question 1.

2.2 Family-Owned Businesses

2.2.1 *Introduction*

This section of the literature review seeks to discuss and define the SMME family business. This is to provide context to the study when attempting to understand the family business and why it differs from non-family businesses.

The discussion is separated into different chapters including the definition of family business, ownership structures and hierarchy, advantages of the family business, and the disadvantages of the family business. This literature review focuses on the family business dynamics in relation to non-family businesses.

The literature obtained and discussed in this literature review provides the reader with an adequate body of knowledge necessary to understand the comparison between family businesses and non-family businesses.

2.2.2 *Defining the Family Business*

As mentioned in Chapter 1, section 1.6, the term ‘family-owned’ and ‘family-controlled’ is often used interchangeably to refer to a family business but for the purposed of this research, the term family-owned is utilised exclusively.

Sharma (2004) explains that defining family businesses is often done in comparison to non-family businesses. There are however multiple definitions of family businesses, each presenting different defining characteristics. What ties all the definitions together is the common point of reference, which defines family businesses as having the family central to the vision and control systems employed in these firms. Sharma (2004) goes on to state that while the majority of businesses in many countries are influenced by family, they do so in various degrees of involvement.

Other definitions used to characterise family-owned businesses include ownership of the firm at 15 percent or higher being held by two or more family members, or between two families (Poza, 2013). Family-owned businesses require that the there be strategic influence by the family members, regardless of their managerial position within the firm (Poza, 2013).

Neubauer and Lank (1998) broadly provided the following conditions to classifying a family business and the elements that make up one as having majority share capital owned by a family, owning family employed into executive or managerial positions, the additional employment of non-family members, the willingness to maintain family involvement of family in business towards the future, agreement of non-family employees that the enterprise is a family business, and whether direct descendants of the founder continue to maintain ownership or control (Neubauer & Lank, 1998).

Alternative sources, such as Ibrahim and Ellis (2006) provides a more concise definition of family business, which is used for this research. These definitions include that 51% of the business ownership belongs to a single family, a minimum of two family members are actively involved in management activities, and the succession of the business is expected to be passed on to family members actively involved in the business.

Chua et al. (1999) argues that the definition of a family business cannot solely be confined by its components, as it does not capture the unique elements. The definition should rather be framed around the behaviour of family members towards the business, such as the shared future vision of the family, and that the vision be pursued potentially across generations. Family-owned firms are entrepreneurial companies that often take the founder, the spouse of the founder, and their children as employees the business (Poza, 2013). Family-owned businesses, framed within the SMME's bracket, are represented in the various ownership structures including sole-proprietorships, partnerships, Closed Corporations (CC) and private companies (Pty Limited) (Poza, 2013).

2.2.3 *Family Business Structure*

Academic studies conducted in the field of family-owned business utilises a model, illustrated below in Figure 2, which is comprised of three independent subsystems that are family, management, and ownership (Poza, 2013).

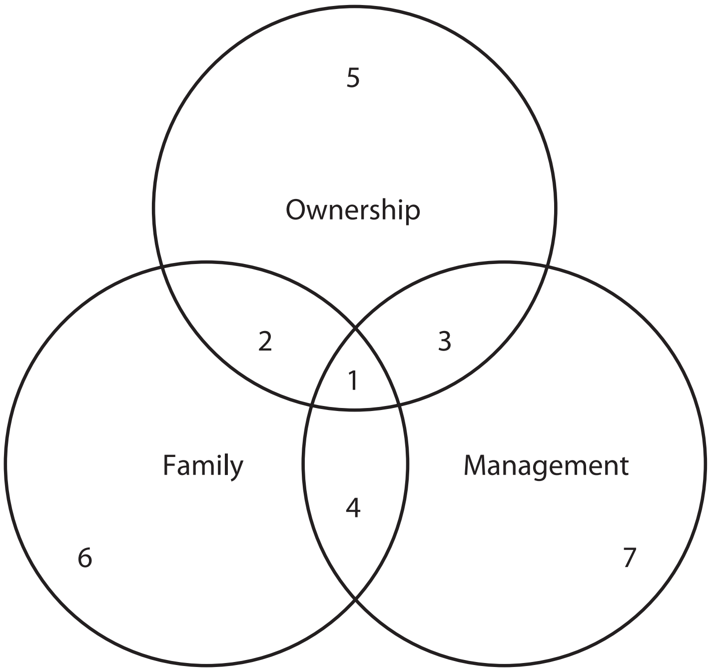

Figure 2. The Systems theory Model of Family Business. SOURCE: Poza (2013).Pp. 8.

The model depicted in Figure 2 suggests that for the family-owned business to perform optimally, the three subsystems are to be fully integrated, labelled 1, in order to perform at its best (Poza, 2013). Family-owned firms present their own sets of challenges, which are unique to this model.

According to Poza (2013), in its most extreme form, the model suggests that there are three primary forms of family-business structures:

a. ***Family-First Businesses:***

Employment into the family business is a birth right for the children of the owners, which in turn is viewed as nepotism. The financial systems are clouded in secrecy, which therefore leads to a lack of clear boundaries between family, ownership, and management that cannot be resolved by a family first structure (Poza, 2013).

b. ***Management-First Businesses:***

Management-first family businesses actively discourage nepotism and have family members employed only on their merit and not simply because it is a birthright. Human resources policies are applied to family and non-family with equal application with no preferential treatment biased towards family-members. Succession of family business to family members is not guaranteed with merit again being the primary factor to the selection process (Poza, 2013).

c. *Ownership-First Businesses*

Family involvement in the business is limited to ownership in the business with no direct influence in the day-to-day operations. This means that the family has little influence on how the business is run which therefore runs the risk of losing family values. Profit over family-business continuity is the main priority for this model of business (Poza, 2013).

2.2.4 *Characteristics of the Family Business*

Family-owned, managed	Not family controlled
• Family members in managerial positions have lifetime and personal stake in firm.	• Manager's interest in firm is limited more so to specifics of employment contract.
• Family members in managerial positions may be with firm for entire career.	• Managers seldom remain with one firm for entire career.
• Family members have indefinite time horizon.	• Managers have shorter time horizon.
• Failure of the business has dramatic personal and career implications for family members, especially those in senior management positions.	• Failure of the business has relatively less personal impact on the manager.
• Likelihood of family member in managerial position being terminated is low.	• Likelihood (or perception of likelihood) of a manager being terminated or his/her position eliminated is greater.
• Personal gain results from a sense of pride in organisation's growth, success, job creation, and family wealth creation.	• Personal gain results from advancement, promotion and increased compensation.
• Organizaitonal performance tends to be correlated with managerial compensation.	• Organizational performance tends to be less directly correlated with what a particular manager earns.
• Decision making tends to be more centralized, although this may lessen across generations.	• Decision making is often more participative and team-based.
• Internal control systems tend to be more informal.	• Internal control systems tend to be more formalized.
• Succession can be problematic and traumatic even if planned for; rivalries can arise among family members, while conflicts occur between the business head and heirs.	• Succession can involve conflict and competition, but stockholders will monitor the process in an effort to ensure it is accomplished in a timely and orderly fashion.
• Family member managers are accountable to self, family.	• The manager is accountable to stockholders.
• Conflicts tend to further a dynamic pattern that is circular; a conflict within the family can impact on business decisions made at a much later date, which in turn influences future family dynamics.	• Conflicts tend to follow a more linear pattern such that their impacts are more traceable over time and isolated.
• Non-family employees may perceive real limits to their upward mobility and personal opportunities within the firm.	• Employees are apt to have a greater sense of equal opportunity in terms of advancement and participation in decision making; this may produce more internal competition.
• Family affairs can directly effect business affairs and vice versa.	• While the personal lives of employees affect their job performance, the impact is likely to be more on the individual than the firm.

Figure 3: Proposed Differences between Family-Owned and Managed Firms and Non-Family-Controlled Firms. SOURCE: Morris et al. (1997) Pp. 388.

As Figure 3 presents, Morris et al. (1997) identifies the key characteristics differentiating family businesses and non-family businesses for example, according to the owner's tenure length, consequences derived from the business failing, job security, decision making centralisation, decision-making accountability, and the intersection of family systems with business systems.

Morris et al. (1997) does however suggest that the principal defining characteristic between the two models is the succession planning and intergenerational executive transfer. The process of developing a succession plan differs in a family business due to family related variables.

Ibrahim and Ellis (2006) characterized the culture of SMME sized family business as being a business that governs itself in a similar manner to that of an informal entrepreneurial style of management with a “centralized decision-making process”. This centralised strategy to decision-making is often characterised by a patriarchal head of the business or founding entrepreneur who, along with the family’s involvement in the business, makes all final decisions a more complex process (Morris et al., 1997; Poza, 2013).

Birley, Ng, and Godfrey (1999) claims that family businesses compared to non-family businesses are complicated entities. Conflict and tension often occur in these forms of businesses due to the inevitable fact of contradiction between business and family objectives. When family tradition and nepotism interfere with strategic business decisions, conflict within the family is inevitable (Morris et al., 1997).

McConaughy (2000) makes the claim that founders, or the relatives of founders of a family business have different incentives, financial and non-financial compensations and, values to that of a non-family-owned or family controlled firm. For example, the remuneration and incentives for family members involved in the family business directly are lower on average to that of a non-family member. Another main characteristic that family businesses have over non-family businesses is the multi-generational outlook for the organisation beyond the tenure of the owner/founder/current CEO (McConaughy, 2000; Poza, 2013).

Fletcher (2002) identifies in her writings the key characteristic differences between family businesses and non-family businesses in relation to demographics, performance, and objective prioritising.

a. ***Demographics***

When referring to demographics, Fletcher (2002) points out certain characteristics including business age, business size, industry of business, and location of business. For example, research shows that in terms of business age, family businesses were more likely to be older than non-family businesses. Research also showed that the size of firms also differ, where family businesses often employ less personnel than independently managed firms. Where non-family businesses tend to be under represented in financial sectors and other business services sectors, family businesses tend to concentrate on food, hotels, industrial, and engineering services. When discussing locations Fletcher (2002) notes that family businesses tend to concentrate in the more rural regions of the city whereas non-family businesses are over represented in urbanised regions of a city.

b. *Performance*

Fletcher (2002) suggests that there is little empirical evidence suggesting better performance between family business and non-family business firms. However, Poza (2013) suggests that family businesses out-perform the non-family businesses in the United States, Europe, and South America. Performance in this specific instance is measured in return on assets (ROA) and return on equity (ROE). There is however no evidence with regards to South African family business performance compared to that of non-family businesses.

c. *Prioritising Objectives*

Certain family businesses differ to non-family businesses in one major aspect: organisational objectives (Fletcher, 2002). In a family business, organisational objectives and family objectives are often intertwined and linked to one another often blurring the line between what is good for the business, and what is good for the family (Poza, 2013). Whilst traditional non-family businesses prioritise the financial well-being of the business, family businesses may, at times, be biased toward the well-being of the inter-family relationships over financial well-being (Fletcher, 2002).

2.2.5 *Potential Advantage and disadvantages to the Family Business*

Literature making cases for and against family businesses was used in the course of the research. Advantages and disadvantages are dependent on different variables, including cultural, geographical, political, financial, and age.

a. *Potential Advantages to being a Family Business*

Carlock and Ward (2001) list some of the general primary benefits operating as a family business.

i. **Long-term investment ambitions**

Family businesses prioritise their goals and investments towards long term continuity and prosperity as opposed to short-term annual fiscal targets required by non-family businesses who focus on fiscal returns as opposed to family business continuity (Carlock & Ward, 2001; Poza, 2013). This long-term organisational ambition is considered a unique competitive advantage for family businesses (Poza, 2013).

ii. **Adaptable organization structures**

A family-business' ability to react and adapt to organizational changes or turmoil is different to that of a non-family business (Poza, 2013). Where non-family businesses have internal politics and disputes to deal with, family businesses that have developed a Shared Future Vision are more versatile and ready for any organisational changes (Carlock & Ward, 2001). Figure 4 below demonstrates a model of shared future vision which family business should adopt and apply to their own businesses to allow for a more adaptable and flexible organisational foundation.

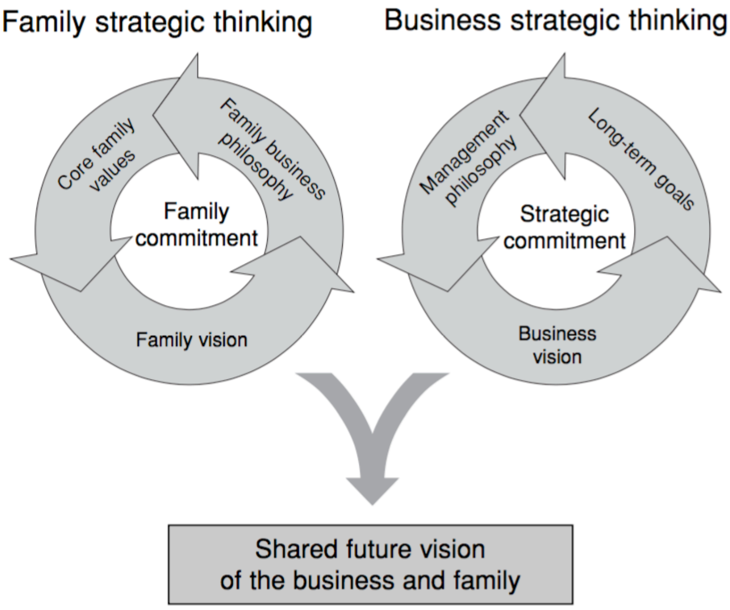

Figure 4: Family and business strategic thinking supports the development of a shared vision. SOURCE: Carlock and Ward (2001) Pp. 42.

iii. Innovation culture

Family businesses from generation to generation have displayed a more open approach to inter-generational innovation for the sake of continuity. Where non-family businesses concentrate their efforts on maximising profits in the short term, shared future vision ensures the continuity of the business above all else which in turns encourages a culture of innovation (Carlock & Ward, 2001; Litz & Kleysen, 2001; Poza, 2013).

iv. Resilient organization culture

Family values are often filtered down to the family businesses' organisational culture and it invites non-family members to form part of the culture. This re-enforcement of values forms part of the shared family vision (Carlock & Ward, 2001) .

b. *Potential Disadvantages to being a Family Business*

The disadvantages for family businesses as Carlock and Ward (2001) describe, are as follows:

i. **Emotionally loaded conflict**

Conflict arising from tension between family members in the business often carries emotional and personal history, which only serves to intensify the conflict and can subsequently carry over into the family's personal realm (Birley et al., 1999; Carlock & Ward, 2001).

ii. **Investment as personal**

Family members who hold executive positions in the family businesses often make decisions on personal bias as opposed to recognising the true financial cost of the investments (Carlock & Ward, 2001).

iii. **Family over business**

Family businesses often face conflict with a bias towards choosing family unity over business strategy (Carlock & Ward, 2001; Fletcher, 2002).

iv. **Rigid organisational culture**

Outside influence is kept to a minimum and often restricts organisations to be able to see outside opportunities, technology, or market exposure (Carlock & Ward, 2001).

v. **Succession planning difficulties**

Poor succession planning is perceived to be the one aspect in the family business strategy that, if not properly planned, can result in the business ultimately failing (Carlock & Ward, 2001; Poza, 2013).

2.2.6 *Family Business Dilemma*

As this research uncovered, some of the primary challenges these family businesses experience include unresolved personal conflicts, difficult family relationships, and also the demands of the family on business (Carlock &

Ward, 2001). This is illustrated below in Figure 5 as '*The family business dilemma'.*

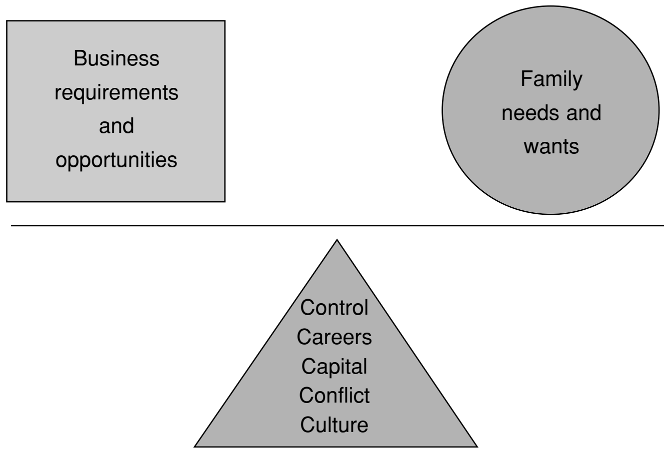

Figure 5. 'The family business dilemma.' SOURCE: Carlock and Ward (2001). Pp3-4

The principle theme of the literature looks at the concepts and strategies a family-owned business needs to understand and undertake in order to achieve tong-term longevity and success whilst still maintaining family-owned model status. The main strategies include the balance between family and business, and the subsequent relationship, adequate business planning, planning for the family, and the integration of family and business plans (Carlock & Ward, 2001).

These strategies for the small family-owned business must take into account the main areas of consideration when addressing the challenges family-owned firms will face in the growth phase, which should include strategic change, entrepreneurship, corporate governance, leadership, finance, training and succession (Fletcher, 2002).

2.2.7 *SMMEs and growth in South Africa*

SMMEs, much like larger firms, face many challenges throughout their life cycle. These challenges can be different or similar to those of larger firms. There are several sources of literature that outline these challenges. Some of these challenges include the lack of human capital and the dependency on a depleting labour market (Berry et al., 2002). It is crucial to contextualise these challenges within a South African context as different countries present their own unique challenges according to their economic, political, cultural, environmental status (Berry et al., 2002). Along with challenges, there also exist opportunities for which SMMEs may be presented along with their growth cycle. The framework most commonly used for the definition of SMMEs in South Africa utilizes the National Small Business Act 102 of 1996 as its foundation where as per figure 1, it categorises SMMEs into 5 categories, which include:

- Survivalist Enterprises
- Micro Enterprises
- Very Small Enterprises
- Small Enterprises
- Medium Enterprises

Each of these categories have a set of characteristics which are used to define the different sizes of SMMEs (Abor & Quartey, 2010). This is valuable to the analysis of the research for the purposes of understanding SMMEs having sub categories within the definition. For the purpose of this study, only very small, and small enterprises are used.

There are various models of growth used for the understanding of growth for SMMEs. One such model is the Churchill Lewis model (V. L. Lewis & Churchill, 1987). The model takes into consideration the dynamics of SMME growth and takes into consideration the predominant characteristics, problems and necessary requirements for growing SMMEs (Olawale & Garwe, 2010).

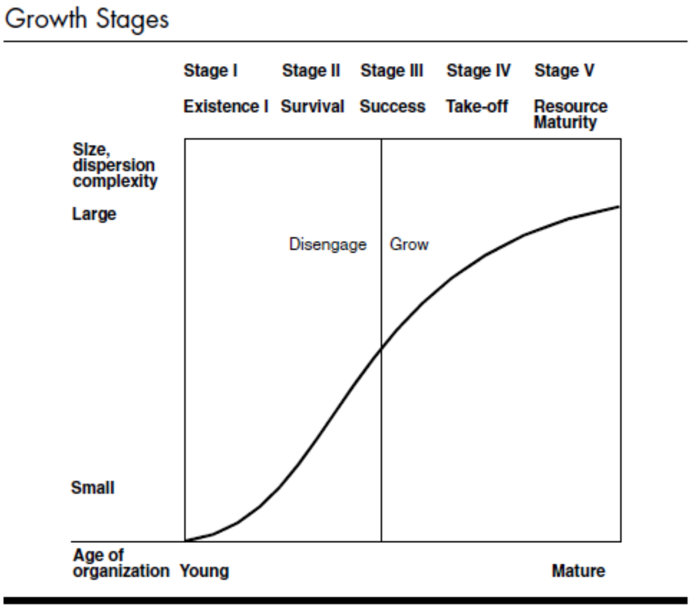

Figure 6. The five stages of small business growth. SOURCE: V. L. Lewis and Churchill (1987)

Factors affecting the growth are broken up into two parts. Part one speaks about influences from the internal environment – access to finance, location and networking, investment in information technology and cost of production and management skills. The second part talks to the external environment and the impacts to growth – economic variable, labour, infrastructure, regulations, crime, and corruption (Olawale & Garwe, 2010).

SMMEs operate within the confines of their capacity to contribute in the development process of their economy (Luiz, 2002). Governments across the world, according to Rwigema and Karungu (1999) and Harper (1984), have over the decades taken proactive interest in SMMEs for reasons, as described in the case by Luiz (2002), which includes:

- SMMEs in general have the ability to absorb labour.
- The assistance to SMMEs is perceived as being a positive political decision in the opinion of the poor.
- Historical repression of many entrepreneurs in certain sects of the South African population has meant that their newly formed SMME will require assistance in one form or another.
- SMME's products and services are biased towards local needs and tastes, as opposed to the mainstream demands of the global market.

- SMMEs are inclined to utilise local suppliers, therefore creating a more self-sustaining environment, and the reduction of imports, which positively affects the local currency.
- SMMEs in certain industries provide opportunities for members of the community, primarily woman, who elsewhere are unable to gain employment (Luiz, 2002).
- Within rural areas, SMMEs offer locals opportunities to gain employment due to the lack of large firms that commonly operate in urban areas.

2.2.8 *South African SMME performance in recent years*

Kruger, Chantal, and Saunders (2015) suggests that despite the importance of SMMEs to the South African economy, the failure rate of South African SMMEs are unable to stay sustainable. Failure rates of SMMEs in the first five years of existence are at 80 percent.

Biyase (2009) makes the claim that in recent years, approximately 10 000 SMMEs fail monthly in South Africa. This failure is predominantly attributed to macro-environmental factors, which play a leading role in determining whether a business survives or not (Bruwer & Watkins, 2010).

2.2.9 *SMMEs in the metal manufacturing sector*

According to previous research conducted, manufacturing SMMEs in two of South Africa's major provinces, Gauteng and Western Cape, have experienced little to no growth since 1994 (Kesper, 2001a). According to Kesper (2001), it is debatable whether SMMEs are regarded as crucial components of the South African economy, but they do form part of the process of employment creation in a country. In terms of employment figures, Manufacturing is the fourth biggest employer across the main industries in the country as per Figure 7 (StatsSA, 2014).

Industry	Apr-Jun 2013	Jan-Mar 2014	Apr-Jun 2014	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand					Per cent	
Total*	**14 692**	**15 055**	**15 094**	**39**	**403**	**0,3**	**2,7**
Agriculture	742	709	670	-39	-73	-5,5	-9,8
Mining#	403	424	419	-5	16	-1,2	3,9
Manufacturing	1 838	1 804	1 745	-60	-93	-3,3	-5,1
Utilities	123	130	118	-11	-5	-8,8	-3,8
Construction	1 149	1 199	1 182	-18	32	-1,5	2,8
Trade	3 087	3 186	3 179	-8	92	-0,2	3,0
Transport	897	895	947	52	50	5,9	5,6
Finance and other business services	1 967	2 045	2 012	-34	45	-1,7	2,3
Community and social services	3 266	3 428	3 531	103	265	3,0	8,1
Private households	1 215	1 231	1 290	60	75	4,9	6,2

Note: Total includes other industry.
#Mining is a very clustered industry, hence the industry might not have been adequately captured by the QLFS sample. For more robust mining estimates, please use the Quarterly Employment Statistics (QES).
*Due to rounding, numbers do not necessarily add up to totals.

Figure 7. Employment by Industry. SOURCE: Statistics South Africa (2014) Quarterly Labour Force Survey. Quarter 2.

With unemployment rates, relative to the rest of the developed world, rated as being high – approximately at 24,5% (Olawale & Garwe, 2010) - SMMEs have a claim of being the main source of employment absorption (Kesper, 2001b). The importance of the SMME's role in the manufacturing sector at the turn of the millennium according to research is indicated in the table below, Figure 8 (Kesper, 2001a).

Province	Establish-ments	% of SA employ-ment	Total	% of SA	Gross Output ['000 R]	% of SA
Gauteng	9 654	43%	508 196	38%	86 725 269	41%
Total SA	22 354	100%	1 344 066	100%	210 771 498	100%

Figure 8: Data on Formal Gauteng Manufacturing SMMEs. SOURCE: V. L. Lewis and Churchill (1987)

2.2.10 *Contributing internal factors to success of SMMEs in the Manufacturing Industry*

Rogerson (2001) outlines that there are several key factors to the success of an SMME operating in the Manufacturing sector in South Africa. The key factors that he attributes are brought about from the internal environment of the firm, and are not external forces acting on the firm, which include government legislation (Rogerson, 2001).

The key factors are:

- Human Capital/Brain Power of the Entrepreneur
    - What Rogerson (2001) is primarily referring to is that, according to him, there is a positive correlation between the entrepreneur's education and his or her level of education, and how successful their firm performs. Those who had an academic background or foundation were more likely to grow a more dynamic and successful enterprise than those who were considered to have a less formal academic foundation (Rogerson, 2001).

- Geographic Location of the Firm
    - Rogerson (2001) explains that locational issues appear to be a determinant of a firm's success. One example he provides is the growths experienced by agglomerated firms appear to perform better than those who operate on a home-based model. Depending on a firm's geographic location, it is possible to also determine political, demographical, and cultural dimensions firms will likely face.

- Clustering
    - The term clustering in the context of the study refers to the spatial concentration of SMME firms within a given industrial area. Rogerson (2001) argues that industrial areas with a high cluster index appear to be better performers than those who operate in less concentrated spaces. He attributes this success to the idea that these highly concentrated areas provide a space that encourages technological learning.

2.2.11 *Contributing external factors to success of SMMEs in the Manufacturing Industry*

In a later paper, Rogerson (2004) analyses the impact of government SMME programmes and their subsequent effect on the firms, and the environment they operate in. He made several claims concerning the outcomes of the programmes and their successes, which included:

Concerning the Data used:

- Data around the definite number of SMMEs that were active and their relative performance and government intervention was lacking (Berry et al., 2002; DTI, 2008, 2012; J. D. Lewis, 2001; Rogerson, 2004).
- Reliable data that can attribute SMME growth and success in terms of employment or output figure was lacking (Chandra, Moorty, Nganou, Rajaratnam, & Schaefer, 2001; Kesper, 2001a; Rogerson, 2004).
- Indicators directing relating enterprise numbers and the success of government SMME programmes are not reliable (Berry et al., 2002; Chandra et al., 2001; J. D. Lewis, 2001; Rogerson, 2004).

Concerning Performance:

- SMMEs are poor performers within South Africa's economy due to the fact that they do not grow (Berry et al., 2002; Kruger et al., 2015; Rogerson, 2004).
- Government has focused their programmes towards medium and small-sized enterprises, and almost ignore those operating at a micro, and even informal level (DTI, 2008, 2012; Kesper, 2001a; Rogerson, 2004).
- He predicts that in the future, more gains are yet to be seen by the different programmes (Berry et al., 2002; Rogerson, 2004).

2.2.12 Research Question 1

SMMEs in South Africa face considerable challenges to growth. Incorporating family members into the business has often been a strategic challenge for firms as personal relationships are now taken into account when making strategic decisions (Fletcher, 2002). This therefore raises the question:

Research Question 1:

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals *manufacturing industry in the growth phase of the business lifecycle?*

2.3 Government Policy and its influence on Family-Owned SMMEs

SMMEs in general face numerous challenges regardless of the industry in which they operated within (Luiz, 2002). With this said, each sector has their own challenges which may be exclusive to that industry, or may be shared with one or other industries. While there is literature that speaks to the success achieved by SMMEs within the South African business climate (Rogerson, 2001), SMMEs in the manufacturing sector have been identified to have their own set of unique challenges (Kesper, 2001a). Metalworking has been identified as being the predominant activity in the manufacturing sector in terms of output and employment, but perception is that prospects are vulnerable, with economy stagnation and “first world labour relations” at the core of the problem (Rogerson, 2001).

2.3.1 *Government policy and its impact on Metals Manufacturing Family-Owned Businesses in South Africa*

Post 1994, the government recognised the value of SMMEs to the South African economy and took steps towards empowering this segment of the business bracket (Berry et al., 2002). With the creation of 1995’s “White Paper on National Strategy for Development and Promotion of Small Business in South Africa”, the government identified key roles SMMEs can play in the socio-economic transition in South Africa (Kesper, 2001a). One of the primary roles is the contribution SMMEs play in employment and income creation (Brink et al., 2003). Ninety percent of the manufacturing sector in South Africa are either small or medium sized firms (DTI, 2008).

Historically, and more specifically during the apartheid era in South African history, small enterprise development was by and large non-existent and for the black population actively repressed (Berry et al., 2002). Government focus at the time was given to the larger manufacturing conglomerates and mining houses. Only in the post-apartheid era, did government attempt to address the bias towards larger firms in the form of the above mentioned 'White Paper on National Strategy for Development and Promotion of Small Business in South Africa' (Cass, 2012).

Current racial demographics among entrepreneurs in South Africa, according to the Ntsika (2002), report that the percentage of black entrepreneurs as opposed to white entrepreneurs in the South African population lies at 1,4 percent and 7,5 percent respectively. By 2002, a large percentage of those entrepreneurs fell into the bracket of survivalists, where they provided little value to the South African economy in whole (Luiz, 2002). Within the SMME context, in the same year, only 29 percent of very small enterprises (fewer than 20 employees) were black owned businesses. As a process of over-coming the historical injustices and current legacy felt by the previously disadvantaged in a sector dominated by white-only policies, the post-apartheid government put together the National Small Business Act in an attempt to reverse the economic exclusion felt by black South Africans (Berry et al., 2002). Figure 9 by Berry et al. (2002) provides a detailed quantified breakdown of this disparity:

	Survivalist + Micro	Very Small	"unspecified"	Small	Total
Ntsika 1997:					
Number of PDI-owned firms	434,428	15,875	16,625		466,928
PDI-share within size category	65.9%	15.8%	35.9%		57.9%
GEM 2001	Survivalist		Declared firms[15]		
Number of white-owned firms	28,525		392,220		420,745
Number of Indian-owned firms	4,989		90,650		95,639
Number of coloured-owned firms	42,633		186,658		229,290
Number of black-owned firms	653,405		1,039,615		1,693,020
Total number of PDI-owned firms	701,027		1,316,922		2,017,949
PDI-share within category	96.1%		77.1%		82.7%
Chandra 1999 (formal and urban)		< 20 employees		20-49 employees	
Number of PDI-owned firms		110		35	
PDI-share within size category		18.5%		18.0%	

Figure 9: PDI share according to various studies. SOURCE: Berry *et al* (2002)

2.3.2 *SMME growth programmes*

During Apartheid, the South African government's SMME programmes by enlarge neglected black-owned enterprises due to the obvious political dimensions actively repressing these enterprises (Berry et al., 2002). The establishment of the Small Business Development Corporation (SBDC) in the 1980's, with the aim of assisting small businesses, had by the late 80's begun giving assistance to the previously disadvantaged (Berry et al., 2002; Chandra et al., 2001).

In 1995, the White Paper on National Strategy for the Development and Promotion of the Small Business in South Africa was introduced as a principle policy framework with a mandate of serving unbiased to all SMMEs with the aim of creating an environment for small businesses to grow whilst addressing the inequalities of the past (Berry et al., 2002; Döckel & Ligthelm, 2015; Kongolo, 2010).

According to FinScope (2010), of the 65 percent surveyed small business owners and entrepreneurs in South Africa, 35 percent of them had obtained their capital from personal savings as sources for starting their venture. 37 percent sourced from friends and family, while only 3 percent of business owners utilised formal sources of funding (FinMark Trust, 2010). Further capital funding for their business was sourced from friends and family, as the perceived risk in formal borrowing was deemed to be too high (FinMark Trust, 2010).

The Department of Trade and Industry has made available SMME Development Incentive schemes to provide assistance to entrepreneurs who would not ordinarily have access to financial and non-financial assistance. The schemes, as per their (DTI, 2012) report include:

- Black Business Supplier Development Programme (BBSDP)
    - This grant is available to black-owned enterprises that are seeking to improve their market competitiveness and long-term sustainability. The grant offers these enterprises up to R1 000 000, so long as they split the expenditure to 80 percent on

hardware, machinery and equipment, and the remaining 20 percent on business development services (DTI, 2012).

- Co-operative Incentive Scheme (CIS)
  - The CIS a 90:10 matching cash grant for 5 or more members of historically disadvantaged backgrounds who are registered primary co-operatives. The scheme offers these co-operatives a maximum of R350 000 to each co-operative entity (DTI, 2012).
- The Technology and Human Resources for Industry Programme (THRIP)
  - While not a financial scheme, this incentive programme is funded by the Department of Trade and Industry, but managed by the National Research Foundation (NRF) and in conjunction with the industry encourages collaborations between participating firms on addressing technological needs of said firms (DTI, 2012).
- Incubation Support Programme (ISP)
  - ISP grant is, of the four, the grant with the highest financial incentive - R10 000 000 per financial year spread over a three year period and additionally relies on a cost-sharing platform with partners in the private sector to further enhance the financial commitment (DTI, 2012). The Department of Trade and Industry DTI (2012) objective is to develop incubators into successful enterprises where they are able to empower their local, and ultimately national economy. This scheme encourages the enterprises to partner with big businesses where they can assist these SMMEs in terms of skills transfers.

2.3.3 *Awareness, usage, and satisfaction of SMME Programmes*

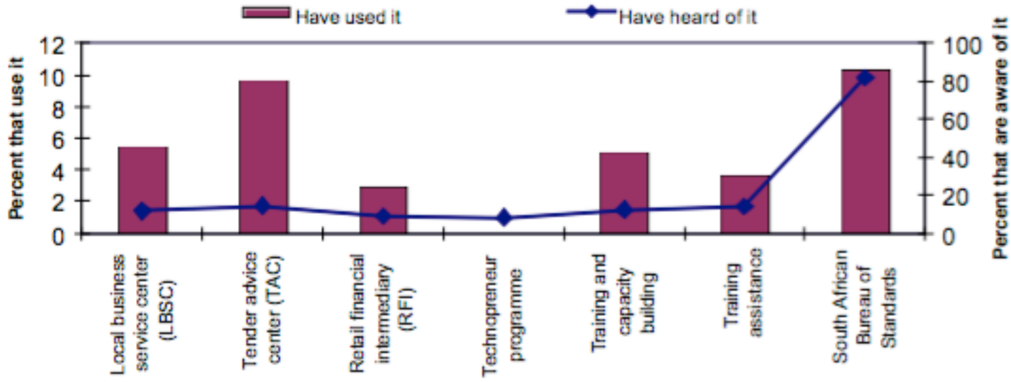

Figure 10: Awareness and use of other government SMME promotion programmes. SOURCE: Chandra et al. (2001) Pp. 41.

Figure 10 illustrates that awareness is however biased towards government's ability to communicate the availability and accessibility of such programmes.

J. D. Lewis (2001), in his previous research, made the statement that SMME awareness of government programmes and policies in place to assist them was located well below ten percent. Following awareness was usage, level of assistance, and the satisfaction of support programmes.

Of the ten percent that were aware of government programmes, attempted usage of the government programmes by SMMEs, according to J. D. Lewis (2001), was estimated at about fifteen percent, and of the fifteen percent, forty percent of the SMMEs did not find it useful.

As per Figure 11, the percentage of the metals related SMMEs making use of the SMME promotion programmes is estimated at 11 percent. This could be attributed to unenthusiastic undertaking by SMMEs or by government's passiveness to form relationships with these SMMEs (J. D. Lewis, 2001; Rogerson, 2004):

Sector (p-value = 0.10)	% Using
Clothing/garments	23%
Metal workers	11%
Furniture	12%
Prepared food/beverage	9%
Tourism	8%
Construction	12%
Retail	11%
IT	5%

Figure 11: Differential use of SMME promotion programmes by Sector. SOURCE: J. D. Lewis (2001) Pp. 44

2.3.4 *BEE/ BBBEE and SMMEs in the Metals Manufacturing Sector*

As part of South Africa's transformation and national reconstruction and development programme (RDP), the goal of the post-apartheid government sought to transform previously racially biased business ownership statistics through the implementation of Black Economic Empowerment or Broad Based Black Economic Empowerment policies and Act (Booysen & Bouche, 2005).

In a speech made by then President, Thabo Mbeki, at the Africa-American Institute Gala in New York, he summarised the Act's aims as a means to:

- Enable meaningful and active participation of the black population in South Africa's economy by promoting economic transformation.
- Shift the previously racially biased ownership structures in new, and existing enterprises, but also promote racial rebalancing of their management structures.
- Promoting communities, cooperatives and other stakeholders to own and manage new and existing businesses, and subsequently increase their opportunity to access economic activities.
- Promotion of female black entrepreneurship and management in new and existing firms.

- Introduction and promotion of investment programmes to encourage broad based participation in South Africa’s economy for the black population and improve living standards in general.
- Enable access to land, infrastructure and ownership to rural and local communities.
- Easier access to finance for black entrepreneurs and business owners.

One of the primary obstacles existing white-owned SMMEs face concerning BEE policies has been the forces by external factors to pressurize business owners to sell or forfeit equity for sake of empowerment (Booysen & Bouche, 2005).

The ANC government though, had placed emphasis that the BEE policies were initially conceived with idea of being non-threatening to white interests. It has, however, in more recent years presented itself as being more assertive and pro-active in creating a black capitalist class (Southall, 2004).

On the other end of the debate, many SMMEs have seen benefits from BEE policies through the process of wider and easier access to funding, government tenders, and an increase to new business prospects and networking (Sartorius & Botha, 2008). The implementation of BEE and BBBEE has faced many obstacles. This forced the government to address these challenges and develop a framework around these policies in which they can be implemented. One of the principal pieces of literature to consider when addressing BEE and BBBEE policies is the DTI’s ‘Codes of Good Practice’ developed to tackle the challenges of implementation.

A summary of the historical challenges, implications, and solutions created by the Codes of Good Practice are summarised in the Figure 12 below:

Historical BEE Implementation Obstacles	Implications	Solution presented by the Codes of Good Practice	Applicable COGP Statements
Lack of uniform framework for the recognition and measurement of BEE	Created confusion as the same BEE initiatives or transactions may have received different BEE recognition by different organs of state, business entities and verification agencies	Standardisation of BEE recognition and measurement principles to provide clarity	**Primary**: Statement 000 **Secondary**: Codes of Good Practice in general
Extensive delays in BEE implementation due to differences in interpretation	Sectors were often locked in contentious debates around certain aspects of BEE, thereby delaying the implementation of broad-based BEE initiatives	Standardisation of BEE recognition and measurement principles to provide clarity	**Primary**: Statement 000 **Secondary**: Codes of Good Practice in general
Disparity in definitions and targets in charters and other BEE requirements	Different charters introduced definitions, targets and processes which may have diluted or negated the impact of the Strategy and circumvented the principles of the BEE Act	Specification of the requirements for the development and recognition of industry charters (reducing disparity in principles and definitions as a result of industry charters)	**Primary**: Statement 000 **Secondary**: Codes of Good Practice in general
Status of transformation charters was unclear	Confusion and delays in BEE implementation resulted since companies were uncertain as to the status and application of charters	Specification of the requirements for the development and recognition of industry charters	**Primary**: Statement 003
Lack of underlying economic substance to many BEE transactions	Many BEE transactions boasted high percentage levels of legal black ownership, but often the actual economic benefits accruing to black shareholders proved to be significantly lower	Provision of a balanced ownership scorecard which measures voting rights and net economic interest in the hands of black people	**Primary:** Statement 100
Fronting due to lack of implementation guidelines	Lack of understanding of BEE and its elements often resulted in fronting and meant that fronting was more difficult to detect	Provision of definitions, principles and processes to implement proper BBBEE initiatives	**Primary**: Statement 100 **Secondary:** The Codes of Good Practice in General
Very little transformation within management levels	Despite various attempts at transformation within entities there is still a lack of sufficient representation of black people within management levels.	The codes encourage focus to be given for black representation at junior, middle, senior and top management levels within organisations.	**Primary:** Statement 200 & 300
Uncertainty as to what type of skills development initiatives could be counted towards skills development spend	Skills spend may not necessarily have been aligned to a particular learning outcome	Alignment of skills development spend on black employees to the learning programme matrix as issued under the Skills Development Act to ensure clear and quantifiable outcomes	**Primary:** Statement 400
Narrow-based recognition tended to benefit a limited number of black people with access to capital	Only a limited number of black people have tended to benefit from black economic empowerment to date	The Codes promote broad-based BEE which by encouraging that procurement opportunities be made available to B-BBEE compliant suppliers, Black owned and black women owned entities, small and micro enterprises	**Primary:** Statement 500

Historical BEE Implementation Obstacles	Implications	Solution presented by the Codes of Good Practice	Applicable COGP Statements
Lack of awareness of enterprise development in and of itself, as well as a lack of awareness of what constitutes enterprise development	Unlike corporate social investment, enterprise development is a fairly new concept and fairly specific to broad-based BEE. For this reason, the lack of documentation with examples of what constitutes enterprise development has made enterprise development one of the least implemented elements on the scorecard.	Code 600 outlines the principle of enterprise development, as well as supplying numerous examples of what kinds of initiatives constitute enterprise development	**Primary:** Statement 600
Corporate social investment initiatives were not necessarily linked to the objective of brining their beneficiaries into the mainstream economy	The black majority remain largely outside of the mainstream economy	Code 700, whilst acknowledging that certain social objectives may not necessarily facilitate access to the mainstream economy, nevertheless encourages the implementation of initiatives which are socio-economic in nature and which are linked to the concept of assisting black people to be better equipped to access the mainstream economy	**Primary:** Statement 700
BEE was seen as an obstacle to small business development due to an increase in the regulatory burden	Small businesses tended to ignore BEE or resort to fronting techniques to maintain clients for business purposes.	Exemption of all entities with an annual turnover of less than R 5 million. The inclusion of comprehensive statements for the measurement of broad-based BEE amongst Qualifying Small Enterprises (QSE's), based on a flexible approach where QSE's are only measured against 4 of the 7 elements of their choice. QSEs are those entities with a turnover level of between R5million and R35million per annum.	**Primary:** Code series 800

Figure 12. Summary of Obstacles, Implications, Solutions presented by the Codes and Relevant Statements. SOURCE: DTI (2013)

2.3.5 *Labour relations and SMMEs in the Metals Manufacturing Sector*

Labour relations in South Africa, post-apartheid era, has been an area of conflict between employers and employees. Year on year growth and bargaining power of trade unions has seen the shift of employment dynamics and the moving away from the exploitation of labour experienced in the Apartheid era. It has, however, affected the dynamics between the employees and their employers that has, over the years, resulted in adverse growth of many businesses across all industries (Cass, 2012).

SMMEs are by nature labour intensive and dependant, and with that relies heavily on the Labour Relations Act (Kruger et al., 2015). One of the main complaints that SMMEs have against the bargaining councils is the bias behaviour in wage negotiations towards employees especially when discussing dispute resolution practises and procedures.

Note: Size 1 (2-5 Employees); Size 2 (6-20 employees); Size 3(21-49 employees)

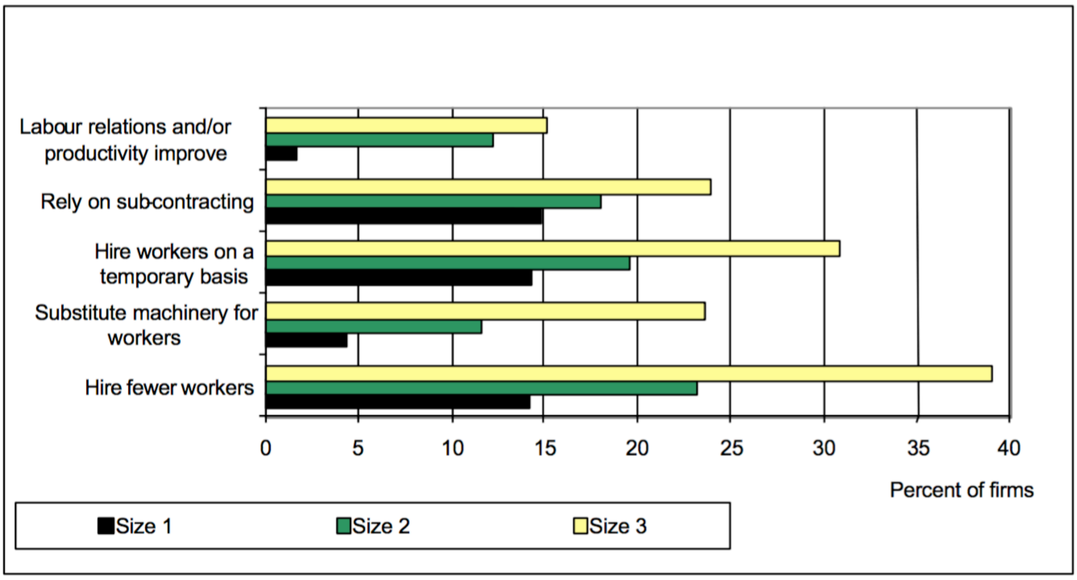

Figure 13: Response to labour regulations by size. SOURCE: Chandra et al. (2001)

Figure 13 above illustrates the reaction by various sized SMMEs to the four labour regulations. For example, in the larger SMMEs, 38 percent of respondents claimed they hired fewer workers. Favourable outcomes such as improved labour relations did not exceed 15 percent for larger SMMEs. This negative reaction is unintended but is also mostly felt by smaller firms, where the scope for greater job creation exists (Berry et al., 2002).

As one of the main contributors to unemployment in South Africa, trade unions have been central to the discussion (Berry et al., 2002). The main challenge for trade unions has been the trade-off between improving the welfare of existing employees but at the other end, creating the potential to create more opportunities for employment. The objectives of SMMEs coupled with those of trade unions has often resulted in one side having to compromise (Berry et al., 2002). Figure 14 offers a detailed breakdown of the penetration of trade unions SMMEs in the different sectors are expected to negotiate with:

	No unions	1 union	2 unions
Clothing & Garments	50.0	37.8	9.2
Metals and Metal Products	66.7	25.8	1.1
Furniture	46.7	40.2	10.9
Food & Beverages	72.2	25.2	0.0
Tourism	84.8	7.6	4.4
Construction	69.6	21.7	2.2
Retail	78.5	12.9	3.5
Information Technology	90.1	6.6	0.0

Figure 14: The number of unions that SMMEs have to deal with by sector (percentage). SOURCE: Chandra et al. (2001)

However, with the help of this research, a more pro-active stance can be taken by the family businesses in recognising and applying for government assistance.

2.3.6 *SETA, MERSETA, and training programmes*

One of the primary training and development strategies government introduced to insure the realisation of the National Skills Development Strategy (merSETA, 2015). Sector Education and Training Authority (SETA) was established to accomplish the goals set out by the Skills Development Act of 1998 (amended). In total, there are twenty-one SETAs that cover the different sectors of the South African economy (Kruss, 2004).

The merSETA specifically covers the metal and engineering, auto manufacturing, motor retail and component manufacturing, tyre manufacturing, and plastics industries. The merSETA covers in total close to 44 000 companies that employ 600 000 individuals (merSETA, 2015).

The merSETA does not do the training themselves. The role of the merSETA is to facilitate the process of training by companies, by paying grants and subsidising the training costs through levies collected. They proclaim their vision as being the leader in closing the skills gap within the South African economy (merSETA, 2015).

Rogerson (2008) claims that the role of training and skills development for SMMEs is pivotal should they wish to grow beyond their current capacity (King & McGrath, 1999). Research showed that existing governmental training systems in place used to support SMME development i.e. SETAs, that had overall failed in its implementation (Rogerson, 2008).

2.3.7 *Satisfaction of SETAs*

The Department of Labour (2005) report, reported that the majority of respondents felt that SETAs in their particular industry were doing less than satisfactory in accomplishing their goals. Figure 15 illustrates results of a survey done in 2002/3 by the Department of Labour to determine the attitude of respondents towards SETAs in their industry. The score of "1" indicates perceived poor SETA performance, and a score of "5" as perceived positive SETA performance.

Services	1	2	3	4	5*	Could not comment
	%	%	%	%	%	%
Advice and support (learnerships)	34.5	9.8	18.0	8.2	4.1	25.3
Easy submission procedures	30.9	7.2	21.6	7.7	3.6	28.9
Internet site and web pages	35.1	8.8	15.5	4.1	4.6	32.0
Promptness in paying grants	33.0	7.7	15.5	3.1	3.1	37.6
Providing information about courses, programmes and training	32.5	8.8	21.6	6.7	5.2	25.3
Providing information about grants	35.1	9.8	20.6	4.6	2.6	27.3
Providing Sector Skills Plans	40.2	9.8	14.4	3.6	2.6	29.4
Provision of free training not funded by employers	40.2	8.8	12.4	5.2	3.1	30.4
Response to queries	32.5	6.2	17.0	5.2	3.6	32.5

Figure 15: Satisfaction with Services of SETAs Rendered during 2002/03. SOURCE: Department of Labour (2005). Pp. 47

As indicated in Figure 15 above, the dissatisfaction with SETAs is extremely high with many respondents displaying ignorance as to the purpose of the SETA. Research shows that even with numerous government interventions encouraging firms to learn about and take on SETAs, the fact remained that the success of SETAs according to respondents became increasingly despondent with the results.

2.3.8 *Research Question 2*

The South African government continues to be instrumental to the broader success of SMMEs in South Africa (Berry et al., 2002). However, there are compromises and trade-offs that many SMMEs have to take on in order to continue to grow within the South African business environment. These include compliance with the BEE Act, negotiations with trade unions, and eligibility in order to make use of the incentive programmes made available by the DTI (Rogerson, 2004). The question therefore lies in:

> Research Question 2:
>
> *What impact, either positive or negative, does government legislation play on supporting growth for SMMEs in the metals manufacturing sector?*

2.4 Conclusion of Literature Review

The literature review unpacked the different areas of possible influence when discussing growth for family-owned SMMEs in the metals manufacturing sector. The context of the research is framed with family-owned SMMEs in the metals manufacturing sector as its guiding construct. Concepts and analysis discussed in the literature review does not necessarily exclude SMMEs operating either inside or outside of the manufacturing sector and may share similar conceptual presumptions.

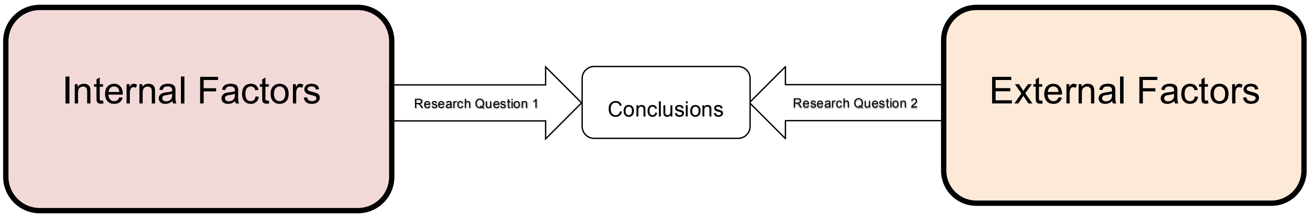

Figure 16: Visualised Conceptual Model for Research

As illustrated above (Figure 16), the question of what factors affect a family-owned SMME in the metals manufacturing sector is split into three separate areas of discussion. The questions overlap in an underlying classification, which defines the questions as being internal and/or external factors. This two-sides approach determines the constraints and opportnities to growth for the organisations in question.

2.4.1 ***Research Question 1:***

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle?

2.4.2 ***Research Question 2:***

What impact, either positive or negative, does government legislation play on supporting growth for SMMEs in the metals manufacturing sector?

CHAPTER 3. RESEARCH METHODOLOGY

The purpose of this chapter is to describe and define the details of the methodology required to address each of the sub-problems outlined in Chapter 1 and 2 and the subsequent Research Questions detailed in Chapter 2. This chapter will outline the Research Methodology/ Paradigm, followed by the Research Design, Population and Sample, The research Instrument, procedure for Data collection, Data analysis and interpretation, limitations of study, and lastly, Validity and Reliability.

The necessary literature is used and referred to throughout the chapter in order to substantiate the methodological process utilized.

3.1 Research methodology / paradigm

The method chosen for this particular research into the research questions posed in the Chapter 2 Literature Review is qualitative. This Qualitative research adopted phenomenological philosophy to construct the research design for the purpose that the phenomenological approach focuses on the people and their perception, and also how they react within a certain environment (Zikmund, Babin, Carr, & Griffin, 2012). This approach can be used to both predict future behaviour and identify causal variables (J. A. Lewis, 2009).

This approach allows the researcher to take on the role as the key instrument in the qualitative research. The researcher must go to the natural setting of the respondents (in the field), which as Creswell (2013) explains, allows the respondents to behave and act in their respective context.

One of the main characteristics typical to Qualitative research is that data is drawn from multiple sources, such as interviews, multimedia and documents. The researcher collates the data gathered, organizes it, and attempts to derive sense from it (Creswell, 2013).

3.2 Research Design

The mode on which the research was undertaken was through the use of one-on-one semi-structured interviews with the managing directors and other executive level employees of family-owned SMMEs operating in the metals manufacturing Sector in Gauteng. The choice in interviewing the business owners and other executive level employees was for the purposes of obtaining top-level insight only available to those in decision-making roles. The interview questions were constructed to obtain in-depth information from a personal perspective. The interviews were also held at their respective place of work. This approach allowed the subject to talk openly about the topic and divulge specific details otherwise not necessarily obtainable through a questionnaire (Creswell, 2013).

The questions were constructed to obtain thematic trends as opposed to specific answers, which therefore meant that the questions had to be of an open-ended nature to allow for a more holistic response from the subjects. Questions were at times repeated but articulated in different wording as a tactic to verify answers to the previous questions.

3.3 Population and sample

3.3.1 *Population*

The population consisted of 7 family-owned SMMEs in the metals manufacturing Sector operating in the Gauteng province of South Africa. All SMMEs interviewed had to be a family-owned/family-controlled operation. The overriding reason for restricting the research to the Gauteng province was because of it having the highest concentration of SMMEs in the metals manufacturing sector.

3.3.2 *Sample and sampling method*

The researcher in a professional capacity knows all the subjects utilised for the research. This speaks to the credibility of the research and allows for better cooperation of the subjects.

The founders, owners, and family members of 10 family-owned SMMEs in the metals manufacturing sector were telephonically contacted and requested to partake in interview-based research in relation to their business, and discuss their perceptions of the industry within which they operate.

The total number of subjects totalled at 7. Purposive sampling was undertaken to select the research subjects (Devers & Frankel, 2000). The principle motivation for using purposive sampling was because all of the subjects interviewed were capable of answering the questions in context of the subject matter. This also allows for sampling or for the sample size to change during the course of the research, should the instance arise.

The use of pseudonyms was used to reference the concealed identities of the subjects interviewed in order to protect their identities.

3.4 The research instrument

The research instrument used for this particular research was interview schedules. The purpose of the interview schedule would be to gather the information needed to answer the three research questions. Therefore, an interview schedule, as per Appendix A, was broken up into two themed sections:

a) The family's impact on the business
b) The effect of policies on their business

The interview guide in certain areas varied little from schedule only for either the purposes of clarification on certain answers, or provides additional questions that are relevant to that specific subject.

3.5 Procedure for data collection

The procedure for collecting the data was done through face-to-face interviews with the subjects. This method of conducting the interview in the context of the subject, according to Yin (2013), yielded more accurate data and allowed for more in depth answers.

Only the interviews with the owners or directors of the businesses were included in this research. All interviews were recorded for transcript purposes, which forms the foundation for the analysis of data.

3.6 Data analysis and interpretation

The data collected during the interviews was subjected to a thematic content analysis cased on the Braun and Clarke (2006) model. This model is a six-phase process.

The process begins with the transcribing of the interviews, then re-reading the data and taking down initial points of interest. Following this first step, is the process of code generation where coding of the noteworthy points of interest into a systematic process. Once all the codes have been defined, the codes are then organised into potential themes. These are then reviewed and become a thematic map, which was utilised in the analysis. The analysis is a continuous process in which the themes are further refined to a point where they can be clearly defined. The final step entails the researcher to then finalise the analysis and to make a selective decision in what to include and exclude from the final report. Figure 17 below illustrates this process:

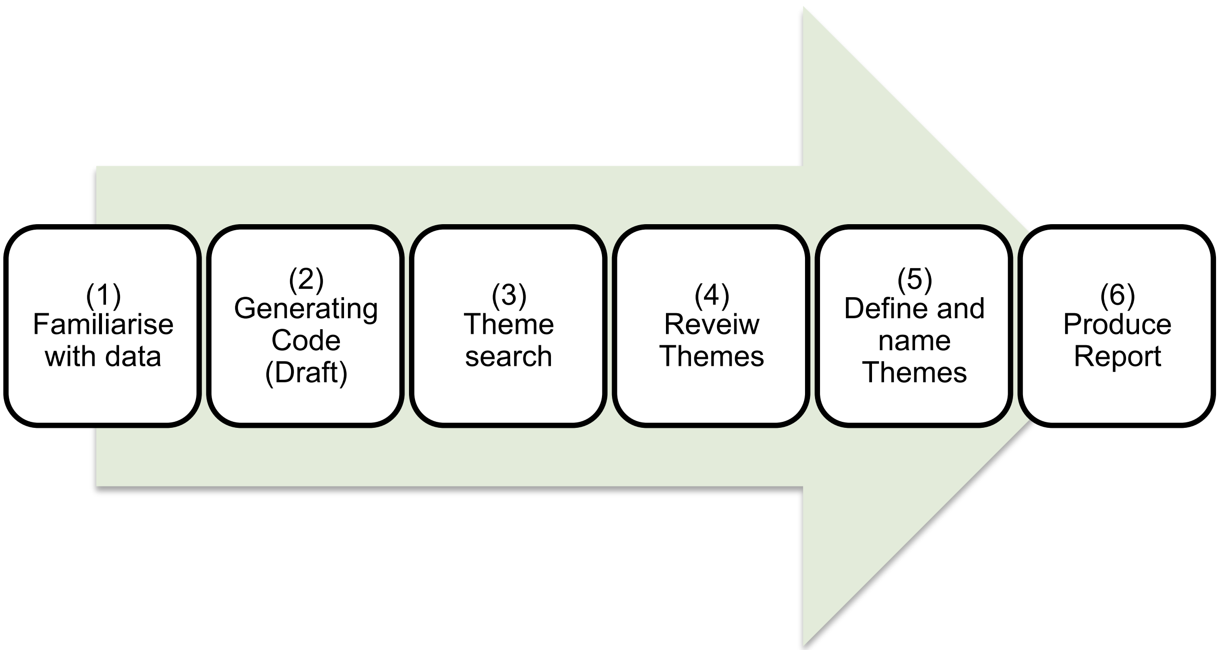

Figure 17: Phases of Thematic Analysis. Based on model by Braun and Clarke (2006)

3.7 Limitations of the study

A limitation that an interpretive study holds is that by definition the study is subjective and differs from researcher to researcher (Creswell, 2013; Malterud, 2001). Reflexivity, in terms of the researchers background, affects every stage of the qualitative research (Malterud, 2001).

Sample size of the study used in this research can be considered small by qualitative standards, yet this is due to the lack of available candidates required for this research (Creswell, 2013).

3.8 Validity and reliability

Any research that is conducted must be deemed valid and reliable. If research lacks in rigour, it can be defined as fiction.

Though many academics question the validity or trustworthiness of qualitative research, Shenton (2004) argues that there are constructs available that add credibility to qualitative research. Morse, Barrett, Mayan, Olson, and Spiers (2008) explain that researchers should be their defendants of their qualitative research by employing verification strategies that allow for self-correction during the enquiry process. The validity process shall be split into two sections, external and internal.

3.8.1 *External validity*

Otherwise known as transferability, external validity talks to the extent of which the findings of the study can be useful when applied to other situations (Shenton, 2004). The findings in this research may only be relevant to very specific sections of the population and environment, Shenton (2004) argues that even quantitative research may serve only particular sects of the environment within a specific context and therefore requires the researcher to provide sufficient description of the phenomenon being researched.

To make use of this research, one would need to have a full understanding of the concepts and parameters. The researcher, according to Shenton (2004), must disclose the boundaries or restriction of the study. This study, to maintain validity, has to satisfy certain conditions, including

a) Quantity and locations of the organisations that participated in the study.
b) Restrictions, if any, on the type of subjects utilized for the study.
c) Quantity of volunteers in the data collection.
d) The type of data collection method utilised.
e) How much of, and how long the data collection took to complete.
f) The time period over which the data collection was conducted.

3.8.2 *Internal validity*

Internal validity, or otherwise described as credibility, has a set of criterion that is needed to allow qualitative research the ability to maintain its credibility (Shenton, 2004). The criterion this researcher used to ensure internal validity included:

a) The use of widely accepted and established research methods.
b) Familiarisation with participating organisations.
c) Strategies to ensure complete honesty from subjects.
d) Calculated questioning to avoid deceit.
e) Scrutiny by fellow peers and supervisor.
f) Reflective commentary from the researcher.
g) Regular checking on subject’s answers and their validity when coding.
h) Comprehensive description of the phenomenon researched.
i) Congruency with previous research findings.

3.8.3 *Reliability*

To ensure the trustworthiness of this research as described by Morse et al. (2008), strategies were adopted into this research to confirm its reliability.

The first point was to ensure methodological coherence between the research method and research question. In other words, the question needed to match the method.

The second requirement was that the subjects being interviewed were suitable to the research by being knowledgeable on the topic they were being questioned on. As aforementioned, the subjects used in this research were all members of family-owned businesses in the metals industry operating out of Gauteng.

The third stage of reliability required that the collection of the data happen concurrently with analysis. This allowed for the codes and themes arising from the data to be reconfirmed and to make sure that the responses aligned with the intent of the research. Therefore after every interview, initial thematic content analysis was conducted prior to the next interview commencing.

The fourth step required the researcher to apply the theory (in this case, the theory of Chapter 2) to build a solid base for the data to be analysed.

CHAPTER 4. PRESENTATION OF RESULTS

The following chapter's purpose is to present the results collected during the data collection phase.

4.1 Introduction

This chapter will present in detail the data and results collected through the process interviewing 7 various family-owned SMMEs in the metals manufacturing industry using the research questions as the framework for describing and presenting the results.

The biographical data contextualising and describing the different family-owned SMMEs and their respective business is described in the table below (Table 1). The description provided allows the reader to frame the interviewees' in relation to the research and the answers they provided according to the questions in the interview schedule and ultimately the research questions. The names of the interviewees and their respective organisations are withheld and kept confidential, as previously outlined in Chapter 3. The transcriptions for each of the interviewees are available as appendices and have been formatted to allow for more comprehensive coding and referencing purposes.

Table 1. Biographical Data of Respondents.

Interviewee No.	Data Fields	Data Responses
I1	Main Scope	Fabrication
	Years Operating	35
	Number of Family Members involved in business	3
	Number of Employees	12
	Size Classification	Micro

I2	Main Scope	Fabrication and Retail
	Years Operating	38
	Number of Family Members involved in business	5
	Number of Employees	15
	Size Classification	Medium
I3	Main Scope	Fabrication and Sale of Machinery
	Years Operating	28
	Number of Family Members involved in business	2
	Number of Employees	23
	Size Classification	Medium
I4	Main Scope	Fabrication
	Years Operating	36
	Number of Family Members involved in business	2
	Number of Employees	7
	Size Classification	Micro
I5	Main Scope	Machining and Engineering
	Years Operating	27

	Number of Family Members involved in business	2
	Number of Employees	4
	Size Classification	Micro
I6	Main Scope	Machinery and Engineering
	Years Operating	30
	Number of Family Members involved in business	4
	Number of Employees	15
	Size Classification	Small
I7	Main Scope	Engineering and Machining
	Years Operating	28 Years
	Number of Family Members involved in business	Previously 2
	Number of Employees	18
	Size Classification	Small
I8	Main Scope	Fabrication and Boiler-making
	Years Operating	27
	Number of Family Members involved in business	2
	Number of Employees	30

	Size Classification	Small

Data collected from the interview was subjected to Thematic Content Analysis. Themes were therefore identified through the process outlined in the methodology section. The thematic coding process is done in context of each research question. The themes derived from the coding process were described in the following sections. References derived form the interview transcripts are incorporated alongside specific responses and comments used to describe and substantiate themes.

The format used to reference the respondents is given by the interviewee number i.e. I1- I7 and the exact line number reference of that particular interview. An example of a reference would be demonstrated as such - [I2:15] - which refers to Interviewee 1, line 15 as outlined in the appropriate appendix (Cass, 2012).

4.2 Results pertaining Research Question 1:

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle?

The resulting themes that were identified during the interview process can be broken into positive contributing factors and negative and adversely affecting factors that influence specifically family-owned SMMEs in the metals manufacturing industry. The results and their accompanying in-text direct referencing from the interviews must be taken into context of the business current operating size categorisation.

4.2.1 *Positive Factors*

a. ***Theme 1: Full commitment from the founding entrepreneur to sustaining the business beyond their involvement***

Seven out of seven SMMEs interviewed expressed full commitment to the business and its subsequent continuation. Only one interviewee didn't expect the family member to succeed the founding entrepreneur in running the business, for the reason that could only be deciphered as being incompetent in terms of running the actual organisation (See Comment 1.4). The remaining founding members made it clear that a family member is the more likely to be the successor of the business. Owners also felt that investment into the business would continue in creating a more solid foundation for his/her son/daughter, who they were grooming to eventually take over from them (See Comments 1.1 and 1.3).

Some of the founding entrepreneurs also felt that as long as their health was not interfering with business, they would most likely stay on as long as they could, and until the adequate succession plans were beginning to be realised if not already implemented (See Comment 1.2). They also suggested that additional financial investment was, or would be, required to ensure continued success even if the founding or principle owner of the business should leave.

Comment 1.1.

Interviewer: "Whatever profits are made, the profits go back into sustaining the business?"

I1: "A hundred percent." [1:95]

Comment 1.2.

I4: "So they were thinking of retiring so the business sort of quieted down. So I'm actually trying to build it up again, so then when I actually take over, the customers and the clientele is there." [4:89]

Comment 1.3.

I5: "*…I've decided to invest a bit more in the business to accommodate him so that in future, maybe he (son) could just, you know, eventually, run the business and take over the business" [5:83]*

Comment 1.4.

I3: " I cannot leave it to my daughter, she doesn't have technical knowledge. She will be very good with the money, as she is up 'til now. But technical knowledge, she doesn't have. No, young man, it's not easy." [3:206]

b. **Theme 2: *Trust in family creates peace of mind***

Thematic content analysis yielded a second positive theme surrounding family-owned SMMEs in the metals manufacturing industry and the advantage of founding members or owners of the businesses to be able to ensure the tasks assigned to family members to be seen with a higher degree of trust than would normally be offered to normal employees (See Comments 2.1 and

2.3). Whether the trust is earned, obligatory, or misplaced was not determined.

The trust afforded to family-members who are also employees are normally associated to those family-members who are directly involved in the financial and/or administrative aspects of the business where trust can be regarded as non-negotiable. Owners, when discussing financial issues with their family-member employees, were always met with trusting sentiments (See Comment 2.2). Some respondents, however, did state that from their perspective, family employment and that subsequent trust did have little to no correlation towards the success of the business (See Comment 2.4).

Comment 2.1.

> *I2: "I suppose you have more control and confidentiality and . [Pause] It's maybe a bit more security involved. [Pause] And maybe in future [brother] and I could really take a bit of a backseat. Make it our pension, hopefully." [2:128]*

Comment 2.2.

> *I3: "I don't have time to check. And I don't check, what she (daughter) tells me, that's it. We have that in our bank? Okay. You have this, are the people okay? Good. Pay everybody." [3:309]*

Comment 2.3.

> *I6: "I would, I'd, I think that you could, you could and you should be able to trust family, more than you can trust a complete…stranger or a complete outside person." [6:124]*

Comment 2.4.

> *I5: "If you work hard, the business grows and it becomes part of your DNA, you know? You built the business, you want the business to succeed. You, you're gonna do your utmost to make sure that the business does succeed. And you just hope that, in this case, my son; you will just have the same, the same ambition and the same enthusiasm that I have, just to keep the, you – maybe not to grow it, you know, too big, but at least keep it, you know, successful." [5:103]*

c. ***Theme 3: Family business is there as a fall back for family members***

Many founding entrepreneurs had started their businesses as sole participants, without any other family members involved - except for those that had their spouses assisting part-time whilst still maintaining their full-time job. Once the business matured and the entrepreneurs either grew to a point where it was sustainable enough, the spouses were able to leave their job to join the entrepreneur full-time or, their respective children were old enough to the join the business (See Comment 3.1).

With regards to the children joining the family business, some of the owners felt that their joining was regarded as a fall-back plan and not necessarily as a first choice in job or career selection - regardless of the circumstances, education, or gender (See Comment 3.2). The founders did not make it clear if their children joined the family businesses out of desperation due to lack of alternatives, or if the decision came out of their own accord and will. What was apparent was that once they had joined the family business, the children had the intentions of continuing the family business (See Comments 3.3 and 3.4).

Comment 3.1.

> *I1: "My wife, the wife only started [Pause] it's about ten years…, she worked for Telkom. [Pause] She did the books 'cos the company wasn't very big. I mean, there was, there was enough time to do it, you*

know? And and then she, she also got a package from Telkom." [1:125]

Comment 3.2.

I3: [Laughs] You pay for university, you pay for school and for university. Then she (daughter) couldn't get a job, so, come here. [3:184]

Comment 3.3.

I4: "Look I was in IT, and then obviously he (father-in-law) needed help with the business, cause his partner, well his previous partner was about to retire. And he gave me the opportunity to maybe start something off by myself, you know, with him, so that I could then, when be decides to retire, I could actually continue with the business, you know, keep it going." [4:78]

Comment 3.4.

I5: "He, he (son) matriculated and then he did not want to carry on with his studies. So, he chose to do a trade. And then he went out and he did a trade, did his apprenticeship for a, a, a big company – I can't remember what the name is – and then he worked there for four years, and then he, qualified as a toolmaker, did his trade test, passed the trade test and then he, he, he asked me to join me, I guess. So, he came in and joined me after he qualified as a, as a, as a tradesman." [5:67]

4.2.2 *Negative Factors*

a. ***Theme 4: Tension within family and its effects on business productivity***

During almost all the interviews, it became apparent that one of the major negative factors surrounding the family-owned business is the inevitable tension between family members involved in the business. Although not articulated verbally, certain respondents did, however, begin their responses with a degree of silence and uncomfortable body language with the question, thus suggesting hesitance and reluctance to answering the question (See Comments 4.1 and 4.2). It was implausible to determine whether the answers were given in complete honesty or not.

The reasons for the tension may vary from perceived laziness and entitlement, to leniency and miscommunication (See Comment 4.4). It was unclear if this tension was directly or indirectly affecting the performance of the SMME. The comments below do however demonstrate that there was family orientated tension within each of the organisations. Only one respondent commented on the fact that tensions originating from business related issues had subsequently spilled over into their personal lives (See Comment 4.3).

Comment 4.1

> *Interviewer: "Okay and what would you say are the disadvantages of being of being a family business?"*
>
> *[Pause]*
>
> *I1: "Ag, maybe the dis-, disadvantage there, you can't, you can't actually ja, give the, give the, give the right words to…I mean, you always keep it calm and stuff like that, you know. [Pause] So the actually disadvantage there [Pause] It's family, you know, you must just maar keep it in. [Pause] Can't talk too much."*
>
> *[Pause]*

Interviewer: "Would you say that that has affected business at all, or not really?"

I1: "No." [1:186]

Comment 4.2

I3: "She's definitely more relaxed than, uh, than the people that they work for you. I don't know, if that is good or bad. But, she's more relaxed. She can come when she feel like it. So long as my books are alright, people are paid, money's collected, she doesn't have to come, uh, here at 8 o'clock stay till 5. She comes when she's needed. She comes everyday, but it's about 10 o'clock till 4 o'clock, quarter-past-four. When we're very busy, 5. [Pause] She's got the son, son must go to crèche. You allow for all that. You understand? If my quote has to wait to be typed out, then it must wait."

[Laughter]

I3: "You understand? You cannot say 'Hey, come here!'"

Interviewer: "You're easier on your daughter?"

I3: "Yes, that could be disadvantage. Because you, you are not proper boss." [3:333]

Comment 4.3.

I4: "…if you are not a strong enough person to put up with the other person's nonsense you know, in other words, cause the person always pick on you, you know this and that, or after hours, you know there's always the disadvantage of is that you always talking business instead of actually relaxing, there is always the thing of talking business, and you must do this and do that, you know, but there does get to a stage where you sort of wanna give it up…" [4:113]

Comment 4.4.

I6: [Pause] I think [Clears throat] the, the main disadvantages are that you you can have the situation where the, they feel that they're entitled to this and they're entitled to that. They, they don't have to work as hard as somebody else that comes from the outside. [6:132]

b. ***Theme 5: Family involvement does not change perceived negative outlook for business***

When confronted with the question of determining the future prospects of the business, the majority of interviewees, in their own opinion, felt that future prospects were negative regardless of the family-involvement or family-owned succession plans (See Comments 5.1, 5.2 and 5.4). This negativity, however, did not deter the commitment of the founding entrepreneur from continuing to invest into business and groom the family business successor. The reason for the bleak outlook varied from SMME to SMME, but what was made apparent was that family involvement was not a cause or consequence of the business possibly failing (See Comment 5.3).

Comment 5.1.

Interviewer: "Okay. Alright what are your proposed succession plans for the business, for, for the family business? Is your son-in-law, expected to take over from you?"

I1: "Yes ja, ja we, we working on that. [Pause] And that will also be, you know, if, if there's any work. [Pause] We like, we like to, to get some more work out, but there's people…[Pause] Yes I think there's, there's enough people doing work in the industry, you know, the type of work we doing now. [Pause] And you know, you battle to get work out, so I think, I think later stages, we'll have to do something else or, go on to something else. Instead of just the, the manufacturing for the, for the mines, you know?" [1:161]

Comment 5.2.

I2: “At the moment I would say it’s, it’s very unstable. You almost with the the mines and there’s nothing going on so it’s. Growth is very, very slow, hey? Very slow.”

Interviewer: “So you’re saying that you’re not undergoing growth at the moment?”

I2: “At the moment we not, it’s… “

[Pause]

Interviewer: “In your opinion, do you think, ‘you’ would have been as successful or not as successful if you were a family business? “

I2: “No.” [2:143]

Comment 5.3.

I4: “…So look I’d say it works quite well, it doesn’t always work out with every family business, cause I do know of other businesses that haven’t worked out so great like ours.” [4:149]

Comment 5.4.

I7: “: Manufacturing, at the moment, is on a, a downturn, or, if anything, stagnated. So, for the next year or two, it’s all about sustainability. I don’t foresee any growth in the businesses.” [7:68]

4.3 Results pertaining to Research Question 2:

What impact, either positive or negative, does government legislation play on supporting growth for SMMEs in the metals manufacturing sector?

The following themes were extracted during the interview process. Again, the themes were split between positive themes and negative themes, with each in relation to Government and government legislation and its particular role in the growing of SMMEs in the metals manufacturing sector. As with the previous section, the results and their accompanying in-text direct referencing from the interviews must be taken into context of the business' current operating size categorisation.

4.3.1 *Positive Impact*

a. ***Theme 6: Little direct interference by government in their respective SMMEs***

When determining and identifying positive impacts and factors, it became clear that discussions around government in relation to businesses yielded predominantly negative sentiments and responses. Positive themes were not identified during the thematic content analysis process. The only positive theme extracted through subtext, was government's lack of direct interference in to their SMMEs (See Comment 6.1). They described the lack of involvement and non-encroachment on their business by South Africa's current government as a positive aspect (See Comment 6.2). When asked about active positive impacts government and/or government policies had on them, the general consensus was either negative or ignorance.

Comment 6.1.

I3: "What is positive is that they don't interfere with you, you understand? You write your invoice, we got that, uh, the bookkeeping system that, uh, I don't know, what's it computer?"

Interviewer: "Pastel?"

I3: "Yes. You send your VAT in, you claim your VAT . They don't trouble you, they don't come here." [3:476]

Comment 6.2.

I5: "I know there is assistance out there. I believe there's a whole lot of, government organisations that can help you. But I've always stayed clear of them." [5:209]

4.3.2 *Negative Impact*

a. ***Theme 7: Ignorance and negative sentiment towards government policies affecting SMMEs.***

This was one of the strongest themes that was identified throughout the research and, not only pertaining to this research question, was the negative sentiments SMME founders and owners felt towards government and government bodies and their perceived impact on their specific business (See Comments 7.1 and 7.2). As to whether these sentiments were credible and valid, or baseless and unfounded is unknown. The negativity theme was stemmed from the idea that government has not taken a pro-active role to improving business prospects for their SMMEs, and that rather, they have impeded on their business in certain respects (See Comment 7.3)

Comment 7.1.

I4: "…but at the moment you know that way I actually look at things, I don't think there is much assistance in that sector." [4:186]

Comment 7.2.

I5: "…that's why I've never asked for assistance. I know there is assistance out there. I believe there's a whole lot of, government *organisations that can help you. But I've always stayed clear of them." [5:209]*

Comment 7.3.

I6: "I cannot see any positive effects from the government, I can only see negative effects." [6:151]

Further themes in this section have gone into detail surrounding government bodies and the government policy affect on family-owned SMMEs in the metals industry.

b. ***Theme 8: Owners perceived fear and ignorance of BEE/BBBEE***

As mentioned above, the general negative sentiments towards government policy can be broken down into different specific points of frustration that owners of family-owned SMMEs expressed during the interviews. One of the more predominant points of frustration is the implementation of BEE/BBBEE level rankings and it's perceived impact on their business (See Comments 8.1, 8.2, 8.3, and 8.4). Whether any tangible negative impact was indeed experienced by the businesses was not determined or divulged. The owners of the businesses interviewed were all of European decent and classified as "Caucasian" or "white".

Comment 8.1.

Interviewer: "Alright, and now we're moving on to, to how government, government entities, government policy, how that has affect - affected your business. in your opinion, has government had any positive effects on your business?"

I2: "I hate to tell you no. The BEE rating is [Pause] definitely a no-no."

Interviewer: "So it, in your opinion, you're saying BEE is…"

I2: "As far as I'm concerned it's, definitely affects us in a certain degree, hey." [2:158]

Comment 8.2.

I4: "Look in my opinion, the BEE rules. BEE has become a big factor, and if you don't have BEE the people don't want to do business with you. Although you a small company, you exempt from it, they still overlook you because you a small company and you don't have any black partners or you don't have anything like that. So that is actually impacting on the smaller businesses a lot." [4:226]

Comment 8.3.

I6: "Well, I think the BA, the BEE thing is pretty much ridiculous, coming to the, that you have to have, previously disadvantaged partner, At this stage I did not [Clears throat] have any partners, and that is what I sought out right from the beginning, not to have partners. Not even my wife was a partner of my company, because that's, that was my feeling and that, so, to take on a partner from – forced on me is, I think is ridiculous." [6:156]

Comment 8.4.

Interviewer: "Tell me, are you aware of any policies or government programmes that are in place to support businesses like this one?"

I7: "On the contrary, BBBEE."

Interviewer: "So you're saying – just, uh, expand on that. How do you think you've lost out because of BEE?"

I7: "We are not liable to tender on, on projects that in the past we would've possibly been able to tender on." [7:130]

c. *Theme 9: Ignorance towards Manufacturing, Engineering, and Related Services SETA (Sector Education and Training Authorities)*

Another more detailed perceived negative impact government has had on family-owned SMMEs has been, in the opinions of the interviewees, the perceived failure in government's implementation and control of in Manufacturing, Engineering, and Related Services SETA (merSETA), specifically regulations surrounding the apprenticeship programmes. While many of the SMME owners interviewed engaged in these SETAs, their experiences were negative throughout (See Comments 9.1 and 9.4). What was unknown was if the owners had a complete understanding of these programmes and policies (See Comments 9.2 and 9.3). The comments described below demonstrate the frustrations experienced by the business owners.

Comment 9.1.

I1: "I can't even train young people to go into the same direction that I've started off. [Pause] Because, I mean, there's no work and if the work is not done properly…" [1:278]

Comment 9.2.

I3: "No but if they can, they must provide [Pause] schooling for artisans, not the SETAs and stuff, that's all bullshit, man. And for that, you and I have to pay. [Pause] I take my worker there to train him, and I have to pay. It's not for free." [3:539]

Comment 9.3.

I6: "So, and, and you, you got these guys and they trying and you're trying and you, and you teaching them and you paying them and you're paying them more money. And once you get to that rate, which is the top of the scale, which is, set by the in agreement, they just become dead wood." [6:227]

Comment 9.4.

I7: "…those SETA's don't represent us small industries." [7:117]

4.4 Additional Themes

In the course of coding the transcripts, additional themes non-related to the research questions were identified. These themes were consistent through many of the interviews. These themes, although not related to the research questions, do however provide insight into the possible factors to success and barriers to growth for family-owned SMMEs in the metals industry.

4.4.1 *Factors to success*

The additional themes gathered in the coding process did not yield additional factors to success outside of the themes identified above.

4.4.2 *Barriers to growth*

The additional themes gathered in the coding process yielded additional credible and viable themes. The themes were consistent through the coding process.

a. ***Theme 10: High levels of competition in the marketplace reduces growth***

Of the 7 SMMEs interviewed, 6 identified the market place as saturated. The high levels of competition in their respective marketplace, was identified as a major factor for barriers to growth (See Comments 10.1, 10.2, and 10.4). They described the marketplace as competitive to the point that it was affecting year on year turnover (See Comment 10.3). This theme was the most predominant of the additional themes identified. The comments below clearly describe the impact competition has had on the owners and their businesses.

Comment 10.1.

> *I1: "Oh no, there's quite, there's quite a lot of competition there. Especially in the steel industry now at the moment. Because everything is very quiet. [Pause]"*
>
> *Interviewer: Would you say everyone is fighting for the same work?*
>
> *I1: "Oh yes, ja. [Pause]" [1:60]*

Comment 10.2.

> *I2: "It's strong."*
>
> *Interviewer: "Strong?"*
>
> *I2: "Very strong. Huh! We actually competing with the mines. The manufacturing of pipes, in some instances." [2:51]*

Comment 10.3.

> *I4: "It's quite fierce because there is a lot of people that actually, you know, price wise, there is always people that always undercut you to try get the job." [3:39]*

Comment 10.4.

> *Interviewer: "Okay, uhm, what is the extent of competition within your, within your market?"*

I7: "Fiercely competitive."

Interviewer: "Very competitive?"

I7: "Very, very, very competitive." [7:25]

b. ***Theme 11: High disproportionate dependence on mines for business***

5 of the 7 SMMEs claimed a large proportion of their business turnover to dealings with mines located predominantly in Gauteng and the North West. According to business owners, their perceived current downturn in mining operations in South Africa directly resulted in decreased turnover (See Comments 11.1, 11.2, and 11.3). According to the interviewees, their dependence on mining houses, where previously lucrative, currently adversely affects them (See Comment 11.4).

Comment 11.1.

I1: "And you know, you battle to get work out, so I think, I think later stages, we'll have to do something else or, go on to something else. Instead of just the, the manufacturing for the, for the mines, you know?" [1:161]

Comment 11.2.

I2: "At the moment I would say it's, it's very unstable. You almost with the the mines and there's nothing going on so it's. Growth is very, very slow, hey? Very slow." [2:143]

Comment 11.3.

I4: "…we got a lot of out business from the mines. We have had mines close on us. We very reliant on the mines. So we actually lost a lot of business because of the mines." [4:158]

c. ***Theme 12: Imports of Steel and steel related products from China has created additional dimension to competition***

Only 3 of the 7 SMMEs hinted at the perceived impact of Chinese operations in the importation of metal and metal based finished products. They felt the threat was affecting their business and potential turnover (See Comments 12.1, 12.2, and 12.3). The comments below briefly touch on the subject of China.

Comment 12.1.

I1: "And, I mean they, they import. So, [Pause] it's also, it's also again your, . How many, how many people sit without work? Because they close down sections, just because they wanna import and give the China people [Pause] the businesses?" [1:325]

Comment 12.2.

I3: "I cannot compete, like, but is far better. And my equipment is better than China. Moneywise, hey? We are there. I am far cheaper than Americans, I am far cheaper than Europe. And the equipment is same." [3:671]

Comment 12.3.

I7: "Negativity to it is, uh, we've had to improve our own productivity in order to compete with these (Chinese) uh, imported items." [7:188]

4.5 Summary of the results

The following table, Table 2, summarises the themes extracted during the thematic content analysis.

Table 2. Summary of results from Thematic Content Analysis

Theme 1	Full commitment from the founding entrepreneur to sustaining the business beyond their involvement
Theme 2	Trust in family creates peace of mind
Theme 3	Family Business is there as a fall back for family members
Theme 4	Tension within Family and its effects on business productivity
Theme 5	Family involvement does not change perceived negative outlook for business
Theme 6	Little direct interference by government in their respective SMMEs
Theme 7	Ignorance and negative sentiment towards government policies affecting SMMEs
Theme 8	Owners perceived fear and ignorance of BEE/BBBEE
Theme 9	Ignorance towards Manufacturing, Engineering, and Related Services SETA (Sector Education and Training Authorities)
Theme 10	High levels of competition in the marketplace reduces growth
Theme 11	High disproportionate dependence on mines for business
Theme 12	Imports of Steel and steel related products from China has created additional dimension to competition

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this chapter is to discuss the themes identified and extracted from the thematic content analysis. The discussion of the results will be split in to the two research questions. The discussion addresses additional themes that furthermore contribute to opportunities and barriers for organic growth for family-owned SMMEs in the metals manufacturing industry in South Africa.

5.2 Discussion pertaining to Research Question 1:

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle?

5.2.1 *Positive Influences*

The literature relating to positive factors that differentiate family-owned SMMEs to non-family-owned SMMEs speaks to several features that are unique to family-owned SMMEs, and by extension provide these SMMEs with competitive advantages. This includes the ability of these SMMEs to create a unique structure of ownership, management and family dynamics that allow the business to create an idiosyncratic system that will create applicable competitive advantage (Poza, 2013).

This motivated the research into allowing one to understanding what factors had positive influences on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle.

Owing to their foundational role within their organization, the founding entrepreneur will have significantly influenced the organizational culture, values, and consequentially performance of the firm (Collins & Porras, 2005; Schein, 1983). Previous research has also demonstrated that the tenure, by leaders of family businesses, to be just less than three times longer than those of non-family executives (McConaughy, 2000). The founding members therefore not only feel professionally contracted to the business, but also on a personal level to ensure continuity in the organization (Drozdow, 1998).

The results obtained and expressed in Theme 1, which speaks to the higher levels of commitment from the founding entrepreneur to sustaining the business beyond their involvement, is therefore confirmed in accordance to previous results presented by Mahto et al (2010).

> *I5: "...I've decided to invest a bit more in the business to accommodate him so that in future, maybe he (son) could just, you know, eventually, run the business and take over the business" [5:83]*

Whilst still at the helms of the organization, the founding entrepreneurs understood the fundamental difference between an employee outside of the family tree, and a family member employed at the business, including the level of commitment and trust afforded to each family member (Poza, 2013). This theme of trust, which under normal organizational structures of non-family employer-employee relationships would have to be earned, is obligatory (Fletcher, 2002). In circumstances where the trust barrier has been questioned in the past, the founding entrepreneur has typically avoided taking in these family members, ordinarily children, to prevent possible future confrontation (Poza, 2013). The performance of a family-owned business relies substantially on the built trust, especially during times of business related strain (Carlock & Ward, 2001; Sundaramurthy, 2008). Previous research conducted by Vallejo (2009) did however conclude that family involvement could not prove to have any positive effects on financial returns.

Responses and themes derived from the interviews mirror this research similarly where the owners/founding-entrepreneurs felt that having family members employed or involved in the business provided a dimension of assurance not necessarily felt by non-family employees. This assurance also provides these businesses with a competitive edge, especially when accelerating business growth (Sundaramurthy, 2008).

I3: "I don't have time to check. And I don't check, what she (daughter) tells me, that's it. We have that in our bank? Okay. You have this, are the people okay? Good. Pay everybody." [3:309]

Reasons for family members joining the family business may vary from inability to gain employment, retrenchment or dismissal from previous employment, or requests to join the business by the founding entrepreneur (Sharma & Irving, 2005). Research has shown that the majority of family members that had joined the family business, decided to join out of their own desires.

The family business serves as a source of income to all members, whether or not they are involved in the business, and also serves as a financial assurance to those family members (Birley et al., 1999).

This confirms the theme of the family business serving as a fall back or back up plan for family members who saw the family business as an alternative. Many respondents felt that their family members joined the family business due to individual circumstances that compelled them to join. This matches results Morris, Williams, and Nel (1996) claimed in their research.

I5: "He, he (son) matriculated and then he did not want to carry on with his studies. So, he chose to do a trade. And then he went out and he did a trade, did his apprenticeship for a, a, a big company – I can't remember what the name is – and then he worked there for four years, and then he, qualified as a toolmaker, did his trade test, passed the trade test and then he, he, he asked me to join me, I guess. So, he came in and joined me after he qualified as a, as a, as a tradesman." [5:67]

In conjunction with the previous two positive influences identified, the capacity for business to benefit from having family participation in the business is only significant in the short-term. However, a point must be made that many respondents felt that family introduction to and involvement in the business does not necessarily equate to success in the short or long term, but only in certain circumstances made business operations more coherent. They disclosed that the value brought by family members does not necessary yield that previously declared competitive advantage into success or greater financial returns.

5.2.2 *Negative Influences*

Conflict within family-owned and family-controlled organisations is inevitable (Poza, 2013), and while an organization can function within the realms of healthy competitive tension between family members in the business, there are variable forms of tension that only handicap the business and negatively effect future business prospects and growth (Carlock & Ward, 2001). One of the main sources of tensions stem from conflicts between family members who grapple with in-balances in their work and family demands (Birley et al., 1999; Fletcher, 2002). This major stress point is only compounded by the lack of conflict management needed to resolve tensions between the family members and thus leads to further alienation and/or lack of inclusion (Poza, 2013). Other sources of conflict arise from biased hiring procedures, unbalanced benefits, unequal treatment, and succession related contentions (Poza, 2013). Where tension between owners and non-family employees are engaged in a relationship dynamic where non-resolution of conflicts most likely result in the non-family employee leaving the organization, tension between family members in the business yields a more complex dynamic in which consequences extend beyond the working relationship, and trespass the personal relationships domain (Fletcher, 2002). This unhealthy working environment directly results in poorer individual performance (Fletcher, 2002). This tension over time, if left unresolved and unmanaged, will compound the friction between family members and ensure future inter-personal conflicts exacerbate to the point where they land up, directly and indirectly, damaging these relationships permanently.

This validates the results extracted and presented in the previous chapter where respondents reluctantly expressed inter-personal tension and conflict between themselves and the family members who they work with. Although the reasons for the conflict varied, the feelings and hesitance towards disclosing these conflicts reflects on the poor conflict management and resolution strategies these businesses have adopted, or the lack there of (Carlock & Ward, 2001).

> *I4: "...if you are not a strong enough person to put up with the other person's nonsense you know, in other words, cause the person always pick on you, you know this and that, or after hours, you know there's always the disadvantage of is that you always talking business instead of actually relaxing, there is always the thing of talking business, and you must do this and do that, you know, but there does get to a stage where you sort of wanna give it up..." [4:113]*

Whilst more neutral than negative, the idea that family involvement does not change the perceived negative outlook for business does, however, make the case for the fact that family involvement also has no measurable positive effect (Barontini & Caprio, 2006). This indifference can represent one or three of the following themes:

- Family involvement as competitive advantage is debatable.
- Family involvement cannot confront the challenges facing the firm due to insufficient succession planning and management (Sharma, 2004).

This therefore contradicts the positive influences results obtained, and this contradiction is evident based on the inconsistent responses obtained in the interviews where respondents expressed positive sentiments towards the family's involvement in the business. When asked to reflect on the future prospects, they felt that family involvement was inadequate in ability to confront potential challenges. This brings into question the perceived competence of the family members to succeed (Carlock & Ward, 2001; Salvato et al., 2010).

> *I7: ": Manufacturing, at the moment, is on a, a downturn, or, if anything, stagnated. So, for the next year or two, it's all about sustainability. I don't foresee any growth in the businesses." [7:68]*

5.2.3 *Conclusion to Research Question 1:*

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle?

In conclusion, the results regarding the research question yielded seemingly contradictory results, but under further analysis, the following answers were revealed:

- Founding entrepreneurs felt that the business benefited and had positive influences in the short term from having family members employed into the family business, but the perceived long-term effects and influences were negligible to external forces effecting business performance.
- Inter-family conflict in high stress environments, without suitable and effective conflict resolution practices in-place, usually resulted in negative performance and deterioration in personal interfamily relationships outside of the workplace.

5.3 Discussion pertaining to Research Question 2

What impact, either positive or negative, does government legislation play on supporting growth for SMMEs in the metals manufacturing sector?

5.3.1 *Positive Impact*

In 2015, the decline in the steel industry to damaging levels saw steel manufacturers, and those who are dependent on them, being forced to reduce operational capacity or even close operations permanently due to multiple factors including energy supply issues, economic instability, non competitiveness in international markets, labour related issues, and the "dumping" of Chinese products drowning out the local market (Evans, 2015). Due to the seemingly lack of confidence by these SMMEs in government's ability to curb the decline in the steel industry's performance, despondency by business towards government widened the already vast rift between the two (Joffe, 2015).

This dissolution towards government was a recurring theme from the respondents and would under normal circumstances be viewed as a negative notion, but, unpredictably, for some of the respondents it was interpreted as being a positive concept. These SMMEs felt that the government's lack of interference and intervention over time resulted in business owners isolating themselves from government. This isolation allowed businesses to evolve and adapt beyond the intervention and assistance government and its relevant bodies would provide (Berry et al., 2002). This notion could be considered a 'silver-lining' rather than an outright positive impact.

I3: "What is positive is that they don't interfere with you, you understand? You write your invoice, we got that, uh, the bookkeeping system that, uh, I don't know, what's it computer?"

Interviewer: "Pastel?"

I3: "Yes. You send your VAT in, you claim your VAT . They don't trouble you, they don't come here." [3:476]

5.3.2 *Negative Impact*

Expanding from the previous point, from the perspective of the SMMEs interviewed, government is regarded as the antagonist to their specific narrative. This hostility against government policies is questionable due to their reasoning. When asked about what types of impact government has had on their respective businesses, the responses clearly indicated a lack of knowledge and/or awareness to the direct and indirect influences government has, in reality, had on their businesses (Berry et al., 2002). The fault can be interpreted as lying on both parties:

- The business owner has no active interest and chooses to distance himself/herself, or
- Ineffectiveness of government implementation (Chandra et al., 2001).

This disconnect is evidence of the conflicting priorities, even between government departments and ministries. Contradictory priorities and mixed messages from government institutions has weakened their communication and subsequent execution in their intention towards supporting SMMEs (Kruger et al., 2015). While some respondents admitted to having a vague idea about the government's intensions, they made known their particular lack of interest in gathering further facts.

> *I4: "...but at the moment you know that way I actually look at things, I don't think there is much assistance in that sector." [4:186]*

Their outright ignorance came in question when addressing one specific aspect of government policy, that of BEE/BBBEE. This group of SMME owners interviewed had a more than basic understanding of BEE/BBBEE policy and its implications on their particular businesses. Their understanding was considerably biased towards the negative aspects of the policy. This biased and defensive thinking over time fostered fear and pessimism towards BEE/BBBEE (Nattrass, 2014). These fears grew out of the misinterpretation of the policies proposed outcome around redressing economic inequalities in South Africa, particularly around business (Ponte, Roberts, & Van Sittert, 2007; Qualmann, 2000; Rogerson, 1999). All the family-owned SMMEs interviewed in this research were white-owned enterprises established pre-1994.

While in certain industries BEE/BBEEE scorecard and rating may not be relevant and have no effect on day-to-day operations and/or turnover, majority of SMMEs operating in the metals manufacturing and fabrication industries attribute large portions of their turnover to providing services and products to large firms and co-operations who require a BEE/BBBEE scorecard. According to the interviews, these large organisations have undertaken BEE/BBEEE compliant preferential procurement policies that would by its nature threaten white family-owned SMMEs. Two primary issues were addressed.

- *Loss of ownership and control*

  Family-owned SMMEs feel that succession planning and ownership dynamics are put at risk due to perceived obligation by government and their clients in order to secure future dealings. Not complying and losing control of their business, in their opinion, would guarantee the business failed (Orton, 2008). These families believed that business ownership and continuity should not be compromised.

  Many respondents did however react positively to taking on partners outside of the family tree. This contradicts their sentiments surrounding loss of control and ownership of the family business to outside parties.

- *Lack of suitable historically disadvantaged partners*

  Respondents felt that even if they chose to oblige, there was a lack of suitable historically disadvantaged candidates to take on as partners into the family business. This perception, while maybe true pre-1994, is in 2015 not as credible a reason as these white-owned SMMEs wish to believe (Booysen & Bouche, 2005).

Therefore, this fear towards BEE/BBBEEE policies and other broad based policies can be concluded as being irrational and unfounded (Sanchez, 2006).

I4: "Look in my opinion, the BEE rules. BEE has become a big factor, and if you don't have BEE the people don't want to do business with you. Although you a small company, you exempt from it, they still overlook you because you a small company and you don't have any black partners or you don't have anything like that. So that is actually impacting on the smaller businesses a lot." [4:226]

The theme of ignorance, distancing, misunderstanding, and mistrust towards government policies continues. Information deducted from the interviews shows there are confusions surrounding Manufacturing, Engineering, and Related Services SETA (Sector Education and Training Authorities) programmes, more specifically, the uncertainty regarding the skills development. Although only a small number of the family-owned SMMEs interviewed participated in this particular SETA, they felt they were gaining no tangible value. Their main complaint with the training programmes was the perception of exploitation of the SETAs to train personnel at their own expense. This correlates with research conducted by Daniels (2003), where the employers main concern was the lack of clarity as to the main intension of SETAs. It also shows that businesses perceived SETAs as being unsuccessful in multiple aspects and operational practices which therefore leads to further misinformation and consequently despondency (Daniels, 2007).

I3: "No but if they can, they must provide [Pause] schooling for artisans, not the SETAs and stuff, that's all bullshit, man. And for that, you and I have to pay. [Pause] I take my worker there to train him, and I have to pay.It's not for free." [3:539]

5.4 Additional Themes

During the process of identifying and analysing factors contributing to the growth or decline of family-owned SMMEs in the metals manufacturing industry - in relation to the research questions - there arose additional themes that did not correspond to the research question posed. The reason these themes are considered valuable is due to their prevalence during the thematic content analysis of the interviews.

5.4.1 *Positive Factors*

There were no additional factors to growth identified in the thematic content analysis.

5.4.2 *Negative Factors*

With the exception of one SMME, there was an additional overriding theme that the family-owned SMMEs experienced. They felt that there were incredible pressures surrounding high levels of competition operating within the same markets they operated in. They expressed anxiety in respect to the high levels of competition impeding on their potential to grow the business. This is backed up by research conducted by the DTI as being one of the primary obstacles to business growth (DTI, 2008). This high level of competition can be attributed to the shrinking of the market place, and the shrinking attributed to the slowing down or stagnant economy (Berry et al., 2002).

This forms part of the second additional theme extracted, which speaks about the family-owned SMMEs who were historically dependent on mining houses and their operations for work. Over the years, as the mining operations fell into a decline and mining houses began cutting down on operations or even closing down mining operations, slowly but surely, the decreasing share of work had to be shared amongst the same, if not more, number of competitors in the market. Their dependence has caught these SMMEs on the back foot with little to no alternative clients for revenue streams. At the time of writing this report, there was no indication of recovery or growth in the mining sector.

The challenges in competing competitively within the market place, is further compounded by the third and final additional theme - the excessive importing of steel and steel related products from China. The Chinese flooding of cheaper products and materials into the market has had a two-pronged effect. Firstly, it has forced large steel producers in South Africa to reduce operations and outputs because of their inability to match prices the Chinese are able to supply at, thus having an indirect effect on these SMMEs who relied on these producers for work. Secondly, with the cheap steel and steel related products being produced cheaply in China, there is an exclusion of local steel fabricators from the supply chain (Hogg, 2015).

5.5 Conclusion

5.5.1 *Research Question 1:*

What are the factors that have had a positive or negative influence on family-owned SMMEs in the metals manufacturing industry in the growth phase of the business lifecycle?

a. *Positive Influences*

1) The high levels of commitment from founding entrepreneurs increase the probability of sustainability of the family business beyond their tenure.

2) Family, as employees, creates a more trusting working environment and greater chance of understanding between parties.

3) The family business is an alternative career choice to family members who initially do not form part of it. Family commitment subsequently benefits the business, as mentioned above, and makes succession planning more predictable.

b. ***Negative Influences***

1) High tension and poor conflict management adversely effects business performance and affects not only professional the relationship between family members, but also personal relationships.

2) Family involvement in the family business may provide a form of competitive advantage, but this does not necessarily translate into tangible supplementary financial returns.

5.5.2 *Research Question 2*

What impact, either positive or negative, does government legislation play on supporting growth for SMMEs in the metals manufacturing sector?

a. ***Positive Impact***

1) The lack of direct intervention by government and/or government bodies into the business affairs the SMMEs.

b. ***Negative Impact***

1) Poor government communication and implementation of government policies leaves SMMEs alienated, and furthers the cycle of ignorance towards government initiatives.

2) Fear and ignorance surrounding BEE/BBEEE policies had mentally hampered their business prospects.

3) Family-owned SMMEs reject macro-economical intervention programmes, and stagnate due to large firms' conventional procurement policy, which are typically BEE/BBEEE preferential reliant.

4) Misinformation surrounding SETAs and the SMMEs lack of incentive to inform them created a despondence on the side of the SMMEs and negatively effected SETAs efficacy.

5.5.3 *Additional themes*

These are additional themes to contribute to understanding additional opportunities and barriers to organic growth for family-owned SMMEs operating in the metals manufacturing industry in Gauteng.

a. ***Positive Factors***

There were no additional discernable themes that could possibly contribute to opportunities for organic growth.

b. ***Negative Factors***

1) High levels of competition between SMMEs due to weak-economy fuelled drop in market size, is one of the major obstacles to growth for family-owned SMMEs.

2) Dependence on mines created an "all your eggs in one basket" business model which put at risk their businesses to the eventual drop in overall mining operations, and consequently their businesses too.

3) Chinese imports of steel and steel related products have excluded local suppliers and fabricators in the market.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

In this chapter, the outcome will seek to focus on the primary research conclusions in relation to the research question, and provide suggestions and recommendations surrounding opportunities and barriers for family-owned SMMEs in the metals manufacturing industry.

6.2 Conclusions of the study

This research report set out to determine the opportunities and barriers family-owned SMMEs in the metals manufacturing industry operating out of Gauteng South Africa would experience during the growth phase of their business cycle, with particular attention being paid to how being a family business influences their success, both negatively and positively, followed by impacts, both negative and positive, government/government bodies/ government policies have had on the family-owned SMMEs. While the literature validated the results obtained, there were however additional results the literature allured to that did not come out in the research.

While the literature around family businesses suggests that on average family businesses have a greater chance of sustainability beyond the founder's tenure (Carlock & Ward, 2001; Fletcher, 2002; Poza, 2013), the results, regardless of value brought about through family involvement, suggest that additional factors, both internal and external, warrant the founding entrepreneurs scepticism about future expectations of success. This in brief contradicts only specific aspects of the literature around family businesses and their advantages over non-family businesses.

Although negative about future prospects whilst the entrepreneurs were still involved in the business, the involvement of family in the family business provided a sense of trust and comfort to the founding entrepreneur on an operational scope. They felt that family inherently had the business' and family's interest at heart and committed more effort and honesty to sustaining the business (Poza, 2013).

Owing to the fact that there are benefits, at least in the short term, in having family involvement in the family business, the readiness and willingness for these businesses to take on family is high (Carlock & Ward, 2001). Coupled with macro-economic difficulties, many family members have little alternative than to join the family business (Birley et al., 1999; Sharma & Irving, 2005).

Long-term effects of family involvement in the family business would be the eventual tension and conflict that would occur (Poza, 2013). Often, family businesses fail to recognise the importance of establishing controls and systems to manage family conflict. If this professional interfamily conflict goes unresolved, it spills over into their personal lives (Birley et al., 1999; Fletcher, 2002).

Moving from internal to external factors, which determine opportunities and barriers for family-owned SMMEs, the government policies sit as one of the primary external agents of influence and impact on family-owned SMMEs. The effects on their businesses have been both positive and negative, however, it has shown to be more negative than positive.

This research deduced that the only constructive impact government and its relevant bodies have had on these family-owned SMMEs, was a relative disinterest and distancing government has had in these businesses, which is interpreted as a perceived lack of direct interference. 'Interference' was indistinguishable to 'intrusion' from their point of view. Although this ignorance creates unjustified fear, it does in turn create an antagonistic relationship between the two parties (Berry et al., 2002).

One policy in particular, BEE/BBBEE, from the family-owned SMME perspective, had in recent years negatively impaired their ability to grow (Nattrass, 2014). The fact, however, is that it is their ignorance surrounding the policy has restrained their ability to grow.

Government programmes and incentives, for example SETAs, which are established to incentivise businesses like these SMMEs, are perceived to be confusing programmes that are not worth investing time and finances into. The SETAs failure has been government bodies and their inability to communicate and adequately inform SMMEs who are able to contribute towards achieving its mandate (Daniels, 2007).

Through the course of the research, there were additional external factors, outside of government related entities and policies, which have proven to be barriers to growth for these family-owned SMMEs. These factors include:

1) High-Levels of competition that has cannibalised the market,
2) Disproportionately high dependence on mines for source of income,
3) Chinese flooding of steel and steel related products that have starved local suppliers, creating a domino effect negative consequences (Berry et al., 2002).

6.3 Recommendations

This section's purpose is to provide interested parties and stakeholders, identified in the section 1.4, with recommendations. Value can be obtained for primarily practical purposes for family-owned SMMEs in the metals manufacturing industry operating out of Gauteng.

6.3.1 *Family-Owned SMME strategies*

Complacency appeared towards advancing their family business according to the changing market landscape that will eventually make these family-owned SMMEs irrelevant. In order to remain relevant and successful, the family-owned SMMEs need to evolve in an economy that is undergoing socio-economic reform. Whilst the family business is still relevant, if it wishes to grow in a South African context, it does require inclusiveness and partnerships with government bodies.

This may be achieved by:

- Family business focused counselling to assist and equip family-owned businesses with the necessary tools to ensure any conflicts emerging from business related tensions and disagreements are dealt with appropriately and managed to avoid spillage into personal relationships (Carlock & Ward, 2001; Fletcher, 2002; Poza, 2013).
- SMMEs should take an active role in informing themselves about government programmes, government incentives, and government policies, which are in place to create an environment where SMMEs can play an active role in South Africa's economy and job creation efforts (DTI, 2012; Rogerson, 2004; Sartorius & Botha, 2008).
- Family-owned SMMEs need to evolve beyond the traditional and historical limitations, as well as personal pride. There should be a change in the business strategy from being a 'family-first' model, to being a 'business-first' model, where the well-being of all stake-holders outweigh the needs of the just the family-members (Fletcher, 2002; Poza, 2013).

While these recommendations do not address all issues discussed in this research, it provides the family-owned SMMEs with a more inclusive model of business strategy, and how to adapt in a socio-economic unstable market place.

6.4 Suggestions for further research

This research contained findings in which this section discusses proposed research questions that arose during the course of investigating the primary problems of this study.

6.4.1 *Efficacy of government programmes to SMMEs to family businesses*

What became apparent during the course of the research was the complete ignorance of the SMMEs regarding the programmes in place to assist business like their own (Berry et al., 2002; Chandra et al., 2001; J. D. Lewis, 2001). These programmes provide these SMMEs with financial, administrative, mentorship, assistance and opportunities should they require (Berry et al., 2002; Ladzani & Van Vuuren, 2002; J. D. Lewis, 2001). Chandra et al. (2001) clearly indicated that only between 7 percent and 34 percent of SMMEs across all industries had adequate awareness to these SMME programmes. There is little research around the efficacy of implementation and perceived success of these programmes across the board and not only in family-owned SMMEs in the metals industry.

6.4.2 *The future of family businesses in South Africa*

Historically, research has shown that there is a lack of family business culture in the South African market, but in recent years South Africans have been forced into forming their own SMMEs due to the economic pressures and unemployment rates (J. D. Lewis, 2001; Orton, 2008). Therefore, in the last few years the importance of the family-owned SMMEs to the economy has grown. Little research, however, exists surrounding the future of these newly formed family businesses moving beyond the founder's tenure.

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Appendix A: Research Instrument

Appendix A contains a copy of the Interview Schedule (cf. A.1) used in the interviews.

A.1. Interview Schedule

Introduction and Contextualise

1) For the record, please state your position in the organisation and a brief history of you company.

2) For the purpose of the research, please would you classify the size of your business? Micro? Small? Or Medium?

3) When was your business established?

4) Where is your Business situated?

5) What scope of work does your business operate in within the metals industry?

6) What markets or regions do you operate in?

7) What is the extent of competition within your market?

8) How many employees does your business employ?

9) How many businesses are you currently engaged in? (Directorship or Partner)

10) Do any of your family members own or are they involved in other businesses?

Sub-Problem 1: ***What are the factors that have a positive or negative influence on family-owned SMMEs in Gauteng that non-family-owned businesses do not experience?***

11) How many family members form part of your organisation? What positions do they hold?

12) How and why did they join the business?

13) When did you/they join the family business? Were you/they there from the start?

14) Why did you join the family business/ What reasons do you think they joined the family business?

15) What is the proposed succession plans for the family business?

16) Would you take on a partner who is outside the family business?

17) What would you describe as the advantages of being a family business?

18) What would you describe as the disadvantages of being a family business?

19) In your opinion, what is your perception of future prospects for your business?

20) In your opinion, would you have been as successful if you were not a family-owned Business? Explain

Sub-Problem 2: *What are the factors government policies has had on these family-owned businesses*.

21) In your opinion, has government had any positive affects your business? Explain.

22) In your opinion, has government had any negative affects your business? Explain

23) Has there been any assistance to your SMME/Business from government (either directly or indirectly)? Explain.

24) Are you aware of any policies or government programmes that are in-place to support businesses such as yours? Explain

25) Has government implemented any specific measures to assist your family-owned businesses? Explain.

26) What additional assistance should government provide family-owned businesses?

27) Open Questions

28) Open Comments

Appendix B1: Initial Themes Extracted from the Thematic Content Analysis

Below are 27 initial themes that were extracted during the early stages of the thematic content analysis.

Theme 1: 1st generation family businesses

Theme 2: Johannesburg based SMMEs

Theme 3: Reliance on the mines for work is high

Theme 4: High competition for market size

Theme 5: Full commitment to business by founding entrepreneur

Theme 6: Slowing down in business

Theme 7: Family obliged to join family business

Theme 8: Family joined businesses out of necessity

Theme 9: High trust in family

Theme 10: Tension high amongst family

Theme 11: Leniency towards family

Theme 12: Bleak outlook for future

Theme 13: Family makes no difference to prospects

Theme 14: Family makes difference short term

Theme 15: Succession certain

Theme 16: Lack of skill/ skills shortage

Theme 17: Negative perception of government involvement

Theme 18: Resentment towards government

Theme 19: Youth development programmes low awareness

Theme 20: Pre-1994 nostalgia

Theme 21: China and their impact on business

Theme 22: Bureaucracy in government

Theme 23: Energy supply issues

Theme 24: Labour Relations issues, both macro and micro

Theme 25: Ignorance in BEE and BEE fears

Theme 26: Economy and government involvement in economy negative

Theme 27: Low awareness of government policies and initiatives

Appendix B2: Final Themes Extracted from the Thematic Content Analysis

Family Businesses

Theme 1:

Most of the SMMEs' founding entrepreneur expressed full commitment to sustaining the business beyond their involvement.

Theme 2:

Many of the Founding entrepreneurs appreciated that trust in family creates peace of mind when it comes to business related issues.

Theme 3:

It was often the case that the Family Businesses are there as a fall back for family members should they need or choose.

Theme 4:

Tension within Family and its negative effects on business productivity was a major concern for many of the family businesses.

Theme 5:

Family involvement doesn't change perceived negative outlook for business, regardless of their perceived competitive advantage short term.

Government and Government Support

Theme 6:

Little direct interference by government in their respective SMMEs allowed SMMEs to operate more freely.

Theme 7:

Ignorance and negative sentiment towards government policies affecting SMMEs creates an antagonistic relationship between the two parties.

Theme 8:

Owners perceived fear and ignorance of BEE/BBBEE was negatively impacting on business.

Theme 9:

Ignorance towards Manufacturing, Engineering, and Related Services SETAs (Sector Education and Training Authorities) was negatively impacting on business.

Theme 10:

A high level of competition in the marketplace reduces chances growth due to poor leadership or lack of vision.

Theme 11:

High disproportionate dependence on mines for business, and Imports of Steel and steel related products from China has created additional dimension to competition.

Appendix C: Interview Transcripts

Appendix C provides the full interview transcripts from the interviews conducted with the family-owned SMMEs. The format of each interview follows identical conventions and each line is labelled for reference. The formatting convention is as follows:

- Every voice is accounted for and labelled.
- ‘Interviewer’ refers to the voice of the interviewer.
- The respondents’ voices are identified and labelled from I1 to I10.
- Additional voice not belonging to the relevant respondents is labelled AI1.

Appendix C1 – Family –Businesses’ Interviews

Family Business 1

Interviewer: For the record, please state your position in the organisation and a brief history of your company, thanks.

I1: I’m the owner of the company, and then when did we start it off? 25 years ago. [Pause] We started off as a company, but it’s small. [Pause] the amount of people we got here, is about 12 at the moment. [Pause] And of course, ag, the thing is, you know, you know, the business, the business is, is quiet now at the moment, but, but you know we survived through it all the time.

Interviewer: It went up, come down, went up, come down?

I1:Yes, ja, ja, there was some, there was some stage that we, that, that we made money and you know the rest of it, you know, you’re just, you’re just scraping through. Especially like now, the last, the last four years. [Pause] Terrible.

[Pause]

Interviewer: Okay. So for the purpose of this research, how would you classify the size of your business? Is it micro, small or medium?

I1: No, as small business.

Interviewer: Hey? Small business?

I1: Small business.

[crosstalk]

Interviewer: [Pause] so when was the business established? Approximately, what year?

I1: what was it? Nineteen…

AI1: 35 years.

I1: [Pause] Ja, no, it’s not, it’s not so, it’s not that long?

[cellphone chime]

I1: It’s about 30 years.

Interviewer: 30 years?

I1: Ja

AI1: [?] 80, 98, 86, 85, 1985.

I1: I think so, ja.

Interviewer: [Pause] and where would you say your business is situated and where do you do business?

I1: [Pause] It’s situated in [?] Alrode South, and the business we do, that is, that is, that is all around.

[crosstalk]

Interviewer: Where about? Where about, like which in which areas do you normally operate in?

I1: Ag, it’s mainly, mainly Alrode.

Interviewer: [Pause] Okay, alright what scope of work does your business operate in within the metals industry? So, what kind of work do you do in the metals industry? How would you describe it?

I1: You see we do, we do, work for the mine. [Pause] But now I’m doing it through the company, I’m just, I’m just, like a, like a sub-contractor to that company.

Interviewer: Okay.

I1: And I I don’t, I don’t work straight-forward to the mine.

Interviewer: Okay.

I1: So I do, I do work for [Withheld] minerals. [Pause] And they, they of course sell it to the mine.

Interviewer: And what would you say you do? You do fabrication, boiler-making?

I1: Ja, ja, it’s all steel fabrication, yes.

Interviewer: Steel fabrication.

[Pause]

I1: That’s mainly, mainly in the, in [Withheld] [Pause] the [Withheld] and pumps..

Interviewer: What is the extent of competition within your market? How would you describe it?

[crosstalk]

I1: Oh no, there's quite, there's quite a lot of competition there. Especially in the steel industry now at the moment. Because everything is very quiet. [Pause]

Interviewer: Would you say everyone is fighting for the same work?

I1: Oh yes, ja. [Pause]

Interviewer: How many employees does your business?

I1: about 12. Twelve people.

Interviewer: And at your peak?

I1: Sorry with, with the office there are 15.

Interviewer: Fifteen, with the office. And at your peak, how many did you, did you employ?

I1: We had, we had, we had about 26 people. [Pause] But because of the business, the business, you know, went down, we had to, we had to lay off people and, and we worked short time. Some people left us because they couldn't, they couldn't work with a short time. Of course, everybody's got stuff to pay, you know.

Interviewer: When was that, more or less, would you say? In the last, within the last four years?

I1: Ja. [Pause]

Interviewer: Okay, alright how many businesses are you currently engaged in? Is this the only business you're busy with or do you have other businesses that you…

[crosstalk]

I1: No, it's only this, [Name Withheld] The money is so scarce lately, that there's no money left to put into another business. [Pause] Because of all the, all the, you know, you know, the loss of work, and, and, and no work. We lost a helluva lot [Pause] of income. And the little bit that you save, you also, you also put it, you also putting that into the business to survive, you know.[Pause] So what can a person do?

Interviewer:

I1: Everybody would like an extra business or two

Interviewer: Ja

I1: But I mean you can’t, you can’t do it because there’s no capital for it.

Interviewer: The capital goes back into the business…

I1: Right.

Interviewer: Whatever profits are made, the profits go back into sustaining the business?

I1: A hundred percent.

Interviewer: Do any of your family members own, or are they involved in other – and when I say family members I mean direct like direct family.

I1: Hm

Interviewer: So like your wife, your children?

I1: Hm

Interviewer: Are they involved in any other businesses?

I1: No, not at all.

Interviewer: [Pause] Now we’re going on to, we’re going to discuss now more the positive and negative influences of being a family business, does which of your family members are part of your organisation? Like which, which family members are involved in your business at the moment?

I1: Just my son-in-law.[clears throat]

Interviewer: [Pause] Okay. [Pause]

I1: You see, my wife used to work here, but but she also, she had to, she had to go because there’s no, there’s no work for her. [Pause] And now she’s sitting at home.

Interviewer: Sho. what does your son, what position does you son-in-law is he…what position

[crosstalk]

I1: He’s a, he’s a, he’s a manager.

Interviewer: Manager?

I1: Ja.

Interviewer: Okay. [Pause] Alright how and when did they join the business?

I1: Ja, he joined, he joined about three years ago.

Interviewer: Three years.

I1: [Pause] Ja.

Interviewer: And your wife was, from the beginning, hey?

I1: No, no, no, no. No. My wife, the wife only started [Pause] it’s about ten years.

Interviewer: Ten years? …

I1: Ten years ago.

Interviewer: So she was working for ten years or ten years ago?

I1: Now what, now what she did, what she did, actually, she did the books.

Interviewer: Oh, okay, right.

I1: But that was, she, she, she, she, she worked for Telkom. [Pause] She did the books ‘cos the company wasn’t very big. I mean, there was, there was enough time to do it, you know? And and then she, she also got a package from Telkom.

Interviewer: Okay

I1: And then she started off here, permanently.

Interviewer: Was [Name Withheld] from the very start, correct?

I1: Ja, that’s right, yes.

[Pause] [Background noise of writing]

Interviewer: Okay, . [Pause] What reasons do you think they joined the family business? [Pause]

I1: No well, you know, we needed, we needed people to to work here. [Pause] To do some of the work, the office work. [Pause] And the buying, part of the planning.

Interviewer: So your son-in-law employed at the time, when did he join the business?, [Name Withheld]?

I1: No, no, no, no. He’s, no, he came here four years, about, say four years ago, three years ago. [Pause]

Interviewer: Okay.

I1: He was also retrenched from his company.

Interviewer: So, okay.

I1: He was, he was in the, in a, in a transport company.

[Pause]

Interviewer: Okay. Alright what are your proposed succession plans for the business, for, for the family business? Is your son-in-law, expected to take over from you?

I1: Yes ja, ja we, we working on that. [Pause] And that will also be, you know, if, if there’s any work. [Pause] We like, we like to, to get some more work out, but there’s people…[Pause] Yes I think there’s, there’s enough people doing work in the industry, you know, the type of work we doing now. [Pause] And you know, you battle to get work out, so I think, I think later stages, we'll have to do something else or, go on to something else. Instead of just the, the manufacturing for the, for the mines, you know?

Interviewer: So, diversify the business?

I1: Yes.

Interviewer: would you take on a partner who is outside of the family business?

I1: Ag well, it all depends, if you can bring work. [Pause] We can, we can, we can think about something of that. [Pause] But you can't just come in as a partner and he's just going to sit like me. [Pause] And there's no work, I mean, he must sit and wait for work to come in.

Interviewer (laughing): Absolutely. [Pause] Okay. [Pause] . [Sound of papers rustling. Microphone being adjusted] [Sigh] sorry just give me a second. . In your opinion what would you describe as the advantages of being a family business? Of having family involved in the business?

[Papers rustling]

I1: Ag, I think it's, you know, you communicate, maybe, better. Better understanding. Look, you can always, you can always teach your employees how to, what to do, how to do it. But there's always, you know, you know, family businesses is more, ag, I mean, you look after each other, you know?

[Pause]

Interviewer: Okay and what would you say are the disadvantages of being of being a family business?

[Pause]

I1: Ag, maybe the dis-, disadvantage there, you can't, you can't actually ja, give the, give the, give the right words to…I mean, you always keep it calm and stuff like that, you know. [Pause] So the actually disadvantage there [Pause] It's family, you know, you must just *maar* keep it in. [Pause] Can't talk too much.

[Pause]

Interviewer: Would you say that that has affected business at all, or not really?

I1: No.

[Pause]

Interviewer: [Pause] . [Pause] In your opinion…[Pause]

AI1: Maybe you should say there, one of the advantages…

Interviewer: In your opinion what is your perception of the future prospects of the business? How do you see your business in the future? Maybe, if you're thinking, maybe, one year, three years, five years, ten years?

I1: Ja, look, I love, I love the business. The business, the business is good. But you know, there's some, there's something wrong [Pause] somewhere. [Pause] I've been aware that our mines, the mines are just, you know, they [Pause] they don't give out enough work. Whether they give it to some people, or maybe there's, maybe there's fifty, maybe there can be fifty suppliers doing the same thing. And the, the work won't come your way very easy. These people on the mines as well. [Pause] I think they all, they all want a kickback or something of that, you know.

[Pause]

Interviewer: . In your opinion would you have been successful if you were not a family-owned business?

[Pause]

I1: Ag, I don't think so. [Pause] Because it's the, the, the business, the business is about getting work. Getting, getting work from the mines, and, and, and get the work out.

Interviewer: So you don't think it's relevant if you're family-owned or not family-owned, hey?

I1: No. No.

[Pause]

Interviewer: now we’re moving on to the other one. To the next section which talks about government and the businesses, and the family-owned businesses. So in your opinion, do you think government has had any positive effects on your business?

I1: Oh, ja, definitely, because, I mean, government can make sure, for the small companies, that they also, that they also must have, you know, work, to survive. Because there was some, there was some woman that said that small companies doesn’t mean nothing in South Africa. That was, that was said over the news last year. I can’t remember the woman’s name. [Pause]

Interviewer: But in, in your specific business, has government helped you out? Do you see government having a positive effect on your business? Have they empowered you in any way?

I1: No, nothing. Nothing at all.

[Background noise – slamming in the distance]

I1: I think if I must listen to the government all the time, I’m going to lose out.

Interviewer (laughing): Alright but now in your opinion, has government had any negative effects on your business? And could you explain?

I1: Oh, ja, plenty.

Interviewer: Any specific…

[crosstalk]

I1: Now that’s when I say that government isn’t doing enough to make, to make sure about the small business people. That they also get some work, and, and, and, I mean, we can, we can take on people, I can take on people in the workshop here, I can take on [?]. I mean, it’s not a very big company, like we said, but we can take on 30 people, give work to 30 people, if we can get the work. [Pause] The government must actually do something about it, I mean, you know, if you can look after, you know, if there’s a hundred small businesses and we can each take on ten extra people. I mean, ten extra people will, will, will feed a lot of people. You can take, if you can work it out, ten, say, say one person feeds four people or five people. So ten people will f-f-feed fifty people.

Interviewer: And how would you like, how would you like government to help you out in that respect? What, in policies or anything, anything specific?

I1: Ja, I dunno, I dunno, actually what the, what the government can do about it. I mean, the government, what the government must do is just. They must they must create more work.

[Pause] [Background noise – grinding sound]

Interviewer: Alright has there been any assistance to your, to your business from government? Either directly or indirectly?

I1: No, no assistance. No, what we did is we had to do it ourselves. And you know, all the, all the, all the, all the capital, the money comes from your savings. [Pause] And you must just keep it going.

[Pause] [Background noise – paper rustling]

Interviewer:

I1: Look we never, we never asked the government for any money. But I don't think they will help either.

Interviewer: That's what..

I1: Although, although, the majority, the majority people I've got here is black people. I've got, I've got, actually, I've got one, one white person on the floor. The rest is all black people.

[Pause] [Background noise – slamming in distance]

Interviewer: Now if, if I had to say, … Now I'm going to ask you, I'm going to take it further. Are you aware of any government poli- any policies or government programmes that are in place to support businesses like yours? Do you know of any of, any of them?

I1: No, there’s, I think, I think there is, there is some, but then you know, there’s, there’s all laws and stuff like that, I mean, if you take a person on there and you wanna, you wanna train him and he works, he works as a trainee [Pause] there’s a lot, there’s a lot involved in it. So you know, if there’s no work, you can’t do it. You can’t train the bloke. I can’t even train young people to go into the same direction that I’ve started off. [Pause] Because, I mean, there’s no work and if the work is not done properly, we did well when we started off working, I worked for big companies and they all, they all make good money. that was, that was before nineteen 1994. [Pause] So, and they, and they, and they made good money and we started off also making good money. There was work, there was enough work. Everybody was happy. [Pause] Nobody was underpaid, things like that. And, you know, we worked, we worked according to the law. [Pause] But we did make money, because there was work. But nowadays, I mean, I can’t even take on an apprentice or learn somebody to do the same thing because there’s no work.

[Background noise – hammering]

Interviewer: [Pause] [Sigh] Has, . [Pause] What additional assistance should government provide family-owned businesses like yours?

I1: Ag, I don’t know now, I don’t know actually [Pause] what the government can do, you know? Because I haven’t really gave it a thought to see what we can, what we can do about things like that.

[Background noise – rubbing & papers rustling]

Interviewer: and just some follow-up questions. . [Clears throat] What would you say is your primary your primary factor to growing your business? What would you say would be the primary, ..…

I1: Ag, you see, the thing is man, you know, you know it’s, it’s, . It all boils down back to the same thing. That’s if, if there’s no work, you can’t, you can’t, you can’t, you can’t – make your company bigger. [Pause] You can’t do nothing.

Interviewer: And then the what would you say are the barriers to growing your business? What would you say is would you consider one of the big barriers to growing your business currently?

I1: Well…

Interviewer: Again, does that go back to the, just the work, hey?

I1: Ja, it boils back, it goes back to the work again. But if we, if we can get work, I mean, we can, we can do a lot. Because then you make a bit of money. You can employ more people. And you can [Pause] you know, you can, you can, you can make your business a little bit bigger.

Interviewer: Right. And [Name Withheld] finally, last ones, last question. . Do you have any comments that you would like to make concerning concerning the current industry? the metals industry or the, the family-owned business…[Pause] Any additional comments?

I1: Ag, the thing is I dunno because a lot of, a lot of talks that, …[Pause] the government is importing a lot of stuff, you know? Like a lot of the, the stuff that we use. Material, steel. And, and even even to the mines. They get supplied, you know, the mines get supplied from the overseas suppliers.[Pause] Do that better than what, what we can make it here. So I dunno how that can happen, but that is what, what the people talk about. [Pause]

Interviewer: So, government importing steel and…from overseas.

I1: Yes and they import, they import the stuff instead of. We can make our own stuff here. [Name Withheld], [Name Withheld], now they closed down a lot of, a lot of sections of them, the steel processing businesses. And, I mean they, they import. So, [Pause] it's also, it's also again your, . How many, how many people sit without work? Because they close down sections, just because they wanna import and give the China people [Pause] the businesses?

[Background noise – truck reverse signal]

I1: So, no, it is a bit of a problem, that. Big, big, big, big problem. [Pause]

Interviewer: Okay.

I1: I mean, if you can make your own stuff here [Pause]. Make your own, you know, materials and stuff like that before, like we did before? I mean, I mean you must, you must be able to save money. [Pause] But, you know, of course, the government is messing us up because now they're putting up petrol, the, the, the electricity [Pause] You know, your power? And then it comes that the, the, the one, the one [Pause] whats-er-name blows up. [Pause] Transformers blows up, and then you must wait [Pause] to get fixed up, you wait for three or four days. H? Then of course you wait, you wait a couple of days for the power to come back on, it's loss of time, it's downtime that we have to deal with. You still have to pay your people, but there's no income. Things like that, you know, so, .

Interviewer: how would you describe the unions getting involved in the, in the business…how have they affected the business?

[crosstalk]

I1: Ja, of course, ja they. Ja the unions as well, you know, the unions is very bad here in South Africa. [Pause] If they can do away with the unions, they [Pause] will do [Pause] They will do a big thing in a company. [Pause] Because you can't, you can't, you can't actually work [Pause] with the laws the unions providing. [Pause] You must, you must [Pause] You know, you must, you must work. Everybody must be happy. And there must be a happy medium that everybody follows. Not, not only on, on the one side. [Pause] And that's not to say that we racist or anything like that. But every, all my, all my people here, there's people that's working for me from the, from, from the, the day I started off. And they're still here. [Clears throat] So, . [Clears throat] It's not, it's not you know, people must, people must think about what the unions are doing. And espec- and, and, and with the big companies too. They even, they even cripple the big companies now. [Pause] So, I dunno, I dunno, there's, that's, that's the situation is very bad. That's a very bad point, I dunno who, who will ever, you know, get that, reason to say to the unions, you know, no, no more unions in South Africa. And I think it's all the ANC. [Pause] That's got most say in it. [Pause] So if you can say there's something in the government [Pause] that will be, that'll be [Pause] very good. [Pause]

Family Business 2:

Interviewer: [Name Withheld}, for the record, just state your position in the organisation and maybe just a small, brief history of your business

I2: Okay, I'm one of the directors and we've been doing steel pipe and fittings and related products [Pause] for, since '78.

[Pause] [Background noise – indistinct chatter]

Interviewer: Okay, and for the purpose of the research, what would you say the size of your organisation is? Is it a micro, a small or a medium business?

I2: A medium.

Intervier: Medium business? Okay

I2: Ja.

[Pause] [Background noise – indistinct chatter]

Interviewer: Medium-sized. Okay, and you said your business was established in 1978?

I2: 1978, ja.

[Pause]

Interviewer: And where would you say your business is situated? Here in Alrode?

I2: In Elle Road.

Interviewer: Do you have any other branches?

I2: No.

Interviewer: This is the only one?

I2: Ja

Interviewer: Alright, . [Sigh] What scope of work does your business operate in within the metals industry? What would you classify as..

I2: [Pause] Mainly steel pipes and fittings. the finished product [?] and we do some valves.

Interviewer: And you say retail would be your main focus?

I2: Ja, ja, ja.

Interviewer: Do you do any fabrication at all?

I2: Ja, we do, .

Interviewer: You do your own fabrication as well?

I2: Ja.

[Pause]

Interviewer: Okay, what markets or regions do you operate within?

I2: Mainly the mines

Interviewer: Mainly the mines?

I2: The mines and then a little bit of the [Pause] the steel industry, the platinum industry like [Name Withheld] or, you know, we supply them and a few others. Some contractors, you know?

[crosstalk]

Interviewer: You mainly sell in Gauteng, or…

I2: Ja

Interviewer: North-West, or?

I2: Mainly Gauteng. And there’s, there’s a, a few in Rustenburg. What is it, North-West, hey?

[Pause] [Background noise – grinding machine]

Interviewer: And North-West. Okay, [Pause] tell me, what is the extent of competition you have within the market? Within your specific field.

I2: It's strong.

Interviewer: Strong?

I2: Very strong. Huh! We actually competing with the mines. The manufacturing of pipes, in some instances.

[Pause]

Interviewer: how many employees does your business have?

I2: In total, about [Pause] about 15.

Interviewer: Fifteen? Fifteen total. And what's the most amount employees you've had at, at your business.

I2: Most probably 15.

Interviewer: Fifteen, hey?

I2: Ja.

Interviewer: Okay. How many businesses are you currently involved with? Are you engaged with a directorship or a partner of another business or is your focus here at [Name Withheld]

I2: My focus is [Name Withheld]

[Pause]

Interviewer: okay, do you or your – do your family have members that are involved in this business? are they involved in any other business or are they also just involved here?

I2: No, only [Name Withheld]

Interviewer: Hey? Only [Name Withheld]

I2: Only [Name Withheld], nothing else.

Interviewer: Alright, now I’m moving on to the family business part of the, of the questions. Alright, how many family members form part of your organisation and what positions do they have?

I2: [Name Withheld], he’s my brother, he’s a director as well.

Interviewer: It’s, okay, he’s a director, ja?

I2: And then, [Name Withheld]’s wife and son is doing the books.

Interviewer: [Pause]

I2: Accounts.

Interviewer: Wife and son.

I2: And then, I’ve got [Name Withheld] here in sales.

Interviewer: they do the – oh sorry, [Name Withheld]’s wife and son, they do the books.

I2: The accounts side, ja.

Interviewer: The accounts? Okay. And [Name Withheld] is, …

I2: He’s in the sales.

[Pause]

Interviewer: Sales. Okay, alright, . How and why, did they join the, join the family business? So [Name Withheld] obviously, was, is a director.

I2: Ja, it’s it’s mainly to keep it in the family. You know, it’s [Pause] trying to give them a chance in life, ços it’s, at the moment it’s tough.

Interviewer: Ja, when did they join? from, were they there from the beginning?

I2: Ja, no. No, no, no, no. The accounts side is maybe the last [Pause] 8 years and [Name Withheld]'s here, oh, about 3 years.

[Pause]

Interviewer: And [Name Withheld] 3 years.

I2: Ja.

Interviewer: any specific reason why they, why they decided to join the family business?

I2: We just decided to give the family a [Pause] a chance. You know, rather giving outside people a chance, stick to family.

[Pause]

Interviwer: Okay, were they there from the start, we just said. [Pause] Only [Name Withheld] has been here from the beginning with yourself?

I2: Ja.

[Pause]

Interviewer: Okay so, what do you think were their reasons for joining the family business?

I2: I would say, they thought they might be able, in the future to take over the company from [Name Withheld] and I and we could maybe sit back and relax a bit. Hopefully.

Interviewer: Okay, so , what would you say are the succession plans for the business?

I2: Succession? You mean..

Interviewer: So like, who, once you and [Name Withheld] step aside, like who would take over?

I2: Oh.

Interviewer: Do you have plans for that or you haven't planned it yet?

I2: We haven't really planned it yet, but the plan is they'll stick to the accounts and [Name Withheld] will try and stick to sales.

Interviewer: Okay. [Pause] Alright, . [Pause] Would you take on an outside partner into this family business?

I2: No. [?]

[Pause]

Interviewer: alright. [Sigh] What would you describe as being advantages in being a family business?

I2: I suppose you have more control and confidentiality and . [Pause] It's maybe a bit more security involved. [Pause] And maybe in future [Name Withheld] and I could really take a bit of a backseat. Make it our pension, hopefully.

[Pause]

Interviewer: Alright, [Pause] but then. So now, flipping the coin, what would you describe as – a disadvantages of being a family business?

I2: . [Pause] I can't really say there's really at this stage there's a disadvantage.

Interviewer: So you'd, you'd say there's…

I2: We all get along and…

[Pause]

Interviewer: Okay. in your opinion, what are the future prospects, what is your perception of the future prospects of your particular business? Is it, is the outlook good, is the outlook bad? What's?

I2: At the moment I would say it’s, it’s very unstable. You almost with the the mines and there’s nothing going on so it’s. Growth is very, very slow, hey? Very slow.

Interviewer: So you’re saying that you’re not undergoing growth at the moment?

I2: At the moment we not, it’s…

[Pause]

Interviewer: In your opinion, do you think, ‘you’ would have been as successful or not as successful if you were a family business?

I2: No.

Interviewer: And explain.

I2: I think we would’ve been successful.

Interviewer: Regardless?

I2: Regardless, yes.

[Pause]

Interviewer: Alright, and now we’re moving on to, to how government, government entities, government policy, how that has affect - affected your business. in your opinion, has government had any positive effects on your business?

I2: I hate to tell you no. The BEE rating is [Pause] definitely a no-no.

Interviewer: so it, in your opinion, you’re saying BEE is…

I2: As far as I’m concerned it’s, definitely affects us in a certain degree, hey.

[Pause]

Interviewer: okay, so now flipping the coin, . In your opinion, has government had any negative effects on your business? So any negative effects?

I2:

Interviewer: Besides for the BEE that we described…

[Pause]

I2: Ja, I would say so. You know, maybe in the last and I'm judging

[crosstalk]

Interviewer: Be as, no, be as candid as possible.

I2: I think maybe in the last, the last few months, but, I'm sure, you know, the mines that we're involved with, there's always a problem, either with a strike, or, or there's definitely, there's no positive…

Interviewer: So they're not, they're not creating, gr-, they're not creating, you, not more opportunity, but they, they're almost taking business away from you by closing the mines.

I2: Ja, by, ja, closing the mines actually…

Interviewer: Are closing…

I2: Closing certain sections, because of the, the bad financial situation, there's no profit for them, so they just close, a certain [?] You know, it's happened last year.

Interviewer: And so, the economic stability, so it's not stable.

I2: ja, it is not stable at the moment.

[Pause]

Interviewer: Alright, . [Sigh[Has there been any assistance to your business from government either directly or indirectly?

I2: No. Not at all.

Interviewer: Not at all? [Pause] . Are you aware of any policies or government programmes that are in place to support businesses like your own?

I2: No.

Interviewer: Like from the DTI or anything? Nothing?

I2: no.

[Pause]

Interviewer: Okay. [Pause] Has government implemented any specific measures that you know of to assist your, your, your, your business as a family-owned business, do you think?

I2: No, no.

Interviewer: Nothing? in your opinion, what additional assistance do you think the government should provide to family-owned businesses like yourself?

I2: . [Clears throat] It's a toughy there. . I actually don't know.

Interviewer: Could be, it could be anything, actually.

I2: Look, I don't know if, I don't think the white-owned business gets any help. It's a fact of life.

[Pause]

Man 2: How's it going?

Man 2: we going to send [?] in here?

I2: No. I'll be with you now -now.

Interviewer: I'm just going to expand, I'm just going to keep going from some of the points that you made. just moving on to the, the whole BEE and BEEE-rating policies.

I2: Ja.

Interviewer: you’re saying that has negatively affected you?

I2: Oh, for sure.

Interviewer: Have you lost, a significant chunk of your business recently because of that?

I2: no I won’t say we lost business, it’s just, much tougher. You know, you gotta apply to certain, criteria to [Pause]

Interviewer: To tender.

I2: To be able to tender and get business from, certain mines and in some instances your, your BEE-rating has got to be quite high to get business. You know, so, maybe, I think it’s free business on the borderline.

Interviewer: [Pause] Have the unions impacted on productivity, on profits?

I2:

Interviewer: How has the union impacted your business?

I2: Our guys don’t belong to unions, but with the mining industry and NUMSA and those guys. If they have a strike,then we come to a standstill as well. [Pause] They obviously do affect us.

Interviewer: Did it affect you, the strike?

I2: Oh, absolutely. [Sigh]

[Pause]

Interviewer: [Pause] Okay. Any other comments that you want to make in relation to what have been some of the, positive or negative factors, that contribute to your growth and, to, if, if you had to grow your business, what do you think would be some of the good, the good factors and what would be some of the bad factors in your specific case?

I2: No, they definitely have to improve their, their relations with, the unions to try and stop the strikes and also, I think the wage increases that they expect from the mining industry is, that it's extremely high. that pushes their cost up. And I'm sure they said it takes about 60% of their cost, as well, wages. Which I think is pretty high. And it keeps on climbing. That, as I'm saying, I'm not a 100% sure that that's…

Interviewer: So your, you're saying your growth is directly, …

I2: Associated with…

Interviewer: Associated with the mines' growth…

I2: with the mines' growth and what they've got available.

[Pause]

Interviewer: Okay, if it were not for, if you were not reliant on the mines, what would you say were the other, other aspects that you'd say was contributing to growth or not contributing to growth, that were barriers to, to the growth of your business?

I2: Unfortunately we don't deal with these [?] At a great expense, you know, maybe it was a mistake we made by concentrating the last thirty years just on the mines. It's always been good to us, but the tough times they're having, you know, we're having a tough time. Because there's just no growth there whatsoever.[Pause]

Family Business 3

Interviewer: Me three…

I3: Okay, let's start with the first one.

Interviewer: Okay, the first question is, uh, for the record, please state your position in the, uh, the organisation and a brief history of the company, okay?

[Pause]

I3: I'm the owner of the company. I bought the company from one German and one Swiss guy, on the 1st of January 1988. Uh, the way the sell it to me, is like brother to brother. Uhm, at that time they sold it to us for R335 000. Uh, down payment, I gave them R60 000. R60 000 I kept for the, uh, cash flow. We paid off in two years. [Pause] What helped us start the business is we didn't tell anybody that I'm the new owner. What happened was, it was me and another guy. So two of us bought the company, but basically we took the credit record of the old owners and we carry on buying on credit. People started to find out about that, I'm the owner, or my partner's the owner, after about 6 months. It was already too late. Then the, you know, reps?

Interviewer: Ja.

I3: They come here all the time. Say but where is the, Mr [Name Withheld] What do you mean Mr [Name Withheld]? I'm the owner now. Oh no, no, you must fill in credit application. Yes, with pleasure, come give me. [Laughs] It's not a problem because we will, you already paying for 6 months.

Interviewer: Exactly. Exactly.

I3: That help us…

Interviewer: A lot, hey?

I3: Big time. It's not, nobody knew. I'm the new owner, the other guy's new owner.

Interviewer: They are, were they a family business as well?

I3: Yes.

Interviewer: They were a family business?

I3: Yes. [Pause] And they wanted out, they, [Pause] for family reasons. [Pause] They get sick and tired of telephones and they just didn't want it anymore.

Interviewer: They left not because, uh, why did they leave? Were they just too, were they old or?

I3: No, they were 42 years, the older guy was 42, the younger guy was about 35, 36.

Interviewer: They just wanted to get out?

I3: Get out. The, the older one, German guy, lost a wife. Wife was only 38 years old when she died from stroke. He was finished. With the two small kids. Pressure of the company. Wife is gone. He, he lost interest. [Pause] And then, uh…

Interviewer: The Swiss guy?

I3: The Swiss guy he didn't want to work with me, with us, so he, he also went out. [Pause] Completely. Both of them went out. And we carry on.

Interviewer: Did they, did they leave the industry or the country?

I3: Completely. The, uh, the older one, the German one, he died after 10 years. [Pause] Got the heart attack. He was only 52 years old.

Interviewer: Sho

I3: And lost a wife.[Pause] Wife was 38, she got a stroke. The Swiss guy, still exist. He got, uh, uh, B&B in Sabi-Sabi.

Interviewer: [Laughs] That's not bad.

I3: Got couple of rooms, he cooks there. He likes that. He’s still in the country.

Interviewer: Peaceful.

I3: Ja.

Interviewer: Alright, uhm

I3: That’s how I bought it. The company was doing at that time, mostly bottling conveyors.

[Background noise – shouting]

Interviewer: Bottling conveyors?

I3: Bottling conveyors and some jobbing. You know? You go see the people, they tell you what they want, then you make it according to that. But the main business was bottling conveyors. Uh, [Pause] I carry on with bottling conveyors, maybe till about ’91. Then we couldn’t make money anymore. The [Pause] sound stupid but… [Pause - Phone rings] companies like [Name Withheld], [Name Withheld], distillers, they were buying equipment from Italy. Italy or Germany. Uh, for example one bottle washer will cost R5 million at that time. Now I’ve been called for the conveyors to bring the bottles to the washer. These conveyors will be maybe R200 000, but the Italians will give it for free. Just to get…

Interviewer: Uh, the bottle washer.

I3: The bottle washer, but you cannot, couldn’t compete. [Pause] I had to say fuck you. So slowly I stop that. [Pause – Phone rings, I3 answers call] Yes ma’am? [Name Withheld]? Yes ma’am. People are, are always doing jobs for…

Interviewer: For beverage?

I3: and also [Name Withheld] and [Name Withheld].

Interviewer: [Name Withheld] and [Name Withheld].

I3: Small stuff, you know. [Pause] But with the time you accumulate certain knowledge. All the small stuff you accumulate knowledge. How things work. So slowly we start to move from bottling to uh, snack food industry. [Pause] Snack food, mainly, how to make [Name Withheld] and puffs. How to make [Name Withheld], how to make puffs.

[Pause]

Interviewer: And this was towards, what? ’96?

I3: Even before. But in ’95 I have, ’95 I went to [Name Withheld] USA. [Name Withheld] USA is well known company in the world that produces chips and complete lines for corn chips, Naks and puffs. I went to visit them to ask them for permission to build extruder here. They just like me. They gave me the drawings, show me how to do it and that’s it. Is the one that makes the product. Uhm, I do buy parts from them. For everything I need, I buy from them, because they, they gave me a chance in life. I mean, it’s [laughs]

[crosstalk]

Interviewer: So they were part of the deal? Was, they give you the plans, but if ever you need parts, you buy it…

I3: Ja, buy it from them. Which is still carry on, now it’s twenty years, man.

Interviewer: So you built under license?

I3: No.

Interviewer: You don’t build under license?

I3: But I use their name.

Interviewer: Okay, alright.

I3: That’s [Name Withheld] International.

Interviewer: Okay.

I3: The USA is [Name Withheld] That's the company.

Interviewer: In the US

I3: In the US.

Interviewer: Okay, alright.

I3: Basically, I was two times lucky.

Interviewer: Two times, hey? Not only with the…

I3: First the Germans sell it to me for nothing, not for nothing, but like pay it off. And second time to give me chance to produce extruders [sp].

Interviewer: And that you still do today?

I3: That's…

Interviewer: That's your main business?

I3: The main business. Otherwise we will never survive. We do not export much. We export little bit Zimbabwe, Zambia, Madagascar, but majority of business is here, South Africa.

Interviewer: Hm, that's good. Alright, uhm, aright, then let's move on, uh. For the purpose of the research, what would you say is the size of the business? Micro, small or medium?

I3: Small

Interviewer: Small business?

I3: We employ 23 people. And now we got casuals. Ten casuals, now we are about 33.

Interviewer: Okay, alright and we spoke about when your business was established which was in '88, 1988, when you started. Uhm, business is situated, so you've only got this office here in Wadeville [sp] hey?

I3: You started here, was started here.

Interviewer: And you stayed here? Alright, uhm, okay, and you said your business operates, so currently you manu- that’s the – uh, your main line of business is manufacturing the naks and puff, puffs machines.

I3: Yes, complete lines.

Interviewer: Complete, they’re complete lines?

I3: Complete lines. Except packaging, we don’t do packaging machines.

Interviewer: Oh, you do, so you do just the extruder [sp]?

[Pause]

I3: Only packaging. Packaging I don’t do, everything else before, before you pack, it’s long…

Interviewer: Long…

I3: Big effort.

[Pause]

Interviewer: Alright, uhm, and we spoke about already what markets and regions you operate in?

I3: Mainly…

Interviewer: Like you said mainly South Africa.

I3: Mainly South Africa.

Interviewer: Okay [Pause] Okay, uhm [Sigh]. How would you describe the competition in your market? So how much competition is there in, in this line of business here?

I3: What, you got, uh, it’s quite competitive.

Interviewer: Quite competitive?

[Pause]

I3: But, young man, it doesn’t worry me.

Interviewer: Doesn’t [Laughs] doesn’t worry you.

I3: You, I try to make the best equipment possible, and I try to give a customer the best service there is. And that I’m doing that from day one, so I think you cannot beat me.

Interviewer: Worried for that?

I3: People try, but it’s not easy to take the customer away from me.

[pause]

Interviewer: You’ve built good relationships with

I3: Yes. You, eventually you become friends with your customers.

[Pause]

Interviewer: Okay, uh, we spoke about employees already, how many employees you have. [Pause] Alright, uhm, are you currently involved in any other business but [Name Withheld] or is [Name Withheld] your only, the only business you’re focussing on?

I3: Now that I can’t tell you.

Interviewer: That’s fine, not a problem.

I3: It’s tricky.

Interviewer: No, no, it’s fine. That’s 100%. Uhm, alright, now we’re moving along to the family- uhm, family business side of it. So, how many family members are now part of your organisation? How many people of your family?

I3: Only my daughter.

Interviewer: Only your daughter? [Pause] Okay, uhm, how and why did she join the business?

I3: She finish university. Couldn't get a job, so I give her a job. [Laughs] It's simple as that.

Interviewer: Straightforward

[Laughter]

I3: Oh, young man.

Interviewer: No it's, I have to, have to ask these questions. Uhm, what…

I3: But that's…

Interviewer: That's straightforward, hey? Uhm…

I3: [Laughs] You pay for university, you pay for school and for university. Then she couldn't get a job, so, come here.

Interviewer: Uh, what does she currently do here at uh [Name Withheld]

I3: She's looking after the money.

Interviewer: The books?

I3: The books and the money itself.

[Pause]

Interviewer: Uhm alright. [Pause] Tell me, was she happy to join the family business?

I3: Yes.

Interviewer: She was happy, hey?

I3: Yes.

[Pause]

Interviewer: Okay, and uh, for, now for [Name Withheld] What are the succession plans? What happens once you leave?

I3: I don’t know.

Interviewer: You’re not sure, hey? That’s still not, you haven’t planned for that yet?

I3: I, I have a proposal to sell the company.

Interviewer: Okay.

I3: To competitor. [Pause] But I told him I’m not ready.

Interviewer: Okay, so.

I3: I cannot leave it to my daughter, she doesn’t have technical knowledge. She will be very good with the money, as she is up ‘til now. But technical knowledge, she doesn’t have. No, young man, it’s not easy.

Interviewer: Ja. Sure.

I3: God didn’t give me a son. I didn’t try hard enough.

Interviewer: [Laughs]

I3: You understand that?

Interviewer: I understand. Well, I suppose that you’ve answered my next question is, would you take on a partner who is outside of the family business. Would you make him a partner or would you rather have him buy you out?

I3: Partner is better, then my daughter’s got a job. If I sell it, my daughter is out. On top of it, young man, I have partner. Now I must tell you actually, fuck. I have a partner, I prepare him for that. He finish with university, I took him in. [Pause] Then we started another business, that other business become too big. [Pause] The partners there couldn’t handle it by themselves, so my partner from here, went there.

Interviewer: That side.

I3: yes, now my partner will never come back here.

Interviewer: Oh, shit. Okay. Ag.

I3: it’s a little bit complicated.

Interviewer: It’s complicated, ja.

I3: Because that is now there established. Uhm, they cannot work without him. So, and that is more value.

Interviewer: On that side than here? Ja.

I3: Now what do you do?

Interviewer: Ja.

I3: And that was conscious decision that I have to do it, we have to do it. In other business is four of us. And they needed help, he was the best. He’s mechanical engineer. They needed somebody to look after the plant. The plant is worth R100 million. So, fuck, what are you gonna?

Interviewer: Ja, if you had to choose between here or there.

I3: Yes, so. You go.

Interviewer: [Sigh] It’s never, it’s never simple, hey? Never simple, alright.

I3: And you will see on our, the letterheads, still name there, there is it, letterheads [Name Withheld] on our letterheads. And I don’t have any letterheads here. But, let me see here. [Pause] Still a partner here, but, he won’t come back.

Intervierwer: Is this a, here’s a letterhead.

I3: No that is purchase orders.

Interviewer: Oh.

I3: I prepare the young man for here, but it didn’t work. What do I have here? Many quotations. Money, money, money, there’s nothing here. Ja. [Pause] So basically, I was left alone here. [Pause] Only people don’t see that, they don’t ask questions, you understand? But by the [?]

Interviewer: Oh, I see, there by the bottom there.

I3: And [Name Withheld]

Interviewer: Will he, won’t he sell his, uh, his part of the, the, the business? If he’s not part, if he’s uh.

I3: We, we are still together, it’s not. His father was working here while he was alive. Uh. He needs the money to support the mother. [Pause] You know. If he’s sickly, they pay medical aid. So he’s covered.

Interviewer: Ja

I3: Little bit. But once, I’m hoping to work another five years. To be able to work another 5 years, I must be healthy. I’m now 65.

Interviewer: Sho.

I3: I must be healthy to work another 5 years.

Interviewer: Another 5?

I3: Yes. And then what happens, happens. It’s in my head. If God gave me good health, I’m gonna work that long.

Interviewer: And you will retire completely, or you just wanna come in for a few hours.

I3: No, then…

Interviewer: Retire completely.

I3: I’m out.

Interviewer: You’re out, hey?

I3: I am…

Interviewer: Tired.

I3: No!

Interviewer: You’re not tired?

I3: No, but, [Pause] that is pressure from my wife. She goes every year to Croatia, 3, 4 months. She wants me to be with her. We got a place there, you know? And I am not there. I go there for two weeks, ten days.

Interviewer: A year.

I3”: And that is the pressure. Come. Stop. But I am dragging that. You know what it’s like.[Laughs]

Interviewer: Eventually you just want to have, so you can say you can go.

I3: Ja.

Interviewer: And you don’t have to worry.

I3: Ja.

Interviewer: [Sigh] It’s not easy.

I3: So, I hope it, you get the picture how it.

Interviewer: Oh, I’ve still got a few more.

I3: No, but carry one.

Interviewer: Uh, tell me [Name Withheld]

I3: But that other business?

Interviewer: No, that’s uh, I won’t go there, I’m interested about uh, [Name Withheld]. Alright, [Name Withheld], what would you say are the advantages of being a family business?

I3: Look, advantages. For me it works. [Pause] I make my own decisions. If I make mistake, it's my mistake, if I make money, it's my money. Uh, maybe I don't like to have a boss. Although I was working before.

Interviewer: But having your daughter in the business as well? Being a family business, so having the daughter with you in the business? Well, what would you say is the good parts of that? What are the advantages?

I3: Safety, it's money.

Interviewer: Money?

I3:Ja.

Interviewer: So it's the financial security?

I3: Definitely. You are sure what she tells me, it's right.

[crosstalk]

Interviewer: Oh, so, so, so, you trust her, hey?

I3: [Coughs] Yes!

Interviewer: You have to.

I3: Yes. I don't have time to check. And I don't check, what she tells me, that's it. We have that in our bank? Okay. You have this, are the people okay? Good. Pay everybody. Yes.

Interviewer: You don't have to worry if there's cheating in the books, or…

I3: Yes. It's a peace of mind. And there you are, sometimes you deal with the cash. Then, when people see cash, then, they change their minds.

Interviewer: They, they, they, they, they, they're not themselves.

I3: Yes.

Interviewer: It's true, ja. Alright.

I3: I had, uh, before, I had, uh, South African. She didn’t steal from me, but she didn’t pay accounts. [Pause] No that, then you have to catch up, it’s not easy. Why didn’t you do it? But, we didn’t have money, we, ag fuck. Tell me.

Interviewer: You must pay suppliers.

I3: Hey, people say you are, what you cannot supply me? R 2700 bolts, fuck. I’m stopping your order, but stop man. What can I do now? You understand? It’s the small stuff. She didn’t pay, she said there was no money, but, fuck. Then you didn’t phone to us for the money?

Interviewer: ja. Ja

I3: You understand? It’s, if somebody needs money phone me. I think it’s better, with the daughter it’s better.

Interviewer: But now, now I’m gonna flip the coin. I’m gonna say what are the disadvantages. What would you, in your opinion, what are the bad sides of having, of having family involved in the business?

I3: She’s definitely more relaxed than, uh, than the people that they work for you. I don’t know, if that is good or bad. But, she’s more relaxed. She can come when she feel like it. So long as my books are alright, people are paid, money’s collected, she doesn’t have to come, uh, here at 8 o’clock stay til 5. She comes when she’s needed. She comes everyday, but it’s about 10 o’clock til 4 o’clock, quarter-past-four. When we’re very busy, 5. [Pause] She’s got the son, son must go to crèche. You allow for all that. You understand? If my quote has to wait to be typed out, then it must wait.

[Laughter]

I3: You understand? You cannot say, hey, come here!

Interviewer: You’re easier on your daughter?

I3: Yes, that could be disadvantage.Because you you are not proper boss.

Interviewer: She’s your daughter, first, she’s your daughter first and you’re boss second.

I3: Yes.

Interviewer: That’s very interesting, very.

I3: But it’s like that.

Interviewer: You can’t, you can’t, like you would shout at a normal employee. But you think twice because now it’s not the same. Alright, uhm, future prospects for, for [Name Withheld]. What would you say are the future prospects, if you had to see the business, say maybe 5, 10 years, where do you see the business?

I3: Same as now.

Interviewer: Same as now, hey?

I3: Same. It will not grow much, but it will be always there.

Interviewer: So, not negative, not positive. Same way it is.

I3: Same. The thing is, with the time you build up customer base, whoever has your equipment, they need your parts. So, if your pricing is right, the service they will always come to you. They don’t even think to take –

[crosstalk]

I3: They put someone else’s parts in. It’s [Name Withheld] machine, put in [Name Withheld] parts, because they are worried about a good product, it must be good product otherwise they cannot sell. And our machines and our parts truly make a good product. So, that part of the market is always going to be there.

[crosstalk]

Interviewer: So you could say it’s positive, in a way, you could say it’s positive because you know you –

I3: It's positive, I don't have to drive around looking for the people, for customers. The last 20 years, man, I've, people know me, they, they phone us. When they phone me they need something, I go immediately, I don't go next week.

Interviewer: Ja

I3: But I don't go like normal reps. I don't do that. I don't look for job. Only when you call me, I go. And then I go immediately, I make a plan, I must go. But just to go visit you for "Do you need something?" No, I don't do that. No need.

Interviewer: Uh, tell me, in your honest opinion, do you think [Name Withheld] would have been as successful if it, uh, was a family business? If your daughter was involved, or not? Do you think it would have been as successful? Do you think it may have well been worse, do you think it might have been better?

I3: Uh, it will be worse. My daughter knows me, she knows the way I think. She knows that I am little bit reckless. [Pause] uh. Soft with money collections.

Interviewer: Oh, okay.

I3: And there she is, she is, uh.

Interviewer: She's the other side, she

[crosstalk]

I3: She complements me because she knows exactly – not exactly, but very close – the way I think. I'm sometimes soft to ask for the money. But she's not soft. Uh, I will start a job without a down payment, but she's there to warn me, don't do that. [Pause] You know, sometimes you want a job and you know the man, you will do that, but mustn't do the job without down payment.

Interviewer: And it's because you trust her, hey? Is it 'cos she's family, hey? Because you trust her, and she knows you.

[crosstalk]

I3: It’s your daughter.

Interviewer: Years and years. That’s what I want to hear, it’s fantastic. Alright, now we’re moving on to the –

I3: See, if it was a normal employee

Interviewer: Ja?

I3: They probably won’t have the guts to say to me: “Hey, daddy, don’t do that”.

Interviewer: Exactly.

I3: You understand? It will say, ag fuck him.

Interviewer: Exactly, I’ll do what I want when I’m the boss.

I3: Ja, but my daughter comes and say: “Hey, don’t do that. Don’t accept the job without down payment”. I say okay. You understand? It’s always that temptation.

Interviewer: And it’s the relation- it’s that dynamic.

I3: Ja

Interviewer: It’s that you guys understand each other.

I3: Yes.

Interviewer: Ja.

I3: And if I’m soft for money, she says: ”Daddy, phone them for the money. Phone them, trouble them” So, okay, I phone, eventually I phone. Which reminds me one said he’s gonna phone me now for the money, he didn’t call me.

[Laughter]

I3: That means I must go lock up, so somebody doesn’t –

Interviewer: Come through, no, not a problem.

I3: That is the advantage, that she can come to me and point out to me where I’m weak.

Interviewer: Ja.

I3: You understand? It’s, don’t do that, don’t be reckless, don’t [Pause]

[Background noise – keys jangling]

Interviewer: I’d – would you like, say, would you like some help? I can come help you out?

I3: No, no, I just go around and close!

Interviewer: Just say that again, there’s no?

I3: There’s no qualified people in the country. Uhm, so our customers don’t have proper electricians, proper fitter. When they need and the machines break, they call us. So we come out, we do the service, if it’s big damage, we bring it here, we fix it here and we deliver. Some of them don’t even have maintenance staff. When there’s a problem, they call us. You know? That also keep the company going.

Interviewer: Constant cash flow.

I3: Yes:

Interivwer: Ja, you’re banking on the fact that there’s no proper, actual, proper-

I3: Artisans.

Interviewer: Artisans. And that, and that, uhm, while you guys have the, the skills, you have the knowledge, you have everything –

I3: We build the machines, we know how to fix it. That’s big plus.

Interviewer: That’s good. Ja. It’s sad, it’s bad for the country. But for businesses like yours, look –

I3: Young man, average –

Interviewer: Business is business.

I3: Average age of artisan is 54, or something, in South Africa. Did you know htat?

Interviewer: I didn’t know.

I3: It’s about 54 years old.Hey? People are going into pension, new ones are not coming in.

Interviewer: Ja.And the ones that are, you can’t even, can you call them artisans?

I3: it’s time. It’s time to learn, to, and what, what they learn is wrong, it’s, it’s not enough.

Interviewer: That’s actually taking us to the next one, ‘cos now, we’re gonna speak about how government and government policies, how it’s actually affected how, how you can run your business. How it’s affected your business.

I3: They leave me in peace, which is good enough.

Interviewer: [Laughs] That’s the, that’s actually in one of the first few questions. It says: “In your opinion” how do you, do you think government’s had any positive effects on your business? Government, government policies, government entities, any section of government?

I3: If you don’t ask for the help from them [Pause] you are alright. I don’t ask for the help.

Interviewer: So the less interference, the better.

I3: What is positive is that they don’t interfere with you, you understand? You write your invoice, we got that, uh, the bookkeeping system that, uh, I don’t know, what’s it computer?

Interviewer: Pastel?

I3: Yes. You send your VAT in, you claim your VAT . They don’t trouble you, they don’t come here. Which is positive, you understand? It’s [Pause] the labour problems, only when there’s election then there somebody comes to check how are the change rooms? Are the people paid? Minimum wages? That happens every cou- every couple of years. You understand? That’s positive. It’s not, uh, everyday there’s somebody hanging. I had the tax man inspectors here, uhm, I would say somewhere in ’98, ’98 somewhere. Black men and women, three of them came. You are from tax here is coming? You want a coffee, tea? You want? Yes, please! The girl makes them coffee. Uh what do you want to see? Uh, books. Same cupboard where it is now, they take out, check. They spend maybe, ag, one hour. And after that they go and they never come back. That’s now 2015. ’16. So, they are not interfering with you. So long as you pay their dues, they leave you in peace, which is positive.

Interviewer: But now I’m gonna, I’m gonna, again, I’m gonna flip it, I’m gonna say: What have, what have, what have been the negative effects that government has had, do you think?

[Pause]

I3: You want the one that’s negative? You are the one that must train your own artisans. Whoever is working in my factory, I teach him to do the job. [Pause] It’s only this guy, who’s working here on the computer, I didn’t teach him anything. Everybody else, I teach how to do the job. And I give them a job, and they sta- I don’t hire and fire. If I hire you, you stay here for a long time. I give you measuring tape, and I give you how I hire people at that time, when I need people. Now write the number: 1127, find it on a measuring tape. If you cannot find it, or any number, I cannot help, you must go. If you know that, I give you a chance. That’s how majority of them started here. Then we teach them how to weld, how to polish, how to make it square.

Interviewer: And you do the teaching yourself?

I3: In the beginning, ja, afterwards the others.

Interviewers: The other artisans -

I3: But basically, they are all trained in-house. I didn’t receive one trained artisan here, not one. Even the white guy [Name Withheld], that was here, and the other one, they learned here.

Interviewer: All in-house.

I3: All in-house training.

Interviewer: But now –

I3: So that is supposed to be not my job, it’s supposed to be –

Interviewer: You think government should’ve been the ones that, uh, that should’ve been to train them. You think, uh, what, better training colleges, or what? What’s your, your, how do you think government should’ve helped there?

I3: But they must have, uh, training facilities. I am not the one –

Interviewer: Training colleges.

I3: Colleges. I’m trying to survive, man.

Interviewer: Ja.

I3: And because I cannot get the proper artisan, I take a cheap one, a cheap labour and I teach him. And then is not cheap anymore.

[Laughs]

Interviewer: Ja.

I3: To scrap your nerves for, sometimes you shout like, fuck, how can you make mistake like that or

Interviewer: Ja.

I3: Is not cheap.

Interviewer: Ja.

I3: But, I prefer if I can hire you and I know you can do job. I give you a job, I give you drawings, but doesn’t exist here now –

Interviewer: Ja.

I3: No, and is not my duty to do that. I think it’s not. I just did it to help myself.

Interviewer: Ja, but, to, to survive.

I3: To survive.

Interviewer: Because if you had to wait for, for –

I3: That, then I would still be waiting.

{Laughter]

I3: No but if they can, they must provide [Pause] schooling for artisans, not the SETAs and stuff, that’s all bullshit, man. And for that, you and I have to pay. [Pause] I take my worker there to train him, and I have to pay.It’s not for free.

Interviewer: Ja.

I3: I must pay to teach him how to do the job. They – so it’s easier for me to teach him here in the workshop.

Interviewer: Alright, then, uh –

I3: What I say about this –

Interviewer: Ja?

I3: If he resign, it’s not easy for him to find a job. There is no, there’s no paper.

Interviewer: No.

I3: You understand? He can talk, he can tell them but –

Interviewer: There's no actual.

I3: No actual proof. People can phone me, I can tell them, yes he can do the job, but how much they'll believe me or, uh, basically, once you leave me, you're buggered. You only know what you learn here. [Pause] That's opposite.

Interviewer: And now, alright, but uh. [Clears throat] Have your business – do you think your business has received any assistance from government, whether direct or indirect?

I3: No. Nothing. [Pause] Not even from the bank.

[Pause]

Interviewer: Uhm, alright, I don't, a lot of people don't, don't know this, but I'm gonna have to ask it anyway, this is, uh. Are you aware fo any policies or government programmes that are in place to support businesses like [Name Withheld] maybe with training or with whatever. Do you know of any?

I3: I know about this if you employ youngsters, you can claim from your tax. But, young man, that's again wrong, I am teaching the young man how to do the job, and I must make profit, on that profit I must pay tax. And only that tax will be reduced.

Interviewer: Ja.

I3: So where is the advantage? I must first, I must train him to make new profit, with that profit I pay tax, and only that tax will be reduced. Because I gave him a job.

Interviwer: Ja, it's like a circle.

I3: There is no direct money.

Interviewer: Ja.

I3: That you come to me from the government and say okay, you employ this one, that one, that one, 20 grand each, what, eh, no? I must first make profit, to be able to pay tax, and then my tax is reduced.

Interviewer: That's the only way.

I3: That's how it works. That's the way I understand it. And I employ young men, these casuals, I got ten of them, I don't claim for one. Not for one. Because it's probably too much petrol that. I don't even worry.

Interviewer: Alright, uhm. [Pause] In that sense number 25 has been answered when I say, if govern- if government has implemented any specific measures to assist your – your family business. Nothing, hey? Nothing at all.

I3: Nothing. I have [Pause] We made some equipment and tried to sell to South Arabia. That happened, we were supposed to ship it last year, we ship it, last container in this, sh, Monday. No, it must confirm – which I didn't know. It must confirm with South African law. With uh, South Arabian law. I don't know law like that, I just make the equipment according to South African, like, what we make, like all this [Name Withheld] – transport company – the guy comes, it was even difficult for him to come, transport. To tell me how many containers I need. He said, no you measure for me. I said, no man, I cannot do your job. You come out, you tell me how many containers I need.

Interviewer: You come have a look and then you tell me.

I3: Yes. He did, he came out eventually. He said, but, you cannot just send it, you must have certificate of conformity to be able to send stuff to South Arabia. Where I'm gonna get this? No, you must get SABS – South African Bureau of Standard – they will check your equipment that is built according to standard. Then, when they, you got that, then the Intertech is gonna come, that's the one company that will come and check the labels and all that, to give you certificate of conformity. So I phone the SABS. Eventually, after about 3 weeks, they tell me, sorry sir, we cannot help you. We don't have standard for your equipment. Fuck it, man. Do, what do you do now? Then I sent that letter to Intertech, they said okay, describe your equipment, piece by piece. What do you put inside? What bearings, what motors, electrical, uh, what cord you work to? Fuck, I don't have a clue. What standard? So I went on the internet, I find some numbers. I give them numbers. And e-eventually all the labels must be in Arabic, which I didn't know. English and Arabic. Eventually we send it, young man. But this SABS, they send me the letter, sorry sir, we don't have standard for your equipment. And how is that going to help me? You, as SABS, you, you, at least, you could guide me and tell me where to go. [Pause] So ja, we described everything.

Interviewer: Hm.

I3: What bearing, what gearbox, who made the fucking gearbox.

Interviewer: [Laughs] Section by section.

I3: Ja. [Pause] See? [Reading] "Please advise which equipment and machinery need to be verified for mechanical and electrical compliance." So, we fucking writes everything down, the SABS, SABS.

[Pause]

Interviewer: [Laughs] Doesn't help you. Now what?

I3: That is not two men operation. That, I assume it's fucking –

Interviewer: It's a big, big entity.

I3: And you, you cannot help me. I've written the stuff here, and you cannot help me. What did you say? [Pause] We do not have a standard for the product that you are manufacturing.

Interviewer: Now what, now what do we do?

I3: Fuck. But you can copy standard from America, from uh [?] Tell me something, not just, we cannot, fuck you. And the customer wasn't happy. Huh, fuck.

Interviewer: And there's only so much you can do, hey? [Pause] Alright, uh, tell me, in your personal opinion, what, [Pause] what over the years do you think has been, uhm, factors that have helped grow your business?

[Pause]

I3: Honesty.

Interviewer: Honesty?

I3: Honesty is a very big thing with, uh, with the customers. [Pause] You, honesty on your delivery date, honesty on uh, equipment that you gonna give them. Speak to them, keep in contact. Don't keep quiet. You see you gonna be late? Uh, you fucking phone, tell him. Prepare the man. Don't just hope.

Interviewer: Ja.

I3: Uhm. Try to be, to make as best as you can, the equipment, to last. Uhm. [Pause] As long as possible, you know? Is, they are all working 24 hours. If something happens, production stops, so you try to build that equipment like Mercedes Benz style. Make sure it doesn't break. As long as possible. That's big factor. Pricing, is not so much a problem. It's [Pause] if you have like, don't be greedy. Whatever like the one is balance, like, that's how much I can make, and be happy with that. Don't next time, don't try to, to be greedy. People notice that immediately.

[Pause]

Interviewer: Now-

I3: Good service.

Interviewer: Good service?

I3: Good service, good equipment, way important.

Interviewer: But now, now I'm gonna turn it around, which I have to. I'm gonna turn it around. Now I'm gonna say, what has not helped this business grow?

What, what aspects of business have not helped this business, like labour, you know stuff like labour, or uhm-

I3: [Clears throat] It’s me.

Interviewer: Yourself?

I3: Uhm. [Pause] It’s- I reach a limit that I’m comfortable with. I had- like I told you, I don’t go look for the customers, you understand?

Interviewer: Ja.

I3: Whatever comes, I’m happy with that. I don’t drive around chasing .So it’s me. I’m the one. I have reached my limit, I’m happy with that. That’s it. But if you have younger blood, or somebody else has different thinking – that can grow the business. Especially now when the Rand is 18 to 1. Now we can almost compete with China. You understand?

Interviewer: Ja.

I3: I cannot compete, like, but is far better. And my equipment is better than China. Moneywise, hey? We are there. I am far cheaper than Americans, I am far cheaper than Europe. And the equipment is same.

Interviewer: Same quality.

I3: But, I dont have that interest.

Interviewer: To go look for more –

I3: No. It’s me, young man.

Interviewer: 100%. [Name Withheld], that’s all I need. That has –

I3: Now this competitor that wants to buy me –

Interviewer: Ja?

I3: It’s a competitor that’s world-wide.

Iinterviewer: Okay?

I3: Now they know, what I have, what they gonna buy.

Interviewer: They're gonna buy the, uh, IP, intellectual property.

I3: They're gonna buy something they don't have. They can build it, they can own it

[crosstalk]

I3: They know they can sell it outside the country. They have contacts, that's uh, different organisations, it's world-wide. Uh, they got office here, in South Africa, Cape Town. But-

Interviewer: What they don't have is the knowledge, the IP.

I3: They don't have extruders[sp] If they can build it here, they can sell it, wherever they want to. They didn't come here because they like me. You understand?

Interviewer: They knew.

I3: They know, that is gonna go the way it's going to go.

Interviewer: And you can set your price though.

I3: Ja, but, again. I'm not ready. That's what I told them, I'm not ready.

Interviewer: 5 years.

I3: Young man, 18 to 1. My price is –

Interviewer: And it's not gonna get better, hey?

I3: No ways.

Interviewer: Not gonna get better.

I3: Nuh, it was 10, 15 [Pause] And now it's ele- e, 18. Seventy –

Interviewer: I had sevent-uh- I think it was 16, uh, 80

I3: 16.80, but my price is still the same.

[Pause]

Interviewer: Still costs you the same to make.

I3: It didn’t affect. It will start maybe March, April.

Interviewer: With the cost of material, consumer bills

I3: uh. We need to go gearboxes because it’s imported.

[crosstalk]

Interviewer: Imported.

I3: All the good stuff is gonna go up.

Interviewer: But for now, for that period.

I3: It will not go up 70%

Interviewer: You build it, you build it at R10 a dollar.

I3: 10 point 5.

Interviewer: 10 point 5.

I3: You understand? So, they know that. They can compare, they know how much it should cost in America, Europe, China, India. They know, they know. And now, because of that Rand. We become very competitive.

Interviewer: Huh? Which is, on one hand –

I3: It’s positive ja.

Interviewer: it’s positive.

I3: And also, it’s not just that, if I was importing before, you will think, oh now I must pay 80%, 70% more, for the same stuff which I can buy here?

Interviewer: Ja? Instead of going, looking for stuff you can I can buy, you just source locally.

I3: Yes. There is

[Crosstalk]

I3: Not just for bed, bed is fast, but you and your father [?] because we play our pension now outside the country.

Interviewer: Ja.

I3: Your, now all of a sudden you become poor.

Interviewer: That’s right, all the money you saved is

I3: [Laughs] It’s a bit half. If you didn’t change it before.

Interviewer: Not good. Ja.

I3: That is disadvantage, but.

Family Business 4:

Interviewer 1: Alright Roger, for the record, just state the position of the organization that you are in and just a brief history of the business.

I4: I'm a partner of (withheld) and the company's been going since 1980. The company is owned obviously by two partners, myself and Mr Santos. We a small company, we not a very big company, we got at the moment five artisans, and ya, basically it's just in the metal industries. We fabricate for different customers and, like I said, it's just a plain and simple, a fabrication of stainless steel, mild steel, anything to do with steel which actually busy fabricating.

Interviewer 1: Alright…

I4: So, ya not really engineering, as in machining and stuff, but we can do it but like it's obviously outsourced.

Interviewer 1: Alright, how would you describe the size of the business - micro, small, medium?

I4: No, that's micro. Definitely Micro.

Interviewer 1: Alright, and you said your business was established here in 1980?

I4: 1980

Interviewer 1: So you guys are running now for 36 years?

I4: That's it ya.

Interviewer 1: "Shoo!". Alright. Where is your business situated?

I4: We situated in Brakpan, close to Carnival City, so between Brakpan and Springs.

Interviewer 1: Ok. (Pause). So you were saying, your scope of work, within the metals industry, you just do fabrication and construction?

I4: We do fabrication, construction, we don't do any civils, it's just basically construction, in other words, what I mean by construction is erecting of buildings, uh you know those steel…

Interviewer: structural

I4: Structural! Or even if they ask us to take something down we'll go and actually dismantle it. So it's anything that's in that scope of work, we actually do, so we not really specialized in anything, it's a general fabrication.

Interviewer 1: Ok. What markets or regions do you operate in?

I4: Um. Look the markets are basically the mines, that's the biggest one's that we got, the mines and obviously you got odd clients, that are also to do with the mines with smaller divisions of other mines.

Interviewer 1: Ok. (Pause). What is the extent of competition within your market?

I4: It's quite fierce because there is a lot of people that actually, you know, price wise, there is always people that always undercut you to try get the job.

Interviewer 1: Ok…

I4: Doesn't mean the qualities better, but ya, they always try to undercut you.

Interviewer 1: That's quite strong hey?

I4: Ya.

Interviewer 1: And you, how many employees in total does your business have?

I4: Um, employees, it's five. Including myself and my partner, it's 7.

Interviewer 1: Are you currently engaged in any other business, or is this your main focus?

I4: No this is the only business that I have.

Interviewer 1: And the family members in the business are they involved in anything else, or is this also their focus?

I4: No No, the only family members here, is myself and my partner, which is my father in law. It's just those two.

Interviewer 1: It's 100 percent. Alright, so now we going to move on to the family business side of the questions. How many family members form part of the organization, is it just you and Santos?

I4: Yes.

Interviewer 1: And he's a partner as well?

I4: Yes he's a partner.

Interviewer 1: How and why did they join the business, or did you guys start the business?

I4: He actually started the business, he's had several partners in the past, um obviously either they've worked out with him or they've actually, for example with the last partner, he actually retired, and that's where I came in. He retired because of ill health, and then I actually bought into the business.

Interviewer 1: Ok.

I4: That's the picture, well that's where I fit into the whole picture now (laughs).

Interviewer 1: OK. And when did you join the family business?

I4: I joined in 2011. So it's not long

Interviewer 1: Not too long hey.

I4: Not too long.

Interviewer 1: And Santos was there right from the beginning?

I4: He's the founder. He was there from the beginning.

Interviewer 1: He was there from the beginning. (Pause) Why did you join the family business? What were you reasons?

I4: Look I was in IT, and then obviously he needed help with the business, cause his partner, well his previous partner was about to retire. And he gave me the opportunity to maybe start something off by myself, you know, with him, so that I could then, when be decides to retire, I could actually continue with the business, you know, keep it going.

Interviewer 1: Ok and what are the other succession plans for the family, cause is Santos going to retire or what?

I4: Um, he's planning on retiring, I don't know when, cause he's already 70 years old. So he's soon soon going to retire. So from there, I have to then, that's why I'm trying to buildup the clientele, which has been neglected, you know, for a while, cause I mean both partners were at the age of retirement. So they were thinking of retiring so the business sort of quieted down. So I'm actually trying to build it up again, so then when I actually take over, the customers and the clientele is there.

Interviewer 1: Alright, would you take on a partner outside of the family?

I4: Ya definitely, if there is somebody that is willing to come in with clientele, you know, and wanted to actually join the company, yes.

Interviewer 1: What would you describe are the advantages of being a family business?

I4: Um. Look. I don't think are too many advantages, cause I mean obviously being a… Look inside the work business I mean you treat the other person as any other guy, but you know you have a different part in it you got… so in other words what I'm trying to say is you cant now, because it's your father in law, or because it's your brother or sister, you can't now sort of give leeway, you know, if you say what you got to say and that's it, you know, in the work environment, obviously after hours you back to brother and sister, or uncle and aunt or whatever the case is, but you know when you work together it's totally different, you know, you two guys working and that's it.

Interviewer 1: Alright…

I4: So if you got to have a go at each other, you have a go at each other (laughs), you know what I mean.

Interviewer 1: But then now I'm gonna flip, and now I'm going to say what are the disadvantages of being a family business?

I4: Ok the disadvantages are obviously if you, for example, if you are not a strong enough person to put up with the other person's nonsense you know, in other words, cause the person always pick on you, you know this and that, or after hours, you know there's always the disadvantage of is that you always talking business instead of actually relaxing, there is always the thing of talking business, and you must do this and do that, you know, but there does get to a stage where you sort of wanna give it up, because that is the only thing you hear all day is that, and you have no time for yourself basically (laughs).

Interviewer 1: Ok. Now in your opinion, what is your perception of future prospects for your specific business?

I4: What do you actually mean by that?

Interviewer 1: Like future prospects, like how do you see the business in five years?

I4: Look hopefully I see the business growing; I want to try actually grow it. Obviously work wise, I’m trying to implement different strategies within the company. Trying to get the thing modernized, you know, in other words, cause obviously the partners have been older, I’m trying to actually push it further, and get, how can I say, into the future, you know, to let the company actually grow. So basically trying to actually sustain it. If the other partner’s are there, we can actually just carry on with the business.

Interviewer 1: In your opinion, do you think the business would have been as successful if it was a family-owned business or not? Do you think it makes a difference being a family-owned business? Does it impede in the success or not much?

I4: Look in the past, I think it worked well, because it was two different partners, you know, they always got it…

Interviewer 1: (Interrupts) Where they family as well?

I4: No they weren’t family, so it’s the first time a (mumbles) or a family member’s actually come into it, which is myself.

Interviewer 1: ok

I4: So when it was before when you has these other partners, I mean, they has their go’s at each other but that’s sort of like uh, it wasn’t such a great marriage, you know, now with me coming into the picture, because he obviously knows me, and I’ve got respect for him, so there’s a bit more, how can I say, a bit more, communication between the two of us. Before the one partner has a blow out, and you know it’s like it doesn’t really work out, and that’s why they normally split, but I got a good relationship with him, and you know what I got to say I say, and what he’s go to say to me he says, So look I’d say it works quite well, it doesn’t always work out with every family business, cause I do know of other businesses that haven’t worked out so great like ours, Interviewer 1: Ok, no that's good. Alright now we moving on to government, government entities, government policy, and how they have affected, the family-owned businesses. Alright, now in your opinion, has government has any positive affects on your business?

I4: Look I would say no, cause obviously with what's happened with the mines, we got a lot of out business from the mines. We have had mines close on us. We very reliant on the mines. So we actually lost a lot of business because of the mines. So I would I wouldn't say ya, they actually haven't done anything great to actually help the small business.

Interviewer 1: Alright. Well then you basically answered my next one, is that has it had any negative affects…

I4: Yes it did…

Interviewer 1: Obviously, with the mines. Alright.

I4: I mean look at the moment we actually in a situation where it's tough, the whole year that past, I mean we haven't actually has any great success, because of obviously the mines closing down, obviously all the labour unrest, you know all things like this that could actually, I think, could have all been avoided if there was, you know, a bit of governance in the government.

Interviewer 1: That's awesome. And has there been any assistance to your business form the government, either directly or indirectly? Have they assisted you in any way?

I4: No. Nothing at all, no.

Interviewer 1: Now are you aware of any policies or government programmes that are in place to support businesses like yours?

I4: Um, look not really cause I actually haven't has much time to investigate, so I couldn't say that there is, there possibly is, but I haven't actually gone and had a look

Interviewer 1: (Agreeing and at the same time) and had a look… Alright.

I4: (Laughing) Maybe that’s a good question, maybe I should go and have a look.

Interviewer 1: Has uh, in your opinion, has government implemented any specific measures to assist family-owned businesses. Do you know of any?

I4: Um, look I’m not aware of any. But look, Like I said, there possibly is, to uh help small businesses but at the moment you know that way I actually look at things, I don’t think there is much assistance in that sector.

Interviewer 1: Alright

I4: Especially towards smaller companies.

Interviewer 1: And uh, (Pause), what additional assistance do you think government should give small family-owned businesses?

I4: Look I think they should give them, in other words, especially with the labour, I mean they basically force, if you got a worker working for you, they basically force you to keep the guy on, obviously to create jobs, but I mean, a small business like that cant survive on, for example, if there’s um a time that you actually have to lay off people, there’s the process that you actually have to go through to actually get of somebody, because you cant afford to keep them on, it’s so lengthy and actually costly towards the company, so at the end of the day the company’s actually taking money they could actually use elsewhere and they actually using it to obviously to pay the workers out, and you know and then basically at the end of the day there is nothing left to actually keep the company surviving. So you actually got that, how can I say, negative impact on the business.

Interviewer 1: OK, in your personal opinion, what have been factors, just generally, factors that have assisted your business in growing in the past, ,maybe present?

I4: Uh, look the factors in the past have obviously been the strong rand, cause I mean if the rand was better, I mean there is obviously more work out there. So, there's more that people can actually you know give towards these companies, smaller companies. Obviously I mean if you go to the mines and stuff, I mean, there, because of safety and things like that, you actually have more a relationship with the people, but now obviously safety has come into the factor, and its basically actually forced the guys again to go down to grassroots, and try work themselves back up to the top, and you know, the, how can I say, the (long pause) maybe it's not the right way, but I mean, it's actually forcing you to obey the rules, which is right, but the length of time which you actually have to spend on those things, it's costly to a small company. They don't have the man power or the funds, to actually keep the company, for example to send a team to go and do an induction, that costs, and smaller companies don't have the time for that cause what you could actually be using those guys for is to do something else and now you actually have to take them off and put them somewhere else. So the impact on that is actually quite great.

Interviewer 1: What would you say are the barriers to growth? What has impeded growth in your business?

I4: Look in my opinion, the BEE rules. BEE has become a big factor, and if you don't have BEE the people don't want to do business with you. Although you a small company, you exempt from it, they still overlook you because you a small company and you don't have any black partners or you don't have anything like that. So that is actually impacting on the smaller businesses a lot. Is the fact that you gotta either have to have a black partner, look I'm not racist or anything like that, but I mean ya you have to have a partner there or, you gotta somehow get yourself your status updated to that and all that costs money. You can't just now say listen fine ok I gotta give the percentage that I work for all my life I gotta give it away cause I mean basically that's just not going to work like that. You know, you can't

Interviewer 1: Alright 100 percent.

238 I4: I hope I answered all your questions.

239 Interviewer 1: It’s been perfect.

Family Business 5:

Interviewer: for the record, just state your name and the position, …

I5: Okay.

Interviewer: …in the organisation.

I5: The name of the organisation?

Interviewer: Ja.

I5: So it's [Name withheld] and I'm the, sole member. It's a cc, so there is, I mean, I'm the only member.

Interviewer: Alright, and a brief history of your business.

I5: Well, this business started in 1999. A very small, just a couple of machines.

[Background noise – motor]

I5: Sorry, let's just close the door there. And then I started just growing from there. So it's been in business now for – 1999 [Pause] How many years ago? Seven - well, it will be -

Interviewer: Seventeen

I5: Seventeen years now on the first of April.

Interviewer: Okay.

I5: And that's it.

Interviewer: Alright, How would you classify the size of the business? Micro, small or medium?

I5: Micro.

Interviewer: Micro?

I5: Ja, micro, ja.

Interviewer: Okay, [Pause] When was your, your bus- you say your business was established – established in 1999?

I5: Yes.

Interviewer: Am I right? And your business is situated in?

I5: In Steeldale. Ja.

Interviewer: In Steeldale. Alright, what scope of work does your business operate in within the metals industry? What is your main scope of work?

I5: I do, it’s mostly manufactured goods, precision engineering. Okay? Components, [Pause] Parts for electric motors, it’s all precision components.

Interviewer: Okay. Alright, and what markets or regions, do you cater for and, do you operate in?

I5: Okay I’ve diversified the business. I, I, I, I supply parts for the mining industry. I supply parts for the, consumables industry. Okay? And to a certain extent, not so much now, for the diamond polishing industry. And that’s it.

Interviewer: Okay.

I5: Those are the three fields I normally do business with.

Interviewer: Okay, [Pause] What would you describe the extent of competition within the market? How, how big is the competition?

I5: Tough.

Interviewer: Tough?

I5: Yes

Interviewer: So, quite a bit of competition.

I5: There is, yes.

Interviewer: just within the area? Or?

I5: No, no, in general. In general, ja, it’s, it’s tough.

Interviewer: Okay. How many employees does your business employ?

I5: At the moment, with myself, there’s four of us.

Interviewer: Four of you?

I5: Ja.

Interviewer: Okay, How many businesses are you currently engaged in, or is, [Name withheld] your main focus?

I5: No, no, I’ve only got this business.

Interviewer: Okay, alright. And, the family member involved in the business, is he involved in something else or is this also his main focus?

I5: No, no, he’s also part of the the the manufacturing part of the business

Interviewer: Okay, alright. Now we’re going to move on to the section where we discuss, family-owned businesses, in, in Gauteng. Alright, how many family members, form part of your organisation? And what positions do they hold?

I5: It’s just the one, it’s my son, and he’she’s an employee. He’s an, he’s a, he’s a tool-and-die-maker in the business.

Interviewer: Okay. How and why did he join the business?

I5: [Pause] He, he matriculated and then he did not want to carry on with his studies. So, he chose to do a trade. And then he went out and he did a trade, did his apprenticeship for a, a, a big company – I can’t remember what the name is – and then he worked there for four years, and then he, qualified as a toolmaker, did his trade test, passed the trade test and then he, he, he asked me to join me, I guess. So, he came in and joined me after he qualified as a, as a, as a tradesman.

Interviewer: Okay, when did they join the family business?

I5: A year ago. Ja.

Interviewer: Okay, [Pause] So, [Sigh] What, what were the reasons do you think he joined the family business? Was it just that, he couldn’t find anything else, or?

I5: He, he always liked engineering.

Interviewer: Okay.

I5: Okay? So, he liked engineering and because he didn’t want to study, it was, it was a good option for him to, to become a tradesman. And [Pause] it, it put me in a, in a better position than I was a year ago, because at least now I, I’ve decided to invest a bit more in the business to accommodate him so that in future, maybe he could just, you know, eventually, run the business and take over the business.

Interviewer: Alright, because that actually answers my next question. Is that: what is your proposed succession plan for, for the family business?

I5: Ja, the idea is, look, it’ll be my business for as long as I can, but I wanna start, giving him responsibilities and, and, and let him get involved in the, day-to-day running of the business. So that eventually I can, just delegate the actual running of the business fully to, to him.

Interviewer: are you grooming him already?

I5: Yes, yes, yes.

Interviewer: Okay, alright, now for, for – Because this is a family business, would you allow to take on a, an outside partner or would you like to keep it in the family?

I5: No, no, no, not at all. It’s a family business, I built it up and that’s it. [Pause] I either, something goes wrong, I’ll just sell it and that’s it, I don’t wanna get involved with anybody.

Interviewer: okay, what would you describe, as the advantages of being a family business?

I5: Well [Pause] it's pretty simple, you know? If you work hard, the business grows and it becomes part of your DNA, you know? You built the business, you want the business to succeed. You, you're going to do your utmost to make sure that the business does succeed. And you just hope that, in this case, my son; you will just have the same, the same ambition and the same enthusiasm that I have, just to keep the, you – maybe not to grow it, you know, too big, but at least keep it, you know, successful.

Interviewer: Keep it going.

I5: Ja.

Interviewer: Alright, but now I'm going to flip it. I'm going to say, what would you describe as the disadvantages of being a family business?

I5: the disadvantages – I don't think there are any disadvantages. Okay, you gotta work harder, and you gotta put in extra hours, you gotta put in extra work, and you know, sometimes [Sigh] you just there's nobody to tell you, "hey, listen, you did a good job", you know? Besides yourself. So, it, it, it's more of a, look, I found with my business is that, what, what I found over the years is that [Pause] I am the business. So if I'm not here, the business doesn't run. Especially in this kind of business. So, the downside of it is, if I want to take that extra holiday during the year, I sometimes can't because if I'm away, then the business comes to a standstill. And that's one of the downfalls of, you know, the downturns of the business. Basically, that's the only one. Apart from that, you know, if you feel sick, or, you know, it's only a couple of days, you can live with it. But if you wanna go away for a couple of weeks, then you've got a problem.

Interviewer: Okay, in your opinion, what, what is your perception of future prospects of your business?we can talk maybe one year, we can talk maybe three years, five years?

I5: No it’s, I’m going to, I’m going to carry on here for as long as I can. Whether it’s five years, ten years, fifteen years, you know, as long as there’s work to be done, and there’s work out there, and I’m healthy and, you know, things go okay, I, I have no intentions of giving up on it.

Interivewer: And you think that it looks good in terms of you think work will just keep coming, hey?

I5: [Pause] See, there’s no guarantee in that. I have no fixed contracts. I have, basically, what I do is because I’ve been doing it for many years. I’ve built a relationship with my suppliers, with my clients, and, there’s no guarantees, you know? There are months, this, this last year, end of last year was one of those years where things slowed down quite a bit. prior to that, you know, business was okay, it grew, you know, not at a very fast rate, but a steady rate. But, obviously, you know, once you reach your capacity and the amount of work that you can do, it like, you know, plateaus. It doesn’t grow, you know? And I don’t wanna grow too big, I’m happy with the way it is now and my intention is not to go mad.

Interviewer: Okay. And in your opinion, do you think your business will continue to be successful, or do you think it was as successful if it were not a family-owned business?

I5: No, I think [Pause] If, if I keep it as a family-owned business, it will be - the prospects of success, to me, are higher, because you put all that you have into it. Your heart and your hard work, your money and everything into it. if you start getting involved with partnerships and things like that, you know what? I stay away from it.

Interviewer: Alright. Now we’re going to move on to the section where it’s, what factors government policy has had on these family-owned businesses. So, the context is within being family-owned.

I5: ja.

Interviewer: Alright? So, in your opinion, has government had any positive effect on your business?

I5: No. Not at all.

Interviewer: Nothing, hey?

I5: Nothing.

Interviewer:do you wanna elaborate on that if, it's just, you've never had any, –

I5: It's just that, you know what? I built my business within my means. So, [Pause] And, and, maybe it takes a bit longer to succeed, okay? Because you are limited to, to the amount of money that you make, or that you, that, that little bit of profit that you make, say you take, you take – the secret about these small businesses and family businesses is [Pause] to, if you're making "x" amount of money, you must pump "x" amount – "y" amount into the business. So that, that's the success of, is, your own business, family businesses, you know? You mustn't try and take all the profits out of the business and then you're going to come short. So, you know, I've had to deal with my, with my problems, you know – finance – but it was my own doing, you know? I've got no – absolutely – no help from, from anybody.

Interviewer: But now I'm going to flip it, now I'm going to say, what negative effects do you think government has had on your business?

I5: Look first –

[crosstalk]

Interviewer: - government policies, whatever.

I5: The problem is, the problem with is, us small guys, if there's so much bureaucracy, there's so much red tape to get through all this, that it's not worth my time, you know? I don't wanna go there and, and give them my ideas and tell them what I'm going to do and, you know? It's, it's too much red tape. I'll rather do it my way, although it's going to took me longer, and I've had nothing to do with them.

Interviewer: Would you keep it small for that –

[crosstalk]

I5: I would do, I would, ja –

Interviewer: - for that sake?

I5: I would keep it small, and keep it yours. And that it.

Interviewer:has there been any assistance to your business from government, direct or indirect?

I5: Nothing.

[crosstalk]

Interviewer: Have they ever provided any assistance?

I5: Nothing at all.

Interviewer:now tell me, in, in your, in your, how can I say? – experience – are you aware of any policies or government programmes that are in place to support businesses like yours, like family-owned businesses like, like yours?

I5: I've, I've heard of some policies and, and, and, what do you call those companies? Entities that actually help you out, like small business – in my day it was a small business development corporation, they used to - they said, they used to help you. But, you know, when you're starting off a little business they want you to come up with a business plan. They want you to come up with this and come up with the next thing, you know, I'm a tradesman. I'm not a highly educated person. I'm not an engineer, I'm not an accountant. So, there is too many things that you have to worry about which takes you away from the actual job that you're doing, you understand what I'm saying? I haven't got time for that. I, that's why I've never asked for assistance. I know there is assistance out there. I believe there's a whole lot of, government organisations that can help you. But I've always stayed clear of them.

Interviewer: Are you aware that, has government implemented any specific measures to assist you, or, that have been, that you think, that they've implemented that has impeded you as a family business?

I5: N- Look, they haven't impeded me. But they haven't got my attention. They haven't – you know.

Interviewer: Alright. What, what, what additional assistance do you think government should, should provide to family-owned businesses? What, what programmes do you think they should develop – what bodies, what policies do you think they should put out there?

I5: I think, you know, what they should do is to make it more simple for people to do business, you know? Labour laws are a problem. You know, you gotta – labour laws are a problem – The way the whole apprenticeship thing is structured is a problem and, that's why I don't want to get too involved, you know?

Interviewer: Ja.

I5: So, I just stick to basics. Do, do everything within the law, you know? But, financial, from a financial point of view, I would rather, y'know, progress slowly at my own, within my means than deal with government. It's too much bureaucracy, I'm not going to get involved in that.

Interviewer: Alright, I'm going to just ask you some follow-up questions. In your opinion, what have been, factors to organic growth in your business, in the, in the family business? What do you think have been positive factors?

I5: Ag, I dunno, it's just hard work, hey. It's, it's just that ambition.

[crosstalk]

Interviewer: So you'd say it's just you on your side?

I5: Ja, it's just that ambition to succeed as, as, as a business. Th-that, that's what motivates you and, and, honestly, and this is what I tell to a lot of people. You know, business, – having a, a, a little business, a family business is not just about making money. It's making it succeed for as, it, it must be a, a sustaining business. And to be a sustainable business, you have to invest into the business. Both financially and, labour and thing like that and you gotta, you gotta keep up with technology also, it's very important. To be competitive and to survive, you've gotta keep up with technology.

Interviewer: And what, would you say, have been major barriers, to you growing the business?

I5: I think it's, the major factor is finance, you know? Capital. You go to a bank and you ask them for money and you haven't got collateral, they won't lend you. They just don't, that's it.

Interviewer: But in your specific case, what would you say have been the biggest, the biggest barriers for you. For you growing, for you growing outside of the –

[crosstalk]

I5: It's the uncertainty of not, running to trouble with having no work. That, that is the biggest problem that I have. Is that, it's okay now, but maybe next year, I cannot predict what happens around here. So, there's always that uncertainty at the back of your mind that things can go wrong and –

Interviewer: One day it's going to –

I5: One day there's a lot of work, the next – I won't say the one day, but

Interviewer: Ja.

I5:You know, over a period of time the, the work is there and then, all of a sudden you have a strike in the industry and then you're stuck for two or three months and if you haven't got a, a, a cashflow to support you over that period, then that's it, you're dead. And those are the big problems in the thing. And also, you know, another thing about small businesses and family-owned businesses – it's not all about hard work, there's – I'm, I've always, I've learnt over the years, is that, 50% is hard work and 50% is good financial management. If you can get those two right, you will go through bad times and through good times and you'll manage the business and you won't go under. That's, that's my theory, that's my philosophy and I've learned that over the years, you know?

Interviewer: It's good practice, hey?

I5: Ja, ja, ja. See, I'm also fortunate because before I started my business, I was a manager for – a tool room manager for a comp – for a big company in South Africa, here in Johannesburg and I learnt a lot, also, over the, over the years, you know. Not only about the trade, but also to, you know, learnt about running a little business, you know? [?] The old, the olden days they had the small business development corporation and I went there on a course, and I just learned a couple of things. Especially from the, from the management point of view.

Interviewer: Oh, okay.

I5: So, it all helps.

Interviewer: That helped, hey?

I5: Ja, it does, hey. No, that helps a lot.

Interviewer: Fantastic.

I5: That's all?

Interviewer: That's it

I5: [Laughs] Is that enough?

Interviewer: Ja, but that's perfect.

Family Business 6:

Interviewer: Alright, for the record, please state your position in the organisation and just give me a brief history of your, of your company.

I6: Okay, I'm the sole member, I, I started the business, and –

[Background noise – woman proclaiming]

I6: I'm, I'm the main person there, I make sure everything –

Interviewer: So you're the director of the, you're the main director of the business? Alright, for the purpose of the research, how would you classify the size of your business? Are you micro, small or medium?

I6: we, we, we micro-small, I think.

Interviewer: Alright, so micro is between 0 – 10 people, sm-

I6: No, we're about fifteen people.

Interviewer: Fifteen? So you'd be classified as, as small, then. You'd be a small enterprise. [Name Withheld] when was your business established?

I6: In – [Clears throat] June 1986.

Interviewer: 1986? Alright, and where is your business situated?

I6: Alrode South.

Interviewer: what would you describe the scope of work that your business, operates in within the metals industry. What is the scope of work that you do?

I6: we doing CNC [?] machining. turning, drilling, fabrication, [?] stainless steel, designing of machines, special machines. conveyance. I think that, that's about it.

[Background noise – Parrot clicks]

Interviewer: And what markets or regions do you operate within? What kind of markets do you, do you work with?

I6: the markets would be, the, the packaging, bottling, packaging industry. Again, primarily. So we do, with the [?] CNC machine, we pick up, we got some nice contracts, so we getting regular work in a slightly different field. More for items that are used in the civil industries.

Interviewer: Okay, and the, the regions – do you mainly operate within Gauteng or outside of Gauteng as well?

[Background noise – cat purring]

I6: Ja, no we, we are basically following work which comes from [Name Withheld] which has been all over Africa. in the past we've we've gone as far as Romania. We've worked in Romania. We've worked in the Middle East. We've, Qatar. been to Naples. so, been pretty much around.

Interviewer: Okay, and now [Name Withheld], in terms of your main scope, what is the extent of competition within your market? How much competition do you think there is?

I6: Well, one of, one of the things which we do, which I, I never mentioned right in the beginning is we, we've got, we got a few machines in the industry and [Clears throat] we supply consumable parts for those machines.

[Background noise – Parrot whooping]

I6[cont]: And we do injection moulding for items on those machines. And we don't really have any competition regarding –

[crosstalk]

Interviewer: Those specific ones?

I6: Those, those few things, ja.

Interviewer: Okay, and that's and that's primarily your main scope? You, you wouldn't say - there's no real competition?

I6: Ja, so, th-th-th-that would be m –

[Background noise – dog barking]

I6 [cont]: change parts on, on the packers, on packers' side.

Interviewer: Okay.

I6: There's locally no, no competition. The competition would be from outside South Africa which would be the [Name Withheld], which we can't really compare as a, as a, as competition taking into account the size of –

[crosstalk]

Interviewer: The – the size of [Name Withheld], no. Fair enough. alright, and in total, how many employees does your business employ?

I6: [Pause] I, I think with the counts, I think everybody together is about fifteen people.

Interviewer: Alright, and currently is, is this the only business you are currently busy with? This is, m –

I6: Yes, it is.

Interviewer: It's your only business. And, do any of your family members that are currently in the business, are they busy with any other businesses or is this also their main focus?

I6: My, my daughter has a part-time business.

Interviewer: Okay. Alright. We'll leave it at that. now we're going into the family business section of the, of the questions , alright? [Pause] How many family members form part of your organisation and what positions do they currently hold?

I6: Okay, - my brother is there, he's workshop, workshop manager. my, my one daughter is, [Pause] learning, she's involved in the workshop as well and she’s learning to interface from my side to the workshop. My other daughter is involved in accounts and my wife still comes in to assist her if necessary.

[Recording jumps]

Interviewer: Say again?

I6: Okay, I was talking about my wife.

Interviewer: Your wife, ja.

I6: Ja, so, my wife has been involved on and off in accounts right from the beginning. [Pause] So she still sort of part time, she just comes in and, and checks. And that’s about it.

Interviewer: Okay, for those that are currently involved, how and why did they join the business?

I6: Both my daughters joined. Okay, my, my brother joined, right in the beginning basically to assist me. So, he’s been with me right from the beginning minus a year. So he started a year after I – he saw that he could put something in there and, and felt that he could [Clears throat] but he only came in, never came in as a partner, he only came in as a, a, as in,

Interviewer: Employee.

I6: Ja. [Clears throat] My daughters came in, coz they felt that for continuation of the company that was, that was necessary for them to, to come in.

Interviewer: Okay, [Pause] So we spoke about when your brother joined the business, when did your daughters join the family business?

I6: Okay, my, both my daughters have worked with, for me on and off. they’ve worked for about a year, a year and a half. Both of them in accounts, and, needed a bit more experience and so forth and left after a while. That was both at different times [Clears thoat] At this time, stage they both had more experience and they both decided to ccome back beginning of last year. So, beginning of 2014 – 2015. End of 2014.

Interviewer: Okay, and was your wife there from the start. Did she, was she with you from the start?

I6: She was, she was in accounts, yes.

Interviewer: Okay. [Pause] For what reasons do you think they joined the family business? You said you think it was just for succession purposes, hey?

I6: For my –

Interviewer: For your daughters specifically.

I6: Ja, I think that’s the reason.

[Background noise – dog barking]

Interviewer: For succession? Alright, now what are your proposed succession plans for the business? What is – what are your future plans?

I6: Plans are that they would be able to take it over.

Interviewer: Your daughters as the, as the main directors?

I6: yes.

Interivewer: And now. [Pause] Would yourself, would you think your daughters would take on an outside partner outside of the family? For- for the business, so do you think they’d want to keep it within the family?

I6: I – I don’t think they would take, take them on as a partner. That’s my feeling, but, that’s my belief.

Interviewer: [Sigh] What would describe are the advantages of being a, of being a family business?

[Pause]

I6: I would, I’d, I think that you could, you could and you should be able to trust family, more than you can trust a complete –

[crosstalk]

Interviewer: Normal employee.

I6[cont]: stranger or a complete outside person.

Interviewer: And now I'm going to flip it. Now I'm going to say, what would you describe are the main disadvantages of being a family business?

I6: [Pause] I think [Clears throat] the, the main disadvantages are that you you can have the situation where the, they feel that they're entitled to this and they're entitled to that. They, they don't have to work as hard as somebody else that comes from the outside.

Interviewer: In your opinion, what, what is your perception of future prospects for the business? Does it look good, does it look bad? And you can talk maybe one year, maybe talk in three years, you can talk in five years. What's, what's your perception?

[Background noise- clinking of metal]

I6: I'm feeling positive.

Interviewer: You're feeling positive, hey?

I6: I'm feeling positive at the moment and, I, I would, I think that I still need to be around for a few more years. The more the better but it, it, it, the, difficult at the moment. But, I, I think there is light at the end of the tunnel.

Interviewer: Okay, alright, now we're going to move on to the government side of the, of the questions, how they've affected the family business. [Name Withheld], in your opinion, has government had any positive effects, within your business? Just generally, whether it's government policies or government bodies, do you think they've had a posi- positive effects on the, on the family business?

I6: I cannot see any positive effects from the government, I can only see negative effects.

Interviewer: And they, well, the next question is have there been any negative effects, and, if so, just explain why, what have you, in your opinion, what have been some of these effects?

I6: Well, I think the BA, the BEE thing is pretty much ridiculous, coming to the, that you have to have, previously disadvantaged partner, At this stage I did not [Clears throat] have any partners, and that is what I sought out right from the beginning, not to have partners. Not even my wife was a partner of my company, because that's, that was my feeling and that, so, to take on a partner from – forced on me is, I think is ridiculous.

Interviewer: Tell me, has there been any assistance to your, to your business from government, either directly or indirectly? Have they assisted you in any way?

I6: No.

Interviewer: Whether financially, or

I6: Not at all.

Interviewer: Nothing, hey? Tell me are you, are you aware fo any policies or government programmes that are in place to support businesses like your own, like family-owned businesses or –

I6: I'm not aware of any.

Interviewer: nothing at all? Hey? You've, back then, now, nothing?

I6: Nothing, never ever. thirty years of being around –

Interviewer: [Laughs] Of doing business? Has government – do you think, is government implemented any specific measures to assist family-owned businesses, in your opinion? Do they think – do you think they've put anything in place?

I6: Do I think they should, could?

Interviewer: No, have they now? Have they? Do you think they –

I6: I don’t, I don’t think they have. Not, not, if I listen to the, to the, to the radio and you have the talk of you’ve got this guy on 702 who talks about the incubator –

Interviewer: Mmm.

I6: And [Clears throat] I don’t see anything that I can benefit from.

Interviewer: Fair enough. Now, now I’m going to ask you: what additional systems do you think government or government bodies should provide family-owned businesses like your own? What do you think they should do to, to help you out?

[Pause]

I6: I’m not sure. [Laughs] I, I m [Pause] Ja, I dunno. I –

Interviewer: What do you think would be – would help make business easier for you, moving forward? If government can do something, what would make the what would make doing business easier? For you?

I6: I [Pause] An-anything that you get involved with government – we have, at the moment, we we tryna, we’ve had a guy injured on, on duty, so, the workman’s compensation is just a nightmare. Nobody answer the phone, they’ve got six fax numbers that you can send, reply to, none of them work, and that [Clears throat] that is, in fact, today, what my daughter was saying to you, just, workman’s compensations, Department of Labour must be the absolute worst government body that’s around. So, to help small business, or any business, would be to those systems, those –

Interviewer: Departments –

I6: Departments to work properly.

Interviewer: In, in the last few years [Name Withheld], what would you say have been , positive factors that have helped grow your business? What, what has come up, whether from government, whether from internal, from the, from the business? What have been some positive, attributes that have helped grow your business?

I6: I think about two of three years ago, ah- the, the, the economy seemed to be cruising along a lot better than it, than it is at the moment. Things were happening and getting enquiries, getting work, getting work done. [Pause] And then all of a sudden, it just started to slow done. I'm not, not sure what that was, maybe, maybe it could've been better than it was. I don't know, but, but as I say three or four years ago, just seemed to be cruising along a lot better than it is at the moment. Than it has, it has been for the last, since the beginning of 2015.

Interviewer: And within the last few years now, on the other side of the coin, what have been the, the main barriers to you growing, what has been the main barriers for growth? What bodies, or what – whether it's internal or whether it's external, what has affected growth within your business? What has stopped you from growing?

I6:I – I, I, I think the labour, the Labour laws are one of the things that, that, that are a problem for me, because you need to train people to do what you specifically doing, and when you start training these guys, you, you starting completely from scratch, and you moving them up through that, that level of money that they receiving. And as we all know, a new broom sweeps very well. So, and, and you, you got these guys and they trying and you're trying and you, and you teaching them and you paying them and you're paying them more money. And once you get to that rate, which is the top of the scale, which is, set by the in agreement, they just become dead wood. So- something needs to be done there, to get, first of all, more people need to be trained, or if you training them yourself you need some mechanism in place when it comes to a point where you don't want these guys; because these guys aren't performing the way they should be performing. You should be able to get rid of them easier than its currently in place.

Interviewer: That's it. Thank you very much.

Family Business 7:

Interviewer: Right, uh, for the record, please state your position in the organisation and a brief history of the, of the business.

I7: Uh the name is [Name Withheld], I’m the director of a company called [Name Withheld]. Uh, the company’s been in existence for about 28 years now. Of which I have now had it under my ownership for the last 12 years. Uh, we manufacture small to medium components for the mining and petrochemical industries.

Interviewer: Fantastic, alright. And now, for the purpose of this research – how would you classify the size of your business – micro, small or medium?

I7: Uh, it’s a small industry, small business.

[Pause]

Interviewer: When was the business established?

I7: [Pause] [indistinct]

Interviewer: So, 28 years.

I7: 28 years, ja that’s 2016 minus 28. 1988.

Interviewer: 1988, alright. Your business is situated here in Alrode, you don’t have any other offices?

I7: Correct.

Interviewer: What- what’s your main scope of work?

I7: We manufacture components. Uhm, machine, machine components.

Interviewer: Alright. And what markets or regions do you operate within or what, what markets do you, do you cater to?

I7: We, we cater to any sector really, really that requires our services, predominantly being motor industry, petrochemical and mining.

Interviewer: Okay, uhm, what is the extent of competition within your, within your market?

I7: Fiercely competitive.

Interviewer: Very competitive?

I7: Very, very, very competitive.

Interviewer: How many employees does your business have at the moment?

I7: Uh, currently we employ eighteen people.

Interviewer: Alright, and at peak?

I7: Twenty – twenty-eight to thirty people.

Interviewer: Alright, and is this the only business you currently engaged in?

I7: It is, yes.

Interviewer: Alright. Uhm. Alright, I’m going to ask you now some questions, it’s not hundred percent family-owned, but what I wanna, what I wanna see, if I can draw some answers out of you, is, uhm, when it was under whatshisname, uh…

I7: [Name Withheld]?

Interviewer: [Name Withheld], and uh, I don’t know if [Name Withheld] did any work here, did she?

I7: She did.

Interviewer: She did do some work here?

I7: She was in accounts.

Interviewer: So, we're going to try and see if we can match the questions and see if you, if you saw anything or what kind of dynamic was involved, so I'm going to try and see if I can relate these questions to when it was under [Names Withheld] ownership, alright? So, when it was under [Names Withheld] ownership, it was uhm, it was only those two, hey?

I7: That's correct.

Interviewer: It was only them, uhm. And they were there from the beginning?

I7: That's correct.

Interviewer: Uh. [Pause] [Sigh] what were their proposed succession plans? Were they expecting [Name Withheld] and uh –

I7: No, there were no succession plans.

Interviewer: There were none, hey?

I7: No, if there were anything, they didn't want the children to go into the same, the same sector.

Interviewer: Is it? Uhm. And they decided to take on a partner from outside, hey?

I7: From? Outside? Yes.

Interviewer: From outside, outside the family if I can put it like that. Alright, in your opinion, what would you describe as, what were the advantages of them being a family-owned business at the time?

I7: Advantages of-advantages of being a family-owned business?

Interviewer: Ja.

I7: Attention to detail. [Pause] That was the only advantage there is, basically, to it.

Interviewer: Alright, and what would you say were the disadvantages?

I7:[Sigh] You're limited, uh, you micro-manage the business, uhm, and your resources are limited to what the ca- family, family members are capable of producing for the business, or services offe-, uh, capable of offering the business.

Interviewer: Uh, right, let's go back to now what you eh- where you are now, where you are now the director of the business.

I7: Yes.

Interviewer: What is the future prospects, how do you see the future for, for, for [Name Withheld]?

I7: Manufacturing, at the moment, is on a, a downturn, or, if anything, stagnated. So, for the next year or two, it's all about sustainability. I don't foresee any growth in the businesses.

Interviewer: Alright, uhm, what would you attribute that to?

I7: Uh, inflation and under-productivity.

Interviewer: Alright, uh, but uh, within the- internally. And externally? Oh, no, no wait -

I7: No, no, those – internally we have no limitations. Uh.

Interviewer: So, it's basically outside forces –

I7: It's outside forces, yes.

Interviewer: Alright, uhm, tell me something, do you think [Name Withheld] would have been as successful if it was a family-owned business or not a family-owned business, or do you think it's irrelevant?

I7: Irrelevant. It's irrelevant.

Interviewer: Alright.

I7: As we stand at the moment.

Interviewer: Okay, we're going to move on now to that government, uh, government policy section, alright? And we're going to start going into more detail, alright? So, one of the questions is – in your opinion, has government had any positive effects on your business?

I7: None whatsoever.

Interviewer: Alright, throughout its whole history, would you know if there was any –

I7: NO, there has never been any government assistance in the business.

Interviewer: Okay, well, not so much assistance as positive effects.

I7: No.

Interviewer: You don't think they've helped out in any ways?

I7: No. No.

Intervierwer: Alright, now, tell me, the negative effects that the government has had on, on the business.

I7: Well, government doesn't relate to small businesses. Uh, they, government only deals with the collective bargaining counsels and the bargaining counsels don't necessarily represent small, small industry.

Interviewer: Uh. What would you, if you had to give an example, how would you highlight this, uh, this issue?

I7: Uh, annual increases with staff. Uh, negotiations with staff, uh-uhm, uh, uh, rates. This is bo- uhm, negotiated once every three years with, with all the various SETA's, uh, and those SETA's don't represent us small industries. They dictate to us how much we need to increase our staff by, how much leave our staff are entitled to, uhm, and all the working conditions that our staff are subjected to, they're not necessarily relevant to our business. But we need to adhere to them, as they are, they have been deemed that they will represent us.

Interviewer: And if, and you feel that that has a really - negatively affected –

I7: Absolutely, it does.

Interviewer: The, the, the growth of the business?

I7: Yes.

Interviewer: Has there been any assistance to this specific SMME business from government either direct or indirectly?

I7: No.

Interviewer: Tell me, are you aware of any policies or government programmes that are in place to support businesses like this one?

I7: On the contrary, triple-BEE.

Interviewer: So you’re saying – just, uh, expand on that. How do you think you’ve lost out because of BEE?

I7: We are not liable to tender on, on projects that in the past we would’ve possibly been able to tender on.

Interviewer: Was that one of the main conditions that uh, that you had to be BEE-level –

[crosstalk]

I7: Absolutely, yes, yes.

Interviewer: Okay, alright, uh, let’s expand on that, because now I can’t – how has government implemented measures to assist you, but instead of that, if you saying that they haven’t assisted you, let’s go back and say how they’ve held you back, and you’re saying BEE is one of them?

Interviewer: They have, yes.

Interviewer: Any other uh, uhm, any other ones that you might think of?

I7: No, well, that is the biggest one that's excluding us from trade, basically. Because we don't meet the requirements.

Interviewer: Uhm, what additional assistance do you think government should provide these type of businesses?

I7: There should be representation, a caucus or government body that could represent small- uh, small to medium enterprises. And exclude them from these bargaining counsel – uhm – negotiations.

Interviewer: So you think as an SMME, you guys should have different standards as to that of the bigger uhm –

I7: Yes, of course.

Interviewer: The bigger, bigger steel manufacturers?

I7: Every, every business is, has its own unique characteristics, and uh, we should be treated that way.

Interviewer: Alright, uh, in, in the last few years, what would you characterise as being one of the greatest uhm, factors to keeping your business - if not in a growth phase – within the sustainable phase? Has it been the Rand, or has it been anything –

I7: No, I think that the fact that we're a small business, it's micro-managed, uh it's an owner-run business, uh, and it's attention to detail and uh, and services that we can offer – faster turnaround times to meet the customer's requirements.

Interviewer: Would you say it's a key man, would you say you are the key, like the, the, the key man, the, the entrepreneur that, that holds this place together in the –

I7: I am, yes.

Interviewer: So, in the sense that if you had to go, this business would, would sink?

I7: It, it wouldn’t sink, as such, but it would certainly be detrimental to the business, you’d have strategically need to, to, to, to uhm, evaluate its position.

Interviewer: Now, on the other side of the coin, what do you think have been the biggest barriers to your growth in the business? What has, what do you feel, either internal or external, what has been the biggest –

I7: Combinations of both. Internally – pessimism, because of external factors – uhm, weak Rands, uhm, unproductivity to, to, to, to staff, high wage rates, uh, high import costs of, of raw materials, are all factors hindering growth in the businesses.

Interviewer: Uh, if I had to, what do you, what do you feel the effect that China has? China in terms of uh, uh, Chinese products being brought into the market. How has that affected your, your business?

I7: Uh. I don’t – [Pause] There’s both uh, positive and negative attributes to that. Positive attributes is that we can land products, uh, cheaper, uhm, that we were currently landing them in for, imported products. Negativity to it is, uh, we’ve had to improve our own productivity in order to compete with these uh, imported items.

Interviewer: How is this directly related to, is this, how is this directly related to the, to, to Labour relations? Has Labour relations impeded on thi? In the sense that now you have to pay more, you have to start now upping the price and not making yourself that competitive and trying to increase efficiency?

I7: There are no Labour relations, we, uh, small to medium enterprises, we don’t have representation in the bargaining counsels and in the, uhm, in determining uh, increase factors. This has led to staff being overpaid and certainly underqualified and unproductive, uhm, and there is no way of curbing this.

Interviewer: Alright.