

**THE CULTURAL DETERMINANTS OF SUCCESS IN
INDIAN OWNED FAMILY BUSINESSES**

LEIGH CHRISTIE ADAMS

LLB

Thesis submitted in fulfilment of

The requirement for the degree

MAGISTER IN BUSINESS ADMINISTRATION

in the

Business School

at the

NELSON MANDELA METROPOLITAN UNIVERSITY

Promoter: Dr Margaret Cullen

Port Elizabeth

2009

ABSTRACT

Family owned businesses play a vital role in the economy of a country, therefore their sustainability and succession is a topic that requires adequate research and analysis. This is required to determine the impact and contribution at a socio-economic level and future development of the family owned business.

Within the Nelson Mandela Metropolitan area previous research has been conducted analysing the above with regard to Greek family businesses. There is a little evidence to suggest similar studies have been conducted on Indian owned family businesses, specifically businesses operating at a third generation level.

This research will therefore analyse Indian owned family businesses that are at a minimum level of third generation within the Nelson Mandela Metropolitan area. The purpose is to investigate whether there is any specific cultural attributes of the Indian culture which have contributed to their success.

TABLE OF CONTENTS

	PAGE
List of tables	i
List of figures	ii
List of annexure	iii

CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

1.1	Introduction and problem statement	1
1.2	Sub-problems	2
1.3	Hypotheses	2
1.4	Demarcation of research	3
1.4.1	Geographical demarcation	3
1.4.2	Type of Organisations Assessed	3
1.5	Subject of Assessment	3
1.6	Definition of selected concepts	3
1.6.1	Family Owned Business	3
1.6.2	Culture	4
1.6.3	Conflict	4
1.6.4	Succession	4
1.7	Research Methodology	5
1.8	Outline of the Study	5
1.9	Conclusion	6

CHAPTER 2: FAMILY OWNED BUSINESSES DEFINED

2.1	Introduction	7
2.2	Family Owned Businesses Defined	10
2.3	Governance	11
2.4	Characteristics of the Family Owned Business	13
2.5	Challenges within Family Owned Businesses	14
2.6	Conflict	18

2.7	Issues of Succession	19
2.8	Conclusion	22

CHAPTER 3: FAMILY OWNED BUSINESSES IN SOUTH AFRICA

3.1	Introduction	24
3.2	Skills Required for Successful Family Owned Businesses	24
3.3	Indian Family Owned Business Contextualised within the South African Context	26
3.4	The Indian Culture	27
3.5	The Impact of the Indian Culture on Family Owned Businesses	30
3.6	Overview of Indian Family Owned Businesses and their Contribution to the South African Economy	31
3.7	Conclusion	33

CHAPTER 4: RESEARCH METHODOLOGY

4.1	Introduction	35
4.2	Objectives of the Research	35
4.3	The Research Methodology	39
4.4	Identifying the Participants	48
4.5	Data Gathering	48
4.6	Conclusion	49

CHAPTER 5: EMPIRICAL STUDY

5.1	Introduction	50
5.2	Reporting Format	50
5.3	Results	51
5.4	Questionnaire and Answers	51
5.5	Conclusion	70

CHAPTER 6: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS
--

6.1	Introduction	71
6.2	Analysis and Interpretation	71
6.3	Addressing of the Sub Problems	73
6.4	Addressing of the Hypotheses	75
6.5	Conclusion	76
REFERENCE LIST		78

LIST OF TABLES

	PAGE
Table 2.1: Family Businesses Globally	7
Table 2.2: Advantages and Disadvantages of Family Owned Businesses	17
Table 3.1: Job Creation by Race	33
Table 4.1: Types of Evidence	46

LIST OF FIGURES

	PAGE
Figure 3.1: Quality of Entrepreneurs	25
Figure 3.2: The Determinants of Culture	28

LIST OF ANNEXURES

	PAGE
Annexure 1: Questionnaire	86

CHAPTER ONE

INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION AND PROBLEM STATEMENT

In recent years there has been an increase in the research of family owned businesses and their contribution to the economy of various countries globally. Research has revealed that more than half of the businesses worldwide are owned by families (Timmons & Spinelli: 2007). Unfortunately, despite its success, many of these businesses do not have longevity with only 15 percent surviving into the third generation (Morris, Williams & Allen, 1997). These businesses are unique and valuable and therefore deserve to be studied in more detail.

Various researchers such as Handler, (1989); Lutz, (2003); & Gwiliza, (2005) have reviewed and concept of succession and the attributes accountable for the problems associated with succession. Limited research has been conducted into the impact which culture has on the success of family owned businesses. Research studies by Cullen (2007) and Adendorf (2006) have investigated certain aspects of family owned businesses with Adendorf researching Greek families and Cullen investigating families within the wine industry.

Dyer (1988) suggests that culture plays an important role in determining the continuity of the family business beyond the founder. The need for further research into culture and social norms within a family business environment is supported by researchers such as Le Breton-Miller, Miller and Steier (2004) and Ainsworth and Cox (2003).

The aforementioned factors as now identified, lead to the problem statement as set out below:

Are there any specific cultural attributes which contribute to the success of Indian family owned businesses with specific focus on those operating within Port Elizabeth, South Africa?

1.2 SUB-PROBLEMS

Sub-problem One: What are the key characteristics of family owned businesses?

In order to support the study, it will be required to review various literature conducted to identify the specific characteristics of family owned businesses.

Sub-problem Two: What are the key cultural attributes of Indian families?

This study will seek to identify the values, goals and attitudes which are said to be typical of the Indian culture.

Sub-problem Three: How do the cultural attributes of Indian families impact on their business?

1.3 HYPOTHESES

In order to conduct the study, certain hypotheses need to be identified to govern the framework within which the study is conducted. The study will therefore be managed within the confines of the hypothesis as listed below:

Hypothesis One: Limited research has been done into the impact of culture in managing Indian family owned businesses.

Hypothesis Two: Culture plays an important role in the functioning and success of family Indian family owned businesses.

1.4 DEMARCATIONS OF RESEARCH

1.4.1 GEOGRAPHICAL DEMARCATIONS

This research is limited to businesses within Port Elizabeth, South Africa.

1.4.2 TYPE OF ORGANISATIONS RESEARCHED

Indian family owned businesses in their third generation and beyond with no specific regard to the type of industry will be researched. This study will not attempt to compare the Indian culture to any other culture.

1.5 SUBJECT OF RESEARCH

The subject of research is the study of Indian family owned businesses in order to determine the correlation between culture and the manner in which they run their businesses.

1.6 DEFINITION OF SELECTED CONCEPTS

1.6.1 FAMILY OWNED BUSINESS

Researchers such as Cullen (2007); Adendorf (2006) and Hoover & Hoover (1999) have had differing views regarding the definition of a family owned

business. For the purpose of this study, the definition by Cullen (2007) will be used which defines a family owned business as one which has been started by an entrepreneur/founder and eventually progresses to being owner managed and then results in more than one member working in the business, which leads to a family partnership. The business is expected to be passed on to succeeding generations of the family, sometimes through marriage, which leads to sibling partnerships and eventually family syndicates where the descendants of the original founder own or control or participate in and/or benefit from the business.

1.6.2 CULTURE

Culture is the set of shared attitudes, values, goals and practices that characterises an institution, organisation or group. (Wikipedia.org, 2009: Online)

1.6.3 CONFLICT

The perceived divergence of interest, or a belief that the parties' current aspirations cannot be achieved simultaneously (Pruitt & Ruben, 1986).

1.6.4 SUCCESSION

Succession is the process associated with the movement of members out of an organisation and the replacement of their function by new members (Grusky and Miller, 1970).

1.7 RESEARCH METHODOLOGY

“Research is the systematic process of collecting and analysing information in order to increase our understanding of the phenomenon about which we are concerned or interested” (Leedy & Ormrod, 2001: 4).

The approach taken in respect of this study is to initially conduct a literature survey identifying relevant research conducted on the topic and In order to gain more insight into family owned businesses.

In addition to the literature review, a case study research strategy will be utilised. Case studies typically combine data collection methods such as archives, interview, questionnaires and observations (Eisenhardt: 2002).

1.8 OUTLINE OF THE STUDY

CHAPTER 1: INTRODUCTION

This chapter briefly provides the reader with an introduction to the topic and the reason why this specific research is being conducted. It will also provide an outline of the rest of the chapters forming part of this research.

CHAPTER 2: FAMILY OWNED BUSINESSES DEFINED

This chapter consists of a review of related literature with an emphasis on the family owned business in general.

CHAPTER 3: FAMILY OWNED BUSINESSES IN SOUTH AFRICA

Chapter three consists of a literature review with specific focus on the South African context and Indian family owned businesses.

CHAPTER 4: RESEARCH METHODOLOGY

This chapter discusses the research approach to be adopted which includes the research paradigm, sampling design and measuring instruments to be used.

CHAPTER 5: EMPIRICAL STUDY

The results will be gathered and interpreted in this chapter and we will seek to determine whether the data gathered supports the hypotheses.

CHAPTER 6: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter findings will be summarized, conclusions reached and an identification made as to whether there are any suggestions for further research in the area.

REFERENCE LIST

1.9 CONCLUSION

This chapter has provided an overview of the research study. In what follows is a literature study conducted on family owned businesses globally.

CHAPTER TWO

FAMILY OWNED BUSINESSES DEFINED

2.1 INTRODUCTION

This chapter aims to explore the family owned business (FOB) model and focus on the factors contributing to their success and demise, in an international context. The literature review will present findings from previous studies on this topic.

Family businesses contribute significantly to the economies of many countries worldwide. Research suggests that 65 – 85 percent of all businesses worldwide are family owned as indicated in the table below.

Table 2.1: Family Businesses Globally

WORLDWIDE FAMILY BUSINESS		
<u>COUNTRY</u>	<u>%FB</u>	<u>%GNP</u>
BRAZIL	90	63
CHILE	75	50-70
USA	96	40
FINLAND	80	40-45
FRANCE	>60	>60
GERMANY	60	55
ITALY	93	

Source: Timmons & Spinelli, 2007

Walmart, established by the Walton family, Ford established by Henry Ford, Estee Lauder established by the Lauder and family who currently control 70 percent of the voting shares, and Levi Jeans established by the Strauss family are examples

of prominent FOB's, each providing thousands of jobs and contributing to the growth of the economy (Timmons & Spinelli: 2007). FOB's are also in areas where they were formerly prohibited, as in the former communist states and in regions where globalisation is radically restructuring social and economic life e.g. Africa and the Middle East (Gordon and Nicholson, 2008: 29).

A major contributor to the success of FOB's is the energy and built-in passion of all its owners who care deeply about the long term prospects of the business as the fortune, reputation and future of the family are at stake. This is supported by Sheehy & Flynn (2005: 60) who states that the family system is emotion-based with its members bound together by deep emotional ties that can be both positive and negative. The business system however, has its primary goal as making a profit, revenue, efficiency and growth (Hilburt-Davis, 2005).

Despite their significant contribution to the international economy, FOB's face unique issues: succession planning, complicated relationships, routine issues that emerge around turf battles, shareholder control, compensation structures, and processes for strategic decision-making (Conway and Baumgartner, 2007) in <http://gbr.pepperdine.edu/072/family.html>).

Family owned businesses differ from non-family owned businesses in that family businesses are concerned about both business as well as family outcomes (Dunn, 1995). These two interacting systems are the factors that make the family business unique from any other business. The companies listed above, have managed to find strategies to balance family and business systems successfully.

According to Drucker (1995: 1), a FOB's survival and prosperity depends stringently on the following rules:

- Family members working in the business must be at least as able and hard working as any unrelated employee. Failure to comply with this would result in capable staff members who are not relatives, resigning;
- Family-managed businesses, except in the case of smaller ones, increasingly require non-family professionals to hold key staff positions. This is as a result of the increasing demand for expertise in various fields such as marketing, finance, human resources etc.;
- At least one executive post should be filled by a non-family member. Such an outsider can be objective and need not worry about the reactions of relatives, whether in the business or not;
- The issue of management succession should be entrusted to someone who is neither part of the family nor part of the business.

In order to fully appreciate the above, one needs to understand what a FOB is and have regard for the potential issues which they face.

The purpose of this literature review is to provide a broad overview of FOBs as a whole. The review will begin with the concept and definition of a FOB in section 2.2. Section 2.3 deals with the issue of family business governance. Section 2.4 then sets out the various characteristics of these businesses followed by the challenges faced in section 2.5. Conflict is inevitable in any business and possibly even more so in a family owned business. For this reason, it is appropriate to briefly discuss conflict in section 2.6. Section 2.7 then addresses the issues of succession which includes information that defines effective succession and the consequences of ineffective succession planning. Finally, section 2.9 provides a conclusion to the chapter, summarising the literature.

2.2 FAMILY OWNED BUSINESSES DEFINED

Various researchers who have defined family owned business have had differing views regarding the concept.

John Davis and Morris Tagiuri (1982) identify three overlapping domains consisting of the family, the business and ownership. Within a family, success is measured in terms of harmony, unity and the development of happy individuals with positive and solid self-esteem whereas within the business environment, success is measured by productivity and profit. In the eyes of owners, success is measured by the return on investment and the protection of ownership interests (Hoover and Hoover, 1999: 47). This reveals the dynamics of family businesses and the ability to manage the domains simultaneously results in the success and survival of the business.

Hoover *et al* (1999: 3) define a family business as any business in which business and family relationships have a significant impact on each other. According to this definition, family members are economically dependent upon each other, and the business is linked strategically to the quality of family relationships. Handler (1989: 7) defines a family owned business as an organisation where decisions concerning ownership and management are determined by a family (or families), who exercise influence through their participation in the business and/or its board as well as in the determination of a candidate for generational transfer.

A family business is one that is owned by members of the same family to shape and/or pursue the formal or implicit vision of the business, in which it is the intention of family members to hand the business over to the next generation, or which has already been handed over to a family member to manage and/or control it (Venter, 2002:17).

The general consensus amongst authors is that the involvement of family is the distinguishing factor between family owned and non family owned businesses. The question which arises is whether this involvement should be in an ownership or management capacity. No matter what the nature of the business may be, good governance structures are important for the success of the company.

The purpose of this study, the definition by Cullen (2007) will be used which defines a family owned business as one which has been started by an entrepreneur/founder and eventually progresses to being owner managed and then results in more than one member working in the business, which leads to a family partnership. The business is expected to be passed on to succeeding generations of the family, sometimes through marriage, which leads to sibling partnerships and eventually family syndicates where the descendants of the original founder own or control or participate in and/or benefit from the business.

2.3 GOVERNANCE

As a result of the unique structure of FOB's, they have different needs to other organisations, one of which is a different governance structure.

Governance is defined as a set of mechanisms used to manage the relationships (and conflicting interests) among stakeholders, and to determine and control the strategic direction and performance of organisations (aligning strategic decisions with company values).

The concept of governance within a family business refers to the manner in which structures are controlled and accounted for. These systems assist in reconciling diverse perspectives and building consensus among owners (Gordon and Nicholson, 2008: 33).

Family businesses have important advantages when it comes to governance. A close network of family leadership can lead to fast and effective decision making, while the combination of ownership and control removes the agency problems associated with manager-led firms. Unfortunately, as a result of the owners not wanting to involve outsiders in the running of their business, they run the risk of primarily serving the interests of the close family network rather than the business as a whole.

Naidoo (2002) as mentioned in Adendorf (2006: 215) states that corporate governance encompasses four major elements being:

- The creation and ongoing monitoring of a system of checks and balances to ensure a balanced exercise of power within a company;
- The implementation of a system to ensure compliance by the company with its legal and regulatory obligations;
- The implementation of a process whereby the risks of the sustainability of the company's business are identified and managed and agreed within specific parameters;
- The developments of practices, which make up and keep the company accountable to the broader society in which it operates.

What is evident is that every firm needs governance. The reason for the success of many firms is that they have implemented governance systems that make provision for crisis, solve problems before they occur and guard against poor or biased decisions (Gordon et al, 2008: 237). In addition to this, they contain processes for the orderly transition of power and the effective execution of major

strategic decisions, have provisions for transfers of ownership, the extraction of benefits and the protection of the asset base for the next generation.

2.4 CHARACTERISTICS OF THE FAMILY OWNED BUSINESS

The characteristics of a FOB and a non-family owned business are not dissimilar, but what distinguishes the one from the other, are the added components of passion, loyalty, trust, shared values, determination, absence of external interference and commitment from stakeholders and opportunities for personal growth which is found in the former of the two (Hodgetts and Kuratko. 1998; Steier, 2001), Van der Merwe (1999) advises that these are not an exhaustive list of characteristics.

Family businesses differ from traditional businesses in that they are owned or controlled by family members and thus have greater potential for the family to be involved or influence the business matters (Cullen, 2007: 67).

As is the case with non-family owned businesses, FOB's also undergo constant change. Ward (1987) lists five of the natural forces which initiate change as:

- The general nature of the business;
- The character of the organisation;
- The motivation of the owner;
- The family financial expectations; and
- The family goals.

"It is of importance that we do not make the mistake of assuming that all family businesses share the same attributes. Family businesses will only share characteristics in so far as the families themselves are alike and share similar relationships with associated business enterprises (Goffee, 1996: 40)."

Various factors such as varying structures, cultures and life cycle stages contribute to the uniqueness of each business. A typically western business will, for example, differ from one owned by Asians and so too will a firm led by a female compared to that led by a male. This has an impact on the character of the organisation and therefore affects their formation, growth and persistence.

Professor K Ramachandran, ISB, Hyderabad (2006) identify the most important areas of concern for the success of a family business and refers to them as the ten commandments of Family business. These are listed below in no specific order as:

- Induction and grooming;
- Ownership Structure;
- Preserving wealth;
- Conflict resolution mechanism;
- Business vision, strategy and governance;
- Family vision, strategy and governance;
- Succession planning;
- Compensation and rewards for planning;
- Recruitment and reward for non – family professionals;
- Retirement and estate planning.

2.5 CHALLENGES WITHIN FAMILY OWNED BUSINESSES

Every business organisation, be it family owned or non–family owned has a unique set of challenges which it needs to overcome. The characteristics of family owned businesses exaggerate these problems. Authors across the board have identified these challenges.

Timmons (2007: 568) identifies twelve challenges that family enterprises face:

- Families assuming that their past success will guarantee their future success;
- The legacy value attributed to the business does not translate into a market value or advantage;
- Families want a legacy pass in the market such as being recognised as good citizens for operating for a long period;
- Leaders try to balance the risk profile of their shareholders with the risk and investment demands of the marketplace;
- Risk profiles differ between senior and successor generations;
- Families find it hard to pass the responsibility of managing the firm into the hands of younger generations which they deem less capable;
- Families build the first-generation business on the founder's intuition, but then business never establishes more intentional entrepreneurial processes to keep the entrepreneurial contributions alive;
- Families rarely make use of the same financial strategies as those used by fellow entrepreneurs to grow the business;
- Families do not get rid of unproductive assets and underperforming businesses to reallocate resources to more productive places;

- Successor generation family members feel entitled to get a business rather than seek next-generation entrepreneurial opportunity;
- Senior leaser communicate to the next generation that business planning and entrepreneurial analysis is a waste of time;
- The family member is given part of the business to run as part of their legacy, and this is deemed to be entrepreneurship in the family.

Iwan (2006) goes further to include the following challenges:

- Lack of an exit strategy;
- Succession planning;
- High turnover of non-family members;
- Lack of training of new family members who join the business;
- Lack of outside opinions and diversity on how to operate the business.

The table below lists further challenges but also provides some benefits which should be anticipated in FOB's:

Table 2.2: Advantages and Disadvantages of Family Owned Businesses

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Strong support from family members 	<ul style="list-style-type: none"> • Potential for conflict between family members
<ul style="list-style-type: none"> • Values and ethos shared between family members 	<ul style="list-style-type: none"> • Poor governance
<ul style="list-style-type: none"> • Ability to think long-term 	<ul style="list-style-type: none"> • Difficulty separating home and work life
<ul style="list-style-type: none"> • Ability to make decisions quickly 	<ul style="list-style-type: none"> • Successive generations could prove less committed than founders
<ul style="list-style-type: none"> • Stronger relationships with local community 	<ul style="list-style-type: none"> • Reluctance to relinquish control may hamper growth
<ul style="list-style-type: none"> • Focus on future generations creates lasting stability 	<ul style="list-style-type: none"> • Difficulty separating family and business finances
<ul style="list-style-type: none"> • High levels of loyalty and commitment from staff 	<ul style="list-style-type: none"> • Innovation may be hampered

Source: Authors Own Construction 2009

It is important that family business owners be aware of the challenges as depicted above in order to be better prepared for any possible problems which may arise in their business and be in a position to combat them by seeking advice from professionals.

One way in which a company can ensure that it is filled with trustworthy people is by keeping the business in the family. Of course this in itself brings along its own dimension as family adds complexity to conflict.

2.6 CONFLICT

According to Pruitt & Rubin (1986: 14), conflict is the perceived divergence of interest, or a belief that the parties' current aspirations cannot be achieved simultaneously. In analysing the above, conflict can be construed as envisioning two energy poles pulling in opposite directions. There is a lot of energy/tension flowing between the two which needs to be resolved in order to avoid an unfavourable situation.

Levinson (1971: 90) points out that the possible conflicts in family businesses arise when managerial decisions are influenced by feelings about, and responsibilities towards, relatives in the business, when nepotism exerts a negative influence.

Conflict also arises when a company is run more to honour a family tradition than for its own needs and purposes. Under these circumstances there is likely to be turmoil. The conflict occurs when the boundaries of the two systems, family and business, overlap (Cohn: 1990). Not only does the conflict affect the family, but it also has a significant impact on the surrounding community, its suppliers and its long-term employees. Unless managed correctly, unresolved family relationships could negatively affect an otherwise successful business. Similarly, any unresolved disputes in the family business could take its toll on the family relationship.

Conflict in a family business environment can be more destructive and intense than in a non-family business and it is therefore imperative that there is a shared vision and that management supervises, controls and is held accountable for their actions (Neubauer and Lank, 1998).

Morris, Williams, Allen & Avila (1997: 387) state that conflict within a FOB lasts longer because of the interaction between the parties on a personal level. Subsequent business decisions are further impacted because of a particular family conflict, creating new sources of differences.

Sibling rivalry is a common occurrence within a family business environment and may be one of the most common and fundamental hazards to the family business. Gordon and Nicholson (2008: 242) suggest that in order to remedy this, the goals of all working family members should be clarified, regular communications should be established between the siblings, a neutral 'ombudsman' should be appointed to co-mentor a sibling team and siblings should be encouraged to enjoy time out from the business on occasions for fraternising. Being part of a FOB should be regarded as a privilege and challenge rather than an entitlement (Paisner, 2000: 94).

When operating a family business, the family should establish a culture in which differences can be discussed and systems should be implemented to resolve problems such as jealousy, competitiveness and jockeying for positions.

Henk Theron, managing director of Annique believes that one of the secrets to maintaining good working relationships is to ensure each of the children has his or her specific responsibilities allowing them to focus on their specific area of expertise and not impinge on the fields of others any more than necessary (Family Business Brief, Vol 1, no 2).

2.7 ISSUES OF SUCCESSION

"My husband is the youngest son of three. Ten years ago he started working in the family business together with his father. His eldest brother started working for the company six years later and the second eldest brother resides in another town. We

have now been informed by their father that he intends leaving the business to his three sons in equal shares with the eldest son taking over the reigns of managing the business. How can we avoid this as my husband has invested more in this company than any of his siblings?”

The above is an example of one of the many issues facing family owned businesses. The management and succession process can be the source of great conflict both within and without the family business and further discussion about this topic is found hereunder.

Grusky and Miller (1970) state that succession is the process associated with the movement of members out of an organisation and the replacement of their function by new members. This process is not only disruptive to the family, but also to non-family employees, customers and suppliers.

Successful family business continuity requires raising potential successors who will add value to the firm by seeking new opportunities and fostering entrepreneurship (Garcia-Alvarez & Sintas, 2003). In determining the issues of succession, one should consider the talents of the family members and not the hierarchy of the family. The successor must gather the necessary experience and demonstrate the skills required to lead the company (Barach, Gantisky, Carson & Doochin, 1988) and develop the trust of family members (Chua, Chrisman & Sharma, 1998).

One of the most prominent causes of conflict in a family owned business is the issue of succession. The problem seldom arises in the second generation, but when those children have children of their own the issue of business division comes to the fore. This can lead family businesses into crisis, as an ownership structure that worked well for one generation can quickly become dysfunctional in the next.

Various literature has revealed that founding owners of businesses seek continuity through next-generation family members: children first, followed by other family members (Corbeta and Montemerlo, 1999; Iannarelli, 1992; Kets de Vries, 1993) and finally, non-family insiders or other alternative solutions (even outsiders) when next-generation successors are unavailable (Ward, 1987). A possible solution, if not the better option, is to entrust the settlement of the succession to an outsider depending on the size of the company and the nature of the business.

Should management not wish to leave the settlement of succession issues to an outsider, especially in light of the fact that they would most probably want to ensure that it remains in the family, the following remedies as set out by Gordon and Nicholson (2008: 242) should be considered in order to avoid the intergenerational struggle:

- Create an ownership continuity plan that defines how shares will be passed on to, sold, divided among and owned by the next generation, if at all;
- A leadership continuity plan should be implemented for selecting new business and family leaders;
- An agreement should be reached regarding a policy for objective third-party oversight of the leadership selection process by independent directors, trustees and/or close advisors;
- The last remedy would be to appoint non-family professionals to fill business leadership roles.

The inability of the founders to let go of the reigns is a major challenge faced by FOBs and certain measures should be put in place in order to ensure the smooth transition. Gordon and Nicholson (2008: 242) set out four remedies for this risk

factor. Set an enforceable normal retirement age from the board, enshrined in the company by-laws; keep the retiring senior generation involved when they leave their business role in an honorary capacity as 'wise men'; assist seniors in planning a third career and give them a hero's send-off to applaud and recognise all they have achieved.

2.8 CONCLUSION

FOB's form the backbone of the economy of almost every country in the world and many nations depend on them to sustain these economies.

FOB's demand constant involvement and attention of its owners. It does not keep traditional office hours, and owners need to be aware of this investment. These businesses are typically founded by parents or grandparents who had the passion and foresight to establish them. The members therefore share a sense of loyalty to the business which cannot be replicated in non-family owned businesses. Other business enterprises also prefer to undertake business deals with family owned businesses as they are seen to be more reliable and not a 'here today, gone tomorrow' operation.

Unfortunately, as a result of conflict, many FOB's do not last more than the second generation. Conflict should not be deemed as being negative and should instead be treated as an opportunity. Often it is as a result of a different way of thinking, but one should not underestimate the ability of conflict to bring forth new ideas that might be an opportunity to gain a competitive advantage. Conflict is a phenomenon which is not only felt by family members within the organisation, but it includes non family members. The domino effect which it has on the employees of the firm could have devastating repercussions.

In order to reduce the possibility of conflict arising in family owned businesses, as with non family owned businesses, policies need to be implemented to ensure that

specific procedures are followed. These should include succession, rules of employment and remuneration.

Chapter 3 will provide an overview of FOB's within the South African context and investigate the Indian culture and the impacts of culture on the success of these businesses.

CHAPTER THREE

FAMILY OWNED BUSINESSES IN SOUTH AFRICA

3.1 INTRODUCTION

Family owned businesses (FOB) across the board, irrespective of cultural differences, all reaffirm the work ethic of the founder. These are usually stability, integrity and commitment and are the basis of the success of family owned businesses. Working with family tests the boundaries between professional and personal relationships. The literature study conducted in chapter two focused on the generic concept of FOB's worldwide. This chapter aims to narrow the research to a South African context, taking a closer look at the Indian culture and the impact which this culture has on the operations of their FOB's.

3.2 SKILLS REQUIRED FOR SUCCESSFUL FAMILY OWNED BUSINESSES

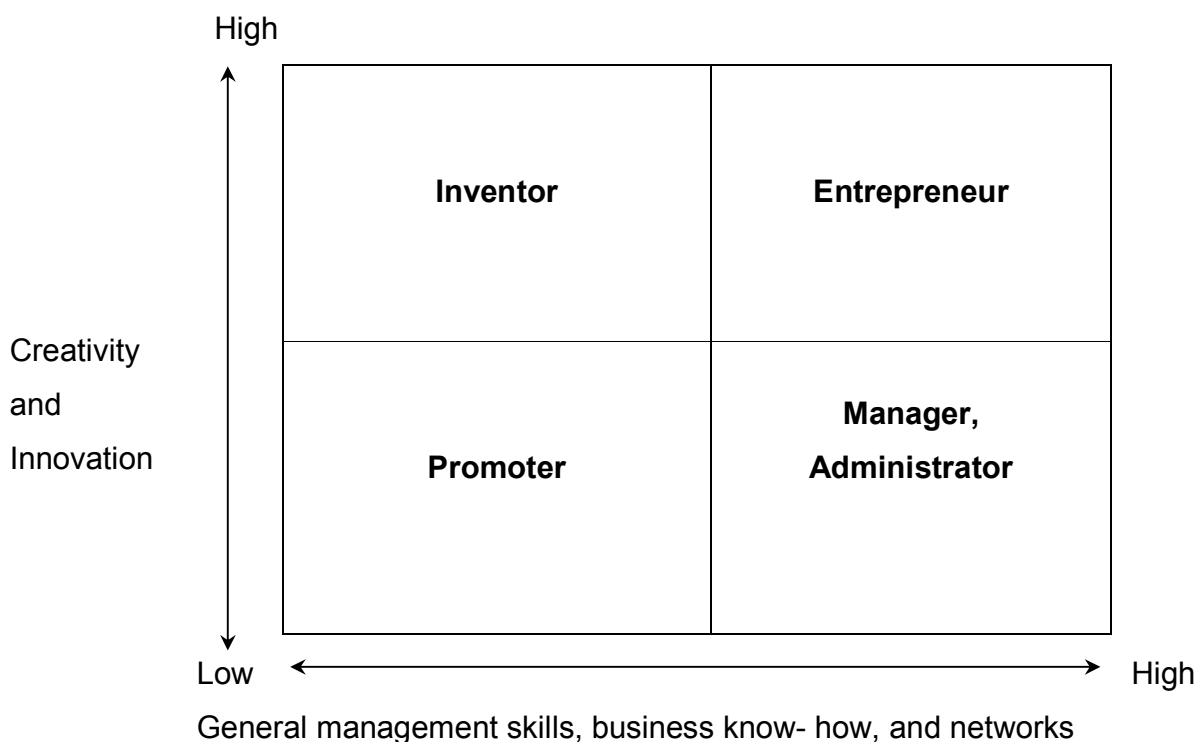
Entrepreneurship has been classified as the key factor to FOB success. While entrepreneurs are born with certain native intelligence, a flair for creating, and energy, these talents by themselves are like unmolded clay or painted canvas. The making of an entrepreneur occurs by accumulating the relevant skills, know-how and contacts over a period of years and includes large doses of self-development. The creative capacity to envision and then pursue an opportunity is a direct descendant of at least ten or more years of experience that lead to pattern recognition (Rowe, 2000).

Timmons and Spinelli (2007: 15) view that there is no evidence of an ideal entrepreneurial personality. Great entrepreneurs can be either gregarious or low key, analytical or intuitive, charismatic or boring, good or terrible, delegates or control freaks. It should be noted that there is no specific formulae or criteria. According to Nieuwenhuizen, Le Roux and Jacobs (1998: 10), the qualities of

persistence, commitment, involvement, the willingness to take risks, sound human relations, creativity and innovative ability and a positive attitude and approach are what are required in order to be a successful entrepreneur.

Figure 3.1 below depicts that entrepreneurs possess a combination of great creativity, innovation and general management skills. Although the management skills of the entrepreneur and the manager overlap, the manager is more driven by conservation of resources and the entrepreneur is more opportunity driven Timmons and Spinelli (2007: 15).

Figure 3.1: Quality of Entrepreneurs



Source: Timmons and Spinelli (2007: 15)

It can therefore be concluded that successful entrepreneurs are driven by the quest for responsibility, achievement and results. They thrive on a sense of accomplishment and of outperforming the competition, rather than a personal need for power expressed by dominating and controlling others. By virtue of their accomplishments, they may be powerful and influential, but these are more the by-products of the entrepreneurial process than a driving force behind it. Anyone who possesses the intense commitment, perseverance and hardworking ethic is therefore capable of being an entrepreneur.

In the South African context, specifically the Indian community, management skills, and business know-how is transferred from one generation to the next. It can be deduced that members of the business quite rapidly skill up in line for entrepreneurship. Added to this, is the fact that the Indian culture by its nature is very supportive of each other, thereby improving the networking platform. As indicated by the graph above, the networking aspect plays a significant role in growing individuals of an FOB into entrepreneurs.

3.3 INDIAN FAMILY OWNED BUSINESS CONTEXTUALISED WITHIN THE SOUTH AFRICAN CONTEXT

As mentioned in Chapter two, FOB's contribute significantly to businesses across the globe. In South Africa, eighty percent of businesses are family owned and, of the companies listed on the Johannesburg Stock Exchange (JSE), sixty percent are family owned. The Pick n' Pay Stores (Limited) in South Africa was founded and controlled by the Ackerman family, Anglo-American Plc, one of the world's largest diversified mining and natural resource groups was founded by the Oppenheimer's and Remgro Limited, founded by the Rupert family. These are examples of South African family businesses listed on the JSE (Balshaw, 2004).

This study focuses on the Indian culture and more specifically whether there are any cultural values which have contributed to the success of Indian FOB's.

The apartheid regime negatively impacted on the growth of Indian businesses as they were restricted with regards to the level of trade. During the long nightmare of apartheid, South Africa's Indians, a small minority constituting only three percent of the national population, suffered many restrictions on their development.

Post 1994, this has changed dramatically resulting in the ability to trade extensively without the previous boundaries. In fact, they are now not only allowed to trade extensively, but they are encouraged and supported by government. This has alleviated many of the problems previously faced by the founders of the business. This is therefore not seen as a difficulty faced. The discussion will now turn to current difficulties faced and not further elaborate on past difficulties.

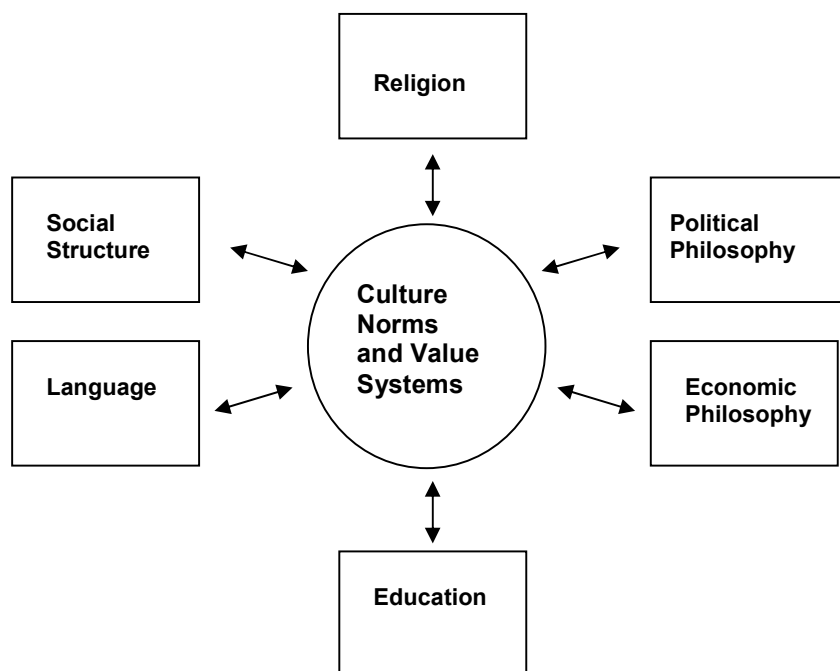
3.4 THE INDIAN CULTURE

In the 1870s, Edward Tylor described culture as a complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities acquired by man as a member of society. Since then, the term culture has had different meanings, but for the purposes of this discussion, the following definition, as found in Wikipedia.org, (2009) is used. "Culture" is the set of shared attitudes, values, goals and practices that characterises an institution, organisation or group. These groups, societies or cultures have values that are largely shared by their members.

Values mean abstract ideas about what a group believes to be good, right and desirable and therefore could be referred to as shared assumptions about how things ought to be (Mead, 1994: 7).

According to Hill (2003: 91), the values and norms of a culture do not emerge fully formed. They are the evolutionary product of a number of factors, including the prevailing political and economic philosophy, the social structure of a society, and the dominant religion, language and education. This is portrayed in the figure 3.2 below.

Figure 3.2: The Determinants of Culture



Source: Hill (2003: 91)

South Africa consists of various ethnic groups each with its own culture and values. After the indentured labour system which saw the influx of Indian labourers into the country came to an end in 1922, a small amount of Indians returned to their motherland, whilst the majority elected to make South Africa their land of adoption.

A further influx of Indians occurred when an appeal was made to the Protector of Indian Immigrants, appointed to safeguard the well being of indentured labourers, to allow traders from India to come to South Africa. The necessary permission was granted and the so-called 'Passenger Indians' set up trading in Natal. They were allowed to own property and to engage in trade activities. As a result of hard work and competitive prices, they soon dominated trade throughout the colony. Legislation was passed which resulted in the Indian traders being restricted to clearly demarcated areas that were to serve their own community Ebr-Vally (2001). This marked the beginning of Indian FOBs as they are known today. According to MediaClub South Africa.com (2009: online), of the approximate R49 million people in South Africa, 2.6 percent are Indian/Asian.

Providing a concise overview of the Indian Culture is not an easy task as they are subdivided into various castes and religions, each comprising of its own specific culture. The basic values and systems of family life however remain similar. The Indian culture includes a combination of individualistic and collective parts, but is said to be primarily collective. By this it is meant that the family members see themselves as part of a whole as opposed to an individual. In individualistic societies, the ties between societies were loose and individual achievement and freedom were highly valued. Individualism stresses that the interests of the individual should take precedence over the interests of the state. In societies where collectivism was emphasized, the ties between individuals were tight (Hill, 2003: 106).

Politeness is important and so too is respecting each other's rights and more particularly respect for your elders. Indian families generally tend to follow a patriarchal pattern. Whilst the mother is usually the nurturing parent and the caregiver of the children, the father or grandfather is the dominant figure to be fearfully obeyed. In addition to this, it is custom to always take advice of elders in case of any important decision as they are considered to be fountains of

knowledge and wisdom. Indian parents stress loyalty to the family, obedience, religious beliefs and academic achievement. Family interdependence is encouraged whilst autonomy is discouraged. Another characteristic is that Indians are taught, from an early age to be hospitable to everyone who comes to their home, irrespective of their creed, caste, financial position or status. Indians are regarded as having a helpful nature from an early stage in childhood and are taught to help one another in need of help and distress. The culture tells them to multiply and distribute joy and happiness and share sadness and pain. From this, one can develop co-operation and better living amongst ourselves and subsequently make this world a better place (Wikipedia 2009: online).

3.5 THE IMPACT OF THE INDIAN CULTURE ON FAMILY OWNED BUSINESSES

Within the Indian culture, the father is recognised as the leader and the eldest son deemed to be the automatic heir. For ages, India has had a prevailing culture of the joint family system. It is a system under which even extended members of the family like one's parents, children, the children's spouses and their offspring, etc, live together. The elder-most, usually the male member is the head in the joint family system who makes all important decisions and rules whereas other family members abide by it (Wikipedia 2009: online).

The joint family system is an ancient Indian institution but it has undergone some changes in the late twentieth century. Although the ideal joint family is not as common as it has been in the past, there are often strong networks of kinship ties through which economic assistance and other benefits are obtained.

One of the main benefits of FOB's is that the tradition, skills and values get passed down through the business. Families reaffirm the work ethic of the founder. This is a unique combination which is not an often occurrence in the normal business

environment. In addition to this, the element of trust further contributes to the success. Trust is built on a history of interaction and is seen to be reality and perception driven. The loss of trust could result in the end of the business and for this reason, family owned businesses are often more successful than non family owned businesses as the members of a family have an inherent trust for one another.

Studies in the American context showed that families choose their most competent member(s) to manage the business, disregarding age, gender or bloodline (Chua, Chrisman & Sharma, 1998). This is a reflection of the family's willingness to separate family hierarchy from organisational hierarchy. Given the level of socio-economic and cultural contexts prevailing, it is difficult to be true in the Orient including India. However, post-succession role of the incumbent is not often planned leading to complications. This could lead to what is often described as "return of the father in 18 months" into the business reflecting the retiring persons return to take charge of the business again.

3.6 OVERVIEW OF INDIAN FAMILY OWNED BUSINESSES AND THEIR CONTRIBUTION TO THE SOUTH AFRICAN ECONOMY

Globally, Indian families have penetrated the entrepreneurial arena with large companies such as the Tata Group which has companies operating in every major international market, Mittal Steel and the Reliance group being a few examples. From a South African perspective, companies such as Medal Paints, Oasis Asset Management, Afrifocus and Jumbo Cash and Carry now purchased by Massmart, are of the larger Indian owned family businesses. Most Indian owned businesses are however much smaller and regarded as a lifestyle business as opposed to one which is a high potential business (Oasis.co.za: online; jumbo.co.za: online; medalpaints.co.za: online and afrifocus.co.za: online).

The principal objective of a lifestyle business is to earn a sufficient income. It is generally a small business which reflects the lifestyle of the individual entrepreneur. Businesses such as these rarely result in large turnovers but this is something which the owners are content with as money is a secondary factor. High potential businesses on the other hand require more commitment and it is usually more demanding, having the crux of the businesses being to make money.

According to research conducted by Global Entrepreneurship Monitor (GEM), in South Africa, Indians and Whites are more likely than Coloureds and Blacks to start a business, and these businesses are more likely to mature into new and established businesses (von Broembsen & Wood: 2005).

The research conducted by GEM has revealed that Indian owned and managed firms employ an average of 5.8 people and firms owned by Whites employ an average 4.6 people. Furthermore, Indian entrepreneurs are almost twice as likely to employ more than 20 people or more. Table 3.1 below shows that on average, the job creation potential of Indians is the highest.

Table 3.1: Job Creation by Race

	Black (% of firms)	Coloured (% of firms)	Indian (% of firms)	White (% of firms)
No employees	24.3	25.0	7.1	16.7
1-5 employees	71.0	68.8	78.6	63.0
6-19 employees	3.7	6.3	7.1	16.7
20+ employees	0.9	0.0	7.1	3.7
Total	100.0	100.0	100.0	100.0
Mean employees per firm*	2.2	1.9	5.8	4.6~
Probability of new or established firm (%)	1.9	2.7	3.4~	4.0~
Mean employees per 100 people **	4.1	5.3	20.0	18.5

- this is an estimate based on the following assumptions regarding the mean number of jobs in each employment category: 1-5 employee firms have a mean of 2, 6-19 employee firms have a mean of 9, and 20+ employee firms have a mean of 50.

** this is the product of the probability of a new or established firm and the mean number of employees per firm.

~ indicates that the figure is significantly higher (5% level) than that for black category using the LSD test.

Source: von Broembsen & Wood: 2005.

3.7 CONCLUSION

Chapter three has provided an overview of family owned businesses in South Africa and further provided insight into the Indian culture and briefly how the Indians arrived in South Africa.

The culture of the organisation, especially within a family business environment, is often based on the same values found in the culture of the owners of the business. Dyer (1988: 37) believes that “the culture of the family business plays an important role in determining whether the firm continues successfully beyond the first generation”.

From the above it can be concluded that the reason for the survival of minority type businesses (Indian, Greek, Portuguese) in South Africa is because it is family based. They tend to emphasise the importance of supporting each other as they have come to realise that they have only themselves to rely on.

The Indian culture is paternalistic and this form of leadership poses a problem as family respect and culture could hamper the opportunity of having improved management practices and innovative ideas being implemented. The founder of the business usually shows resistance to change as he believes that the way things have been done is what has made the company successful in the first place and no change is necessary. This causes frustration for the younger generation who often has insight into business principles or has new ideas, yet feels the need to respect the wishes of his/her elder as challenging them would be deemed as being disrespectful.

Having provided a literature study in chapters two and three above, the following chapter will provide an analysis of the various forms of research methodology and identify the methods used for purposes of this research.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

According to Leedy & Ormrod (2001: 4) research is the systematic process of collecting and analysing information in order to increase our understanding of the phenomenon about which we are concerned or interested.

The aim of this chapter is to define the objectives of the research and determine the selected research methodology used to test the propositions presented.

4.2 OBJECTIVES OF THE RESEARCH

The objective of this chapter as set out in chapter one is to identify whether there are any specific cultural attributes which contribute to the success of Indian family owned businesses. In order to assist in solving this problem, a literature study was conducted to identify the key characteristics of a family owned business. An investigation was then done into the characteristics of the Indian culture with some insight into Indian family owned businesses.

According to Leedy & Ormrod (2001: 4), research typically has eight distinct characteristics, these are listed below:

1. Research originates with a question or problem

By asking questions, a chain reaction is ignited that terminates in the research process. An inquisitive mind is the beginning of research. The research problem is important because it is the point of origin of formal research. (Leedy & Ormrod, 2001: 4).

2. Research requires a clear articulation of a goal

A clear, unambiguous statement of the problem is critical. It must set forth clearly and in a grammatically complete sentence exactly what the ultimate goal of the research is. This is essential for the success of any undertaking (Leedy & Ormrod, 2001: 4).

3. Research follows a specific plan of procedure

Research is a carefully planned attack, a search-and-discover mission mapped out in advance. The overall research effort must be explicitly planned and logically designed so that relevant data can be acquired to the research problem.

Different designs and methods will be appropriate depending on the specific research question. In addition to identifying the specific goal of the research, the plan and design strategy must also be identified (Leedy & Ormrod, 2001: 4).

4. Research usually divides the principle problem into more manageable sub-problems

Break a main research problem into several sub-problems that, when solved, will resolve the main problem. Breaking down principle problems into small, easily solvable sub-problems is a strategy commonly used. By closely inspecting the principal problem, the researcher often uncovers important sub-problems. By addressing each of the sub-problems, the researcher can more easily address the main problem, or else their research projects may become cumbersome and unwieldy (Leedy & Ormrod, 2001: 5-6).

5. Research is guided by the specific research problem, question, or hypothesis

Having stated the problem and its attendant sub-problems, the researcher typically forms one or more hypotheses about what he or she may discover.

A hypothesis is a logical supposition, a reasonable guess, an educated conjecture. It provides a tentative explanation for a phenomenon under investigation. It may direct your thinking to possible sources of information that will aid in resolving one or more sub-problems and, in the process, the principle research problem. In research, hypotheses are never proved or disproved. They are either supported or not supported by the data. When the data run contrary to a particular hypothesis, the researcher rejects that hypothesis and turns to others as being more likely explanations of the phenomenon in question. Over time, as particular hypotheses are supported by a growing body of data, they evolve into theories.

According to Leedy & Ormrod (2001: 6) a theory is an organised body of concepts and principles intended to explain a particular phenomenon. Theories are tentative explanations that new data either support or do not support. One common way of testing a theory is to make a prediction (hypothesis) about what should occur if the theory is a viable explanation of the phenomenon under study.

6. Research accepts certain critical assumptions

In research, assumptions are equivalent to axioms in geometry – self-evident truths, the *sine qua non* of research. Careful researchers set forth a statement of their assumptions as the bedrock upon which their study must rest. If one is

to judge the quality of your study, then the knowledge of what you assume as basic to the very existence of your study is vitally important.

Whereas a hypothesis involves a prediction that may or may not be borne out in the data, an assumption is a condition that is taken for granted, without which the research project would be pointless. Assumptions are usually so self-evident that a researcher may consider it unnecessary to mention them (Leedy & Ormrod, 2001: 7).

7. Research requires the collection and interpretation of data in an attempt to resolve the problem that initiated the research

The next step is to collect whatever data seem appropriate and to organise them in meaningful ways so that they can be interpreted. The significance of the data depends on how the researcher extracts *meaning* from them. Data uninterrupted by the human mind are worthless. Data demand interpretation. Interpretation is subjective: It depends entirely on the hypotheses, assumptions, and logical reasoning process of the researcher.

8. Research is, by its nature, cyclical or, more exactly, helical

The research process follows a cycle and follows logical, developmental steps. Research is rarely conclusive. In exploring an area, one comes across additional problems that need resolving. Research is dynamic. Genuine research yields as many problems as it resolves. Underlying and unifying any research project is its methodology (Leedy & Ormrod, 2001: 8).

4.3 THE RESEARCH METHODOLOGY

Research methodology has two primary functions:

1. To control and dictate the acquisition of data;
2. To correlate the data after their acquisition and extract meaning from them.

The objective of this chapter is to describe the research methodology that was used in this study. The process starts by defining the objectives of the research, the research design, the empirical study, data collection methods, an analysis of the evidence and will conclude with the conclusion.

Interviews were conducted with participants and were of a semi structured nature with an emphasis on obtaining in depth, qualitative data on the nature, strengths and weaknesses of Indian family owned businesses.

The research method refers to the methods or procedures that will follow in order to conduct the research. The research method you will follow is directly connected to the problem statement and goal of research, because the research goal and problem may vary, different methods of research can be utilised.

Collis and Hussey (2003) identify two prominent paradigms, namely the positivistic and phenomenological paradigms.

The primary characteristic of a positivistic (quantitative) research is that it is a descriptive type of research where the goal is to attempt to provide an accurate description or picture of a particular situation or phenomenon. Positivism is founded on the belief that the study of human behaviors should be conducted in

the same way as studies conducted in the natural sciences. Positivists attempt to 'explain' the actions of people within the organisations by showing how they are affected by the total context in which they occur. A quantitative research can further be defined as an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analysed with statistical procedures, in order to determine whether the predictive generalizations of the theory are true (Creswell, 1994).

The second paradigm is a phenomenological paradigm (qualitative research) which is concerned with the understanding of human behavior from the participant's own frame of reference. According to Denzin and Lincoln (1994), qualitative research is an imperative, multi-method approach that investigates people in their natural environment. Adequate reliability and validity is a criticism often leveled by quantitative researchers at qualitative methods. Conventional standards of reliability and validity are difficult to apply when dealing with qualitative research because of its subjective nature. Saunders (1998) defines qualitative research as an inquiry process of understanding a problem based on building a complex, holistic picture, formed with words, reporting detailed views of informants and conducted in a natural setting with its objectives being to gain an understanding of the underlying reasons and motivations for peoples' attitudes, preferences or behaviour.

For the purposes of this study, the qualitative approach will be used by investigating the personal experiences of various generations within the family owned business in order to gain an understanding of their approach as to the way the business should be managed and include an additional element of sustaining the family relationship whilst doing so.

A literature study was performed in order to give the reader clearer insight into the Indian culture and how this affects the ways in which they operate their business. The methodology for the study will take place in the form of a literature survey, analysing historical information and previous studies conducted on family owned businesses

The case study research method will be used. A case study is an empirical enquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Polit & Hungler (1995) define case study research as a method that involves a thorough, in depth analysis of an individual, group, institution or other social group. It therefore does not merely require the writing up of the information gathered, but an analysis of the data in order to impose some order on a large body of information so that some general conclusions can be reached and communicated in a research report (Polit and Hungler: 1995).

Unfortunately there has been some negative views regarding the use of case studies for research as its dependence on a single case renders it incapable of providing a generalising conclusion (Yin: 1993)

Yin (1994) goes further to state that a case study is an empirical enquiry in which the focus is on a contemporary phenomenon within its real-life context and boundaries between phenomenon and its context are not clearly evident. This is therefore suitable for studying complex social phenomena. The procedural characteristics in the situation include many variables of interest, multiple sources of evidence and theoretical propositions to guide the collection and analysis of the data.

Case studies may be explanatory, exploratory or descriptive (Yin: 2003). Explanatory cases are suitable for doing causal studies and are used to adjudicate

between competing explanations. It is aimed at explaining a topic as opposed to merely reporting on the subject matter. Depending on the richness of the rival propositions in theories related to the topic of the study, an explanatory design will be used. The Descriptive case study describes a sequence of events and its underlying mechanisms.

As is the case with any form of research, many strengths as well as weaknesses have been identified with regards to the use of case study research and a list thereof is provided below. This list is by no means a comprehensive or exhaustive list:

1. STRENGTHS

- Can provide insight into issues that may need to be explored in greater depth;
- Enables a depth of understanding;
- Enables in-depth probing into the case, which helps to develop a descriptive picture or depending on the nature of the research, facilitates explanations and predictions;
- The researcher considers a real event;
- The researcher is more likely to become aware of important factors that did not form part of his or her preconceived ideas;
- Uncovers detail in complicated situations;
- Provides quick feedback;

- Uses few resources;
- Is relatively inexpensive.

2. **WEAKNESSES**

- The study may fail to evaluate relevance;
- As a result of the researcher becoming too involved in the collection of the data and analysis thereof, there is a possibility of bias;
- Due to the confined nature of case studies, the results cannot be seen as being representative of a population.

The research is based on an analysis of three Indian families within Port Elizabeth, each owning at least third generation family businesses. The study will seek to focus on the way these families built the business over the generations and whether there were any specific cultural attributes which contributed to its success. An attempt is furthermore sought to investigate the emphasis placed on succession planning and identify which issues of conflict are most common. In order to conduct research of this nature, it is thought that a case study approach is more appropriate than any other form.

The data collection technique for this research is document analysis in the form of a literature study, combined with personal interviews. The researcher will conduct interviews with the managers of these businesses and also with the female members of the family in order to ascertain what their role is in the business and whether they feel that they are still treated as subordinates in the business environment as was the case historically. Children will also be interviewed in order

to identify their views on the succession process and whether they foresee any conflict in this regard. Yin (2003) believes that the interviews should be guided conversations rather than structured queries resulting in the interview process following a consistent line of query fluidly rather than rigidly.

The research followed a method of focused interviews which is a technique usually used in situations where the respondent is interviewed for a short period of time and requested to answer specific questions. This form of an interview was chosen as opposed to an open – ended interview in order to ensure continuity between data collected from all sources and to limit the possibility of a subjective interpretation of the data.

Five components of research design were identified by Yin (1994) as:

- A study's questions – the format of these questions are typically 'how' and 'why' questions;
- Its propositions; if any
- Its unit(s) of analysis;
- The logic linking the data to the analysis; and
- The criteria for interpreting the findings

A multiple case study approach will be utilised in order to gather information from each individual case study, gather information from various sources and then draw conclusions on those facts.

Typical sources which may be used in order to gather the evidence, as identified by Yin (1994) and Stake (1995) are documents, archival records, interviews, direct observations, participant-observations and physical artefacts. It is important that the researcher obtain as many sources of information to corroborate the evidence and verify authenticity although not all sources are available or relevant to every

case study. This will all depend on the nature of the data to be collected. Yin (1994: 80) goes further to state that a case study should use as many sources as is relevant and indicates the strengths and weaknesses of each type in the table below.

Table 4.1: Types of Evidence

SOURCES OF EVIDENCE	STRENGTHS	WEAKNESSES
Documentation	<ul style="list-style-type: none"> • Stable-repeated review • Unobtrusive-exist prior to case study • Exact-names etc. • Broad coverage – extended time span 	<ul style="list-style-type: none"> • Retrieval-difficult • Biased selectivity • Reporting bias – reflects author bias • Access – may be blocked
Archival Records	<ul style="list-style-type: none"> • Same as above • Precise and quantitative 	<ul style="list-style-type: none"> • Same as above • Privacy might inhibit access
Interviews	<ul style="list-style-type: none"> • Targeted – focuses on case study topic • Insightful – provides perceived causal inferences 	<ul style="list-style-type: none"> • Bias due to poor questions • Response bias • Incomplete recollection • Reflexivity – interviewee expresses what interviewer wants to hear
Direct observations	<ul style="list-style-type: none"> • Reality – covers events in real time • Contextual – covers event context 	<ul style="list-style-type: none"> • Time – consuming • Selectivity – might miss facts • Reflexivity – observer's presence might cause change • Cost – observers need time
Participant observations	<ul style="list-style-type: none"> • Same as above • Insightful into interpersonal behaviour 	<ul style="list-style-type: none"> • Same as above • Bias due to investigator's actions
Physical Artifacts	<ul style="list-style-type: none"> • Insightful into cultural features • Insightful into technical operations 	<ul style="list-style-type: none"> • Selectivity • Availability

Source: Authors Own Construction

Leedy (1980: 99) regards a questionnaire as an instrument used to observe data beyond the physical reach of the observer. Due to the nature of a questionnaire and the fact that the researcher requires the participant to offer of his/her time to complete it, it is important to follow certain considerations as set out hereunder:

- Be courteous;
- Simplify;
- Think of the other fellow;
- Concentrate on the universal;
- Make it brief;
- Check for consistency;
- Send return postage;
- Offer the results of your study to your respondent; and
- Think ahead.

With regards to the question design, Riley, Wood, Clarke, Wilkie & Szivas, (2000: 96) name the following key issues:

- Use simple and concise language;
- Do not make unrealistic demands on those who complete the questionnaire;
- Ask only about one topic;
- Have no 'escape route' for example, don't know, no comment;
- Use polite language;
- Ensure each question is straight forward and guard against ambiguity;
- Order the questions correctly;
- Make the layout easy to follow;
- Give clear instructions; and

- Test the questionnaire first.

4.4 IDENTIFYING THE PARTICIPANTS

In order to identify suitable participants, the researcher made numerous enquiries amongst businessman in Port Elizabeth as to whether they were aware of any Indian families who are at least in their third generation of ownership. Once the families were identified, the researcher opted to approach these families directly instead of through the means of a telephone call or letter in order to establish a rapport and hopefully have more of a chance persuading them to assist with the research. An appointment was then scheduled for a suitable time for all to be present. The duration of the appointments ranged between fifty minutes to two hours.

4.5 DATA GATHERING

Due to the nature of the research and the freedom which the researcher gave the participants to initially elaborate on the history of the family, it was decided that the researcher would take notes as well as make use of a dictaphone in the event of some information not being captured. At the end of each interview, the researcher transcribed the dictation.

In order to ensure uniformity, a questionnaire (appendix A) was drafted and after allowing the participants to provide an overview on the history of the business, they were asked to answer the specific questions. It was decided to limit the questionnaire to no more than fifty questions.

4.6 CONCLUSION

This chapter dealt with the research methodology by identifying the type of research which will be conducted and by providing a definition of the Case study approach which was used as the source of data.

In order to conduct this research, a selection was made of multi – generational families who have already passed through to the third generation who have started their business within Port Elizabeth.

Chapter five will now turn to analyse the data collected and provide an interpretation thereof.

CHAPTER FIVE

EMPIRICAL STUDY

5.1 INTRODUCTION

The purpose of this chapter is to discuss the results of the data collected as per the multi generational case study on Indian family owned businesses within Port Elizabeth. The key objective of this study, as identified in chapter one, was to identify cultural attributes which contribute to the success of Indian family owned businesses with specific focus on those operating within Port Elizabeth, South Africa?

In what follows is an interpretation of the data.

5.2 REPORTING FORMAT

Yin (2003) has identified various forms of researchers and for the purpose of this study, the researcher has chosen multiple case studies in the cross case analysis. The survey started with the participants providing an introductory overview of their history in the country and the development of their business to the present in order to provide an environment in which both the researcher and the participants are at ease and willing to divulge information. Once a certain rapport was established, the researcher asked specific questions as per the questionnaire annexed hereto as Annexure A. This enabled a cross comparison of the various cases and allowed for uniformity.

The answers to the questionnaires are set out in the same format which the interviews followed and with the answers to each question being answered by each family and compared before proceeding to the next question. In order to conclude

the questionnaire, the participants were each asked to provide their opinion as to what it is that they believe can be attributed to the success of family owned businesses.

5.3 RESULTS

Three families were interviewed, namely the Pillay's, Makan's and Umley's.

5.4 QUESTIONNAIRE AND ANSWERS

- 1. Have you previously been approached for information regarding this form of research or are you aware of any research been conducted on Indian Family owned businesses within Port Elizabeth?***

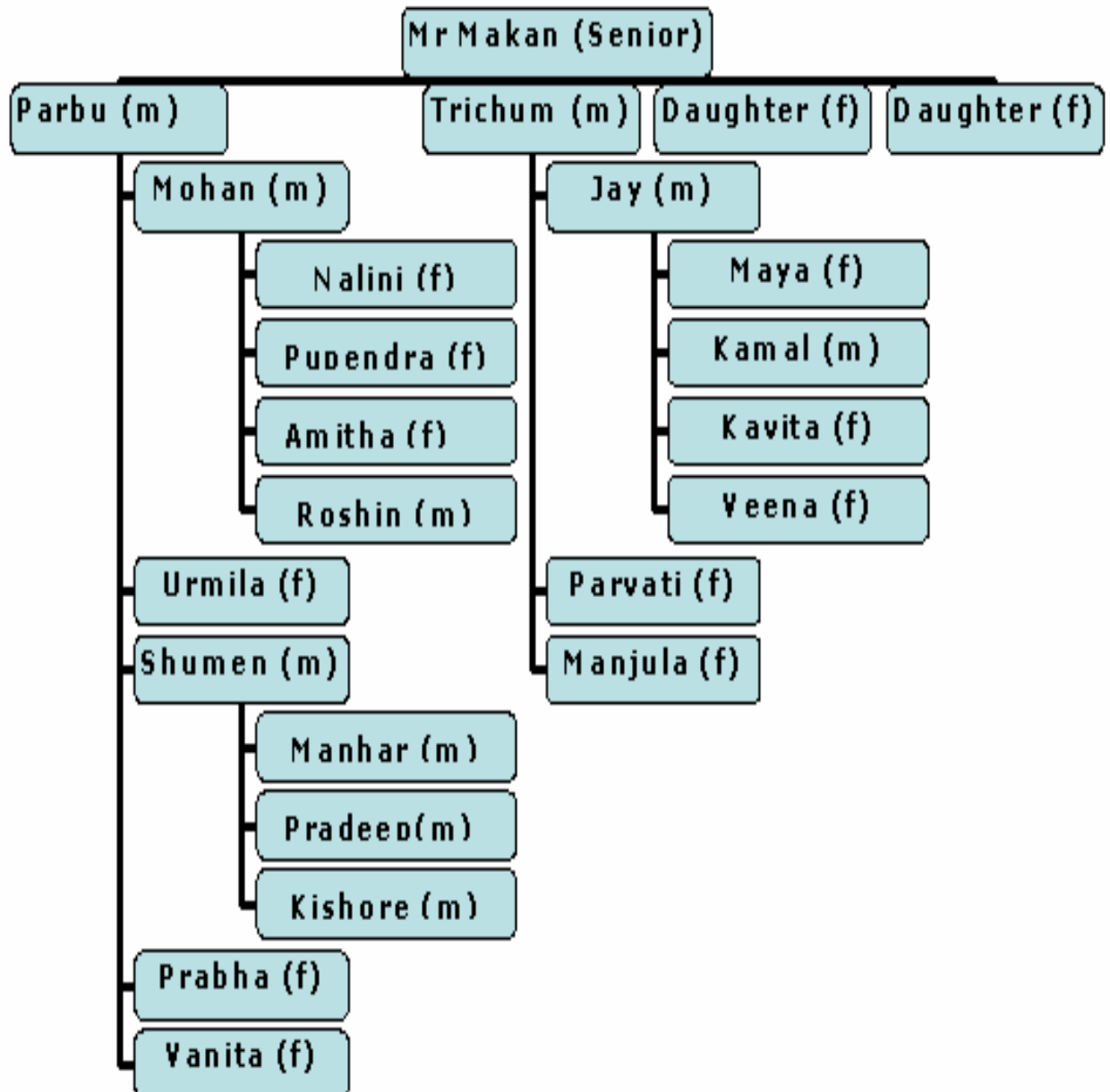
None of the participants have previously been approached to participate in a research project of this nature.

- 2. Could you briefly provide a description of the Family Structure?***

THE PILLAY FAMILY STRUCTURE

Mr Ramasay Pillay had seven children of which four were males and three were females. His fifth born child and third son, Shanga Pillay, had eleven children being eight sons and three females. Some passed away during child birth or at a young age, leaving five sons and two daughters. Shun Pillay, the current manager of Pilbro has four children being Lingam, Saiton, Mala and Prusha. Lingam is the only son and none of this generation have children.

THE MAKAN FAMILY STRUCTURE



THE UMLEY FAMILY STRUCTURE

Mr Umley Senior had eight daughters and three sons. His eldest child was a son by the name of Nagin. Javeri was the second eldest and Ishvar, the youngest son. Ishvar Umley, the current owner of Umleys Rubberstamp & Engraving then had two daughters namely Bea and Jaysheela.

3. *Could you briefly provide an overview of the history of your family in South Africa – year arrived and the start up of the business.*

a) The Pillay's came to South Africa in 1892. They had originally immigrated to Mauritius from India but due to cyclones destroying everything they possessed, they moved to South Africa which was at the time described as the country where the 'streets were lined with gold'. Mr Ramasay Pillay started working to develop capital. He had seven children of which Shanga Pillay was the fifth eldest. He found work as a waiter and eventually began a business supplying goods in the Boere War. Upon massing a good amount of money, Shanga returned to Algoa Bay, bought premises for his business and diversified to the sale of fodder for animal consumption and later Shanga Pillay together with his five sons opened a grocery store. In 1961 the first non-white supermarket was opened known as Pilbro Supermarket. In 1989 there was a difference of opinion and Shun Pillay opened a school uniform business which is what the business is today.

b) The Makan's arrived in 1902. Makan (Senior) arrived from India having belonged to the Shoemaker clan and started his business going door to door repairing shoes. In 1924 he put up a building in Walmer Road repairing shoes and selling fancy goods. Trichum Makan had four children of which two were males and two females. Parbu, the eldest son

assisted Trichum Makan in the business and after a few years, Trichum, the second son was forced to enter the business. Parbu passed away and his share of the business went to his sons Mohan and Shumen. Trichum's share was split between Jay and his wife. In 1999, due to the business diversifying, the shop became Jays entirely yet the property was moved into a trust with all the nephews named as the beneficiaries.

- c) The Umley's arrived in South Africa in 1904 having stemmed from the shoemaking clan as was the case with the Makan's. They started by initially repairing shoes but later progressed into the selling of shoes and clothing. Mr Umley (Senior) purchased property in South End in 1934 on which he built a house and shop. In 1943, Mr Umley (Senior) passed away as a result of Malaria leaving his wife with eight daughters and three sons. At the time, his eldest son, Nagin Umley was at medical school and was forced to quit in order to look after the family. Having been somewhat of a rebel and wanting to earn an extra income, Mr Umley (Junior) then diverted from the family business in 1958 and started printing on a small scale until it grew and he eventually completely withdrew from the original family business in order to focus on printing and stamps. He registered with the Master Printers Association in 1968 and has since then been known as Umleys Printers. He has therefore totally diversified from the original family business which closed in 2000/2001. Mr Umley (Junior) has two daughters and no sons. Of his daughters, only the eldest daughter, Bea, is employed in the business. His youngest daughter has married and relocated to Johannesburg.

4. *What do you see as the top three factors that contributed to the success of the family business?*

Having interviewed the participants, encompassing both second and third generations currently actively involved in the business, it was noted that they agreed on many of the same factors which they deemed to contribute to the success. A combination of the factors resulted in having five as listed below:

- a) The desire to improve the status of the family;
- b) Commitment;
- c) Communication;
- d) Being fair to one another; and
- e) Treat money with respect.

5. *What were the roles of women in the family business?*

The families all agreed that within the Indian culture, the woman belongs at home and has the duty to look after the children and tend to the household chores. On the odd occasion they might be required in the shop to assist with menial tasks but this was not the norm. They were definitely not involved with any of the decision making.

6. *Has this role changed over the years?*

Women are still not very active in the business but in recent years they have been assisting in the shop more than in the past. Women however still do not have the same privileges as the men as they usually get married and become involved in the husband's family and business.

The Umley's were the only family where there were no male heirs and the eldest daughter is currently working in the business and will take over responsibility of managing and owning the business from her father. The younger of the two Umley daughters is not involved in the business having married and relocated.

7. In past years, did you support fellow Indians as suppliers of goods needed to operate your business?

The families all agreed that being based in the Cape, there were not many suppliers who were Indian and they therefore could not support one another in this regard. They have however alluded to the fact that this is different from their fellow Indians in Natal where Indians are more dominant which allowed them to be more aggressive in pursuing their business and supporting their culture.

8. Were children encouraged to pursue a tertiary education in the past?

The Pillay's admitted that even though they assisted in the shop as soon as they were able to look over the counter top, their parents encouraged them to pursue a tertiary education. They were not forced into any specific field and most became medical doctors.

Trichum Makan encouraged his family members to pursue a tertiary education and did whatever it took to assist, help and grow their future.

Mr Umley (Senior) encouraged education since his eldest son pursued an education in medicine although he did not complete it. Later generations were also provided the opportunity to study further.

9. *Has this changed in recent years?*

The families agree that in the current economic climate and the competition out in the world, an education is important and the children should take advantage of any opportunities provided. They do not force their children into any specific field of study although this does seem to have an impact on the succession of the business.

10. *Was there equality between family members and non - family members with regards to salary and leave?*

The common trend with all the families was that the business comprised of family members all working in the shop and they did not earn a salary. Each took what they required and the rest went into the pot. Children worked for pocket money.

There were a few non – family members in the business but they filled mainly positions as labourers and were given wages. There was definitely no equality between the benefits for the family and non family employees.

11. *What was it like growing up in the family?*

The Umley's and Makan's showed no distinction between members of the family. All the family members lived together in the same household and each child was seen regarded as a brother or sister as opposed to a cousin. The Umleys' lived in the same household until 1975 when each brother moved into separate homes. They were brought up very protectively and whatever they did was as a family unit. It was only in later years when the families grew and each went into his or her own household, that changes starting taking place. The changes were not life /changing but each family

did have their own needs and requirements. The Pillay family however were not as well endowed as many other families and for this reason, they grew up separately and not in as close a family unit as the other families.

Parents believed that discipline and authority were paramount and children would not go against the wishes of the parents. The parents were the ultimate decision makers and you were not allowed to cross question them.

12. Was there a favourite child?

The families were unanimous that the eldest son was the favourite child whilst growing up and this was possibly due to the fact that they were heavily relied upon to assist the father, knowing that he would one day take over the reigns.

13. Was the business left to the favourite child?

To this question there was a resounding 'yes' by all families interviewed. It was an unspoken understanding that the eldest son automatically became the leader in the business although the remaining sons were involved. The eldest son, upon the death of the father, made the decisions in the best interest of the family and this was not questioned.

14. Do you note a difference in the family relationship now compared to when you were growing up?

Mr Pillay believes that the children today have their own approach to life and, having been given the opportunity of learning and making decisions, they are now going their own way and are less involved in the business.

Mr Makan has communicated the same response in that the children are pursuing other interests and are less involved in the business. In addition to this, the family unit as it was, has been divided into sub units each with their own interests at heart and this has resulted in a shift from having a close family unit to now having smaller families each doing their own thing.

Mr Umley supports the views of the other families and attributes this to the need of the younger generations to follow their dreams and have their independence. This made living in separate family units a more suitable option and a clear distinction was then identified between the siblings and cousins.

15. What is the reason why there are family members who are no longer in the business?

Save for the women who left to become a part of the family of their husbands, the most common reason as to why family members left the family business was as a result of them pursuing a tertiary education and following a professional vocation.

16. How was conflict resolved at home in the past?

The families all responded that there was no real conflict at home because it was accepted that the parents had authority and this was never questioned. They were brought up in an environment where communication was imperative and they would immediately sit and discuss issues before it developed into a serious matter.

17. Has there been a change in the way conflict is currently resolved?

Communication remains the most important means of avoiding conflict but in all families it was noted that the eldest remains the decision maker and this avoids conflict. None of the families who participated could or were willing to divulge any example of conflict in the business and instead suggested that there was no conflict or that alternatively, time healed everything.

It was mentioned that there was a difference of opinion between the Pillay brothers in 1989 but this was not elaborated on. Shan Pillay then broke away from his brothers to some extent and opened his own shop in order to allow for his kids to join at some stage.

18. Describe the business structure.

It is noted that the daughters who have married, save for the eldest daughter of the Umley family, have no involvement in the family business.

Pilbro is managed by Shun Pillay and is owned in equal portions by his four children, Lingam, Saiton, Mala and Prusha who are currently each pursuing professional careers. One non-family member is employed as a helper in the business.

Makan's is currently solely owned and managed by Jay Makan. He is assisted in the shop by his daughter, Kavitha and one non-family member is employed as a shop assistant. The property is owned by a trust with the nephews each named as beneficiaries.

The Umley's have Mr Ishvar Umley as the owner and manager. Below him is Bea and she has four subordinates assisting in the business operations.

19. What are the views of the daughters regarding the structure?

The Pillay daughters have equal shares in the business and do not have any objection to this as they believe it to be fair.

In the Makan family, an interview with one of the daughters revealed that she has accepted this and although she works in the business, she does not expect to be rewarded therefore as she has her own family and her husband will provide. She only assists in the business as she has nothing else to do. She has further intimated that this is not fair but it is the way she has been brought up and accepts it. She will definitely not question the *status quo* as the way they have been reared does not allow for this.

In the Umley business, Bea has always been working in the business and is happy with the structure as it is. Jaysheela has married and is currently residing in Johannesburg.

20. What is the relationship between family members in the business setting?

There is no distinction between the business and the family. The two are intermingled and for this reason one cannot differentiate between the relationship at home or at work. As with the business, the father or eldest son is deemed the senior member of the family and he will make the decisions on their behalf.

21. What influence has family values had on the business?

It would seem that all the families share the values of having strong principles of respect for one another as well as money and this has been carried through to the way they operate their businesses as well. This is easy to do as a result of the close link between the family and the business.

22. How are business decisions derived at?

All decisions were made by the eldest family member. There were instances when the issue will be addressed by all the male family members but the final decision always rested with the eldest member and this went unquestioned. This was the answer provided by all three families.

23. What was the role, if any, of outside consultants and advisors in making key decisions?

None of the families have in the past, or at present involved outside consultants or advisors in decision making. They believe that it is a family business and that they alone know what is best for the business.

24. How are conflicts resolved in the family business?

In response to this question, it has been said that there has been no conflict. It has however been noted that each family interviewed has diversified or segmented themselves from the rest of the family at some stage in the business environment and it can only be assumed that this was as a result of a difference of opinion. The Umleys seem to be the only family who differentiated for the sole reason that he wanted to try out something new which had no direct link to the original family business.

25. Is the objective of the business to maintain the lifestyle of the owner?

Initially the aim of the business was to sustain the needs of the family as well as build an empire which would provide for the needs of the family members in years to come. In recent years however, as a result of the trend to further a professional career and with each family unit being independent of the other, the business as it currently stands can be regarded more as a lifestyle business.

26. Is there any reason why you did not go out and work for someone else?

All participants answered that they have not even considered this as an option. They had been brought up and groomed to work in the family business and other than becoming a professional, the business is the only thing they know.

27. Do family objectives have priority over business objectives?

The two are very closely linked as there was never a clear distinction between the business and the family. However, if one really needs to consider the question in depth, the family would take priority as without the foundation of the family, there is no business.

28. How and when has the business been transferred from one generation to the next?

In each family, upon the death of the founder, the leadership role in the business as well as the family was taken over by the eldest son. In more

recent years succession planning mechanisms have been put in place to allow for the easy transition from one generation to the next.

Shan Pillay has transferred ownership of the business equally to each of his four children resulting in each having 25 percent shares. He only manages that business on their behalf as they are each employed elsewhere. Succession planning is evident in the family business.

Jay Makan states that the property where the business is located has been transferred into a trust which has the nephews as beneficiaries and has specified in his will what is to happen to the remainder of his estate. He did not elaborate further with regards to this but said that each will receive something. They therefore have allowed for succession planning.

My Umley only has two daughters of which one is currently residing in Johannesburg and one is working with him in the business. He has confirmed that the business will be left to his eldest daughter, currently assisting in the business and that he will compensate his other daughter by leaving immovable property and other assets to her. He therefore does have a succession plan in place.

29. Do you aim to continue the business as a family business?

Mr Pillay found this to be a very sensitive topic. He has always wanted the business to remain in the family but has now come to the realisation that his children are professionals and do not seem to have an interest in becoming actively involved in the business. They assist in the shop when on holiday as they are each 25 percent owners, but he believes that the only reason why they do so is in order to please the parents. He is of the belief that

should he no longer be around, they will most probably sell the business and continue with their lives in their respective vocations.

Mr Makan shared the views that he would have liked the business to continue as a family business but suspects that in his absence, the shop will close as his children have professions of their own.

Mr Umley is convinced that the business will not close but instead be managed and owned by his eldest daughter and her husband. Whether they will choose to include outsiders in the management thereof is unknown. She believes that she will try her utmost to keep it in the family for as long as possible.

30. What was the reaction of the family members to the selection of the leader?

As a result of growing up in a family where it was accepted that the eldest son will automatically become the leader, when this happened, it was not questioned. They were not aware of any other forms of succession.

31. Did you receive special education to work in the family business?

None of the current managers/owners of the businesses received special education to work in the family business. At present, it is still not a requirement that special education be attained.

As there is a fine line between the family and the business, the children gain an understanding of the nature of the business and are inadvertently groomed in the necessary skills of working in the industry.

32. Do you expect your successors to obtain a tertiary education?

The participants were unanimous in saying that they do not expect their successors to obtain a tertiary education in order to enter the family business but have confirmed that they support their interest in seeking a tertiary education in order to pursue other professions as the future of their family business does not look promising.

33. At what age are the children involved or groomed for the business?

Mr Pillay alleged that as soon as the children were able to see over the counter, they were assisting in the shop.

In the Makan family, the children assisted in the shop on weekends as from when they were teenagers. Other than that, they were left at home and cared for by the women.

According to the Umleys, because the shop was on the same land as the family home, the children were expected to participate in menial jobs around the shop so as to keep them close at hand and not left to external influences on the street. Mr Umley remembers working in the shop since the age of six. His daughters also assisted in the shop from a young age for pocket money.

34. What governance systems do you have in place that make provision for crisis, solve problems before they occur and guard against poor or biased decisions?

Due to the nature of all three the businesses, they do not have any formal governance systems in place as they follow the principle that the manager

makes decisions regarding the way forward in the business and this is not questioned by the other members of the family.

In addition to this, the businesses of the Pillays, Makans and Umleys make up of three, three and six employees each, and a formal governance system is not deemed to be necessary.

35. Has there been a change in the nature of the business?

The Pillay's operated as a wholesaler and sold clothes as well. It has since narrowed its product range to focus on school uniforms and stationery.

The Makan's also began as a shoe business, started by a shoe maker and have since changed to being a wholesaler of not only shoes but also clothes. They have therefore expanded on the product since the start of the business.

The Umley family business started out as a shoe repair business which eventually progressed to the selling of shoes and clothing, but due to a separation in the family, the business now focuses on stamps and printing. This has completely changed from the original business.

36. Has the motivation of the owner changed over the generations?

The Pillay family initially started the business in order to improve the status of the family in the community, but the second generation aimed at growing an empire for the family. Unfortunately, due to the third generation seeking careers in other fields, the business has now reverted to a lifestyle business which sustains the parents both financially and socially.

The Makan's were initially motivated by money and to become wealthy as a result of the business, and this remains the source of motivation.

The Umleys shared the view that they were motivated by the need to be successful and be able to afford whatever they desired.

37. Has there been a change in the family financial expectations over the generations?

It is generally agreed that in recent years, the families have depended less on the business for financial support. In early years, many families lived together in a joint household and the business was the only source of income. Lately however, the family structure has become smaller and most members are independent financially. In addition to the business, they have all invested in property which provides another source of income.

38. Do you have reward systems for innovative proposals from employees?

None of the businesses had formal reward systems in place. Of the families interviewed, the Umleys were the only business which employed more than one non - family member and they do not have any systems in place to reward employees for innovative ideas as they did not want it to be perceived as favouritism. They therefore show appreciation to all employees as opposed to only one at a time.

39. Do you have employment policies for family members and non-family members?

Employment policies have not been implemented in any of the businesses and this was the case in earlier years as well. This is mainly as a result of the nature of the business and the fact that most of the employees were family members, save for the Umley family.

40. What advice would you give other families in business?

Mr Umley believes that it is important to be hands on and control your finances yourself. Do not leave this to anyone else as it is the fastest way to the demise of the business. In addition to this, always promote open channels of communication and show respect to each other within the business environment as well as the family environment.

Mr Makan believes that children should be provided with the best education available to them and that commitment should be instilled at all levels.

Mr Pillay shares the importance of commitment and goes further to elaborate on the importance of the family unit. He strongly promotes that motivation be created in the workplace so as to get the best out of all parties involved.

41. What cultural attributes do you believe have resulted in the success of Indian family – owned businesses?

Strong family bond and hard work;

Trust;

Commitment; and

Open channels of communication.

5.5 CONCLUSION

Having identified the cultural attributes which contribute to the success of the Indian family owned businesses with specific focus on those operating with Port Elizabeth, The researcher will now focus on the summary and recommendations that will be dealt with in chapter 6.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Having conducted a multiple case study and analysed the data in chapter five above, the purpose of this chapter is to discuss the results of the questionnaire and interviews conducted and seek to answer the hypothesis as identified in chapter one.

6.2 ANALYSIS AND INTERPRETATION

After having analysed the Indian culture, specifically relating to business, the researcher is of the opinion that the culture is paternalistic and that a great emphasis is placed on the first born sons growth within the family and business. There are many similarities to other cultures, but inherent characteristic of being polite, loyal and respectful has contributed to their success.

The golden thread of the research topic, as stated in chapter one, is to identify what impact the Indian culture has had on the success of their business. It has, through the interviews conducted and the literature study, been established that the culture is a hard-working culture, a family oriented culture, it has priorities such as deity, family and business, and it is because of these values that they are successful as opposed to a non-structured person that goes into business without the family or religion and necessary support structure in place.

There is a possibility that a non-family business has more opportunities as innovation is brought into the business by outsiders who have been brought up in a different environment and with different value systems which bring along a different perspective.

There seems to be a trend in recent years, that the leaders in the family and subsequently the business, are promoting tertiary education as opposed to when they were younger and somewhat groomed to contribute to the growth and success of the family business.

Through the findings it was observed that now, in the 21st century, things have changed. Not often does the next generation take over from their parents. This also depends on the kind of business one has. There is a difference in taking over a clothing store as opposed to being actively involved in a Greek shipping company for example. A son of a Greek shipping tycoon could also go further and study but such studies would be useful in the company and they could therefore return and take over as a manager. Succession would however come about as a result of hard work as there are usually external Boards of Directors involved.

Indians on the other hand, tend to follow an industry related to the clan they belong to, which in Port Elizabeth tends to be those of Shoemakers and the Textile industry.

Mr Makan made and fixed shoes and although the current generations are not shoemakers, they now sell shoes and additional items which is a succession of his trade.

As a result of this research being conducted on predominantly third and fourth generation families, it is noted that the business is still somewhat linked to the initial trade of the founders. It is however noted that in more recent years, they are diversifying even more and entering other fields, often not having any link to the initial business at all.

There is a general consensus that it is as a result of family that they are successful as everyone relies on the success of this business and there is no other source of income. Due to this understanding, there is commitment from each family member.

Upon reviewing the supply chain, it has been noted that there is no real interrelation between the suppliers and the owners in that the suppliers are not necessarily Indians. This is as a result of the Cape having fewer Indians than Natal and there were no suppliers in the province who were Indians. It can therefore not be concluded that they had specific supply chain principles which encouraged them to support their fellow Indian community.

There seems to be a cultural shift from a culture where the emphasis is on collectivism to one of individualism. A reason for this could be that societies are exhibiting less of a need for social and material support structures which are built on families and people are finding that they are better able to take care of their own needs than what they were in the past.

The younger generations in the Pillay and Makan families interviewed do not express the wish to continue with the business as it is today. They have pursued other careers and have shared the opinion that they have other interests than owning a shop selling clothing. In the Umley family, the daughter Bea who is currently employed in the family business will take over the reins and has indicated that she will continue to grow the business.

6.3 ADDRESSING OF THE SUB PROBLEMS

The main problem for this research is as follows:

- Are there any specific cultural attributes which contribute to the success of Indian family owned businesses with specific focus on those operating within Port Elizabeth, South Africa?

Out of this, the following sub problems arose which have been addressed through the research as well as case study:

- **What are the key characteristics of family owned businesses?**

As identified in the literature review and the empirical study above, it can be stated that the characteristics of family owned businesses are:

- i) Passion;
- ii) Loyalty;
- iii) Trust;
- iv) Shared values;
- v) Determination;
- vi) Absence of external interference;
- vii) Commitment from stakeholders; and
- viii) Greater opportunities for personal growth.

Based on the above, it can hereby be satisfied that the sub problem above has been adequately addressed and answered.

- **What are the key cultural attributes of Indian families?**

It is not an easy task to narrow the attributes of the Indian culture down, but as identified in the literature review and the empirical study above, the following are seen as the key attributes:

- i) Politeness;
- ii) Respect;
- iii) Loyalty to the family;

- iv) Obedience;
- v) Religious beliefs;
- vi) Academic achievement.

Based on the above, it can hereby be satisfied that sub problem two has been adequately addressed and answered.

- **How do the cultural attributes of Indian families impact on their business?**

As identified in the literature review and the empirical study above, it can be found that the following cultural attributes of Indian families have had an impact on their business:

- i) tradition, skills and values get passed down through the business;
- ii) families reaffirm the work ethic of the founder;
- iii) they have a strong family unity and work towards the good of the family as a whole as opposed to the benefit of an individual.

The above has therefore confirmed that sub problem three has been addressed and answered.

6.4 ADDRESSING OF HYPOTHESES

In order to conduct the study, certain hypotheses need to be identified to govern the framework within which the study is conducted. The study will therefore be managed within the confines of the hypothesis as listed below:

Hypothesis one: Limited research has been done into the impact of culture in managing Indian family owned businesses.

Through the literature survey conducted information received from the participants surveyed, it was found that very little or no research has been conducted into the managing of Indian family owned businesses in the Port Elizabeth area. It can therefore be stated that Hypotheses one has proven to be true.

Hypothesis two: Culture plays an important role in the functioning and success of family Indian family owned businesses.

6.5 CONCLUSION

Based on the research above it can be concluded that this study has addressed the research problem and answered it within the confines of the study.

The study has been based on surveying three Indian families within Port Elizabeth. The study of a larger sample and a different geographical area such as Kwa - Zulu Natal may yield different results and therefore this research can be further be expanded upon and require more in depth analysis and review. This is beyond the confines of the research conducted for the purpose of this study.

Based on this study, it can therefore be concluded that the Indian culture has had a positive effect on their business in that it was due to their commitment, respect and business ethic, amongst others, that they have been so successful. Indians have always strived to better their own lives as well as that of their families and this has led to them promoting education to such an extent that it might lead to the demise of the business as they know it. In recent years, most of the successors have pursued a tertiary education and are following a professional vocation, having no interest in managing the current business.

There are currently no successors in a management position in either of the businesses, and there is a possibility that none of the children, save for Bea Umley, who will continue in the business after the death of current manager. The current managers, although disappointed, do not mind whether the children pursue other careers. They are happy that the business contributed towards them launching other careers by supporting them. The older generations have ceded to the fact that times have changed and although they are somewhat heartbroken that the family business may not continue for many more generations, they realise that within current economic and social conditions, they should allow their children to choose career paths for themselves.

REFERENCE LIST

20 Challenges faced by a family owned business [Online]. 2009. Available from: <http://leeiwan.wordpress.com/2006/08/17/20-challenges-faced-by-a-family-owned-business> (assessed: 23 June 2009)

<http://www.afrifocus.co.za>. Accessed 12 June 2009. [online].

<http://www2.truman.edu>. Accessed 1 May 2009. [online].

Ainsworth, S., & Cox, J.W. (2003). Families Divided: Culture and Control in Small Family Business. *Organizational Studies*, 24(9), 1463 – 1485.

Balshaw, T. (2004). GOVERNANCE IN FAMILY BUSINESS. East London, Grant Thornton.

Barach, J.A., Gantisky, J., Carson, J.A. & Doochin, B.A. (1988). ENTRY OF THE NEXT GENERATION: STRATEGIC CHALLENGE FOR FAMILY BUSINESS. **Journal of Small Business Management**, 2001.

Chua, J.H., Chrisman, J.J., & Sharma, P. 1999. **Defining the Family Business by behavior**. *Entrepreneurship, Theory and Practice*, 23 (4): 19 – 39.

Conway, M. J., & Baumgartner, S. J., (2007). The Family Owned Business. Vol 10, Issue 2. <http://gbr.pepperdine.edu/072/family.html>
Accessed 10 September, 2009.

Cohn, M. (1990). PASSING THE TORCH: TRANSFER STRATEGIES FOR YOUR FAMILY BUSINESS. Blue Ridge Summit, Penn: Liberty Press.

Collis, J. & Hussey, R. 2003. Business Research. New York, Palgrave MacMillan.

Corbetta, G., & Montemerlo, D. 1998. **Managing succession in Italian small and medium-size family businesses**. The Family Business Network Newsletter. May, No. 20: 8 – 10.

Creswell, J. 1994. Research design: Qualitative and quantitative approaches. London: Sage.

Cullen, M.D.M (2005). THE DEVELOPMENT OF A MODEL TO PROMOTE SUSTAINABLE STRATEGIC ENTREPRENEURIAL BEHAVIOUR OF FAMILY ESTATE WINE BUSINESSES IN THE SOUTH AFRICAN WINE INDUSTRY. PhD. Thesis. Port Elizabeth. Nelson Mandela Metropolitan University.

Culture of India [Online]. 2009. Available from:
http://en.wikipedia.org/wiki/Culture_of_India#Family (assessed: 29 July 2009)

Davis, J.A. & Taguiri, R. 1982. **Bivalent attributes of the family firm**. In Aronoff, C.E. & Ward, J.L. (Eds). 1991. Family Business Sourcebook. Detroit, Michigan: Omnigraphics Incorporated.

Denzin, N. K. and Lincoln, Y. S., 1994, Handbook of Qualitative Research, Thousand Oaks, CA: Sage

Drucker, P.F. (1995). How to save the family business. *Umass Family Business Centre; Related Matters Newsletter*. Spring 1995.

Dyer, W. G. (1988). *Culture change in family firms*. San Francisco: Josse-Bass Publishers.

Ebr-Vally, R. (2001). Kala Pani: Caste and Colour in South Africa, Cape Town: Kwela Books and South African history Online

Eisenhardt, K.M. (2002). BUILDING THEORIES FROM CASE STUDY RESEARCH. **Management, 2001, 39(1)**.

FAMILY BUSINESS BRIEF, Vol 1, No 2.

Garcia-Alvarez, Ercilia, and Jordi Lopez Sintas. (2003) 'Coherence between values and successor's socialization: Facilitating family business continuity', Paper presented at the International Council for Small Business, 48th World Conference, Belfast, UK.

Goffee, R. (1996). UNDERSTANDING FAMILY BUSINESS: ISSUES FOR FURTHER RESEARCH. **International Journal of Entrepreneurial Behaviour & Research, Vol 2, No1, pp. 36- 48.**

Gordon, G. & Nicholson, N. 2008. Family Wars: Classic conflicts in family business and how to deal with them. London: Kogan Page Limited.

Grusky, O & Miller, G.A. (1970). Sociology of Organisations. New York, Free Press.

Gwiliza, N. 2005 Strategies for Sustaining Family Business through Succession Planning and Family Creed. Port Elizabeth: Unpublished Dissertation.

Handler, W.C. (1989). Managing the family firm succession process: The next generation family member's experience. DBA. Thesis. Boston University Graduate School of Management.

Hilburt -Davis, J. & Gibb Dyer, Jr, R. (2003). CONSULTING TO FAMILY BUSINESS. San Fransisco, Jossey Bass/Pfeiffer.

Hill, C. W. L. (2003). International Business 4th Edition. New York, McGraw Hill.

Hodgetts, R.M. & Kuratko, D.F. 1998. **Effective small business management**. (6th Ed) Fort Worth: The Dryden Press –Harcourt Brace College.

Hoover, E.A. & Hoover, C.L. (1999). *Getting along in family business-relationship intelligence handbook*. NY: Routledge.

Innarelli, C.L. 1992. **Succession in Family Businesses: A Review of the Research**. Family Business Review, VII (2): 133 – 157.

<http://www.jumbo.co.za>. Accessed 13 June 2009. [online].

Kets de Vries, M.F.R. 1993. **The Dynamics Of Family Controlled Firms**. Organizational Review, Vol.21: 59-71.

Le Breton-Miller, I., Miller, D., & Steier, L.P (2004). Toward an Integrative Model of Effective FOB succession. *Entrepreneurship: Theory and Practice*, 28(4), 305-329.

Leedy, P.D., Ormrod, J.E. 2001. *Practical Research planning and design*. 7th Ed. Merrill Prentice Hall: Upper Saddle River.

Levinson, H. 1971. **Conflicts That Plague Family Businesses**. Harvard Business Review, March – April : 90 –95, President and Fellows of Harvard College, reprinted in Aronoff, C.E, Astrachan, J.H., Ward, J.L. (Eds.) 1996. **The Family Business Sourcebook II**, Business Owner Resource, Georgia. 378-387.

Lutz, K. W. 2003. Family Business Report: Why is “Letting Go” so Difficult for Successful Family Business Entrepreneurs? Cincinnati: Unpublished Thesis.

Mead, R. 1994. **International management: Cross-cultural dimensions**. Cambridge, Mass: Blackwell Publishing.

<http://www.medalpaints.co.za>. Accessed 12 June 2009. [online].

http://www.medioclubsouthafrica.com/index.php?option=com_content&view=article&id=81:south-africas-population&catid=33:land_bg&Itemid=70.

Accessed 12 June 2009. South Africa's Population [online].

Morris M.H., Williams, R.W., Allen, J.A. & Avila, R.A. 1997. Correlates Of Success In Family Business Transitions. *Journal of Business Venturing*, 12(5), p. 341-422.

Naidoo, R. 2002. **Corporate Governance. An Essential Guide for South African Companies.** Published by Double Story Books, a Juta Company, Mercury Crescent, Wetton, Cape Town, South Africa. 1 - 7, 10 - 14.

Neubauer, F and Lank, A.G. (1998). THE FAMILY BUSINESS- its governance for sustainability. NY, Routledge.

Nieuwenhuizen, C, le Roux, E, & Jacobs, H. Entrepreneurship and how to establish your own business. Second edition 2002. Cape Town, Juta.

<http://www.oasis.co.za>. Accessed 12 June 2009. [online].

Paisner, M.B. (2000) Sustaining the Family Business – and insider’s guide to managing across generations, New York. Persens Books.

Polit D.F. and Hungler B.P. (1999) Nursing Research: Principles and Methods. 6th ed. Philadelphia. Lippincott

Pruitt, D.G. and J.Z. Rubin. (1986). Social Conflict: Escalation, Stalemate, and Settlement. New York: Random House.

Ramachandran, K. 2006. **Indian Family Businesses: Their Survival Beyond Three Generations.** Working paper, Indian School of Business, Hyderabad.

Riley, M., Wood, R.C., Clarke, M.A., Wilkie, E & Szivas, E. (2000). RESEARCH WRITING AND DISSERTATIONS IN BUSINESS AND MANAGEMENT. High Holburn, Thompson.

Rowe, B.R. & Hong, G.S. (2000). THE ROLE OF WIVES IN FAMILY BUSINESSES: THE PAID AND UNPAID WORK OF WOMEN. **Family Business Review**, March 2000, Vol XIII, No 1.

Sheehy, J., Flynn, A. 2005 Making Widgets, Creating Wealth, or Leaving a Legacy: What is the purpose of the Family Business. [s.l.].

South Africa's Population [Online]. 2009. Available from: <http://www.medioclubsouthafrica.com/index> (accessed: 5 September 2009).

Stake, R. (1995). THE ART OF CASE STUDY RESEARCH. Thousand Oaks, CA. Sage.

Steier, L. 2001. **Family firms, plural forms of governance, and the evolving role of trust.** Family Business Review, XIV (4): 353-367.

Theron, A. (n.d). FULFILLING A FAMILY DREAM. **Family Business Brief**, Vol 1, No 2.

Timmons, J.A. & Spinelli. 2007. **New Venture Creation: Entrepreneurship for the 21st Century.** New York: McGraw – Hill. 7th Edition

Van der Merwe, S.P .1999. **Formal planning of family businesses in the Vaal Triangle.** Unpublished doctoral thesis, University of Potchefstroom for Christian Higher Education, Potchefstroom.

Venter, E. 2002. **The succession process in small and medium-sized family businesses in South Africa.** Unpublished P.H.D. Thesis, University of Port Elizabeth.

Von Broembsen, M. & Wood, E. 2005. Who provides South Africa's jobs? (South African Report 2005). Global Entrepreneurship Model, :UCT Graduate School of Business.

Ward, J.L. 1987. **Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership.** San Francisco, CA: Josey Bass.

Yin, R. (1993). Applications of case study research. Beverly Hills, CA: Sage Publishing.

Yin, R.K. (1994). CASE STUDY RESEARCH – DESIGN AND METHODS 2ND EDITION. California, Sage Publications.

Yin, R. (2003). Applications of case study research. 2nd Edition. California: Sage Publishing.

QUESTIONNAIRE

1. Have you previously been approached for information regarding this form of research or are you aware of any research been conducted on Indian Family owned businesses within Port Elizabeth?
2. Could you provide a description of the Family Structure?
3. Could you briefly provide an overview of the history of your family in South Africa year arrived and the start up of the business.
4. What do you see as the top five factors that contributed to the success of the family business?
5. What were the roles of women in the family business?
6. Has this role changed over the years?
7. In past years, did you support fellow Indians as suppliers of goods needed to operate your business?
8. Were children encouraged to pursue a tertiary education in the past?
9. Has this changed in recent years?
10. Was there equality between family members and non family members with regards to salary and leave?
11. What was it like growing up in the family?

12. Was there a favourite child?
13. Was the business left to the favourite child?
14. Do you note a difference in the family relationship now compared to when you were growing up?
15. What is the reason why there are family members who are no longer in the business?
16. How was conflict resolved at home in the past?
17. Has there been a change in the way conflict is currently resolved?
18. Describe the business structure.
19. What are the views of the daughters regarding the structure?
20. What is the relationship between family members in the business setting?
21. What influence has family values had on the business?
22. How are business decisions derived at?
23. What was the role, if any, of outside consultants and advisors in making key decisions?
24. How are conflicts resolved in the family business?
25. Is the objective of the business to maintain the lifestyle of the owner?

26. Is there any reason why you did not go out and work for someone else?
27. Do family objectives have priority over business objectives?
28. How and when has the business been transferred from one generation to the next?
29. Do you aim to continue the business as a family business?
30. What was the reaction of the family members to the selection of the leader?
31. Did you receive special education to work in the family business?
32. Do you expect your successors to obtain a tertiary education?
33. At what age are the children involved or groomed for the business?
34. What governance systems do you have in place that make provision for crisis, solve problems before they occur and guard against poor or biased decisions?
35. Has there been a change in the nature of the business?
36. Has the motivation of the owner changed over the generations?
37. Has there been a change in the family financial expectations over the generations?
38. Do you have reward systems for innovative proposals from employees?

39. Do you have employment policies for family members and non-family members?
40. What advice would you give other families in business?
41. What cultural attributes do you believe have resulted in the success of Indian family – owned businesses?