

“Your satisfaction, not mere profit is our aim”:¹ A traditional English family enterprise and the textile industry – Arthur Bales and Son, from 1902

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Samevatting

Die Britse setlaars van 1820 het ‘n setlaargemeenskap in die Oos-Kaap gevestig. Hierdie Engelse gemeenskap het onder andere ingesluit werklose Britse burgers, wat hulle hoop geplaas het op ‘n nuwe lewe in die Kaapkolonie. Onder die setlaars was daar vaklui, gewone nywerheidswerkers en boere. Uit ‘n netwerk van Britse entrepreneurs het die Bales familie hulle gevestig as handelaars. Die Bales- familie het ‘n algemene handelaarsonderneming gevestig en later uitgebrei om tekstiel en klerasie te verkoop. Na die Tweede Vryheidsoorlog het die Bales familiebesigheid verskuif na die Transvaalkolonie. Daar is ‘n materiaal- en klerasiebesigheid gevestig wat nog vir drie geslagte ‘n stewige vastrapplek in Johannesburg en omgewing sou verwerf. Hierdie artikel verwys na die mededinging in die tekstielhandel en die opkoms van die modebedryf in Johannesburg as die omgewing waarin die Bales familie hulle familiebesigheid gevestig het. Die sosiale kapitaalnetwerk van die Engelse kleinsakelui het die onderneming gehelp om in die mededingende klere- en modebedryf van Johannesburg ‘n gewaardeerde handelsnaam in tekstielhandel te vestig.

Introduction

From Colonial Origins to advanced economy

After the gold discoveries in 1886, Johannesburg, at first a dusty mining town, developed into the centre of business development in the Transvaal.²

1 Bales Family Archives (BFA), Company document 1: Retail News.

2 GA Leyds, *A history of Johannesburg* (Nasionale Boekhandel: Cape Town), 1964, p. 9; CGW Schumann, “Landbou-Mynboulant, 1870–1909”, AJH van der Walt, JA Wiid and AL Geyer (eds), *Geskiedenis van Suid-Afrika*, Deel II (Nasionale Boekhandel, Cape Town), 1951, pp. 266–269.

The Witwatersrand gold deposits were the richest in the world.³ The predominantly rural Boer Republic was relatively poor and subsistence-oriented.⁴ The entire Witwatersrand was transformed rapidly: within four years brick houses replaced the tents. Immigrants from all over the world flocked to Johannesburg, where British immigrants, fortune seekers and labourers soon comprised the largest portion of the population.⁵ In 1905 *The Rand Daily Mail* noted that: “Everyone ... seems to be in a perpetual state of hot haste.”⁶ The population rose rapidly from 155 642 in 1904 to 400 000 in 1926, thus creating a steady demand for consumer goods. More wealthy people settled to the north of the reef, while the poorer population gravitated to the south.⁷ Soon gas, electricity, electric trams and waterborne sewerage was introduced to the city. By 1904 Barney Barnato predicted that: “Johannesburg would become the financial Gibraltar of South Africa.”⁸

Apart from the mining industry, other small manufacturing industries emerged in Johannesburg. People needed ordinary consumer goods and clothing. The depression after the First World War and again in the 1930s depressed demand, but the Second World War provided the much-needed stimulus for industry.⁹ One such industrial sector that benefited was the clothing industry, since the demand for fabric and garments was rising. Clear similarities can be observed between the establishment of the South African and British clothing industries.¹⁰ The mineral discoveries transformed the early rural town of Johannesburg. Johannesburg developed a truly cosmopolitan character, with the concomitant demand for consumer goods and luxury

3 H Meiring, *Early Johannesburg: Its buildings and its people* (Human and Rousseau: Cape Town), 1986, p. 40; FL Coleman, *Economic History of South Africa* (HAUM, Pretoria), 1982, pp. 174–177.

4 S Trapido, “South Africa in a Comparative Study of Industrialisation”, *Journal of Development Studies*, 6(3), 1971, p. 89–102; S Trapido: “Landlord and tenant in a colonial economy: The Transvaal 1880–1910”, *Journal of Southern African Studies*, 5(1), 1978, pp. 26–58.

5 L Callinicos, *People’s history of South Africa. Working life 1886–1940: Factories, townships and popular culture on the Rand*, vol 2 (Ravan Press: Johannesburg), 1987, p. 69.

6 H Meiring, *Early Johannesburg: Its buildings and its people*, p. 38.

7 JC Dos Santos, *The development of the Witwatersrand clothing industry: A historical perspective on the role of entrepreneurs in the industry, 1925–55*, (Unpublished Master’s Dissertation, University of Johannesburg), 2008, p. 4.

8 GA Leyds, *A history of Johannesburg*, p. 11.

9 S Jones and AL Muller, *The South African economy, 1910–1990*. Macmillan, London: pp. 54, 94–99; H Meiring, *Early Johannesburg: Its buildings and its people*, pp. 38–47.

10 JC Dos Santos, *The development of the Witwatersrand clothing industry: A historical perspective on the role of entrepreneurs in the industry, 1925–55*, p. 4.

items.¹¹ By the turn of the century most of the clothing sold in Johannesburg was imported.¹²

During the 1920s a large number of Jews immigrated to Johannesburg and settled in Johannesburg suburbs such as Doornfontein on the north-eastern side of the town.¹³ The Jews, known to be good tailors, made an enormous contribution to the economy as entrepreneurs in the clothing industry. Indian tailors also established themselves in Johannesburg. Clothing factories were established towards the end of the First World War. Mass production of ladies' and children's clothing already started in the 1920s. A resident of Johannesburg described the city as "the land of milk and honey," because of its enormous economic potential.¹⁴ Fabric sales and the clothing sector expanded remarkably and continuously from the turn of the century.¹⁵ The clothing industry and related fabric wholesale and retail sectors offered a neat business niche to a family enterprise. In Johannesburg several examples of such enterprises developed, providing a survival strategy to immigrant entrepreneurial families. Johannesburg, as the fastest growing metropolitan area in South Africa since the mineral discoveries, was host to this development.

Family business in South Africa

What constitutes a family business has been the focus of much discussion. Colli even describes the defining of "family business" as "elusive".¹⁶ Longenecker et al. described a family business as an enterprise involving a certain family responsible for the establishment, sustainability and functioning of the enterprise.¹⁷ Jaffe requires at least two family members' involvement in management and/or ownership of an enterprise for it to qualify as a family business.¹⁸ To Brockhaus a family business constitutes one in which different generations are actively involved.¹⁹ Litz emphasised the involvement of the

11 GA Leyds, *A history of Johannesburg*, p. 176.

12 JC Dos Santos, *The development of the Witwatersrand clothing industry: ..., 1925–55*, p. 7.

13 ELP Stals, *Afrikaners in die Goudstad*, Part 2, pp. 23–25.

14 JC Dos Santos, *The development of the Witwatersrand clothing industry: ..., 1925–55*, pp. 4–5.

15 JC Dos Santos, *The development of the Witwatersrand clothing industry: ..., 1925–55*, p. 9.

16 A Colli, *The history of family business, 1850–2000*, p. 6.

17 JG Longenecker, CW Moore and JW Petty, *Small business management. An entrepreneurial emphasis*, 10th Edition (South-western College Publishing Company, Cincinnati), 1997, p. 92.

18 DT Jaffe, *Working with the ones you love: Strategies for a successful family business* (Conary Press, Berkeley), 1991, p. 27.

19 RH Brockhaus, "Entrepreneurship and family business research: Comparisons, critique and lessons" *Entrepreneurship: Theory and practice*, 19(1) 1994, p. 30.

family as owner in the business, with definitive say in the determination of a successor.²⁰ The operational definition used in the recent study of Danny Miller and Isabelle le Breton-Miller is: "... businesses, whether public or private, in which a family controls the largest block of shares or votes and has one or more of its members in key management positions."²¹ Broadly speaking, enterprises with at least 51% of family ownership by a single family, at least two family members' involvement in management of the enterprise, and planned succession of management and ownership kept within the next generation, would constitute the essential elements of a family business.²²

In this article the definition used by Parsons (1994) is appropriate to the analysis: a 'family' is described as "... a social unit with different degrees of belonging. Its core is a group that is organized around couples and their offspring (the 'nuclear family') which operates within a larger, less organized group of relations (the extended family)."²³ A business family is one which performs special functions beyond ordinary family functions. These additional functions entail ensuring the future of the companies they manage. These functions could create ambivalent situations and affect relationships in the family.²⁴ Families have different relationships to businesses, and these determine ownership and managerial dimensions.

Family businesses were the most common businesses formed during the pre-industrial period and early industrial revolution since they were seen to be the backbone of many industrialised economies. This business form was prevalent in old industrial sectors, especially in labour-intensive and craft-based enterprises.²⁵ Initially family businesses were relatively unstable, because of asymmetric information flows and legal systems unable to secure property rights. But currently, family businesses operate in a more 'friendly' environment. The classic family business is currently still well entrenched in

20 RA Litz, "The family business: Toward definitional clarity", *Family Business Review*, 8(2), 1995, p. 71; also see SP van der Merwe, *Formele beplanning in familie-ondernemings in die Vaaldrieboek*, Unpublished (M Com dissertation, University of Potchefstroom), 1998, p. 28.

21 D Miller and I le Breton-Miller, *Managing for the long run. Lessons in competitive advantage from great family businesses* (Harvard Business School Press, Boston), 2005, p. 2.

22 SE Ibrahim and JM Ellis, *Family business management: Concepts and practice* (Kendall/Hunt Publishing Company, Dubuque), 1994, p. 4.

23 AG Sandig, GJ Labadie, W Saris and XM Mayordomo: "Internal factors of family business performance: An integrated theoretical model", PZ Poutziouris, KX Smyrniotis and SB Klein (eds): *Handbook of research on family business* (Edward Elgar, Cheltenham), 2006, p. 146.

24 AG Sandig, GJ Labadie, W Saris and XM Mayordomo: "Internal factors of family business performance: An integrated theoretical model", PZ Poutziouris, KX Smyrniotis and SB Klein (eds): *Handbook of research on family business* (Edward Elgar, Cheltenham), 2006, p. 146.

25 A Colli, *The history of family business, 1850–2000*, p. 8.

advanced economies.²⁶ A classic family business is an enterprise where family and control are intertwined, and where the family members are involved in both strategic and the normal day-to-day decision-making.²⁷

Family firms often appeared in the early stages of early enterprise, in the start-up period preceding the public company phase. Not all family firms have developed into public listed entities – the Bales family enterprise is a fine example of the perpetuation of a private non-listed enterprise. Family businesses of the early era were mostly small and medium sized, slow growing and developed internal succession patterns. The classic family firm primarily relied on self-financing or on local, informal credit sources and were often less profitable than managerial enterprises.²⁸ Research to the contrary has shown that traditional characteristics of family enterprises have mixed successfully with features of modern capitalist markets such as internationalisation and the use of advanced technology.²⁹

In response to the Alfred Chandler Jr view that family firms were limited in scope and unable to preserve capital,³⁰ extensive research has shown the longevity of family firms and the successes and advantages of family enterprises.³¹ One aspect of the strong rejection of the Chandlerian view was imbedded in the longevity of family firms and the relative security of employment and subsistence they offered the family and larger kinship relationship. Goto showed carefully how long-lived family firms in Japan had survived stagnant economic cycles and succeeded in adapting themselves continuously to the business environment. These firms thereby strengthened managerial skills, risk management capacities and contributed to socio-economic stability in societies.³² The longevity of the Bales family enterprise illustrates the adjusting capabilities of the firm and the stability it afforded

26 C Howorth, M Rose and E Hamilton, "Definitions, diversity and development: Key debates in family business research", M Casson, B Yeung, A Basu and N Wadson (eds): *The Oxford handbook of entrepreneurship* (Oxford University Press, Oxford), 2008, p. 225.

27 A Colli, *The history of family business, 1850–2000*, pp. 8–9.

28 M Casson, "Entrepreneurship and business culture", J Brown and M Rose, *Entrepreneurship, networks and modern business* (Manchester University Press), 1993, pp. 205–206.

29 A Colli, *The history of family business, 1850–2000*, p. 9; T Goto, "Longevity of Japanese family firms", PZ Poutziouris, KX Smyrniotis and SB Klein (eds): *Handbook of research on family business* (Edward Elgar, Cheltenham), 2006, pp. 517–534.

30 Alfred D Chandler, *Scale and scope: The dynamics of industrial capitalism* (Belknap Press, Cambridge MASS), 1990.

31 Y Cassis, *Big business: The European experience in the twentieth century* (Oxford University Press, Oxford), 1997; A Colli and M Rose, "Families and firms: The culture and evolution of family firms in Britain and Italy in the nineteenth and twentieth centuries", *Scandinavian economic history review*, 47(1999), pp. 41–46.

32 T Goto, "Longevity of Japanese family firms", PZ Poutziouris, KX Smyrniotis and SB Klein (eds): *Handbook of research on family business* (Edward Elgar, Cheltenham), 2006, pp. 526–532.

family members as well as the communities within which it operated.

In the modern period family enterprises constitute a crucial part of modern world economies. Family forms represent between 75% and 95% of all registered enterprises world-wide and accounts for approximately 65% of world GDP.³³ In South Africa between 65% and 90% of businesses are owned by families. This constitutes an estimated 80% of all the businesses. Of this large number, about 60% of the companies are listed on the Johannesburg Stock Exchange (JSE).³⁴ These family businesses listed between 1987 and 1992, received a return of 36% compared to the non-family businesses, which had a 27% return.³⁵ Although family businesses constitute a substantial proportion of the total number of operating businesses, it is said that the number will rise in the future because of the powerful opportunities this form of enterprise offers economic and social empowerment in South Africa.³⁶

Various attempts have been made to categorise family businesses. One useful categorisation, taken from the study of family firms in the United States of America, was formulated by Shanker and Astrachan. They suggest that family firms can be divided into three general categories, namely

- Businesses where family members are not in direct daily contact with the business but influence decision-making, either through board membership or significant shareholding.
- Businesses similar to the category stated above, but have the founder or a descendant in a managing capacity of daily operations.
- Businesses where multiple generations are involved in the business, family involved directly in daily operations and more than one family member entrusted with significant management responsibilities.³⁷

Despite the positive characteristics of family firms and the apparent superior operational performance, the advantages of loyalty, personal sacrifice

33 Howorth et al.: Definitions, diversity and development..., p. 225; see also Miller and Le Breton-Miller, pp. 2-3.

34 CM Adendorf, *The development of a cultural family business model of good governance for Greek family businesses in South Africa* (Unpublished D Phil Thesis, Rhodes University), 2004; E Venter, *The succession process in small and medium sized family businesses in South Africa*, p. 32.

35 E Venter, *The succession process in small and medium sized family businesses in South Africa*, p. 33.

36 SP van der Merwe (1998), *Formele beplanning in familie-ondernemings in die Vaaldriehoek*, p. 32.

37 M Shanker and JH Astrachan, "Myths and realities: Family business", *Contributions to the USA Economy – A framework for assessing family business statistics*, *Family business review*, 9 (2), 1996, pp. 107 – 124.

and commitment, quick decision-making, trustworthiness, transfer of intergenerational knowledge and a stable culture,³⁸ as in other parts of the world, family businesses in South Africa seldom display exceptional longevity. Internationally only approximately 30% of family firms are expected to survive into a second generation and only 10% into the third generation,³⁹ while Colli observed that relatively quickly, within two or three generations, entrepreneurial family firms would evolve into managerial public companies or disappear.⁴⁰ In South Africa it was estimated that only about 25% of all family businesses proceed into a second generation and a mere 10% into the third generation. This lack of longevity undermines the social well-being of the society in which it operates and comes at a high social cost to the community.⁴¹ Despite this, family firms still make up a sizeable proportion of small businesses; they do just not all survive several generations.

This article will explore the exceptional longevity of the Bales' family enterprise in Johannesburg in the fabric and drapery retail sector.

Methodology

The research into and the writing of family business history in South Africa often encounters serious problems. First, the family involved is reluctant to disclose private family sources for the purpose of research, and, secondly, more often than not no systematic record has been kept of company documents. When a keen interest is shown in research into family business history, the private advantage or marketing potential of such endeavour often mitigates against academic research methodology. South Africa does not have the benefit of a long tradition of historical record-keeping by private families and their participation in research to explore the contribution of such firms in society. For the purpose of this article the researchers were very fortunate to receive the full collaboration and participation of the Bales family. Research was undertaken into newspapers, company retail marketing pamphlets and some remaining official company records. Various interviews were conducted with the remaining family members engaged in the fourth-generation family enterprise. The third as well as the fourth-generation Bales descendants were

38 E Venter, *The succession process...*, pp. 64–73.

39 E Venter, *The succession process...*, p. 70.

40 A Colli, *The history of family business*, p. 13.

41 E Venter, *The succession process...*, p. 70.

interviewed. Interviews were recorded, transcribed and submitted to the interviewees for comments. No factual or substantial changes were made to the actual transcribed interviews. These constitute valuable sources, and are now kept in the University of Johannesburg Library Rare Book Collection as part of an ongoing project to collect oral testimony from those involved in family businesses. Only formal registration documents of the original company could be retrieved from the Registrar of Companies, but those do not assist much in explaining the context and course of the development of the Bales family business. Use was also made of local newspapers to establish the community engagement of the enterprise. This article hopes to encourage scholars to engage enthusiastically in oral research and to assist the people of South Africa in understanding the contribution of family businesses in sustaining the long-term economic well-being of their participants and the wider community in which these enterprises operate.

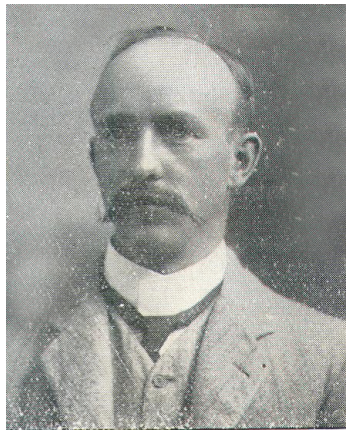


Figure 1: Arthur Bales, draper and outfitter

The story of the Bales' enterprise

The story of the Arthur Bales family enterprise is that of a simple family business enterprise, reflecting some of the aspects of complexity in growth and family dynamics identified by Sandig et al.⁴² Arthur Bales I arrived in Cape Town, South Africa, from Norwich, England, in 1893.⁴³ He completed his

42 AG Sandig, GJ Labadie, W Saris and XM Mayordomo, "Internal factors of family business performance: An integrated theoretical model", PZ Poutziouris, KX Smyrniotis and SB Klein (eds), *Handbook of research on family business* (Edward Elgar, Cheltenham), 2006, pp. 146–147.

43 BFA, Family history document, undated.

apprenticeship in draping, in England, after completion of his formal school education.⁴⁴ After working in various drapery and outfitters' stores in the Eastern Cape, where he found employment in a drapery store in Whittlesea, he gained adequate experience to start his own business, although he did not yet take steps to establish his own business. He did not have access to start-up capital, but managed the drapery store in Whittlesea. In Whittlesea he met Edith, the woman who became his wife. She and her family were from the Whittlesea area.⁴⁵ The Eastern Cape had a strong English community, following the settlement of the 1820 British settlers on the eastern frontier of the former British colony. The agricultural development was stimulated by the expanding wool-farming sector. The British settlers of the Eastern Cape became the tradesmen and artisans, capturing, together with the Jews, trading and business opportunities in the region. These enterprises expanded their entrepreneurial activities beyond the Cape colony into the Boer Republics when the mineral discoveries offered lucrative business.⁴⁶ The Eastern Cape thus nurtured entrepreneurial activity in the English community in which Arthur Bales lived.

During the period of the South African War, 1899–1902, Arthur Bales I lived in Kimberley, where he practised one of his hobbies – he worked as a photographer.⁴⁷ In the early stages of the war the town was besieged by Boer forces.⁴⁸ Arthur Bales photographed much of the human dimension of the war and society and managed to save sufficient funds to establish his own business. Arthur Bales I was a professional draper with a five-year apprenticeship from England.⁴⁹ He desired his own enterprise, but worked in draper stores in the Eastern Cape before being able to start up in Johannesburg in 1902. Johannesburg was captured by the British early in 1900 and Bales was convinced that he would be able to set up an enterprise in the then British-dominated society. On 10 July 1902, the Arthur Bales Drapery and Outfitting Store opened for business in Braamfontein, in the northern part of the town Johannesburg.⁵⁰ The reason for the selection of Braamfontein as the first seat of the newly established store was that it was central to the

44 E-mail correspondence, Jonathan Bales, 8 April 2009.

45 BFA, History of the family Bales, 1982.

46 H Giliomee, *The Afrikaners: A biography of a people*. (Tafelberg, Cape Town), 2003, p. 194; AL Muller (ed), *Die ekonomiese ontwikkeling van Suid-Afrika* (HAUM, Pretoria), 1979, pp. 88–90.

47 These photographs are still in the Bales Family Archive.

48 H Giliomee, *The Afrikaners: A biography...*, p. 249.

49 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

50 BFA, Family history document, undated.

city and people frequented the business area.⁵¹ It was the location of most shops and other business activities in Johannesburg. Post-war Johannesburg offered a wide range of opportunities for entrepreneurs to provide various goods and services to the rapidly expanding population that had settled there and had been starved by the disruption of ordinary, as well as more luxury, consumer supplies during the war.⁵² The population included the new British administration as well as the families of the mining magnates, the 'Randlords', who displayed a keen appetite for imported and luxury goods.⁵³ The Arthur Bales Drapery and Outfitting Store sold imported clothing, domestic curtains and linen and offered a service to fit and adjust clothing for clients. Over Christmas they sold special imported Christmas gifts.⁵⁴ The opening of the Arthur Bales store was delayed due to late arrivals of supplies. It was the consequence of war disruption, and the delivery of supplies remained erratic until late in 1902.⁵⁵

The business expanded gradually and a few years later two more stores were opened in La Rochelle, a residential area south of the city, and Doornfontein, which was east of the city. The Braamfontein store was managed by Arthur Bales himself, assisted by his wife, Edith, and some European shop assistants after expansion into other locations. By the 1920s the original store in Braamfontein had become a landmark. The address on the corner of De Beer and De Korte Streets became known to the local population as 'Bales Corner'.⁵⁶ The location of the store contributed to the entrenchment of the family brand.⁵⁷ The early business advertised in various publications such as *Clifton Magazine*, *The Witwatersrand*, and *The Worker* newspapers. Each of these newspapers was aimed at a different market segment: *Clifton Magazine* was the magazine of the Clifton Presbyterian Church; *The Witwatersrand* was a paper for the general public and *The Worker* targeted working-class people, among whom were many women, who engaged in sewing, dressmaking and general housekeeping duties. Arthur Bales also published his own publications, such as calendars, an in-house magazine, brochures and coupons. During the first decades of the Braamfontein store Bales held a Christmas Bazaar to which customers received tickets. Arthur Bales also added a personal touch

51 BFA, History of the Family Bales, 1982.

52 E-mail correspondence, Jonathan Bales, 8 April 2009.

53 ELP Stals, *Afrikaners in die Goudstad*, Part 2, p. 22.

54 BFA, Retail marketing brochures, 1937 and 1945.

55 E-mail correspondence, Jonathan Bales, 8 April 2009.

56 BFA, History of the Family Bales, 1982.

57 A Colli, *Family business*, p. 212 .

by sending customers typed personal invitations to the store. Early brochures and advertisements used the sales window as a marketing tool: “look into our window”, clients were invited.⁵⁸ The business experienced disruptions in regular deliveries of supplies during the First World War, since the bulk of the merchandise was still imported from the United Kingdom.⁵⁹ The store moved to the corner of Biccard and De Korte Streets in 1922, because expanding business activities necessitated larger premises. The store then became known as ‘The Daylight Store’. This was because the construction of the building ruled out the need for artificial lighting.⁶⁰

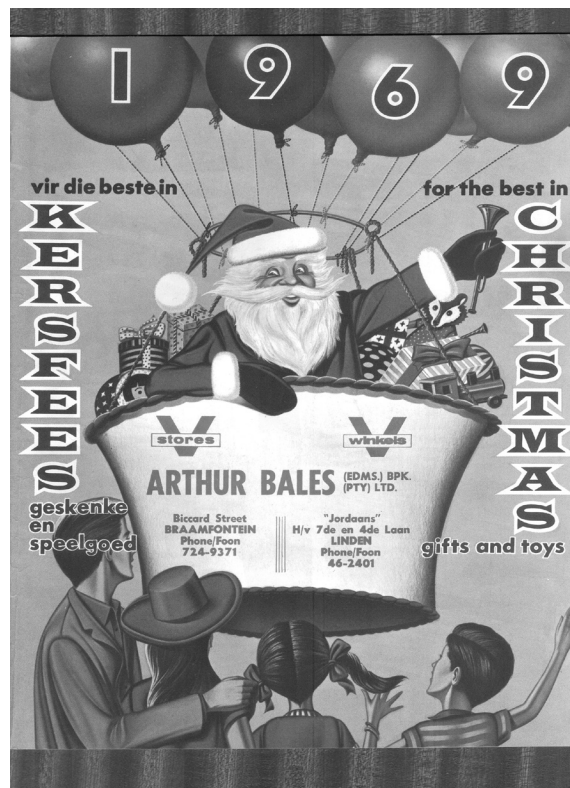


Figure 2: Christmas catalogue, 1969

Arthur Bales I died in 1927. He was survived by his wife Edith and two children, Dorothy and Arthur Bales II.⁶¹ Arthur Bales II attended Parktown

⁵⁸ BFA, CD 1, early 1900s advertisements etc.

⁵⁹ E-mail correspondence, Jonathan Bales, 8 April 2009.

⁶⁰ BFA, Family history document, undated.

⁶¹ BFA, History of the Family Bales, 1982.

Boys' High school, a prestigious government school in the northern suburbs of Johannesburg.⁶² When his father died he was only 15 years old. He did not complete his schooling, since he was expected to follow in his father's footsteps and pursue the business. Although the Arthur Bales store was not consciously started as a family business, the business provided the livelihood of the family of Arthur Bales I and Edith. The business played an important role in employment-creation, income-generation and wealth-accumulation, as observed by Colli and Rose.⁶³ The business was successful and therefore it was quite justified to expect that the enterprise would persevere, despite the death of the founder. Given that the death of Arthur Bales was unexpected, there had been no conscious succession planning – his son was only fifteen years old. Edith Bales wanted to continue with the business in the interest of the founder's family. Arthur Bales's brother had shown some interest in taking over the business, but Edith disagreed. Arthur Bales II was subsequently sent to England to complete his apprenticeship in drapery in departmental stores in Norwich and London. During his absence Edith Bales managed the store with the assistance of her daughter, Dorothy. In the vacuum left by the passing away of Arthur Bales I, the family enterprise had offered a predictable "response to instability, uncertainty and poor property rights".⁶⁴ The uncertainty caused by Arthur Bales's death was mitigated by the existence of an enterprise (the family firm) the spouse knew and could offer a relatively sustained source of livelihood. This had been the explicit case during the early stages of industrialisation when property rights were insecure. In the Transvaal property rights were quite secure and therefore the firm remained firmly in the hands of the Bales family, which was a valuable source of security to the family.

Arthur Bales I did not open his enterprise with the conscious strategy in mind that the business would be maintained by his children and successive generations. With limited employment opportunities, but vast entrepreneurial opportunities after the South African war, practising an apprenticeship in one's own business seemed to be a good idea, especially at a time when a new British colonial government was formed in the colony. The current Bales generation explained the perpetuation of their great grandfather's business as "the natural thing to do, since the business was there – all we had to do is

62 E-mail correspondence, Jonathan Bales, 8 April 2009.

63 A Colli and M Rose, "Family Business", G Jones and J Zeitlin (eds), *The Oxford Handbook of business history* (Clarendon Press, Oxford), 2008, p. 194.

64 A Colli, "Family business", p. 197.

continue with an enterprise that had proven success.”⁶⁵ The store was therefore managed by family members after the passing away of the founder.⁶⁶ Arthur Bales II returned to South Africa towards the end of 1929 and immediately joined his mother and sister in the store in Braamfontein. These were trying times for all retail businesses, because of the impact of the Great Depression. The Arthur Bales store struggled to obtain stock and experienced a decline in sales.⁶⁷ During this period the business became a member of the JCCI (Johannesburg Chamber of Commerce and Industry) and remained as such until the early 1990s. Taking up membership of a business network seemed indicative of a strategy to strengthen the position of the family enterprise in the wake of a general slump in the business cycle, without jeopardising the independence of the firm and the family. The management structure of the firm displayed strong and direct family control. Between 1930 and 1969, the various Bales stores were managed by Dorothy MacCallum (the sister of Arthur Bales II), Arthur Bales II and Mary Bales (his wife). From 1969 to 1980, Dorothy MacCallum, Anne MacCallum, Arthur Bales II, Arthur Bales III and Gaynor Bales (wife of Arthur Bales III) managed the stores.⁶⁸



Figure 3: Store in Braamfontein, “Daylight Store”

Business diversification and relocation

⁶⁵ Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

⁶⁶ E-mail correspondence, Jonathan Bales, 8 April 2009.

⁶⁷ BFA, Family history document, undated.

⁶⁸ E-mail correspondence, Jonathan Bales, 8 April 2009; Also see BFA: Arthur Bales Magazine, vol 1, 1911, p. 1, as well as several advertisements of newly imported wear.

At first Arthur Bales Drapery and Outfitting Store operated in a closely controlled market in Johannesburg catering for the demands of the entire spectrum of social entities – wealthy people from the mining and business environment, the colonial middle class from the colonial administration as well as ordinary workers. The emphasis was on the sale of quality goods. The 1904 Calendar described the enterprise as “The leading house for general, fancy ... and furnishing drapery.”⁶⁹ The impoverished inhabitants of Vrededorp⁷⁰ were not the primary target market of the Bales enterprise. The Indian traders, who engaged in wholesaling and the importation of clothing, fabrics and household goods from less expensive markets in India, were more active in the market for the less well-to-do population, such as poor people in Vrededorp. The Indian traders charged low prices and utilised family members to minimise operating costs and gain a stronghold in that market.⁷¹ They soon controlled the industry, and in some instances even outperformed Jewish distributors of fabric, household goods and textiles.⁷²

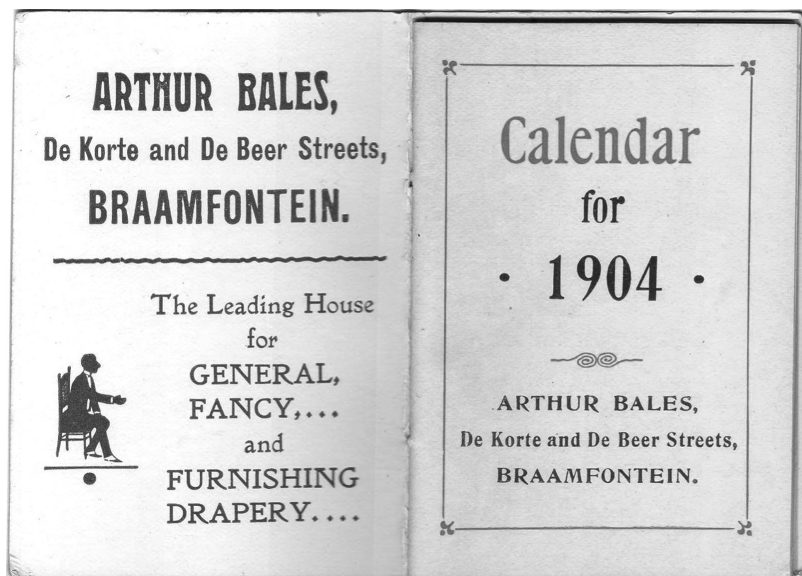


Figure 4: Arthur Bales Calendar, 1904

⁶⁹ BFA, 1904 Bales Calendar.

⁷⁰ ELP Stals, *Afrikaners in die Goudstad*, Part 2, pp. 20–22.

⁷¹ Interview, Arthur Bales III and Jonathan Bales, 27 August 2008; also see C Cachalia, *From survival to defiance: Indian hawkers in Johannesburg* (South African Institute of Race Relations, Johannesburg), 1975, p. 12.

⁷² E-mail correspondence, Jonathan Bales, 8 April 2009.

Arthur Bales I assessed the market differently: he knew the family enterprise could not compete on that scale or at those prices with the Indian traders. Thus Arthur Bales specialised in quality goods, targeting the English and European middle and upper income classes of Johannesburg. By dealing directly with wholesalers and suppliers in the UK, and importing much of their own stock, the Bales offered goods that were clearly differentiated from the merchandise of the Indian trading competitors. Arthur Bales developed its own 'signature' on certain types of drapery, clothing and household linen.⁷³ The business actually relied on the corresponding material culture of the European middle class to distinguish their market from that of the Indian businessmen.

As the business expanded, operations were diverted from an ordinary departmental store to add a stronger focus on quality drapery.⁷⁴ Arthur Bales II and his sister Dorothy, who remained part of the business until shortly before their deaths (Arthur II died in 2002 and Dorothy in the late 1980s), moved one of their stores to Linden, further west of the central business district of Johannesburg. This residential area had two Afrikaans medium schools and a growing Afrikaans-speaking community developed.⁷⁵ The first Arthur Bales shop in Linden was a clothing store for men, women and children. It also sold household drapery.⁷⁶ At first the fabrics were imported from England. Gradually products from the East also penetrated the market. A substantial portion of local fabrics was also bought and traded. The idea was that different products of high quality should be offered at reasonably low prices to satisfy customer demand. At first the store sold various Christmas gifts for both adults and children.⁷⁷ Much later, during the 1960s, the store shifted its focus to fabrics, yarn, wool and haberdashery in response to the emergence of retail clothing stores in the city, such as Truworthe, Edgars and Woolworths.⁷⁸

The business has also supported various Indian-owned distributors, some which have become standing suppliers of goods to the store. One of the suppliers to Arthur Bales has had three generations of family members dealing with the store. Many of the suppliers to Arthur Bales are second-generation suppliers. The early business dealt with wholesalers and suppliers directly in

73 E-mail correspondence, Jonathan Bales, 8 April 2009.

74 BFA, Retail Brochures, 1904, 1911, 1915, 1962, 1968.

75 ELP Stals (ed), *Afrikaners in die Goudstad*, Part 2, p. 79.

76 E-mail correspondence, Jonathan Bales, 8 April 2009.

77 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

78 E-mail correspondence, Jonathan Bales, 8 April 2009; also see JC Dos Santos, *The development of the Witwatersrand clothing industry ...*, pp. 130–136.

the UK, and imported much of their specialised wares.⁷⁹

The opening of the Linden store in 1948 marked the recognition of demographic movements in Johannesburg. A more middle-class Afrikaans-speaking community in Linden displayed a strong overlap with European English tastes and thus justified the opening of a branch in that area. Linden was also the location of many English-speaking people, who had settled in the area around several church congregations, such as the Presbyterian Church, The Anglican Church and a Roman Catholic Church and convent. Since the Arthur Bales family enterprise was not engaged in industrial production, location was not required in an industrial district, but in a socio-cultural environment conducive to household demand. Both the stores at La Rochelle and Linden in the 1940s fitted these characteristics. The Bales family themselves settled in Linden, having moved around in predominantly English middle-class suburbs such as Parktown, Parkview, Rosebank and Greenside. Arthur Bales III (born 1942) even attended Laerskool Louw Geldenhuys, which was a dual-medium public primary school in Linden. Then he went to Greenside High School, also a government school in the same area, west of the city centre. The Bales family thus maintained their English middle-class character by attending dual or English-medium schools and conducting business in areas representative of middle-class culture. The positioning of the Arthur Bales stores in or adjacent to middle-class white suburbs served to illustrate the selection of market segment the family enterprise wanted to target.

The current premises of the Arthur Bales family enterprise is in 4th Avenue, Linden. It was opened by Arthur Bales III in 1969. The store was notably successful. The area also provided an environment where the family could develop the niche market selected.⁸⁰ The Linden store was managed by Arthur Bales II until his death in 2002, then by Arthur Bales III and Gaynor Bales.⁸¹ The English Bales family's presence in Linden created the network of trust and shared interest with the middle-class Afrikaans and English community, which constituted a prerequisite for survival. The founder of the enterprise had the knowledge and expertise required to make the business grow. Therefore the long overlapping period of control between Arthur Bales II and Arthur Bales III was used fruitfully to integrate the English colonial draper store⁸² into

79 E-mail correspondence, Jonathan Bales, 8 April 2009.

80 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008

81 E-mail correspondence, Jonathan Bales, 8 April 2009; *Northcliff and Melville Times*, "Bales family celebrates a century of trading", 9 June 2002, p. 5.

82 A Colli, *Family business*, p. 209.

a predominantly Afrikaans middle-class suburb.



Figure 5: Good wishes from Afrikaansspeaking clients, 1965

The business environment changed dramatically between the end of the Second World War and the 1960s. Braamfontein changed from a business district in early Johannesburg to a residential slum area by the early 1950s and then to a business and office as well as urban residential district in the late 1950s and early 1960s. The clientele also changed over that period from the housewife to the office worker. Due to the increased economic activity in this area, demand for fabrics and clothing rose.⁸³ The combination of the new Linden store and the Bales family's middle-class suburban nature created a whole new generation of merchandise that was introduced to Arthur Bales in Linden.⁸⁴

Demographic changes resulted in a decision in 1994 to close the Braamfontein shop, which was effective from 1995. By the early 1990s Braamfontein was no longer the business hub of the wealthy or the middle class, but an area

⁸³ E-mail correspondence with Jonathan Bales, 8 April 2009.

⁸⁴ BFA, History of the family Bales, 1982.

inhabited by wage-earning flat dwellers, students and vagrants. Accessibility was also a growing concern, since parking had become problematic and the lack of inner city security resulted in shopping aversion by the middle-class women frequenting the store. Braamfontein was simply an undesirable area to work in or travel to. One of the main reasons for this development was the endless strikes in Braamfontein which always proceeded past the shop, affecting what was the main trading time – the lunch hour of the office workers. The economic climate of the mid-1990s in Braamfontein became unviable.⁸⁵

By the early 1990s the Linden store was the only remaining outlet of the family enterprise. The Linden premises were situated in a relatively peaceful suburb and easily accessible to housewives. The management also changed the focus of the business slightly. Trading in clothing was gradually reduced to make way for specialised needlecraft and embroidery needs. The quality of sewing fabric remained exceptionally high, and new ranges of patterns and knitting yarns and wool were introduced.⁸⁶

Arthur Bales bought a small school clothing supplier across the road in Linden. It was the local stockist of school clothes for Laerskool Louw Geldenhuys and Hoërskool Linden. The shop also stocked fabrics and thus created a perfect opportunity for synergy.⁸⁷ This acquisition was indicative of the extent to which the Arthur Bales store had embedded itself into the community in Linden. The two Afrikaans-medium schools in Linden were the two institutions to which the small shop had supplied school clothing. In acquiring that business, Arthur Bales could add the supply of school clothing to the other drapery and fabric merchandise in the draper store around the corner.

85 E-mail correspondence, L Maritz/Jonathan Bales, 8 April 2009.

86 BFA, CD 1, various advertisements, 1920s and 1930s.

87 Arthur Bales III and Jonathan Bales, *Interview*, 27 August 2008.



Figure 6: Johnathan Bales, fourth generation Bales at the Linden Shop, 2008

Management of the Family Draper's Store

Since the Arthur Bales business was started as a survival strategy by Arthur Bales I, no conscious succession plan existed. There was much unpleasantness after the death of Arthur Bales I, as his brother had hoped to take over the business. This family split was never resolved. After the succession by Edith and her daughter Dorothy, joined after his apprenticeship by Arthur Bales II, siblings in the direct family have subsequently been involved or worked in the business. Jonathan Bales noted: “The business has always been part of the family, and has also partly defined who we are as a family”.⁸⁸ No other family disputes over the business are known. Arthur Bales II also did his apprenticeship in London, England. After the death of his father, he was expected to continue with the business.⁸⁹ Arthur Bales III did not know what he wanted to do, but ultimately ended up in the business. He knew the business was a success and being part of it was eventually a natural decision to take.⁹⁰ When the ‘daylight store’ was demolished in the late 1960s, the new store, built in 1969, was

88 E-mail correspondence, L Maritz/Jonathan Bales, 8 April 2009.

89 BFA, Family history document, undated.

90 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

managed by Arthur Bales III.⁹¹

Not all the direct family members were enthusiastic about becoming involved in the enterprise, because of the immense commitment required and time consumed by the business.⁹² Ownership of the business has remained in the Bales family and a member of the next generation has in each phase of succession taken control. The ‘Buddenbrooks effect’ (third-generation death of entrepreneurial skills resulting in the decline of the firm)⁹³ has not manifested in the Bales family enterprise. The remarkable aspect of the Arthur Bales enterprise is that currently the fourth generation of Baleses is actively involved in the running of the business.

The management of the family firm was gradually strengthened by better and more appropriately qualified managers. From the first two generations of apprenticed drapers, invaluable experience was handed down to more business management-oriented managers. Both Arthur Bales III and Jonathan Bales studied commerce after school. Arthur Bales III completed a B.Com Accountancy degree at the University of the Witwatersrand and qualified as a Chartered Accountant, while his son Jonathan Bales (the fourth Bales generation) completed a B.Com Marketing degree and was later a post graduate student in Strategic Management at the Rand Afrikaans University (currently the University of Johannesburg). Jonathan Bales has joined the family firm since he perceived the family business as a part of the family and part of the community – he grew up in the shop. Arthur Bales III commented: “It is part of your life. You go home, just to carry on talking and planning.”⁹⁴ There is the saying that ‘you don’t own a business, it owns you’. This is true in respect of the Arthur Bales shop, since extensive hours have always been part of business practice.⁹⁵

The successful succession in the Arthur Bales family business can be ascribed to a number of factors. The business was kept in an environment where a strong personalised relationship with clientele could be maintained. In La Rochelle and Linden, the family established a close rapport with the community. Furthermore, each new generation learned a great deal from the former – each successor was in the shop with his father. Succession was made

91 BFA, Family History document, undated.

92 E-mail correspondence, L Maritz/Jonathan Bales, 8 April 2009.

93 A Colli, *The history of family business*, p. 13.

94 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

95 E-mail correspondence, L Maritz/Jonathan Bales, 8 April 2009.

relatively simple through the intergenerational transfer of experience, know-how and client rapport.⁹⁶ Another contributing factor is the good and relaxed relations in the family. Arthur Bales III could not identify any particular 'recipe' for successful succession in their family enterprise. He observed: "It is the children's choice whether they want to work in the shop and ultimately own it. The way the children learn about the business comes from an early age, with them learning it by performing small jobs, e.g. work at the till on Saturdays".⁹⁷

Family involvement in the firm was also quite high. As observed by Colli and Rose, "... families and their firms are hard to separate ... implying that the family's values, knowledge and reputation can be counted as intangible assets of the business".⁹⁸ Arthur Bales and his wife Edith worked in the first shop, and they were followed by Arthur Haylock Bales II, his wife Mary Bales (a qualified nurse prior to her marriage to Arthur Bales II), his sister Dorothy Bales, and Anne MacCallum (née Bales). Currently the family members involved in the family enterprise are Arthur John Bales (III), his wife Gaynor Bales and their children Gina Bales, Jonathan Bales (IV) and Nicci Bales.⁹⁹

The family firm has developed into the family employer, but the advantage is that employment is secure. This security is the result of 107 years of good relationships with the communities in which the enterprise had operated.¹⁰⁰ The family had no conscious policy regarding employment of non-family members. Members of the extended family have become an equally active part of the enterprise. Only a relatively small number of non-family members have been appointed as shop assistants. This proved to be a very stable workforce. Employees have very long employment relations with the family firm. There are current employees who have been part of the business for 20 years. No special training programmes were introduced for non-family staff members, since the very people-oriented business required close interaction with customers and those skills were acquired in the shop. According to Arthur Bales III, "they have to perfect their customer relations while they work. You cannot teach that".¹⁰¹ The disadvantage of the family managerial structure is that a business such as this is very much a jail, says Arthur Bales III. "You are

96 E Venter, *The succession process ...*, p. 80.

97 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

98 A Colli, *Family business*, p. 212.

99 E-mail correspondence, Jonathan Bales, 29 September 2008.

100 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

101 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

lucky when you get a week's break. The children never get a proper holiday. You can never close the shop. You cannot really leave the shop in someone else's hands, because you believe they cannot do the work like you can."

Running the business

The start-up capital for the first Arthur Bales enterprise in Braamfontein was the personal savings Arthur Bales I accumulated from his photography. The success of the business provided further working capital to expand operations into new areas, such as the branch in La Rochelle. The business later returned to its core competency and kept its flagship store in Braamfontein, and either closed or sold the other branches.

The family firm was run as a close-knit enterprise. The owner was responsible for every aspect of the business – financial administration and planning, marketing, staff and selection and purchase of the product range. He had to do the tax, deal with the bank manager and deal with labour legislation-related matters. Arthur Bales I, as well as his successors, was a bearer of invaluable intangible assets in the firm. According to Colli and Rose, this is "... a major source of knowledge and expertise and his or her social networks represent important intangible assets."¹⁰² The particular close-knit family structure of the business ensured optimal transfer of these assets within the firm. The firm was a private limited liability company and therefore not accessible to non-family members. The current annual turnover does not exceed R10 million. The firm is therefore regarded as a small enterprise and is exempt from stringent labour regulations.¹⁰³

In the earlier days wholesalers were also financiers. Suppliers generally offered extended credit terms, quite often over 200 days. This made cash-flow considerations easier for the Bales family during the establishment years. The first bankers to the family enterprise in the 1920s were Barclays Bank DC&O, which eventually became First National Bank (FNB). The Arthur Bales business essentially remained customers of FNB for between 80 and 90 years.

The early auditors were Stakesby Lewis, whose founder, Mr Stakesby, had been a longstanding friend of Arthur Bales I. In accordance with the characteristics

¹⁰² A Colli, *Family business*, p. 209.

¹⁰³ E-mail correspondence, Jonathan Bales, 29 September 2008.

of small family firms, this relationship continued over many years. When Arthur Bales III completed his accountancy articles, he was contracted to Stakesby Lewis. Several mergers occurred amongst auditing firms during the 1970s and 1980s. Stakesby Lewis was also absorbed into a much larger firm, resulting in Arthur Bales's decision to switch its business to a smaller and independent auditing firm.

The business had kept itself quite small, especially after the closure of the Braamfontein branch. The store in Linden refined its focus to its core competencies.¹⁰⁴ The establishment in Linden was initially in a relatively busy village-like environment with various retail department stores such as the clothing outlets Foschini and Truworths, grocery and general dealers such as OK Bazaars, Hugo Stores and Grey Smith, several banks and building societies such as Standard Bank, Barclays Bank DC&O – later First National Bank – United Building Society, small greengrocers, a shoe store and a stationer. These small shops and services brought the middle-class housewife and parent to Linden where they could do their business in relative peace and tranquillity. By the time Foschini and Truworths had opened their outlets, they did not pose unwanted competition to Arthur Bales, since the latter had returned to its core competency of fabrics, wool, embroidery supplies and dressmaking equipment. Later, in the 1970s, a shopping mall, Northcliff Plaza, was erected close by. It attracted many customers away from the shop, especially when grocery stores such as OK Bazaars and later a Spar opened there. For a period of about 20 years the shopping mall attracted clients, but could not replace the personalised family business environment Arthur Bales had provided uninterruptedly since the beginning of the century.

In the past decade new shops again opened for business within less than 100m from the Arthur Bales store in Linden, contributing to the revival of the earlier village atmosphere. These shops include four restaurants, a coffee shop, a delicatessen, a bakery, a hair salon, a beauty salon, a flower shop and a party props shop.¹⁰⁵ Even though the Arthur Bales business is a destination business, this revived business environment has added significantly to the number of people calling for business at the shop.¹⁰⁶ A destination business, in this instance, can be defined as a business or a store frequented because of specific needs and not just a “pop-in-and-have-a-look” store. The management

104 E-mail correspondence with Jonathan Bales, 8 April 2009.

105 E-mail correspondence, Jonathan Bales, 8 April 2009.

106 Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

of Arthur Bales weathered the stormy business environment as the character of Linden changed somewhat, but succeeded in maintaining much of the family draper character. This management strategy, on the other hand, contributed to the revival of the village-like atmosphere in the suburb.

Arthur Bales terminated the publication of its marketing brochures and currently relies primarily on word-of-mouth and electronic advertisement. The business is renowned for impeccable service to customers as well as to the community. This includes maintaining close regular contact with their customers by distributing advertisements of special offers or new merchandise personally, speaking to customers and offering them what they desire. Their focus is on customer services and affordable quality goods. This focus of the business has remained unchanged to the present. In the early years, various novel extras were used to entice new customers and keep existing customers, such as insurance of goods, delivery, etc. Customer needs were noticed in subtle ways, which included recognising stock that did not move, products stocked by other suppliers and communicating face-to-face with customers. Nostalgia and very long family relationships with customers have established a strong sense of loyalty between the business and its customers.¹⁰⁷

The management has always focused on customer service, superior quality and the value of its offering to its customers. This has been a major strength of the business compared to many of its competitors over the years.¹⁰⁸ In 1906 the Arthur Bales Spring Catalogue stated: “The maxim of the world’s best businessmen was ‘People go where they’re invited,’ and this is our motto too. We cordially invite you to call and see the lovely productions we have now on view. ...”¹⁰⁹ A strong sense of reciprocity has existed with its customer base. When cheap imports from China entered the South African market, Arthur Bales persisted in importing superior quality fabrics, sewing and embroidery yarns as well as knitting wool. Adaptation to market conditions and opportunities remained in tandem with customer needs. These needs were relatively easily observed because of the direct interaction of the Bales family members in the shop with customers. Customers could communicate their preferences in the shop and one of the family managerial staff would respond. One such responsive change was the branching out into the supply of quilting-related goods. The Arthur Bales store became the central point

¹⁰⁷ E-mail correspondence, Jonathan Bales, 8 April 2009; also refer to BFA: Published advertisements of the establishment years.

¹⁰⁸ E-mail correspondence, Jonathan Bales, 8 April 2009.

¹⁰⁹ BFA, Spring Catalogue, 1906.

for the import and distribution of quilting requirements within the industry. This development displayed the keen adaptability of this family enterprise in the sector. According to Jonathan Bales “the responsiveness of management to customer needs has been a major strength of the business compared to many of its competitors over the years ... The new sectors that we have expanded into have become major parts of the business.”

Management strategy centered around superior service and community involvement. The business was a member of the Braamfontein Community Centre for many years, and supported various churches in the area. Arthur Bales I and his wife were active members of the Clifton Presbyterian church in Braamfontein even prior to the opening of the store and until his death.¹¹⁰ Edith Bales was a member of the Women’s Association of St. George’s Church as well as the Women’s Christian Temperance Union Movement.¹¹¹ Currently, community service takes a more direct form: non-family staff is part of the community. Their remuneration is seen as a contribution towards the well-being of the community.



Figure 7: Bales Magazine, No. 1, 1911. Service to clients, best quality

¹¹⁰ E-mail correspondence, Jonathan Bales, 8 April 2009.

¹¹¹ BFA, History of the Family Bales, 1982.

Arthur Bales III is a strong believer in face-to-face service. Recently a coffee shop was opened on the premises. This was done by the business not in order to enter into the restaurant industry, but to offer a convenient service to the customers who travel all the way to the shop. This adds to the personal touch. Arthur Bales coffee shop is now one of four coffee shops within a one kilometre radius of the shop. Furthermore, weekly knitting meetings were organised on Wednesdays to facilitate socialising and the practising of hobbies. The family store thus facilitates social connections and assists customers to stay in touch with their friends and people from the community in a safe and hospitable environment.¹¹²

Conclusion

Family businesses currently constitute a very important part of South Africa's economy. In this respect the South African business environment is no different from that in the rest of the world. Family businesses have created a sustainable livelihood for a notable proportion of society since the onset of industrialisation. Through the creation of employment, family businesses have contributed to wealth-creation, community development and social cohesion. The Arthur Bales business is a family business which can best be described as the enterprise of a business family. The founder, Arthur Bales I, owned or possessed resources such as business expertise, knowledge and personal attributes such as commitment, habits, and connections which made the business a success. These 'resources' were partially transferred to his successor, but since his death was unexpected, full transfer was impossible. The family business was a tangible asset to transfer, but personal attributes were intangible and non-transferable. The involvement of many family members after his death functioned as a nurturing process to rebuild the business capacity in the enterprise. This was a period of asset restructuring and business perpetuation for the purpose of securing family subsistence. When Arthur Bales II returned from London, he participated with his mother and sister in reconstructing the entrepreneurial assets of the enterprise. By the next generation of Arthur Bales III, the business family had taken shape. Relationships in the family and in the business seemed calm and focused. Opportunities were left open to siblings to pursue careers inside or outside the family business, but generation three and four joined the enterprise voluntarily. This generation had a choice – pursue careers outside the family enterprise or join the family firm.

¹¹² Interview, Arthur Bales III and Jonathan Bales, 27 August 2008.

Opportunities existed outside the firm, but they were less attractive than the family enterprise. The history of the 107-year-old family business is a remarkable example of perpetual reinvestment of acquired family business assets in the firm, and this has secured the sustainability of the enterprise.

No evidence was found of serious differences in the Bales family about the strategy, direction or management of the firm. Management was almost always inclusive, roping many direct and non-direct family members into the enterprise. In the geographical location of the remaining shop, the enterprise has developed a strong identity and nurtured loyalty amongst customers, community and family. This family business is a good example of a complex interaction of family, business and society. Its longevity can be explained by the strong inclusiveness of the Bales family, as well as the freedom given to family members to choose their association.