

When small is big.

Swellendam: - You often find a very strong bond in the smallest of employment relationships – like that between [Sam the dairy man](#) and his employees; caterer and helpers; garden services and a handful of lower skilled workers; coffee shops and waiters. It is a bond that is virtually impossible to replicate in a bigger or corporate business environment.

It is based on the involuntary intimacy of the business; the informal sharing of information; a general awareness of risk; a greater feeling of involvement; some sense of a common destiny and a greater sincere and unrehearsed appreciation of customers.

Small, medium and micro-businesses offer much more than a solution to reducing unemployment – they could be the incubators of empowerment, of exposure to basic business principles, of enhancing economic literacy, of entrepreneurship (the lack of [which economist Mike Schussler has highlighted](#)) and most important of all, of forging a sound relationship between employer and employee – tilting an effective lance at the out-dated, dysfunctional and false dogma of an automatic conflict between labour and capital. SMME's can be nurseries of [mini-Nedlac's](#) – a cordial, co-operative and mutually empowering partnership between labour, capital and government.

This is so precious that anything that detracts from it should be resisted and removed and all means of promoting it should be explored. The biggest threat is imposing on the parties unaffordable and cumbersome rules of engagement. If they cannot afford lofty ideals such as “decent work”, “a living wage”, and all of the other costs of our majestic labour laws, then these should not be enforced at this level. The other benefits mentioned far outweigh the dangers of fewer controls.

Only one principle should be sacrosanct – that of individual choice. It is one organised labour hates because it erodes the very basis of its power – that of centralised control and command. But we simply ignore, or are not even remotely aware of the enormous costs of maintaining this ideological affectation. It goes far beyond the cost of strikes and the loss of productivity and competitiveness. Just think of the enormous, luxurious and pricey structures of trade unions, their highly paid officials, their headquarters; industrial relations departments, yuppie consultants, labour courts, labour lawyers and, and... Heavens! It must run into the billions. Of course, not all is superfluous, but a major part of it is based on the assumption of automatic conflict.

[Zwelinzima Vavi](#) will vent pure vitriol at the thought. “Exploitation!”, “Slavery!” and “Injury to one”, I can hear the lament. I often wonder why the regular and self-evident injury to one by the grand ideal of the “all” is so ignored. We see it all the time: reluctant strikers being assaulted and being labelled “scabs” and “sell-outs”. I’ve never quite understood the sanctioning of collective dictatorship over individual choice, aside from preventing outright lawlessness and criminality. But then, I am something of an individualist and an extremely belligerent herd follower. Suffice to say that centralisation of authority should never be accepted lightly. It is often based more on expediency, power mongering and control than on positive societal aspirations.

Of course, we cannot ignore the inherent dangers of laissez-faire even if it is restricted to a certain group of economic actors such as small business and “mom and pop” stores. The general decline in benevolent values and the rise of greed and short-termism has infected business across the board.

I would argue simply that small business has a greater intrinsic resistance to this disease. For one thing, the type of people you find in this sector often if not mostly are not as profit obsessed as their “executive” counterparts in the corporate world. Pay disparity is seldom if ever an issue. [Mike Schussler’s research](#) (which led to a rather bemusing and pointless [debate with Adam Habib](#)) shows that owners often earn less than their employees. They tend to have more modest aspirations, blend in with their community, indeed are part of it and do not easily sacrifice a good name, reputation and community approval. They are in closer touch with their customers, very often know them personally especially in smaller towns, and are more service driven. The intimacy of their environment both with their market and staff is a strong deterrent to bad behaviour.

Labour relations in this group should not be onerously regulated and imposed. The approach should be consultative and mediatory. [Servant leadership principles](#) and methods of involving their employees in their business should be encourage both through teaching, training and other promotions, as well as incentives, either through tax or preferred supplier categories. We can seriously consider replacing B.E.E. with S.B.E. – Small Business Empowerment. Such a programme can, for example, ensure preferential treatment for a small entrepreneur that has some or other fortune sharing system with his or her staff. In turn these rewards could be exempt from tax below a certain level.

Japan’s success in its post-war employment was based on two fundamentals: (1) turnover growth was favoured over profit maximisation, and (2) preference was given to small, village based enterprises in the supply chain. These led to strong employee care and growth systems, participative management practices and pay discipline. This says simply that big business, corporates, and government could play a much bigger role in supporting this sector than they are at present.

We have to think of small business differently – not as a “business” but as part of our family and community, providing us with products and services. We have to think of small business in terms of the [Market driven model](#) that I have defined before, and not the Profit driven or Labour driven model. Small enterprises should be taught and encouraged to [use the Contribution account](#) in accounting for their business. This automatically guides them to common purpose and common fate in [terms of fortune sharing](#) with staff. It can be a requirement in formal reporting conventions.

A small business by its very nature tends to pursue [wealth creation](#) rather than profit maximisation. Wealth creation, or value added is the only metric of benevolence that exists in business.

As a common focus for all in a small enterprise, its pursuit becomes a huge competitive advantage, not a weakness.