

Entrepreneur, social capital and the survival of Afrikaner business on the Witwatersrand, 1930–2007: The case of Burgers Brothers Clothing enterprise

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Opsomming

Die ekonomiese afswaifase van die 1930s is verswaar deur die geweldige droogte, plaë en peste in die landbou en toenemende verarming onder blanke Suid-Afrikaners. Verstedeliking het een oorlewingstrategie gebied. Ty Burgers het 'n klerewinkel begin met as teikenmark die verarmde blankes veral verarmde Afrikaners op die Witwatersrand. Hierdie artikel maak gebruik van sosiale kapitaalteorie om die vestiging van nuwe netwerke deur die Burgers onderneming in die sake-omgewing te verduidelik, waardeur die oorlewing van die Afrikaneronderneming bewerkstellig is. Die Burgers onderneming moes vestig te midde van sterk mededinging in die klere- en modebedryf in Johannesburg. Mededinging is veral gebied deur Indiër- en Joodse handelaars. Die Burgers familiebesigheid het homself baie vernuftig geïmposisioneer tussen die Afrikaner kultuur- en politieke netwerk en die Joodse sakenetwerk sedert die vestigingsjare. Burgers het die voorkeurverskaffer geword van klerasie aan die Afrikaners in Johannesburg, asook later vir skoolklere en sportdrag. Die artikel ondersoek die ontwikkeling van die bestuurstrategie van die Burgers familiebesigheid sedert die na-oorlogse jare van mededingende nasionalisme in Johannesburg. Die opvolgstrategie en die impak daarvan op die onderneming word ook bespreek.

Humble but noble

The Burgers family farmed in the Graaff Reinet district during the late 19th century. Jakobus Wilhelm Burgers (senior) was born in the district of Aberdeen in the Eastern Cape in 1900. He married Johanna van Heerden, the daughter of a Scottish mother, Harriet Wheeler, and an Afrikaner father, Karel

van Heerden. Harriet had survived the concentration camps of the South African War between Britain and the Boer Republics, 1899–1902.¹ The father of JW Burgers was also Jakobus Wilhelm Burgers, the half-brother of Thomas Francois Burgers, the President of the South African Republic between 1843 and 1881,² preceding President Stephanus Johannes Paul Kruger, the President of the South African Republic at the time of the declaration of war on the Boer Republics by Britain in 1899. The Transvaal was relatively undeveloped, rural and primarily dependent on agriculture.³ JW Burgers and Johanna had nine children. Some diamond deposits were discovered in the Western Transvaal during the 1902s, which then attracted many poor uneducated people in search of employment.⁴ JW Burgers worked first as a surveyor on the diamond mines in the Western Transvaal, then moved to Piet Retief in the South Eastern Transvaal and during the depression of the 1930s moved to Cape Town, where he worked as a civil servant in the prisons service. The couple initially lived in the Western Transvaal on the diamond diggings in the Lichtenburg district on the farm Welverdiend, where the eldest, Tomas Francois Burgers, was born in 1928. (He is currently living in Kraaifontein on the Cape Peninsula.) The second son, Jakobus Wilhelm du Plessis Burgers, was born in 1931 and died in 2000 at the age of 69. He was called “Ty” Burgers. When he was a young boy aged 18 months, he was stung by a scorpion. His brave conduct during the incident, as well as the fact that he survived the sting, earned him the nickname ‘tough’ which became ‘Ty’. Tough is the English for ‘taai’ in Afrikaans, which simply became ‘Ty’ in the English-dominated Johannesburg environment where he had settled during the second half of the twentieth century.⁵

Methodology

Research into the history of family businesses in South Africa is not met with great enthusiasm: politics, social relationships and business secrets have

1 See S Trapido, “Landlord and tenant in a colonial economy: The Transvaal 1880–1910”. *Journal of Southern African Studies*, 5(10), 1978, pp. 26-58. The Transvaal was an agricultural economy, relatively poor and undeveloped since the nineteenth century.

2 ‘Konstabel word miljoenêr. FVB en Wesco neem Burgers oor’, *Die Beeld*: Sake Beeld, 18 January 1970.

3 F Potgieter, “Die ekonomiese ontwikkeling van die Transvaal, 1857–1886”, **AL Muller(ed)** *Die ekonomiese ontwikkeling van Suid-Afrika* (Academica, Pretoria, 1979), pp. 120-147; ACM Webb, “Mining in South Africa”, FL Coleman (ed) *Economic history of South Africa* (HAUM, Pretoria, 1983), p. 172.

4 D Welsch, “The Growth of Towns”, M Wilson and L Thompson (eds) *Oxford history of South Africa*, vol. 2 (Oxford University Press, Oxford, 1975), pp. 183-185.

5 Interview, G Verhoef/J Cernades, 12 February 2009; Interview, G Verhoef/F Burgers, 20 June 2008.

often rendered families reluctant to disclose private documents for academic research. This is especially pertinent with small family firms. A more serious concern is the lack of systematic recordkeeping with the view to preserving the history of the enterprise for future research. The study of family businesses in Johannesburg is part of an ongoing research project at the University of Johannesburg. The aim is to conduct as comprehensive as possible research on family businesses, initially in the western suburbs of Johannesburg and then to expand the research to adjacent areas. The diversity of family business is rich and the multiplicity of firm strategies illuminating. This article details the history of a landmark Afrikaans business in Johannesburg, that of the Burgers brothers. No records were available, apart from the meticulously kept financial records of Bobby Kotze. Some newspaper clippings could be found, but nothing substantial on the business. Private documents of the founder were not disclosed. Some records could be found in the company records of Wesco Beleggings, the company of Dr Albert Wessels.

This research therefore relied heavily on interviews with family members. The choice of interviewees was predetermined: the brothers Burgers who are still alive and active in the business were all interviewed. The only child of Ty in South Africa was interviewed. The brother-in-law, Bobby Kotze, who had lived through the uncertainty of the take-over and the transition after the death of Ty Burgers, was interviewed. Petro, the wife of Fouché Burgers, was also interviewed, since she had lived through the turbulent times with Fouché. All interviews were transcribed and will be kept in the University of Johannesburg's Rare Book Collection, where a depository of oral interviews conducted for the family business research is kept. In this way the research project will contribute to the systematic collection of the invaluable memories of early entrepreneurs. This predicament is not understood by European researchers of family businesses, who have access to more readily available systematic company records, official documents and organised company archives. The extensive literature on oral sources⁶ reflects the value of oral testimony, but should also be treated with caution, given the intentions of interviewees. While most of the oral history of South Africa emerged as part of

⁶ See the most recent volume of P Hamilton and L Stopes, *Oral history and public memories*, (Philadelphia: Templeton University Press, 2008); Also see the literature on oral histories in South Africa: P la Hausse, "Oral History and South African Historians", *Radical History Review*, 46/47 (Winter 1990), pp. 346-356; G Minkley and C Rasool, "Orality, memory and social history in South Africa", S Nuttall and C Coetzee (eds), *Negotiating the past: The making of memory in South Africa* (Cape Town: Oxford University Press, 1998), pp. 89-99.

the anti-apartheid resistance movement,⁷ very limited systematic oral history collection has taken place for the writing up of the economic and business history of South Africa. The fact is that a lack of written sources makes the use of oral testimony imperative. Oral sources are especially important for the development of systematic research on family business, and, in this case study, constituted the core of the research material. It is hoped that this research will encourage South African family businesses to contribute to the systematic research on and explanation of the immense contribution they have made (and are still making) towards the establishment of a modern South African economy. This article will explain the insecurity of the entrepreneur, the risks of the establishment of an enterprise and the construction of networks to support the entrepreneur in bridging uncertainty and creating existential security for those dependent upon the entrepreneur.

In the city of opportunity

The poverty of Afrikaners and the disadvantaged social and economic position they subsequently held in the urban centres in the first part of the twentieth century exacerbated their condition. Employment was scarce and discrimination against them frequently experienced. In the *Rand Daily Mail* a frustrated Afrikaner wrote in 1934: "Some employment opportunities are reserved only for English boys. ... this reveals the most distressing fact that all desirable jobs are reserved for English boys. Are boys who are not English, however smart they may be, to be penalised because they had the misfortune of not being born of English parents? Apparently the majority of employers are not only of this opinion, but are actually practicing this manifest unjust policy."⁸ The marginalisation of Afrikaans people in Johannesburg encouraged them to develop strategies to sustain themselves. One of these was to emerge as entrepreneurs. Although the majority of Afrikaners urbanised in the first half of the twentieth century were seeking employment in the industrial and mining sectors, a few early entrepreneurs bravely attempted to set up their own businesses. A number of general dealer retail shops were established, some entrepreneurs were agents for the fresh produce markets, and some began the manufacturing of furniture. Moreover, a publishing house and a newspaper were started, automobile traders emerged and several businesses selling fresh

⁷ S Field, "Turning up the Volume: Dialogues about memory create oral histories", *South African Historical Journal*, 60(2), 2008, p. 177.

⁸ Anon., "Do Afrikaans boys get a chance?", *The Rand Daily Mail*, 20 October 1934.

meat and produce were opened. Afrikaners gradually moved into the world of finance by establishing building societies, insurance companies and, in 1934, Volkskas Bank.⁹ The growing Afrikaans population in Johannesburg attracted the young and ambitious who were seeking their share in the seemingly never-ending prosperity.

This article explores the history of a poor young Afrikaans-speaking man with an elementary education who exploited the ambitious entrepreneurial spirit within him to establish the Burgers Broers family business enterprise, established in Johannesburg in 1962. The focus on entrepreneurship as manifested in a family business in the case of the Burgers enterprise is furthermore explained, as it displayed the development and exploration of social capital to sustain the business. The third aspect of this paper is the influence of Afrikaner nationalism, which served as a strong mobilising force behind the establishment, growth and diversification of Afrikaner business in South Africa.



Figure 1: Ty Burgers, founder of Burgers Broers

Entrepreneurship: Social capital and nationalism

An entrepreneurial spirit is often nurtured under conditions of poverty, low social status and lack of opportunity, currently visible in transitional

⁹ ELP Stals, *Die Afrikaner in die Goudstad*, vol. 2 (HAUM, Pretoria, 1986), pp. 52-59; G Verhoef, "Afrikaner nationalism in South African banking: The cases of Volkskas and Trust Bank", S Jones (ed) *Financial enterprise in South Africa since 1950* (Macmillan, London, 1992), pp. 115-118.

economies.¹⁰ In mid-twentieth century South Africa a large proportion of Afrikaans people were still struggling with poverty, social exclusion and a lack of education and training which could secure employment.¹¹ From these circumstances several family enterprises emerged to devise strategies to sustain themselves and those dependent upon them. As explained by Basu (2008), the literature on ethnic entrepreneurship or minority entrepreneurship (used interchangeably) has reflected on economic disadvantages as ‘push factors’ that result in people subject to such circumstances taking up self-employment to sustain themselves. Although the cultural predisposition or ‘pull factors’ which explain the tendency of certain ethnic entities (such as Jews, or Protestants or the Marwaris in India) to resort to entrepreneurial activities¹² may not be applicable to the Afrikaans community in South Africa, other contextual factors have indeed contributed – as in the decision by Ty Burgers to set up his own business. Here consideration can be given to low entry barriers, ethnic residential clustering and ‘mixed embeddedness’ or the interaction between the socio-economic and ethno-social characteristics of the community. A very powerful explanation developed for ethnic entrepreneurship is that ethnic entrepreneurs are involved in ‘dual cultures and countries’, which provides such entrepreneurs access to multiple cultures. These circumstances may then produce ‘a duality of personality and culture’, which could make the entrepreneur more creative in business, “hence, close in character to a Schumpeterian entrepreneur” [source?] with an alertness to detect opportunities. Most importantly, to these entrepreneurs, access to ethnic resources is key. This dependence can be explained as access to ‘social capital’, which offers the advantage of shared values and less greed, but could also result in undue partiality towards family or community members.¹³

The distinction between ‘entrepreneur’ and simple ‘self-employment’ is not always obvious at the outset, but some enterprises succeed in surviving in the longer term. The case study of the Burgers family enterprise is an example of unintentional family entrepreneurship commencing as self-employment and eventually leading to sustained family business enterprise. De Vries et al.

10 A Estrin, KE Meyer and AM Bychkova, “Entrepreneurship in transitional economies”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship*, pp. 693-726.

11 TRH Davenport and CS Saunders, *South Africa: A modern history*, Fifth edition (Macmillan, Basingstoke, 2000), pp. 336-339; 634-635; DH Houghton, *The South African economy* (Oxford University Press, Oxford, 1978), p. 153.

12 See A Basu, “Ethnic Minority Entrepreneurship”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship*, pp. 580-600.

13 A Basu, “Ethnic Minority Entrepreneurship”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook...*, pp. 586-591.

(2007) described 'founder entrepreneurs' as "... people who are achievement-oriented: they like taking responsibility for decisions, and they dislike repetitive, routine work. They are creative and imaginative, with high levels of energy and great perseverance, and they are willing to take calculated risks ... Because of their high energy levels, entrepreneurs can instill contagious enthusiasm in others in their organization."¹⁴ It is this mentality and agency of entrepreneurs that has been vital to economies in the process of change. It has also been the source of social transformation for communities caught in a cycle of impoverishment and lack of opportunity. This is where the 'self-made person' has succeeded in extending opportunities to those around him/her.¹⁵ Since Cole's explorations in entrepreneurial history¹⁶ it has been accepted that the entrepreneurs should be explored not solely as captives of their historical and economic circumstances, but as individuals, as agents of entrepreneurship, while attending to the networks entrepreneurs establish for themselves in which to operate.¹⁷ While the entrepreneurial spirit is the essence of entrepreneurship, society and institutions are equally important in paving the way for independent business operations. The entrepreneur's economic action is, according to Granovetter and Swedberg, "...socially situated. It cannot be explained by reference to individual motives alone. It is embedded in ongoing networks of personal relationships rather than being carried out by atomized actors."¹⁸ In a similar way Shaperol and Sokol argued that "... a social system that places a high value on innovation, risk-taking, and independence is more likely to produce entrepreneurial events than a system with contrasting values."¹⁹ In this case study the nature of the socio-economic environment seems to have constituted such an accommodating or conducive environment, but the greatest value of the environment was the 'weak ties' (according to Granovetter, 1995)²⁰ which offered information and expertise from more diverse origins than the close cultural or ethnic community to support the new enterprise. The 'weak ties' here refers to personal goodwill

14 MFR Kets De Vries, RS Carlock and E Florent-Treacy, *Family business on the couch. A psychological perspective* (John Wiley & Sons, Chichester, 2007), p. 112.

15 M Casson et al., *The Oxford handbook of entrepreneurship*, p. 5.

16 Arthur H Cole, *Business enterprise and its social setting* (Cambridge, Massachusetts, 1959); AH Cole, "Introductory Remarks", *American economic review*, 58, (May 1969), pp. 60-63.

17 See S Shane and S Venkataraman, "The promise of entrepreneurship as a field of research", *Academy of Management Review*, 25, January 2000, pp. 217-226.

18 M Granovetter and R Swedberg, *The Sociology of Economic Life* (Westview Press, Boulder, 1992), p. 9.

19 See this discussion in A Licht and JI Siegel, "The social dimensions of entrepreneurship", M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship*, 2008), pp. 511-513.

20 M Granovetter, "The economic sociology of firms and entrepreneurs", A Portes (ed) *The economic sociology of immigration: Essays in networks, ethnicity and entrepreneurship* (New York, Russel Sage Foundation, 1995).

connections with people outside the Afrikaner or family circles, contacts with newly acquainted fellow businessmen and relationships with suppliers.

In South Africa the marginalisation of Afrikaners in economic life as a result of impoverishment over a sustained period as well as cultural sidelining was a serious cause for concern to the small Afrikaner elite. In effect the majority of Afrikaners perceived themselves economically as “an ethnic minority” marginalised from participation in the mainstream of the economy.²¹ Afrikaner social capital was mobilised on different levels to address this condition. Several earlier attempts culminated in the Economic People’s Congress in 1939, where Afrikaner leaders across the broad spectrum of religious, cultural and economic activities decided to plan and implement a concerted strategy to ensure the conscious and systematic penetration of Afrikaners into the mainstream economy.²² Afrikaner nationalism thus mobilised Afrikaner social capital to assist Afrikaner entry into business, industry, mining and the financial sector. These initiatives contributed successfully to the emergence of several Afrikaner entrepreneurs. The Burgers enterprise benefited from the rhetoric of Afrikaner nationalism, the sense of loyalty encouraged among Afrikaners, specifically in the relatively ‘unfriendly’, less accommodating urban environment of Johannesburg, but never utilised nationalism exclusively as a business strategy. The Burgers enterprise skilfully benefited simultaneously from two networks of social capital – that of the Jewish business community as well as the Afrikaner community to which it belonged and within which it was physically located. These networks helped to establish so-called ‘reputational bonding’ on which the entrepreneur could rely in future.²³ The Burgers enterprise is a case study of the multi-tiered operation of social capital,²⁴ utilised skilfully to develop ‘reputational bonding’. The Burgers enterprise used these networks to develop a well-known and trusted ‘brand’ as clothing wholesaler in Johannesburg.

21 CGW Schumann, *Die ekonomiese posisie van die Afrikaner*, Die Tweede Trek Reeks, vol 6 (Nasionale Pers, Bloemfontein 1946); JL Sadie, *Die Afrikaner in die landseconomie* (SABC, Johannesburg, 1958), pp. 23-29; JR Albertyn, “The sociological Report: The poor white and society”, *Carnegie report: The poor white question in South Africa*. Part 5 (Pro Ecclesia, Stellenbosch, 1932), pp. 1–160.

22 See G Verhoef, “Nationalism, social capital and economic empowerment: SANLAM and the economic upliftment of the Afrikaner people, 1918-1960”, *Business History*, 50(6) 2008, pp. 695-713; G Verhoef, “Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog”, *Tydskrif vir Geesteswetenskappe*, 46(2), 2006, pp. 211-220; G Verhoef, “Die Afrikaner se toetrede tot die Suid-Afrikaanse ekonomie”, *Tydskrif vir Geesteswetenskappe*, 46(3), 2006, pp. 381-391; H Giliomee, “Ethnic business and economic empowerment: The Afrikaner case, 1915-1970”, *South African Journal of Economics*, 76(4), 2008, pp. 765-788.

23 See A Licht and JI Siegel, “The social dimension of wntrepreneurship”, M Casson, B Yeung, SA Basu and N Wadson(eds) *The Oxford handbook on entrepreneurship*, pp. 525–526.

24 See PW Laird, “Putting social capital to work”, *Business History*, 50(8), 2008, pp. 687.

Consensus on the definition of what constitutes family firms seems to elude scholars. Colli and Rose (2008) used the following as an acceptable definition, capable of describing the general phenomenon:

“... a broad general definition of the family firm is one which a family owns enough of the equity to be able to exert control over strategy and is involved in top management positions.”²⁵

There are three elements to family firms: kinship – defined in terms of culture; property – the ownership of a crucial element of capital; and ownership and succession – the ownership of and succession control of the strategic management.²⁶ In the Burgers family firm the ownership and succession strategies were neglected and almost resulted in the termination of family control.

Beginning his own business: Ty Burgers, ambitious policeman

The “Burgers Pakke en Klerefabrikante Edmd. Bpk.” (*Burgers Suit and Clothing Manufacturers, (Pty) Ltd*) was established in Johannesburg in 1959. The founder was Ty Burgers. Ty Burgers completed only standard 8 at school and then joined the South African Police Force in Cape Town during the early 1950s.²⁷ He barely made ends meet and supplemented his income by assisting his father in selling fresh meat to relatively poor communities in the Cape Peninsula.²⁸ In 1952 he was transferred to the flying squad at the Norwood Police station in Johannesburg.²⁹ When off duty, policemen often frequented the Norwood swimming pool. On one such occasion Ty met the beautiful young English-speaking girl Joy Diesel, whom he soon married. They lived in a flat in La Rochelle, a working-class suburb south of the city where many working-class Afrikaners had settled and the Afrikaans Dutch Reformed Church had performed an important role as social caretaker of the newly urbanised people.³⁰ The meagre remuneration levels of policemen

25 A Colli and M Rose, “Family Business”, G Jones and J Zeitlin (eds) *The Oxford handbook of business history*. (Oxford University Press, Oxford, 2008), pp. 194.

26 D Arnoldus, *Family, family firm and strategy. Six Dutch firms in the food industry, 1880-1970* (Aksant, Amsterdam, 2002), pp. 19-20; Colli and Rose, “Family Business”, G Jones and J Zeitlin (eds) *The Oxford handbook of business history* (Oxford University Press, Oxford, 2008), p. 197.

27 “Konstabel word miljoenêr. FVB en Wesco neem Burgers oor”, *Die Beeld*: Sake Beeld, 18 January 1970.

28 Informal selling of food and clothing was common among poor people: See CGW Schumann, “Die Afrikaner in die handel”, *Verslag van die Tweede Ekonomiese Volkskongres* (FAK, Bloemfontein, October 1950), pp. 41-42.

29 Interview, G Verhoef/F Burgers, 20 June 2008.

30 ELP Stals (ed), *Afrikaners in die Goudstad*, vol 2, (HAUM, Pretoria, 1986), pp.18-20.

sometimes served as an incentive to them to investigate alternative ways of supplementing their income. Ty also sought other ways to meet his obligations as a young husband. Ty Burgers was a hardworking man. After hours he sold refreshments at the Johannesburg drive-in, where he used his fine appearance to convince the female movie-goers to buy from him. His ambition was to work for himself – he did not want to work for a boss. The success with his part-time refreshment enterprise convinced him that he might be able to succeed on his own.

Soon he investigated opportunities to sell clothing to the working-class Afrikaans people living in the southern suburbs of Johannesburg. He noticed that they worked long hours and could not go shopping during normal shopping hours. Furthermore, these people were poor and could not pay the prices charged in shops outright – they might benefit from ‘home’ shopping, where they might fit clothing in the privacy of their modest dwellings and pay in installments. Ty was prepared to take clothing to these people and accept installment payments. He met Benzion Tanchum, a Jewish clothing wholesaler and manufacturer, who had immigrated to South Africa from Lithuania with his parents in the 1920s.³¹ Tanchum was merely one of a steady stream of Jews immigrating to South Africa from Lithuania to escape the Tsarist rule first of Tsar Nicholas and then his son Tsar Alexander in 1856. These Jews were known as the ‘Russian Jews’ from the Eastern parts of Russia and left Lithuania primarily in search of economic security. The most famous Jewish immigrant to the Transvaal was Samuel Marks, also known as ‘the uncrowned King of the Transvaal’.³² Lithuanian Jews were advised to consider immigrating to South Africa, since it was “an increasingly attractive destination, like Australia and America, for young men of wide ambition and narrow means.”³³ A noticeable number of Lithuanian Jews finally ended up in the Transvaal after the discovery of diamonds in the Northern Cape in 1867 and the discovery of gold in 1886 on the Witwatersrand (located in the *Zuid-Afrikaansche Republiek* – South African Republic, later to become the British colony of Transvaal). These Jews distinguished themselves as middle-class tradesmen, engaging in importing and retail goods distribution, as well as workmen, but usually not as industrialists. These Jews were often known as the “Jewish commercial men”, who established a network of tradesmen and

31 G Saron, “The making of South African Jewry”, L Feldberg. *South African Jewry* (Fieldhill Publishers, Johannesburg, 1965), pp. 9–13.

32 See G Saron, “The making of South African Jewry”, L Feldberg. *South African Jewry*, p. 13; R Mendelsohn, *Sammy Marks: The uncrowned king of the Transvaal* (David Phillip, Cape Town, 1999), pp. 1–9.

33 R Mendelsohn, *Sammy Marks...*, p. 6.

'smouse' (hawkers) selling much-needed consumer goods in 'bazaars' (stores with a wide range of goods from household ware to clothing, to hardware tools, to food etc). They were known to purchase in bulk, cutting out middlemen in order to sell at discount prices to the public. They advertised themselves as businessmen 'catering to all tastes in the community'. These wholesalers engaged largely in the clothing and textile businesses and can be regarded as responsible for the evolution of the retail trade in South Africa.³⁴

During the 1930s the Transvaal newspaper *Die Transvaler* published an editorial on the "Jewish Question". It was concerned about Jewish advantage in business and Afrikaner disadvantage,³⁵ but this concern did not capture goodwill and co-operation in ordinary business engagements between Jewish businessmen and customers, who included Afrikaans people and Afrikaans entrepreneurs. The domination by Jewish businessmen in several retail sectors, *inter alia* in the clothing industry, was general knowledge,³⁶ but what is less well known is how Jewish businessmen assisted non-Jewish entrepreneurs to get themselves into business. The experiences of Ty Burgers is an excellent case study of the unfolding of such co-operation and support by several Jewish businessmen to an Afrikaans entrepreneur attempting to find his way into business in Johannesburg.

Benzion Tanchum was one of the Lithuanian Jewish immigrants who established a wholesale trading business. He established "Bentank Clothing & Shirt Factory" in 1945 in Nursery Road, Fordsburg, Johannesburg.³⁷ Fordsburg was an area inhabited by poor working-class people. Most of the inhabitants were newly urbanised Afrikaners. Fordsburg was central to all business activities in Johannesburg. In Fordsburg Ty met Benzion Tanchum, who became his mentor in business. Ty obtained clothing on approval from Tanchum and took to the streets of Johannesburg hawking his wares from a suitcase. Soon he was able to buy a bicycle, and he attached a basket to the rear in which to pack the clothing. Ty sold clothing in the southern suburbs of Johannesburg, i.e. in La Rochelle, Turffontein, and Rosettenville. He concentrated on the Afrikaans community, because he felt a strong sense of loyalty towards his people and he was barely able to speak English. A work

³⁴ L Hotz, "South Africa's economic development", L Feldberg (1965) *South African Jewry*, pp. 53–65; G Saron, *The making of South African Jewry*, p. 29.

³⁵ See reference to the editorial in *Die Transvaler*, 1 September 1937; H Giliomee, *The Afrikaner: Biography of a people* (Cape Town, Tafelberg, 2003), p. 417.

³⁶ M Kaplan, *Jewish roots in the South African economy* (Cape Town, Struik, 1986), pp. 226–306.

³⁷ *Braby's South African Commercial Directory*, 1945, p. 751.

ethic and desire to become an independent businessman, complemented by a good nature and ability to communicate and work with people, were valuable attributes to Ty. He could soon replace the bicycle with his first automobile, a Prefect car, in which he put his wife and first child (daughter Carin), and roamed the streets selling his clothing. He sold much of the clothing on credit, and therefore visited his clients on a weekly basis to collect payment.

The close relationship between Ty and Benzion Tanchum nurtured Ty's business confidence and experience. He established a wide network of customers amongst the Afrikaans working-class people, with whom he identified and felt a strong sense of loyalty.³⁸ [slightly repetitive, Grietjie?] The informal business he established soon developed into a sustainable part of Benzion's business. Ty had approached Tanchum about the possibility of shareholding in Bentank Clothing and Shirt Factory, but Benzion Tanchum was not interested in a partner to his business. This unwillingness to forego autonomy or independence³⁹ later characterised Ty Burgers' management style. Benzion Tanchum was only prepared to assist Ty in establishing his own business, by providing clothing on favourable terms. Finally in 1959 Ty was able to open his own business in premises on the first floor of the Jewish-owned Kushner Building in 33 Central Road, Mayfair, Johannesburg.⁴⁰ His wife Joy had inherited £2 000, which she offered Ty as establishment capital to start up his own business. As a policeman, he was not able to save enough to start up his own enterprise, nor could he rely on family to supply capital for such undertaking. The only notion of entrepreneurial activity in the Burgers family was his father's meat-selling activities in the suburbs surrounding Cape Town. This served only to supplement his meagre public service remuneration, and did not provide sufficient savings to begin an independent business. The mentorship of Benzion Tanchum provided Ty with the confidence to take the step of venturing on his own.

38 Interview, G Verhoef/J Cernades, 12 February 2009.

39 See A Licht and JI Siegel, "The social dimension of entrepreneurship", p. 515.

40 Interview, G Verhoef/F Burgers, 20 June 2008; Interview, G Verhoef/J Cernades, 12 February 2009.



Figure 2: The genuine leather suit that belonged to President TF Burgers, here displayed by Fouché Burgers and a shop assistant

The mid-1950s, the aftermath of post-war economic recovery, was a period of strong economic growth in South Africa⁴¹ and middle-class wealth was booming. Spending on consumer goods and clothing adjusted upwards and the market among the growing Afrikaner middle class provided the opportunity Ty Burgers needed. As tentative discussions between Ty and Tanchum about the acquisition of shares by Ty in Tanchum's business failed to materialise, Ty realised that the time was opportune for the establishment of a business in the clothing wholesale sector. Ty had become acquainted with the industry, had established some customer base and he could rely on the support network of Tanchum and other Jewish entrepreneurs in Johannesburg⁴² – a benefit of the 'dual cultures' of the Jewish and Afrikaner communities.⁴³ Ty opened his business in 1959 in the clothing industry as a clothing wholesaler, selling men's suits shirts and trousers. The business was registered as Burgers Suit and Clothing Manufacturers Pty Ltd. He opened his third shop in 32 Central Road, Fordsburg, Johannesburg. He rented shop space from Benjamin Rosmarin, a Jewish engineer and landlord, on the third floor of Rosmarin's building, just opposite the road from Ben Tanchum's wholesale business. The location was prime: in the building was the restaurant The Red Lantern, a location frequented by the wealthy Harry Oppenheimer of the mining house

41 S Jones and AL Müller, *The South African economy, 1910–1990* (Macmillan, London, 1992).

42 Interview, G Verhoef/F Burgers, 20 June 2008.

43 See A Basu, "Ethnic minority entrepreneurship", M Casson, B Yeung, SA Basu and N Wadson(eds) *The Oxford handbook on entrepreneurship*, p. 587.

Anglo American Corporation. Nearby was the Monk's Inn, another favourite restaurant visited by well-known Johannesburg businessmen. Also in the vicinity were an art gallery and a travel agency.⁴⁴

Peter Arendson, a Dutch immigrant, joined Ty Burgers as a partner with 50 percent shares in the enterprise. Together they started the business with an explicit focus on the Afrikaans community. The competitive advantage of the enterprise was Ty's knowledge of the Afrikaans customer base and favourable trading conditions Ty Burgers negotiated at the outset. The Burgers clothing manufacturer and wholesaler negotiated a thirty-day credit on clothing purchased from suppliers, such as Benjamin Tanchum. Forward selling on thirty days' credit still allowed Burger's clients one month's credit. Ty had established very good relations with his first Afrikaans customers in Johannesburg, to whom he sold clothing he obtained on approval⁴⁵ and later purchased from Tanchum. He relied on the integrity of his customers and their pride in not defaulting on debt repayments – even in his bicycle years he did not run bad debt.⁴⁶ His new enterprise with Arendsen followed the same strategy: thirty days' credit and strong client loyalty, which guaranteed regular settling of outstanding debt.

The business model was also a simple and modest one. The primary aim was to establish a clothing manufacturer and wholesaler of quality affordable clothing to the customers attracted to him as an Afrikaans entrepreneur since the days in which he sold clothing from his bicycle in Johannesburg. The goal was to pay the rent of the premises and then grow profits to expand to other parts of the Witwatersrand. The initial business model was to sell formal men's clothing at a maximum price of £10 for the best quality suits. Cheap suits were sold at £3, and expensive suits £10, but no suits were traded at a higher price. This was a conscious strategy to serve the growing Afrikaans middle-class market as well as poor Afrikaners in Johannesburg and make them feel that they were obtaining real value for money. The loyalty to the Afrikaner customer base and fellow newly urbanised Afrikaners in need of basic goods, such as decent clothing, strengthened the conscious business decision of the Burgers enterprise to develop that market segment. The banker to Burgers Suit and Clothing Manufacturers Pty Ltd was Volkskas Bank. The significance of this relationship was that Ty had approached the newly established Afrikaans

44 Interview, G Verhoef/P Burgers, 17 February 2009.

45 To take good 'on appro' meant that no payment was made when goods were taken to be sold. Once the goods were sold, the supplier was paid the full amount due for the merchandise.

46 Interview, G Verhoef/J Cernades, 12 February 2009.

bank Volkskas as a rising Afrikaans entrepreneur. Ty was well known to the officials of the Fordsburg branch of Volkskas.⁴⁷ The first bookkeeper was Josie Koffler, who worked for the business until her retirement in 1985. The first auditor to the business was Ray Oliver, employed by the auditing firm Marshall, Roe and Company in Mayfair, Johannesburg. Ray Oliver also owned a travel agency located in Mayfair, a suburb bordering Fordsburg.⁴⁸ Ray Oliver soon joined the business with Ty and Arendson. A meaningful overlap of networks manifested in the Burgers business: embeddedness in a network of Jewish business contacts and goodwill, and location in an area frequented by the Afrikaans community as the primary target market, which provided the second network to sustain the business.

The nature of the business was trading in formal men's clothing, especially suits, trousers, jackets and shirts, but it had no factory. The name of the enterprise referred to "Manufacturers", but Burgers had no such facility. The service-oriented approach of the business was its main advantage, especially because it was building on the good client base established by Ty's earlier street merchandising. Service provision was thus afforded by obtaining a manufacturer to supply what Burgers' clients wanted, at the price and quality levels demanded. This Burgers succeeded in doing by purchasing from Veka, down the road from them.⁴⁹ In 1938 a group of Afrikaans entrepreneurs established the "*Volkshemde en Klerefabriek*" (People's Shirt and Clothing Manufacturer). This was part of the upsurge of Afrikaner nationalism after the 1938 centenary celebrations of the Great Trek.⁵⁰ *Volkshemde* struggled to break into the English-dominated clothing manufacturing sector, but in 1943 moved their business to Fordsburg. Then Albert Wessels took over as managing director of the business and gradually diversified the business by take-overs and decentralisation of operations. In 1958 "*Federale Volksbeleggings*" (FVB –

47 Interview, G Verhoef/B Kotze, 19 May 2009.

48 Interview, G Verhoef/F Burgers, 17 February 2009; Interview, G Verhoef/B Kotze, 19 May 2009.

49 Interview, G Verhoef/P Burgers, 20 June 2008.

50 The Great Trek was the mass movement in 1838 into the interior of then the Cape Colony by Afrikaners who were dissatisfied with British colonial rule and aspired to establish their own free republics in the interior. The commemoration of the event in 1938 led to a strong rekindling of Afrikaner nationalism, which manifested in various ways. One of these was a drive by Afrikaner businessmen to capture a more meaningful part of the South African economy, since South African business had been dominated by English, Jewish and foreign European businessmen. See G Verhoef, "Nationalism, social capital and economic empowerment: SANLAM and the economic upliftment of the Afrikaner People, 1918–1960", *Business History*, 50(6), 2008, pp. 695-714.

Federal People's Investments)⁵¹ bought a substantial shareholding in Veka – the new abbreviated and registered name of the former company. Veka acquired Transvaal Mackintosh [?] (Pty) Ltd, which had licences to import fabric from overseas. Veka also established *Prefect Schoolwear*, to manufacture school blazers and schoolwear, and manufacturers of juvenile clothing *Allwear Gyms* and *Juvenile Clothing*, which secured its place in the clothing manufacturing industry of South Africa.⁵² Albert Wessels admired the entrepreneurship of Ty Burgers and inspired Ty to persevere in his new enterprise.⁵³ With Veka down the road, Burgers had ready access to an established clothing manufacturer and could offer clients fine clothing – either in the form of already made up garments, or suits that could be made from fabric chosen by customers. No formal contractual arrangement existed between Veka and Burgers, but informally a good working relationship developed. This symbiosis was mutually beneficial and indicative of mutual support developing among upcoming Afrikaner enterprise. By the time of the establishment of Burgers, Veka had experienced problems with overproduction⁵⁴ and benefitted from the outlet the reliable Burgers name could offer them.

Kinship ties – Sharing with the family

The Burgers business was initially not a family enterprise and not intended to be one, but the success of the enterprise soon lured Ty's four brothers to join him in Johannesburg. In 1962 Fouché, the third brother, moved from Cape Town, where he had worked for the pharmaceutical company B Owen Jones. In 1963 the next brother, Karel, followed, then Hennie in 1964 and finally Pietie in 1966.⁵⁵ Ty was a good people's person: he could interact with people from all walks of life and possessed good communication and connective skills. In the core of his business, he had acquired a keen sense of quality top-class

51 *Federale Volksbeleggings* (FVB) was established in 1942 with the primary aim of providing finance for the establishment of Afrikaans-owned industries and businesses. See G Verhoef, "The Development of Diversified Conglomerates: Federale Volksbeleggings – A case study". *Journal of Contemporary History*, 24(2), 1999, pp. 55-78; G Verhoef, "Afrikanernasionalisme in die besigheidswêreld: 'n verenigde front? Die verhouding tussen Afrikaner sake-ondernemings in die noorde en Afrikaner sake-ondernemings in die suide, 1934-1950". *Joernaal vir Eietydse Geskiedenis*, 30(1) 1999, pp. 44-64.

52 "VEKA", *Handboek*, May 1968: 17-23; ELP Stals (ed) *Afrikaners in die Goudstad*, vol. 2, (HAUM, Pretoria, 1986), pp. 58-59.

53 Interview, G Verhoef/E Bradley, 14 March 2009; Interview, G Verhoef/B Kotze, 19 May 2009.

54 ELP Stals (ed) *Afrikaners in die Goudstad*, vol. 2, (HAUM, Pretoria, 1986), p. 23.

55 The eldest brother, Tomas Francois Burgers (known as Tom), was a professional photographer in Cape Town and never took an interest in the business. He worked for the South African Broadcasting Company in Cape Town and today still lives there (G Verhoef Interview, Tom Burgers, 20 January 2009).

fabrics. The business evolved very much around him, despite the fact that it had other shareholders. In practice, Ty was left to run the business. Although shareholding was held jointly by Ty, Arendson and Oliver, the enterprise developed a strong family character through the employment of the other brothers in the business. The 'family' character was an invaluable asset in the Afrikaans market, where family ties and ethnic culture were highly regarded. During the early 1960s women's and children's clothing was gradually added to the stock. The business also opened a school uniform section in order to provide for the clothing needs of an entire family. Burgers never advertised their business – except much later in schools' annual calendars. The brand was spread by word of mouth, primarily as a result of the growing appeal to nationalist-inspired Afrikaners to support their own people's businesses. The South African economy was also booming during the 1960s and Afrikaner enterprise was growing rapidly on the back of the economic prosperity. It became 'fashionable' for Afrikaans people to take the whole family to Burgers to buy their clothes. People came to buy from the Burgers clothing wholesaler travelling from remote areas in the Transvaal and Orange Free State rural areas.⁵⁶ It was recollected that families would pack a picnic basket with snacks and drinks, and travel early on Saturday mornings from small rural towns to buy clothing for the whole family at Burgers. People used to stand in rows on the pavements early in the morning before the opening of the store, drinking their warm coffee from flasks and eating sandwiches while waiting for the doors to open for business. The 'family' characteristics of the business dovetailed with the ethnic 'family' characteristics of the Afrikaner people collectively mobilising for their entry into the mainstream South African economy.



Figure 3: The five Burger brothers. Second from the left is Bobby Kotzé, brother-in-law responsible for financial recordkeeping

⁵⁶ Interview, G Verhoef/J Cernades, 12 February 2009.

Burgers also appealed to the growing English-speaking urban community and was soon famous for its good service by ‘the five Burgers brothers’! In the shop the public was served by all the Burgers brothers with good quality clothing. The business was known for its personal service to customers and tireless friendliness. Burgers was also renowned for the fine quality Dutch blankets and German Berghaus coats imported from Europe.⁵⁷ At the beginning in the early 1960s the shop did not always have stock of all the garments displayed. Clients would select a specific style suit and a matching fabric, but on the shelves were only empty boxes. Then the shop assistant would “Phone the factory to establish whether stock was available”. That phone call was often to Veka, to whom a fast-running messenger was sent to fetch the suit, trousers or other garment. If Veka did not have the desired size, it was ordered and delivered.⁵⁸ A family business developed – family as employees and families as clients. By the early 1970s the Burgers business was well established with annual turnover in excess of R4 million.⁵⁹

Big money: Professionalisation of ownership and management

The success and loyalty brand of Burgers developed into an attractive enterprise for ambitious Afrikaner businessmen in Johannesburg. Growing Afrikaner penetration into the formerly English-dominated Johannesburg business environment manifested in the mining industry,⁶⁰ media⁶¹ and the general tertiary sector.⁶² The attractiveness of Burgers lay in its extensive appeal across cultural boundaries and the growing geographical branch network to serve the customer base. Albert Wessels had established a growing conglomerate of businesses, known as Wesco Beleggings, from the initial clothing enterprise, Veka. Wesco Beleggings included several clothing manufacturers and retailers, such as Veka. Wessels developed an interest in the successful “Burgers Pakke en Klerefabrikante Edms. Bpk.” He had extended encouragement to Ty

57 Interview, G Verhoef/P Burgers, 17 September 2009.

58 Interview, G Verhoef/P Burgers, 20 June 2008.

59 “Burgers-Broers terug in klere”, *Rapport: Sake Rapport*, 14 September 1971.

60 G Verhoef, “Nationalism and free enterprise in mining: The Case of Federale Mynbou, 1952–1965.” *The South African Journal of Economic History*, vol. 10, no. 1, 1995.

61 LJ Erasmus, *’n Volk staan op uit die as*. Die verhaal van Afrikaanse pers (1962) Bpk (Afrikaanse Pers Boekhandel: Johannesburg, 1962); ELP Stals (ed) *Die Afrikaner in die Goudstad*, vol 2, (HAUM, Pretoria, 1986), p. 51.

62 H Giliomee, “Ethnic Business and Empowerment: The Afrikaner case, 1915–1970”, *South African Journal of Economics*, 76(4), 2008, pp. 765-788; JL Sadie, *Die Afrikaner in die landseconomie* (SABC, Johannesburg, 1958), pp. 23-29.

and admired the success his business had achieved.⁶³ In January 1970 it was announced that FVB and Wesco Beleggings had acquired a 51% stake in Burgers, which meant that ownership shifted to professional businessmen with no family ties to the original founder.⁶⁴ This transaction led to the introduction of professional management for the business: the new owners appointed a new board of directors and Ty as the new managing director. The other four Burgers brothers were still employed in the business. Peter Arendson sold his share to Ty and Oliver also decided to terminate his relationship with the business. The board of directors were Afrikaners representing the business interests of Wesco and FVB. This division between day-to-day business and policy formulation by a board of directors outside the enterprise soon created tension. It became apparent that Veka had hoped that “Burgers Pakke en Klerefabrikante” would become the retail market outlet for Veka clothing in Johannesburg. A person completely unfamiliar with the Burgers business, Hennie Jansen, was appointed to do the purchases for Burgers. This step illustrated the insensitivity of the new controlling interest to the historical development and specific Burgers ‘brand’ that had taken shape.⁶⁵

The Burgers customer base was firmly rooted in the loyalty of Afrikaners and English customers across the social spectrum, with Ty unmistakably well connected to the rising Afrikaner business elite, but not yet entirely accepted in those circles. He had not completed school and obtained no university education. He was accustomed to run the business as the owner/manager, with little or no interference from Arendsen or Oliver. His brothers were employees of the business, who were subjected to his authoritarian management style.⁶⁶ The Wesco / FVB take-over was negotiated between Ty, FVB and Wesco Beleggings, but he had not factored in the impact the loss of autonomy would have on him. He had become increasingly prepared to forgo income and bear costs and risks alone with his family, just to engage in an independent venture. “The special preference for autonomy found among entrepreneurs is not the only special characteristic that they exhibit in comparison to average population.”⁶⁷ In August 1971 Ty resigned his position at Burgers under Wesco management,⁶⁸ complaining that he could not work with people who did

63 Interview, G Verhoef/Bobby Kotze, 19 May 2009.

64 “Konstabel word miljoenêr. FVB en Wesco neem Burgers oor”, *Rapport*, Sake Rapport, 19 January 1970; Wesco Beleggings: Minutes of Board of Directors, 29 May 1970; Interview, G Verhoef/E Bradley, 14 May 2009.

65 Interview, G Verhoef/F Burgers, 17 January 2009.

66 Interview, G Verhoef/P Burgers, 24 April 2009.

67 A Licht and JI Siegel, “The social dimensions of entrepreneurship”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship* (Oxford University Press, Oxford, 2008), p. 515.

68 Wesco Beleggings: Minutes of Board of Directors, 24 November 1971.

not know the business, but made policy decisions at board level which were out of touch with and not in the interests of the enterprise and its customers. His press statement typified the frustration of an initial owner/founder in disagreement with the outside shareholders:

‘I built up this company with my own hands to the position this group is today. Everything I thought or did centred around this business. But I can no longer co-operate with the board of directors. I simply had to resign.’ (*my translation*)⁶⁹

The drive to succeed for the sake of success itself, and not for the fruits of success, and the special preference for autonomy and independent action⁷⁰ were the primary driving forces behind Ty Burgers. The absorption into the Wesco Group offered substantial material gain, an elevated status among the Afrikaner business elite and the potential for participation in larger and more diversified business opportunities. The latter were less attractive to Ty – he yearned for autonomy and success as an independent businessman.

Brothers Burgers

The business established by Ty Burgers was no more, but the family had only one competitive advantage: they knew clothing and they had captured the Afrikaans middle-class and working-class market in Johannesburg through the strategy of affordability and quality. Above all, they were the Burgers brand. They had training in no other field of business and no capital to venture into something entirely new. Ty was paid out his shares in the business then owned by Wesco, thus providing him with some capital, but his resignation was subject to a restraint of trade. He would not be permitted to return to his beloved clothing business within three years. It took the family three months to regroup and in November 1971 they announced their return strategy. The brothers registered a new company: Die Burgers Broers Edms Bpk (The Burgers Brothers Pty Ltd – company registration number 71/12864/07).

⁶⁹ “Vyf Broers vat hoed en loop”, *Rapport*: Sake Rapport, 8 August 1971.

⁷⁰ A Licht and JI Siegel, “The social dimension of entrepreneurship...”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship* (Oxford University Press, Oxford, 2008), pp. 513 – 515.



Figure 4: The Burgers landmark building in Fordsburg, occupied until 2008

They established themselves in 33 Central Road, Fordsburg, just across from the original business.⁷¹ The building in which the business was re-opened, was bought by a Mr Van der Westhuizen, owner of Crosby Dry Cleaners, under the pretext that he wanted to establish a new dry cleaning outlet in Fordsburg. He was acting on behalf of the Burgers brothers, who then rented the premises from him to re-establish their clothing business.⁷² This collaboration was indicative of the supportive network among small Afrikaans businessmen in Johannesburg at a time when Afrikaans-controlled business was steadily making inroads into the English-dominated Johannesburg.⁷³ Ty opened a business adjacent to the brothers' business trading in travel gear and toys.⁷⁴ The brothers Ty, Fouché, Karel, Hennie and Pietie in collaboration with their brothers-in-law Bobby Kotze (married to Cecile, née Burgers) and Ray Downing (married to Elmien, née Burgers) pooled resources to re-establish the successful clothing business of the pre-Wesco/FVB deal. Although unofficially, Ty owned 51% of the new business and the rest of the family 49%. The business had no start-up capital, but again relied on the very good relations Ty had with suppliers to obtain stock on credit. The revived Burgers enterprise was then truly a family business in terms of ownership. The clothing wholesale business was resumed, with renewed emphasis on quality men's and women's clothing. The business did not diversify, but expanded

71 *Braby South African Commercial Directory*, 1972, p. 30]; 1974, p. 20J.

72 Interview, G Verhoef/F Burgers, 17 January 2009.

73 ELP Stals (ed), *Afrikaners in die Goudstad*, vol 2, (HAUM, Pretoria, 1986) , pp. 45–52, 58.

74 "Burgers-Broers terug in kler", *Rapport*: Sake Rapport, 14 November 1971.

operations in the former departments of formal men's clothing, men's casual wear, school uniforms and ladies' wear. The school uniform department was maintained. Kotie Wolbers, who started the women's section in 1963, returned to the same position. She was assisted by a former employee from the Pretoria branch Tokkie van Niekerk.⁷⁵ The new Burgers could immediately fall back on the ethnic social network that supported the business as employees as well as customers. Loyal customers soon flocked back to their beloved Burgers Broers.

The decision on the resumption of business was taken quite quickly and spontaneously, but the new enterprise had a much stronger body of expertise and experience than in 1962. Shortly before the Wesco deal Ty convinced his brother-in-law Bobby Kotze, employed in Cape Town as an industrial chemist, to join the business in Johannesburg to assist on the financial side of the business.⁷⁶ All the brothers had worked in the Burgers suit business after the take-over by Wesco and FVB in 1970. They thus maintained an active presence within the industry. When the four brothers were asked to leave the business shortly after the resignation of Ty,⁷⁷ Bobby Kotze remained an employee. He resigned his position just in time to become a partner to the new Burgers Broers. The immense knowledge and experience of Ty was still lurking in the background, since the brotherhood of the Burgers brothers and sisters closed in a network of support and encouragement. A truly family business arose from the shattered visions of a massive Afrikaner clothing conglomerate with Wesco Beleggings and FVB. Managerial functions were nevertheless not more evenly distributed this time around: Ty remained the dominant businessman, dictating business strategy. The family enterprise returned to its core business: the strong brand of quality clothing at discount prices for the whole family. The new business roped the majority of its former staff complement back into its business.

Burgers Broers was a small enterprise compared to Wesco Beleggings and FVB, but it had a competitive advantage in its niche – personal attention in the trading of quality clothing merchandise to a loyal Afrikaner and urban middle-class customer. As these categories of Afrikaners became more established in the urban environment, their taste developed for quality and perhaps more expensive clothing. Burgers monitored this development carefully and

⁷⁵ Interview, G Verhoef/B Kotze, 19 May 2009.

⁷⁶ Interview, G Verhoef/B Kotze, 19 May 2009.

⁷⁷ Interview, G Verhoef/F Burgers, 17 February 2009.

supplied the merchandise and service accordingly. The fashion industry was nevertheless a closely knit business environment. Ty had developed a keen sensitivity to quality and demanded observation thereof in the purchasing policy of the business. He also had very good relationships with the clothing factories. These attributes were what Veka had aimed to acquire. Fouché also developed into an expert of stylish suits and other men's wear fabrics. He had learnt from his mentor, BJ Shubb, a Jew and owner of the well-known Rex Trueform men's clothing manufacturer in Cape Town. Fouché travelled to the Rex Trueform factory in Salt River, Cape Town, to gain experience in the assessment and treatment of fabric suitable for formal men's clothing.⁷⁸ The one fundamental principle he was taught was: use only the best quality fabric to ensure a quality garment, and sell at the best possible price. This clothing principle became second nature to Fouché, who was in charge of the men's suits department in the new business.

The Burgers Broers business developed rapidly into a strong fashion wholesaler. This meant that Burgers Broers sold a wide range of quality clothing at prices comparable to wholesale prices – that is, lower than the price levels maintained in specialist boutique clothing enterprises. It was as if the business had simply taken off from where it had been before the Wesco take-over. Ty insisted on quality and style and Fouché had acquired the expertise and contacts to stock the business with superior quality suits and men's formal clothing. The business purchased good quality fabric and then contracted Durban Clothing and M. Burtish & Company (which was the manufacturer of House of Monatic suits) as well as IL Back in Cape Town, to perform the cut, make and trim (CMT) operations according to order. Burgers Broers did not advertise the brand names of the exclusive suits they stocked, since they had an agreement with the suppliers to sell at discount prices as a wholesaler. The CMT factories also made up suits specifically for the Burgers Broers business, under the name Prudurex suits. (This brand name was chosen because it reflected 'style' and quality.) That was the Burgers Broers house brand. The Burgers men's clothing wholesaler became the preferred outlet in Johannesburg of well-known men's suits, such as Primarius suits, Dugson suits (the brand name that overtook Pierre Cardin in South Africa) as well as Rex Trueform suits. Ty's strong appetite for style and quality resulted in brand names such as Dax of London, Berelovich suits, RT Lanvin clothing as well as the exclusively manufactured Peter Brown suits from the factory in

⁷⁸ M Kaplan, *Jewish roots in the South African economy* (Struik, Cape Town, 1986), pp. 240-245.

Durban (which could not be purchased except through private connections to the owner, Peter Brown) finding their way into the Burgers store. The Burgers name was so reliable that terms of thirty days were negotiated with the suppliers. This was how those exclusive and expensive suits found their way into the Burgers wholesaling enterprise and finally into the homes of their customers. The success of the new Burgers Broers could be measured by the steadily growing customer base – people such as the former president of the country, PW Botha, were regular customers of the business.⁷⁹

The business diversified operations from 1971. The women's section brought in more fashionable ladies' wear, such as Delswa and Miss Cassidy, the exclusive brand of the wife of Barbara Shubb, Fouché's mentor BJ Shubb in Cape Town. Later in the 1980s two of Ty's daughters, Jennifer and Denise, worked in the women's section. Jennifer did much to improve the style and fashion in the women's section and catered more for women of somewhat fuller figures!⁸⁰

The schoolwear department, under the management of Hennie Burgers, was expanded. He developed Burgers Broers as the supplier of choice of school uniforms to all the Afrikaans-medium schools in Johannesburg. The brothers visited the schools to advertise the services the business could render to the schools. After 1971 Ray Downing was instrumental in marketing their schoolwear business to English-medium schools in Johannesburg. Burgers Broers is presently the clothing wholesaler supplying the most comprehensive range of schoolwear to the school community in Johannesburg. By the 1980s Burgers Broers was the sole agent to 174 schools in Johannesburg and the extended East and West Rand schools.⁸¹ Soon the school section led to the development of a sports wear department. Pietie Burgers played rugby for the Transvaal provincial team and gradually introduced rugby clothing for the Transvaal Rugby Union at the sport store, Ellis Park Sport. Burgers diversified into the supply of sports gear to the rugby shop as well as other sports clothing. Burgers later took control of the shop and used that to develop a casual sports clothing department in their Fordsburg store. Burgers became the exclusive supplier of official clothing to all the national sporting codes in South Africa. All official Springboks and after 1994 other national sporting identities such as the Proteas (official South African cricket team), purchased their official

⁷⁹ Interview, G Verhoef/J Cernades, 12 February 2009.

⁸⁰ Interview, G Verhoef/J Cernades, 12 February 2009.

⁸¹ "Bekende stigterslid van Burgers Broers het tot laaste gewerk", *Rapport*, 19 August 2000.

blazers from Burgers Broers. The same applied to the regional and provincial schools and amateur sporting teams. Burgers acquired this prestigious contract and currently still holds it.⁸²

Burgers Broers became a household name in Johannesburg and across most of the Transvaal (currently Gauteng, and parts of the North West Province). Branches were opened in Pretoria, Benoni (East Rand) and Klerksdorp (Western Transvaal, now North West Province).⁸³ Serving their own business ambition also benefitted the community: Burgers employed people from the Afrikaans community. It was a matter of principle to Ty that he would employ 'his own people', under-privileged Afrikaans people, to whom that employment meant the difference between starvation and making ends meet. It was only in the 1980s that Coloured people, who could also speak Afrikaans, were employed in the business. Immense loyalty between employer and employees was nurtured, which resulted in the decision by the majority of the staff to transfer their employment back to Burgers Broers after the termination of Ty and the other brothers' relationship with Wesco and FVB. The shop was also situated adjacent to the residential areas of the poorer Afrikaans communities – Fordsburg, Vrededorp, Mayfair, Brixton and Langlaagte. Since the shop was easily accessible from the Johannesburg central business area, middle-class customers had no difficulty in accessing the premises. In Langlaagte there is the orphanage of the Dutch Reformed Church, established in 1902 after the South African War to care for children orphaned by the war. Burgers Broers made daily deliveries of food and clothing to the orphanage. At the end of the year Burgers supplied suits and evening wear to the matriculants in the orphanage for their matric farewell dance. Ty personally took his daughters to visit the orphanage to show them how privileged they were. In 1985 a school bus drove into a local dam, the Westdene Dam, while on its way to drop the children off at their homes. Many children drowned and the tragedy touched the hearts of the Burgers family. Burgers Broers clothed almost the entire bereaved community for the funerals.⁸⁴ The Burgers Broers family business maintained a strong sense of community engagement.

82 Interview, G Verhoef/F Burgers, 17 February 2009; Interview, G Verhoef/P Burgers, 24 April 2009.

83 Interview, G Verhoef/P Burgers, 24 April 2009.

84 Interview, G Verhoef/J Cernades, 12 February 2009.

Management

The “Burgers Suit and Clothing Manufacturer Pty. Ltd.” was the product of the entrepreneurial ambition and tireless energy of Ty Burgers. He had the vision and the drive and he finally negotiated the establishment of the business, relying on the social capital networks of the Jewish business community and the Afrikaans customer base. He managed the business as a ‘personal enterprise’⁸⁵ – that is, he managed the business as an owner-run company, allowing limited input from either his partners or his brothers. Throughout the history of the enterprise, he was a dominant owner/manager. He trusted nobody and managed the business close to his chest. He appointed auditors, but insisted on manual bookkeeping until his death.⁸⁶ The brothers joined the business as employees. The capital strategy of the business was controlled solely by the founder. Establishment capital was obtained from his wife’s inheritance. By 1970, when the take-over was performed by Wesco Beleggings and FVB, none of the brothers owned shares in the business. When Ty decided to part ways with the new owners, his brothers were also asked to leave – their status was mere employees. Since Ty was the only one with capital (from the take-over deal), he provided the start-up capital for the new Burgers Broers business in 1971. He was again the majority shareholder, with the remaining 49% distributed almost equally among the four brothers and the brothers-in-law. As controlling shareholder, he dictated business decisions and management policy.

The positive impact of education on entrepreneurship is widely acknowledged. Ty did not complete school. None of the Burgers brothers had post-school qualifications and therefore relied on their business instinct and practical experience. The lack of education impaired management’s ability to evaluate business opportunities (the Wesco transaction was not successful) and introduce modern technology in the business.⁸⁷ Ty had a very strong personal relationship with both customers and suppliers. It was his personal friendship with Albert Wessels, with whom he played golf, that paved the way for the transaction in 1970. The deal benefitted Ty financially, since he sold part of his shares to Wesco and subsequently bought Arendson’s share when the latter decided not to follow the transaction. Ty was therefore the only one of the brothers who owned capital to restart the enterprise when he decided to

85 D Arnoldus, *Family, family firm, and strategy*, (Aksant, Amsterdam, 2003), p. 20.

86 Interview, G Verhoef/J Cernades, 12 February 2009; Interview, G Verhoef/P Burgers, 24 April 2009.

87 A Basu, “Ethnic minority entrepreneurship”, M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship* (Oxford University Press, Oxford, 2008), p. 591.

terminate his relationship with Wesco and FVB.

His authoritarian management style instilled a sense of frugality in his brothers – he did not allow business lunches! If they wanted to accept an invitation to such a lunch, they had to leave in secrecy. The brothers were strictly held to office hours. In November 1990 Hennie died, leaving his 10% share of the business to his two sons. In December 1997 Karel died and Ty acquired his shares, leaving him in control of 56% of the business. Finally, when Ty died on 15 August 2000, no succession planning was in place. Ty left his entire estate to a trust in benefit of his wife and children. None of them were involved in the business. The trustees were his children, one of whom lived in England, a son-in-law and his second wife – none of them with an interest in perpetuating the business.⁸⁸ In effect the trustees, owning 56% of the business, controlled the business. Neither of the remaining brothers, Fouché or Pietie, had any managerial control.

Ty's management style was entrepreneurial – less determined by planned strategies, but characterised instead by developing emergent strategies. This means that management strategies were developed in the course of the development of the enterprise and not consciously according to some theoretical model. Such entrepreneurial management is usually associated with centralised companies⁸⁹ – which is a fairly good description of the management style in Burgers Broers. Ty's death therefore left a vacuum: he had created and developed a business 'in accordance with his [. . .] capabilities and needs.'⁹⁰ Valuable 'intangible resources' developed in Ty, the founder and majority shareholder in the business. Those resources can be transferred to successors if an explicit succession strategy is in place. If no conscious succession strategy exists, then those significant resources are lost to the enterprise. The management style of Ty Burgers resulted in such a loss of resources to the business when he died unexpectedly.

Since reorganising the business in 1971, turnover of the enterprise rose from R4m in 1970 to R13,2m per annum in 2000.⁹¹ Business at Burgers Broers

88 Interview, G Verhoef/J Cernades, 12 February 2009; Interview, G Verhoef/P Burgers, 24 April 2009.

89 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. 150.

90 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. 151.

91 Burgers Broers Financial Statements, 1970–2000.

experienced a serious slump after 1994, when political changes in South Africa ended an era of residential and social segregation. Traditional inhabitants of the Fordsburg and surrounding areas were increasingly people of different ethnic affinity and no longer represented by a white middle-class community. The demographic transformation caused a gradual and steadily weakening business environment, which demanded a strategic decision. The weakening business prospects were exacerbated by the sudden death of Ty. The business soon faced the possibility of closure.



Figure 5: Current family in business: Bobby Kotzé, Fouché Burgers, Pietie Burgers, Jacques Burgers (Pietie's son) and Chandré (Pietie's daughter)

In 2004 Ray Downing also passed away, which left only two brothers still active in the business – Fouché and Pietie – as well as their brother-in-law, Bobby Kotze. The working relationship with the trust was strained and Pietie and Fouché then brokered a deal with the trust: after a fair-and-reasonable evaluation of the business was made, the two brothers offered an instalment buy-out of the trust. The offer was accepted, but the persistently weakening performance of the business threatened to derail the salvation strategy for the remaining brothers. Business in Fordsburg declined rapidly and annual turnover growth declined steadily. Fordsburg was no longer a viable business area for a clothing store targeting the middle- to upper-class customer. Safety and security concerns were discouraging women from travelling to purchase school clothing in Fordsburg, and men preferred shopping in the new upmarket shopping malls. A dual survival strategy was then decided upon: first the shop closed its Fordsburg premises and moved to Northcliff, one of the northern suburbs of Johannesburg. Secondly, a rescue capital strategy was

devised to regain family control of the business. Two private partners joined Pietie as joint shareholders in the business. A new business entity was registered with the Registrar of Companies, no. 2003/001483/07, as “Burgers Broers Groothandelaars Edms Bpk.” (Burgers Brothers Wholesalers Pty Ltd).⁹² The new owners bought out the shares of the trust. The rescue agreement provided capital for the buy-out and secured a contractual right to Pietie to obtain the remaining 50% from the private partners within five years, thus restoring Burgers family control.⁹³

The youngest of the Burgers brothers restored family control of the business and brought his children back into active participation in the running of the enterprise. Two of the next generation Burgers are currently employed in the business. They worked in the business prior to the death of Ty and the era of trust management. Now Pietie employs both Fouché and Bobby, who have retired, but whose experience is respected and valued by the youngest brother, now controlling the family enterprise. Pietie is acutely aware of the ‘resources’ for the family firm in Fouché and Bobby. Pietie’s management style is inclusive, professional and modern. As managing director, he assigned specific responsibilities to his two children as well as Fouché. He has taken out life cover on his own life to ensure that the business will be secure to the next generation of Burgers should he die. The children are trained in specific fields – one in marketing and the other in managing the casual and sports wear departments.⁹⁴ Accounting in the business has only now been computerised and a conscious attempt made to plan succession and secure second-generation control. The partnership deal into which Pietie entered provided the capital to end the impasse of the trust control and security of first right of acquisition by a Burgers family member from non-family shareholding in future.

Conclusion

“Succession problems have been described as one of the main factors that tend to weaken family companies.”⁹⁵ The history of the Burgers family business illustrates the potential uncertainty that could follow when the management style of the founder is not inclusive and does not entail succession planning. The

⁹² Interview, G Verhoef/B Kotze, 19 May 2009, Company records.

⁹³ Interview, G Verhoef/P Burgers, 24 April 2009.

⁹⁴ Interview, G Verhoef/P Burgers, 24 April 2009.

⁹⁵ Sandig et al, “Internal factors of family business performance...”, PZ Poutziouris, KX Smyrniotis and SB Klein (eds) *Handbook of research on family business* (Edward Elgar, Cheltenham, 2006), p. 148.

Burgers family descends from the relatively prosperous farming community of Graaff Reinet and delivered a President of the South African Republic. The next generation fell victim to the aftermath of the South African War. From a family of nine children, one emerged with ambition and an entrepreneurial spirit and entered the world of business with the assistance of social networks. The Burgers enterprise started as the fruit of Ty Burgers' entrepreneurial ambitions and abilities. He skilfully utilised social capital networks from different cultures, as well as the strong growth in Afrikaner nationalism, to establish and grow his business. The ethnic dimension of the establishment of the business assisted in strengthening its performance and development. The 'family' character in the period when all the brothers and their in-laws were working in the store enhanced its appeal to the customer base. Although it has been acknowledged that all ethnic ties are not necessarily valuable to entrepreneurship,⁹⁶ the dysfunctional relationship between Wesco Beleggings and Ty Burgers did not end the positive appeal of Burgers Broers to the Afrikaans and working-class communities in Johannesburg. The management style of Ty as entrepreneurial manager instead accounts for the collapse of the deal.

The business succeeded in sustaining its position amidst strong competition from other clothing wholesalers and retailers in Johannesburg by exploiting the ethnic appeal of Afrikaner nationalism, although not exclusively. The sustained focus on the core business – that is, the supply of quality clothing to initially men and later the entire family as well as the amateur and professional sports communities – contributed to the survival of the business. Another contributing factor was the appeal of the business to both middle class as well as poorer working-class people, also Afrikaners, in Johannesburg. The deterministic class analysis O'Meara employs in attempting to explain the behaviour of sections of Afrikaners in business in terms of material and structuralist determinism⁹⁷ is of no value in understanding the development of Burgers Broers. The business was not a product of "class", but the fruit of an entrepreneurial spirit integrating strategies for survival with ideals of cultural upliftment and the development of social networks across ethnic and language boundaries. This study has documented the emergence of a successful enterprise, started by an Afrikaans-speaking young man, with the assistance of

96 A Basu, "Ethnic Minority Entrepreneurship", M Casson, B Yeung, SA Basu and N Wadeson (eds) *The Oxford handbook on entrepreneurship* (Oxford University Press, Oxford, 2008), p. 589.

97 D O'Meara, *Volkskapitalisme. Class, capitalism and ideology in the development of Afrikaner nationalism, 1934-1948*. (Cambridge University Press, London, 1983).

several Jewish businessmen, but a business perceived to be an example of a successful 'Afrikaans' enterprise. This enterprise nevertheless served customers across class, cultural and language divisions. The impressive performance of the enterprise made it a take-over target for Wesco and FVB.

A complex of factors almost resulted in the closure of the business: weakening economic conditions, concentration on primarily a white customer market segment (which required adjustment after the political changes in South Africa in 1994), and a complete lack of consultation between Ty and his brothers regarding management and succession. The involvement of the next generation of Burgers in the management in the firm has only just commenced. Second-generation family businesses are typically the most fragile, but successful transition to the third generation usually bodes well for the enterprise.