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ABSTRACT
Family businesses operating mainly in the informal economy in East Java, Indonesia, generally employ family members and neighbors. As part of a qualitative study on employer-employee relationships, we interviewed the owners of 37 of these family businesses (30 small and 7 medium) to investigate the level of responsibility they feel towards their employees. By using a Social Capital approach to analyze the data, we found that the relationship between employers and employees is based on trust, and that family businesses have to maintain this trust to be able to sustain their activities in a highly competitive market. We then describe the ups and downs of managing employees when the employer-employee relationship is close.

Keywords: Decent work, Employers-employees relationship, Family Business, Informal sector, Microenterprises, Social benefits, Social capital.

JEL : D22, J15, J24, J46.

Introduction :

Social capital is a very well-studied phenomenon related to every aspect of social life. Businesses' performances are also studied through social capital approach (Cooke, 2007; Cooke and Wills, 1999; Daud and Wan Yusoff, 2010). While some studies focus on networking as a factor of innovation, others focus on the role of social capital on knowledge management. Some studies analyze the implication of inter-organization relationship in businesses performance (Gulati, 1999; Zaheer and Bell, 2005). Hence, some few papers use social capital approach to analyse the employer-employee relationship (Truss and Gill, 2009; Bolino *et al.*, 2002; Nahapiet and Ghoshal, 1998).

The aim of the paper is to enhance the understanding of the role played by social capital on employer-employee relationship in family businesses involved in the informal economy in developing countries. Barney (1986, 1991) considers that some companies have competitive advantages because they have some unique, non-substitutable and imitable resources. One of these resources is social capital (Nahapiet and Ghoshal, 1998). We assume that social proximity between employers and employees which is a factor of social capital in micro family businesses implies better management of the organization and improve economic performances. However, we assume that social capital can also be detrimental to companies depending on how employees are managed by the employers.

The paper presents the findings of a qualitative research carried out in East Java, Indonesia. The article presents the findings of the research, one of the main findings is that social capital helps micro-family businesses maintain a strong relationship between employers and employees in family businesses which also represents a constraint for the owner. This constraint represents a cost for the businesses which is called "social cost". Social capital therefore can create social cost which can become expensive to sustain for micro and small enterprises. The paper investigates the question on social capital in micro and small family businesses in Indonesia. The question asked are: how do family businesses create social capital with employees and does social capital affect their businesses?

The concept of social capital has become central in business studies since the seminal framework of Coase (1937) and Williamson (2000) stating that networking reduces transaction cost and cost of information. Entrepreneurs' network is shown to be essential in SMEs performances (Cooke, 2007; Stam *et al*., 2014). Referring to networking Paldam (2002), states there are different form of social capital and Lin (2000) argues that there are inequalities in social capital. However, social capital is not only about networking.

The paper is organized as follows. In the sections below we first define social capital why this concept is relevant in studying employer-employee relationship. Then a review of family businesses in Indonesia is presented followed by the description of the research methodology adopted to interview owners of family businesses. The main findings of the research are presented and the main ideas are presented in the conclusions.

The Concept of Social Capital: a Brief Review

According to Bourdieu (1986), social capital is a value of social obligation or of contracts formed through social network. The definition of Bourdieu is helpful to understand the employer-employee relationship in family businesses which lies on social obligation. Indeed, social obligation or social contract is more often in form of informal social contract that bonds employers to employees and vice versa. This informal social contract taking the form of social tie can be strong or weak (Granovetter, 1983). Hence, networking creates value of social obligation or social contract which can be considered as social capital. However, this definition of social capital is incomplete. Coleman states that social capital facilitates the actions of individuals or group of individuals inside a social structure. Hence, social capital helps people to work together when they form part of a social structure (Nahapiet and Ghoshal, 1998). Social obligation refers to norms that individuals or groups of individuals adhere to, accept as theirs and comply to follow and respect. However, the value of social obligation which ties individual within a social organization is effective when there is trust, reciprocity, friendship and so on. Thus, Putnam (1993) states that norms and networks create social capital as they generate trust, cooperation and collective action. Woolcock and Narayan (2000) consider that norms and networks enable people to act collectively. Therefore, they distinguish two forms of social capital which they call *bonding* and *bridging* social capital.

Adler and Kwon (2002) distinguish three kinds of relationship in social capital, which are market relation that is a contractual relation, hierarchical relation which is based on obedience relation and social relation. In the same line Nahapiet and Ghoshal (1995) distinguish three dimensions of social capital. Structural dimension connects individuals from higher hierarchical position, top managers, government officers, community leaders. Relational dimension of social capital connects people sharing same values and norms. Cognitive dimension is based on trust relationship. These dimensions of social capital or social relations are not disconnected from one another. Knowledge management processes have a positive impact on social capital which in turn improves economic performances of firms (Daud and Wan Yusoff, 2010). However, there are individuals or groups of individual having only one dimension of social capital. In this particular case, Portes (1998), Burt (2001) talk about structural holes. It is particularly the case of individuals living in poverty (Bhukuth *et al*., 2007). Entrepreneurs have to build their network, mainly bridging social capital (Wolcock and Narayan, 2000) to be successful in their businesses (Walker *et al*., 1997). Employers also use their network to recruit employees (Fernandez *et al*., 2000) and employees use weak social ties which is more efficient to find jobs (Granovetter, 1983).

Social capital is of great concern for businesses as it deals with networking, social interaction, trust, norms and values which improve performances of self-entrepreneurship, micro and small family businesses in developing countries operating in the informal sector that deal with workers from their family, friends and neighboring network. Dealing with these kinds of employees requires a management based on social capital. Indeed, we assume that these kinds of workers are different from the other workers as the employers are in constant interaction with them in the production unit and in the community. The employers have a different approach with their employees. A market based approach cannot be efficient in increasing productivity and improving economic performances of the business. Hernandez-Carrion *et al*., (2019) develop the concept of social capital as resources. Employees represent resources of the MSMEs that are valued in improving performances of businesses. Businesses' success in deprived areas is associated with bonding social network which also can constitute a constraint for the entrepreneurs (William *et al*., 2018). Indeed, they do not have access to financial, and other resources needful to develop and improve the performances of businesses (Bhukuth *et al*., 2019).

The analysis of family businesses in this research gives insight on how norms, network, trust, reciprocity, friendship interact to efficiently manage human resources in a highly competitive economic environment with scarce labor force. Indeed, social capital plays an important role in employer-employee relationship in improving performance of family businesses. It is assumed that the way human resources are managed contributes to improve performances of businesses.

MSMEs and Social Capital in Indonesia :

Indonesia is an emerging country, having suffered from a severe economic and financial crisis in 1997 with negatively impact on MSMEs growth. Since 1999, the economic growth has been steadily increasing, even when the economy was once again affected by the economic crisis in 2008-2009. However, the subprime crisis has not affected the economy that much, as the economic growth remained positive. In fact, Micro Small and Medium Enterprises (MSMEs) were more resilient to the 2008-09 crisis (Mourougane, 2012) and have kept the economic growth at a high level. The average GDP from 1999 to 2014 is about 3.95% (worldstatistic.com). However, the economic growth is not high enough to eradicate poverty significantly. Hence, most of the people work in the informal sector where the wage is low and workers are uneducated (Tambunan, 2008).

The government of Indonesia has implemented policies to encourage the development of Small and Medium Enterprises (SMEs) as it is the main source of employment in the country (Kushnir *et al*., 2010, Mourougane, 2012; Tambunan, 2008). In most of the developing countries it is supposed that SMEs are able to sustain economic growth and create jobs. SMEs do not only develop local economies but also communities (Mourougane, 2012; Tambunan, 2008). Micro and Small Enterprises being labor intensive provide job to local people to earn a living.

The study of Cribb and Brown (1995) shows that industrialization in Indonesia has a negative impact on social capital, the social ties is decreasing when the economy is getting industrialized. Rural people migrate to urban areas to find better jobs which has diluted the social ties in rural areas (Cribb and Brown, 1995).

The economic growth benefits to SMEs both in the formal and informal sector when these two sectors are interconnected (Charmes, 1987). Thus, the informal sector is profitable and allows development of formal MSMEs when owners can share information and knowledge. However, one of the characteristic of the informal sector is free entry and free exit the market which is different from the formal sector that is considered as more rigid because of laws and regulations imposed to the formal sector. It is mainly because of heavy administrative procedures that make it difficult to enter and to exit the formal market. Hence, in the informal sector individuals willing to start a business are free to enter the market. They do not have to support any administrative cost.

According to Tambunan (2008) SMEs in Indonesia employ 90% of the total labor force. SMEs are organized in clusters which means that some specific activities are regrouped in some specific areas producing identical and complementary goods. If clusters provide a lot of advantages due to positive externalities they also have limitations (Wernerfelt, 1984; Grant, 1991; Becattini, 1990; Porter, 1998; Nekka & Dokou, 2004; Dumoulin & Simon, 2005; Dejardin, 2006). One of the disadvantages is scarcity of labour, enterprises located in clusters need specific skills which are found only in the clusters which most of the time are fulfilled by immigration. Therefore to start a business, employers have to find workers capable to produce good which cannot be found outside the cluster. Cooperation between the community and the business leads to development and economic growth (Nekka & Dokou, 2004). Actors operating in clusters are involved in clustering which means they are engaged through social promixity in the process of developing and intensifying collaboration and cooperation for mutual benefit (Bouba-Olga & Zimmermann, 2004). Moreover, employers have to maintain a close relationship to retain their employees. The efficiency of the enterprise depends also on the employer-employee relationship. This paper analyses the employer-employee relationship as a strategy to retain employees and to improve productivity of labor.

Research Methodology:

Thirty micro and small family businesses as well as seven medium enterprises were studied in East Java, Indonesia. The micro and small businesses operate in the informal economy. The size of the enterprises is determined by the number of employees employed. Hence we have considered that microenterprises are those units employing 1-5 employees and small enterprises employ 5-10 employees and medium enterprises employ more than 10 employees but less than 25.

It is essential to explore the way human resources are managed in family businesses involved in the informal economy. The aim of the study is to determine common characteristics, the trajectories, the obstacles, opportunities and market development of the enterprises.

The owners of MSMEs were interviewed with focus on human resource management, profitability of enterprises, financial constraints, market integration and development strategies. A qualitative approach is used to assess the family businesses in East Java. The qualitative approach seems to be an appropriate method for a better understanding of companies involved in the informal economy. The aim was to let the owners talk about their enterprises, their views were captured to understand how the markets function, how it is structured, and also to comprehend how owners manage to be profitable in a highly competitive market. Therefore, adopting a quantitative methodology would not give accurate information on the topics discussed. The owners were free to talk and while discussing they were being asked a set of questions prepared before to guide the discussion in the domain of the study. Although the interview was guided by our question, the owners were free to develop and explain their views on the topic discussed. Moreover, the guided qualitative methodology has one more advantage, it allows to build a quantitative questionnaire with responses received. Considering the timing of entrepreneurs and their availability, time consuming survey was avoided, in the sense that it requires a lot of time to discuss on the issues stated above and they do not always have time to answer to questions. Fortunately, the owners have dedicated time to the study. Indeed, the minimum time spent on surveying was 45 minutes and the maximum was 1h30 during which we asked questions based on our interview guide (annexe A). The difference in time depends on how the owner answers to the question and how they feel about the study and the questions asked. Some were very ease in talking about their business and their industry while others were less motivated.

The same questions were asked to all the owners interviewed. The aim was to compare the obstacles, advantages and opportunities of the different enterprises. In this paper, the main findings of the qualitative study is presented on human resource management in family businesses involved in the informal economy.

Main Findings of the Study:

Why do family businesses employ family members? One of the questions asked to the owners of family businesses was about the reason for employing family members and people from close network, friends, neighbors. The management of these types of human resources is based on social capital. In this study family enterprises are involved in traditional activity, the employers recruit workers from their family members and local community. Hence it is supposed that social capital is bonded.

Knowing the fact that family businesses recruit mainly within their bonded social network, the question asked was why do they recruit from their bonded network. The owners of MSMEs stated that they trust the most people from their close network. Moreover, trustworthy people are becoming scarce in a highly competitive labor market. Hence, if the level of trust is high between employer and employees the latter remains loyal to the firm. The firm can sustain its activity in the sector and remain competitive. The firm has therefore to create a trustworthy environment. In other word the firm has to create a social environment where social capital is high.

Trust is created between employers and employees when the latter benefits from their activities in the businesses. Employees benefit from the businesses through salary they are paid. Despite the fact that the productivity of labor has a positive impact on the wage, there is another parameter to consider in the determination of wages. Social capital also matters. Social network mainly social proximity with the employer and trust have an impact on the formation of wages in the informal economy. In the informal sector the legal minimum wage is not applied but workers know what is the minimum wage required to live a decent life in their own socioeconomic environment. These enterprises have their own criteria of determining wages depending on living costs in their social environment and on social capital. Moreover, those providing a low level of wage are micro family enterprises. The difference in wages between micro, small and medium enterprises is explained by the fact that it is possible to deal with relative, friends and neighbors to impose a low level of wage. Moral obligation in the employers-employees relationship allows low level of wage formation. Whereas employing workers outside the bonding network, moral obligation does not hold. They are paid in terms of labor productivity and legal requirement to live a decent life. The employers do not maintain any strong social tie and moral obligation toward their employees from outside their network.

More often they avoid recruiting outside their network because it increases the cost of production and the low level of trust.

The moral obligation implies that employees have a moral debt toward the employers. Hence, employees become more malleable in the working place as well as outside the production unit. They also are obedient, come on time at work and absenteeism is low.

However, moral obligation is not a one way direction phenomenon it also applies to the owner of family businesses. Small family enterprises share their profit with their employees. It shows how moral obligation also applies to the employers. Hence, the employees have the feeling of being part of the company and to participate fully in the success of the firm and feel proud to work "with" the family.

How to create, maintain and sustain social capital? Family businesses in Indonesia have adopted different strategies to manage human resources. The study shows that medium family enterprises employing at least 20 permanent employees adopt a different strategy concerning human resource management. These firms operate in clusters where several enterprises produce identical goods. Therefore, it becomes difficult to recruit workers in a very competitive and limited labor market having the skill to produce identical goods. The cost of recruiting outside the network is high either because of lack of trust or/and they cannot bear the cost of recruiting outside the cluster. Indeed, family businesses want to work with trustworthy workers. If the workers stop working for the enterprises, it can affect the production and the viability of the enterprises. Moreover, they can transfer the knowhow of the enterprise to the competitor. In order to avoid workers defection the enterprises invest in social relation.

One of the ways to enhance social capital in the enterprise is to provide social benefits to the workers. Providing social benefits to the workers gives several advantages for the enterprises. It first creates trust between the employer and the employees. The employees have the feeling that the employer cares about them and their well-being. Thus, the employees feel that they are part of the family business. The employer becomes a reliable person for the employees. To sustain the social capital in the network these enterprises for instance invest in their workers' children education, provide loan without interest rate to their workers, medical care services for the workers and families when required. Thus, even if the initial wage is low workers accept to work because they can earn more with the piece rate system and the advantages they receive. In many cases the work longer hours also to pay back their debt.

Nevertheless, social benefits are not provided in a regular basis but when there is a demand from the workers. It is not possible for micro enterprises to provide social benefits in a regular basis as it increases the cost of production. Since not all the enterprises have the capacity to bear the cost. The total cost of production is equal to the total wage and social cost. Thus, low wage maintains the total cost of production at a competitive level.

Competition in the informal market is based on prices of goods and services. Therefore, low production cost improve the competitiveness of the informal enterprises in the market. However, the informal enterprises face the issue labor scarcity in the clusters. The enterprises that are not able to provide social advantages can lose their workers who will prefer to work for another employer having a more human approach toward employees. In order to avoid instability of labor which in turn may have a negative impacts on the production and thus on the profit, family businesses employ mainly from their close network: family members, relative and close neighbors. Hence, social cohesion is maintained.

Social benefits given to employees increase the cost of production but also give some advantages to the SMEs. Employers give social benefits to their employees because the wage is not very high which keeps them in poverty. Thus social benefits aim to create loyalty in the labor force (Turner, 2007)). It also gives a sense of belonging to the company. The social benefits bond the employees to the employers. They are morally indebted, they are thankful to their employers for helping them when they are in urgent need specially, when they face financial difficulties, the employers provide them with loans at zero interest rate or some employers charge an interest rate lower than the market rate. Indeed, Bhukuth (2005), Bhukuth *et al*., (2007, 2018) findings show that the same strategy was adopted in the case of sugarcane and brick kiln industries in Tamil Nadu, India.

The family businesses benefit also from social services provided to employees. Indeed, because of these social services workers come on time at work, there is no absenteeism at work, resulting in the increase of labor productivity. They know that even though the wage is not very high they can still benefit from social services provided by the employers, for example advance on wage or informal loan. The owners are also involved in social festivals such as marriage, birthday, engagement, death and religious and they finance these activities.

By investing in social services the employer creates trustworthy relationship with the employees. The employers show to their employees that they are concerned about their life, family and the community. Trust is important in the production process, in which the employees become respectful and obedient.

Discussion :

In family businesses, there is a division of labor is observed between husband, wife and family members (Rodriguez-Modrono *et al*., 2015). It is mainly the case of micro and small family businesses. Most of the time the administrative work is managed by the wife and the husband takes in charge of the production process and networking with clients and suppliers. However, this division of labor is not gender exclusive, it can be interchangeable depending on their own ability. Most of the time the husband also keeps an eye on the administrative aspect of the business, while the wife supervises the production unit. More importantly, the husband is in charge of trading and dealing with suppliers of raw materials. The way enterprises are managed determines their success. The management of the enterprises is based on trust between husband and wife which also applies for the employees.

The more the enterprise grows in size the more it relies on external employees, more competent, professional and skillful in the domain of expertise. In this case the owner or the manager has to build up a good social relation with the employees to create trust. However, within the small family businesses the trustworthy relationship between the family members is not studied. This relationship is considered as de facto given. The mechanism implemented by the employers to create, maintain and sustain social capital is analyzed.

In the Indonesian context an enterprise can be formal but the employees can have an informal status in the sense that they do not sign a legal work contract. It is mainly the case among the MSMEs studied. Some of their activities are formal for example trade whereas employing family members is most of the time under informal contract. The government of Indonesia has implemented a minimum wage policy to ensure workers a decent wage to enjoy a decent life. These rules are enforced based on how the labor force is recruited by and managed in the firm. Employers recruit workers within their bonding social network (Turner 2007) mainly family members when it concerns high value added product and friend and neighborhood, concerning traditional activity.

As in many enterprises where contract is not always subject to law, the distribution of wealth created is a source of conflict. Social capital in this effect has the aim to reduce conflict within businesses. The distribution of wage is a factor of creating social capital within the firm between employers and employees. The wage is determined in terms of labor productivity. MSEs operates in the informal sector which is considered as flexible where legal rules are not enforced (Sandee *et al*. 2002). This sector has its own rule (Lautier 2004) and market coordination is based on explicit agreement (Sandee *et al*. 2002). Hohberg and Lay (2015) show that the decent wage policy advocated by the ILO is hardly applied in the informal sector. As the findings of our qualitative study show the employers give social benefits to improve the living standard of their employees. The findings also show that the medium enterprises give minimum nominal wage higher than the market wage. This finding is also consistent with the findings of Sandee *et al*. (2002). This finding is consistent with other studies showing that informal enterprises competing in a competitive market making high profit are able to improve their living conditions specially when they benefit from the formal economy (Bacchetta *et al*. 2009). These enterprises pay high wages to their employees. High wages is a mean to maintain and sustain social capital between the employers and employees.

MSEs have a lot of structural holes (Kontinen and Ojala, 2012) which underlines the idea that they do not have bridging social capital for example they do not enough network outside their own network. For Lin (2000) and Burt (2001, 1992) the existence of structure holes is one of the factors of social inequality. Individuals or groups of individuals do not have enough bridging social network capital or are less connected do not have access to new markets and have lower sales and value added (Woodcock and Narayan, 2000; Fafchamps and Minten, 2002). Therefore, because of these structural holes, MSEs located in clusters cannot recruit outside their social network. They have to maintain the social capital high to retain the employees in their enterprises. Otherwise it would become difficult and costly to recruit and train new workers. The family businesses employ older workers with low level of education whereas young degree holders prefer to work for formal enterprises. Workers working in the informal sector (micro and small businesses) more often have low level of education than those working in the formal sector (medium enterprises). The older is the worker the lowest is its educational level of employees in the informal sector. Working in the informal sector in labor intensive industries does not require a high level of education and informal workers have low technical skill. The skill is acquired in the job training and also from learning by doing. Thus, low skill and education explain low wage formation in the informal sector. The difference in productivity explains the difference in wage between companies and industries (formal and informal).

Moreover, the wage is low because purchasing power in the informal sector is also low. The need for money is only for satisfying consumption needs. One of the reasons why the informal sector remains competitive is the low cost of production. However, employers adopt different methodologies to maintain cost of production low. One of the methods adopted is the piece rate system which is prevalent in the informal sector. The system is based on the principle that the more the employee produces the higher is the wage. One of the advantageous of the piece rate system is it has the capacity to extract the highest productivity of labor (Bhukuth, 2005). The employees to earn a decent wage have to work longer hours and to be highly productive. The findings show that workers work in average eight hours per day but have to work extra hours if it is required. As the employees have a moral obligation toward the employers they cannot refuse the demand to work for longer hours. One of the pervasive aspects of social capital is not only it bonds workers to their employees but also it makes them vulnerable to exploitation in the work place. The working hour is flexible and workers are at the disposal of their employers. The study shows that bonding social capital implies high degree of social obligation from both sides. Indeed bonding social capital implies a negative social obligation taking the form of longer working hours for the employees of micro and small family businesses. They are socially and economically dependent to the employers. On the other hand the employers are also dependent to the employees. Small family businesses are mainly labor intensive enterprises; their competitiveness depend only of the productivity of the labor force. The piece rate system is seen to be a mean to satisfy both the employees and the employers. However, it is a method to increase the production at a very low cost. Hence, low production cost also depends on how human resources are managed.

Working with family members, relatives and neighbors has also some inconveniences. Even if there is trustworthy relationship with the employees that does not mean there is no dispute between workers and employers and among workers. Quarrels occur in the factory when employees believe that some of them receive more from the employers and the profit is not fairly distributed. Hence, the way resources are allocated is a source of dispute. Indeed, workers believe contributing to the success of the enterprise and being prevented from its outcome sometimes is considered as unfair. Employers have to maintain a balance in managing between demand for money and its imperative of competitiveness.

In case of giving more consideration to their employees by increasing income or social services, the cost of production increases. The employers avoid increasing wages. They retain information on the profitability of the enterprise. Employers always complain about bad performance of the company, even if the employer does not increase the wage and limits social aids, the employees cannot leave the job. In reality, although there are a lot of enterprises in the clusters producing the same goods, the size of the enterprises are small and have all adopted the same system of management. Therefore, disputes occur more often. The workers are always in need for money to face their daily life. Moreover, when the employees stop working with the owners, it is difficult to find workers outside the close network and therefore to build trust relationship with new workers.

Investing in social capital requires time. It takes time to build trustworthy relationship with employees. Employers state that it also requires a lot of communication with the employees. They need to feel safe and secure at the work place. Indeed, the employers have to ensure their employees that they will be helped when required. Therefore, to build trustworthy relationship employers have to give social benefits and a decent wage even if it raises the cost of production.

One of the employer interviewed states that she had to stop the production for one year because of family dispute, in this case, jealousy became a problem when business became successful. The family members wanted also to benefit from the success of the enterprise but the way the profit was distributed created social disharmony. Even if the social capital is strong workers give more value to monetary gain as they want to improve their social and economic standards. The employers have to deal with the social relation and income distribution. There must be a fair distribution of income and strong social implication with the employees to ensure the viability of the business. She started the production the next year with new employees from the neighborhood and gives them high level of wage. She does not want to make the same mistake as before. Hence this story shows that social capital depends on income and the way it is distributed. Most of the times the employers want to maintain a balance between distribution of income, social benefits in order to maintain social capital which is necessary to maintain and sustain the activity in a highly competitive economic environment.

Conclusion :

In Indonesia family businesses evolves in clusters where they produce similar goods. It is mostly the case of enterprises interviewed, such as Batik, Sea Food Crispy, Tempe Crispy, Carpenter. These enterprises are in competition for attracting competitive workers capable to produce a grand quantity of good in a short time. Therefore, the workers are skilled in their specific domain. Family businesses use their social network to attract these kinds of workers. They recruit workers who are known to them from their neighborhood, family members. Indeed, recruiting workers from close network provides some advantages to the employers but also some inconveniences. The advantages are the availability of a competitive labor force who is committed to do the work without betraying the owner. To maintain trustworthy relationship with the employees, employers have to give some incentives in form of social benefits. The employees receive social benefits in terms of social aids, health care, education fee for children, loan without interest or low interest rate. However, these advantages are received in an irregular basis when there is a demand from the employees. Moreover, the wage system adopted based on the piece rate system gives the illusion to the employees that they earn a high wage whereas they have to work hard and longer time. In fact, employees are interested in the amount of income they can earn from the work as they live in a very poor social environment. The inconvenient is the owner has to invest in social capital to maintain a strong relationship with the employees. Therefore, the employers have to pay wages and invest in social services to maintain social capital which increases the cost of production. Consequently, the employers expect the productivity of labor to increase. Thus, the employers have to be very flexible in their approach to deal with the employees, otherwise they can stop working. Moreover, as the employees share the same network, they have all the information concerning how much each employee is paid. In addition, the employers have to adopt a fare approach toward their employees. No discrimination is allowed only if it is justified. In case there is discrimination in terms of wage determination and social benefits, quarrels occur in the workplace. In such a context, the employers have to maintain social cohesion by being fair and equal to their employees.

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Annexe A. Interview guide

INTRODUCTION
What is the name of the company ? Company's Activity Company's Location
I. Questions concerning education and entrepreneurial experience
How did you start the business ? /How did you get involved in the business activity ? So you are a graduate, where did you study and what subject did you study ? Tell me about your entrepreneur experience How much does it cost to invest in the new technology ? Is the business profitable ? Who are the importers ? Who are the competitors in the market ? There is no competition, why ? How is the business organized ? Tell us about the pricing system ? What made the difference between you and the competitors ? Why is your product highly demanded in the market ? Do you prefer local market or international market ? How is the competiton in the local market ?
II. Questions concerning labor relations with employees
How many employees do you have ? How long do they work per day ? Do you help your workers ? Why do you give them these facilities ? What are the advantages to be loyal ? What happens in case of cheating ? How do you build trust with the people in the business and in the community ? How do the firm help the employees ? Tell us more about the credit system in your company

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