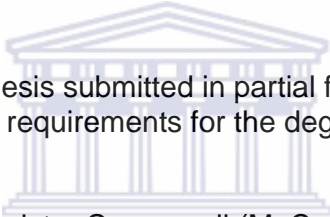


**EVALUATION OF EMPLOYMENT CREATION BY AFRICAN IMMIGRANT
ENTREPRENEURS FOR UNEMPLOYED SOUTH AFRICANS IN CAPE
TOWN**

by

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A mini-thesis submitted in partial fulfillment
of the requirements for the degree of



Magister Commercii (M. Com.)
UNIVERSITY of the
WESTERN CAPE

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November, 2007

KEY WORDS

Migration

African immigrant

Immigrant entrepreneur

Entrepreneurship

Necessity-based entrepreneurship

Opportunity-based entrepreneurship

Entrepreneurial skills spillover

Small business

Employment creation

Cape Town



DECLARATION

I, the undersigned, hereby declare that *Evaluation of employment creation by African immigrant entrepreneurs for unemployed South Africans in Cape Town* is my own work, that it has not been submitted for a degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

Signed:

Vivence Kalitanyi



November, 2007

ABSTRACT

There has been a lot of comment and reaction to the presence of immigrants in South Africa, and most of it has been very negative. In light of the negative reaction, one can ask whether immigrants do in fact add any value to the well being of host countries, given their education, experience and high involvement in small businesses. Several studies have noted that the relatively higher level of education and skills of migrants is at the same level as those of host populations. One study found that over 80% of immigrants in South Africa have had a minimum of 10 to 12 years of education, and at least 30% have had some form of tertiary education, or have completed tertiary education. The above findings coincide with the results of a survey conducted by the UN on asylum seekers in South Africa, which affirms that immigrants were relatively skilled and well educated, with two-thirds having a high school diploma or more education. However, immigrants/refugees find it very difficult to find formal employment, despite their relatively higher level of education and experience. In addition, their labour is often grossly exploited. This pushes most of them to necessity-based entrepreneurship where they often target protected niches in ethnic enclaves.

In the process, they create employment for themselves and contribute to the host society by creating jobs for some unemployed South Africans. However, there is still a strong public perception and even debates as to whether immigrants are taking-up jobs that are supposed to belong to South Africans. This research is aimed at contributing to that debate, by examining whether or not African immigrant entrepreneurs running their own businesses in Cape Town are actually contributing to employment creation for unemployed local South Africans and if their entrepreneurial skills are transferred to locals.

In order to place the study in a wider context, relevant literature regarding migration, entrepreneurship and immigrant entrepreneurs was reviewed. Both qualitative and quantitative methods were used. Semi-structured interviews were conducted with African immigrant entrepreneurs who run small

enterprises in Cape Town. The findings indicated that more than 80% of interviewed African immigrant entrepreneurs are employing South Africans and prefer to employ South Africans. This finding answers the research question as to whether immigrants create jobs for South Africans. The finding also confirms that entrepreneurial skills transmission is happening and these findings confirm many statements highlighted in the literature.



ACKNOWLEDGEMENTS

I particularly wish to express my deep gratitude and appreciation to the following people, without whose support this thesis would not have come to completion:

My supervisor, Prof. Kobus Visser, for his constructive comments, guidance, unconditional support and constant encouragement;

I also extend my gratitude to the University of the Western Cape, particularly the Department of Management, all its staff and especially administration staff Margo Simon, Rosetta Scheepers, Sipokazi Bukani and Muniebah Orrie for their encouragement, tolerance and support;

I must express my gratitude to Prof. Liesel Hibbert, Director of UWC Ilwimi Centre, for her unreserved support since my arrival at UWC, her guidance and professional editing of this thesis; and,

Finally, my heartfelt thanks go to my wife, Louise, whom I neglected during the period of writing this mini-thesis, my children, Carine, Diane and Heritier, as well as my brother, Michael, for their motivation and understanding.

DEDICATION

This mini-thesis is dedicated to my parents; my mother Alice Nyirankiko, and my late father, Boniface Budugu, for having raised me and taking me to school.



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ACRONYMS

ARESTA	Agency for Refugees Education, Skills Training and Advocacy
CWD	Catholic Welfare and Development
DRC	Democratic Republic of Congo
£	British Pound
IOM	International Organisation for Migration
NGO	Non-Governmental organisations
\$	United States of America's currency
SMME	Small, Medium and Micro Enterprises
UCT	University of Cape Town
UN	United Nations
UNHCR	United Nations High Commission for Refugees
USA	United States of America
UWC	University of the Western Cape
VLC	Venture Life Cycle



CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

This chapter serves as an introduction to the research and its purpose is to describe the objective of the research and its importance. This introductory chapter begins with the background of the problem to be investigated, and the motivation for undertaking the study. This is followed by the aims of the research and progresses to the formulation of the research problem under study. An overview of the literature follows and the outline of the research completes the chapter.

1.2 BACKGROUND

Many people like to comment on the presence of immigrants in South Africa, most of the time in a negative way. One needs to inquire whether immigrants have added value to the lives of the people of host countries, given their education, experience and high involvement in small businesses. The purpose of this research is to attempt to answer the question of whether African immigrant¹ entrepreneurs create jobs for unemployed South Africans in Cape Town. Controversial debates and discussions around their presence and the value thereof have led to the choice of the topic.

Immigrants choose Cape Town as a destination for many reasons. Newmarch (2002) argues that most refugees struggle to find work in Johannesburg, and the city is seen to have a high level of xenophobia. Cape Town is seen as more desirable, because it is relatively more peaceful and the level of xenophobia is lower than anywhere else in the country.

¹ African immigrant: for the purpose of this thesis, African immigrant refers to any person who is in South Africa, and who comes from anywhere within the borders of the continent, regardless of the colour of the skin and regardless of reasons why he/she left his/her birth country. However, the research will use a sample of African immigrants from mainly Senegal, Nigeria and Somalia.

Furthermore, immigrants' relatively good education and skills have been confirmed by various researchers and representatives of NGOs; according to Ngwema (1998), about 80% of immigrants had a minimum of 10 to 12 years of education, and at least 30% have a form of or have completed tertiary education. Also, the response of immigrants to the Cape Town Refugees Centre on the project of building the consciousness around human rights for refugees confirms Ngwema's findings. Timberg (2005) articulates that the UN survey of some asylum seekers indicates that immigrants are relatively skilled and well-educated, with two-thirds having a high school diploma or more education.

Despite their education and experience, finding work for refugees is very difficult and they are grossly exploited. Frustrated in their goals of integrating into the host society, immigrants turn to entrepreneurship, sometimes targeting the protected niche in the ethnic enclaves (Salaff, 2002). This pushes many of them into necessity-based entrepreneurship². Consequently, they create employment for themselves and sometimes for unemployed South Africans. Groot (in Timberg, 2005) notes, "I don't think that refugees are taking jobs that would otherwise go to South Africans; they are starting little businesses and employing South Africans more often".

In this context, it is justifiable and necessary to conduct this study in order to gain an understanding of the contribution of immigrants' activities in South Africa in general and in Cape Town in particular. Another reason for this study is to evaluate to what extent African immigrant entrepreneurs help to create employment for some South Africans. The study is relevant as it focuses on evaluating the contribution of immigrants' skills to the host communities in South Africa, where they are regarded, by some, as opportunistic.

² Necessity-based entrepreneurship: According to GEM (1999), necessity-based entrepreneurship as opposed to opportunity based entrepreneurship refers to the fact that people get involved in entrepreneurial activity because they had no better choices for work. The 2001 Executive Report reveals that necessity-based entrepreneurship represents 43% of entrepreneurs while opportunity-based entrepreneurship represents 54% as average in surveyed countries.

1.3 MOTIVATION FOR THIS STUDY

Many African people, especially the young ones, regard South Africa as a country with many opportunities and a higher standard of life compared to that of other African countries. Therefore, they call South Africa the 'Europe of Africa'. This perception drives many of them to move from their home countries to come and look for better lives in South Africa. On the other hand, with the pressure of the international community since the early 1990s to introduce democracy in Africa, the continent started to experience many civil wars as people in power resisted new ways of governance, while others regarded democracy as their salvation and the way of ending nepotism and corruption. One of the consequences of wars is the generation of refugees, who move from one country to another to recover their broken peace, gain rest and find better living conditions.

The presence of economic immigrants and refugees in South Africa creates a controversial debate among government officials. People of South Africa also have different opinions on the presence of immigrants. This study will investigate whether the presence of immigrants and their high involvement in micro-enterprises has a positive contribution to make to the lives of some unemployed South Africans in Cape Town; therefore, responding to some people's interrogations of why South Africa should continue to be tolerant with regard to receiving and accommodating immigrants.

Such a study is also significant because, to date, there has been relatively little research on this topic. It is also new in the sense that no previous study has attempted to examine what immigrants in South Africa can offer to native-born South Africans, or what contribution they can make that may benefit unemployed South Africans.

1.4 AIMS OF THE RESEARCH

The study proposes to evaluate how African immigrants' entrepreneurial activities contribute to employment creation for unemployed South Africans in

Cape Town and the level of entrepreneurial skills transmission to South Africans. It is also intended to contribute to the rare literature about positive factors of immigrants' lives and their relationships with their host South Africans, thereby meeting both academic and strategic goals.

1.5 RESEARCH HYPOTHESES

The researcher predicts a direct correlation between the high involvement of African immigrants in micro-enterprises and subsequent job creation for unemployed South Africans in Cape Town. Given the information about this topic in the literature and the researcher's own observations, it is possible to formulate the following hypothetical statements:

- 1.5.1. African immigrant entrepreneurs create jobs for unemployed South Africans in Cape Town.
- 1.5.2. Entrepreneurial skills are transferred from African immigrant entrepreneurs to South Africans.

1.6 RESEARCH PROBLEM

The following broad research question frames the entire project:

Do African immigrant entrepreneurs create employment for unemployed South Africans in Cape Town?

The following questions will be the researcher's main points of focus:

- Why do immigrants leave their home countries to come to South Africa?
- Which types of products and services are provided by African immigrant entrepreneurs?
- How do they choose and get business spots i.e. premises or sites?
- Do African immigrant entrepreneurs provide employment to local people?
- Which entrepreneurial activities tend to have a high positive effect on unemployed locals?
- Do African immigrant entrepreneurial skills spill over to local people?

- What is the role and effectiveness of supporting institutions to African immigrants in their entrepreneurial activities?

1.7 OVERVIEW OF THE LITERATURE

The purpose of the literature review is to define the theoretical framework for assessing the role of immigrant entrepreneurs and their effect on job creation for unemployed people and to determine the applicability of this phenomenon in Cape Town. For the purpose of this study, the literature review focuses on an overview of migration, entrepreneurship, and immigrant entrepreneurs around the world, in South Africa, and in Cape Town.

1.7.1 Migration

Goetz (1999) examines the reason why migration takes place and proposes that is due to the perception of economic opportunities by potential immigrants. He further confirms that the Internet and the greater flow of information are minimising the chances of obtaining incorrect information about business opportunities in the targeted places for migration. Berry, Conkling and Ray (1987) argue that if the distance is less between two places, there are more chances of flow of information between immigrants.

According to Hall (1998), migration of people and ideas has resulted in all kinds of innovation and creativity due to cultural mixture. People learn new ways of doing things. Examples include colonists who learned new agricultural techniques from American Indians and African-American slaves who created the Gullah language to communicate across language barriers (Hall, 1998).

1.7.2 Entrepreneurship

Visser (in Friedrich and Visser, 2005) states that “people, who undertake, pursue opportunities and fulfill needs and wants through innovation, are called entrepreneurs”. According to Anderson (2002), “The term entrepreneurship comes from the French verb ‘entreprendre’ and the German word ‘unternehmen’, both of which mean to ‘undertake’”.

The role of entrepreneurship in supporting economic growth has long been recognised by researchers and government. According to Timmons (1989), entrepreneurs and innovators radically transformed the US economy and that of the world during the last quarter of the 20th century. He argues that over 95% of the wealth in America was created by this E-Generation of revolutionaries since 1980.

Tiessen (1997) says that theorists identify entrepreneurship by two critical ingredients, namely, economic opportunity and resources. He further confirms that the perception of an opportunity and obtaining the resources needed to exploit it is the core of entrepreneurship.

1.7.3 Immigrant entrepreneurs

Moving to a foreign country to establish a business, to work, or to retire can be a daunting experience. Researchers and immigrants themselves say immigrants frequently become entrepreneurs because they have already taken big risks by moving thousands of miles from home (Thurm, 1999). Immigrants and their descendents are excellent sources for stories of migration and cultural exchange. They tell why they left their home countries, what traditions they brought, which challenges they faced and how their presence reshaped the community of the host countries (Hall, 1998).

1.7.3.1 Immigrant entrepreneurs in North America

Mandel and Farrell (1992) confirm that the US economy has benefited from a government policy of being an open-door society. Thurm (1999) reports that immigrants from ethnic Chinese and Indian societies run nearly 25% of the high-tech companies started in Silicon Valley since 1980 and 29% of the companies founded between 1995 and 1998.

Razin (1993) asserts that Europeans, and particularly British immigrants have been dominant in Canada and the immigrant ratio has been higher than that of the US. Therefore, immigration influenced Canada's economy and demographic composition more than that of its southern neighbour.

1.7.3.2 Immigrant entrepreneurs in Europe

According to Serrie (1998:214-5), entrepreneurial immigrants from the Maghreb (mainly from Algeria, Morocco and Tunisia) are overwhelmingly Berber³ and operate grocery stores, restaurants and clothing stores in wealthy French neighbourhoods. The Maghrebian entrepreneurs rely on their immigrant community to start up their businesses. On the other hand, the entrepreneurial immigrants from Portugal, based in France, are proving to have a competitive edge in the construction industry compared to other immigrants from Southern Europe.

1.7.3.3 Immigrant entrepreneurs in South Africa

Isaacs (in Friedrich and Visser, 2005) argues that South Africa is very rich in minerals and other resources, which South Africans learners should be taught to exploit instead of leaving them to foreigners such as Chinese, Portuguese, or Jewish entrepreneurs and many others, who, today, are very successful business people in South Africa.

1.8 METHODOLOGY

Within the international literature on immigrant entrepreneurs, surveys and case study and ethnography methods have been widely used by the researchers in the field. However, as pointed out by Hussey and Hussey (1997), the use of triangulation (i.e. the use of various methods in one study) is also a possible research approach. This research uses both qualitative and quantitative methods with an emphasis on the qualitative.

Semi-structured interviews were conducted with African immigrant entrepreneurs who operate in Cape Town. The research survey involves the collection of data from a sample of 120, which is representative of the

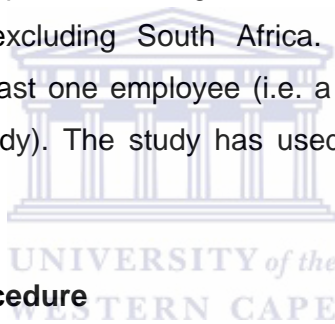
³ Berber: Race of dark-skinned North African people. They lived in Morocco before the influences of Arabic and Islamic culture reached the area. According to Wikipedia (2006), the Berbers (also called Imazighen, "free men", singular Amazigh) are an ethnic group indigenous to Northwest Africa, speaking the Berber languages of the Afroasiatic family. There are between 14 and 25 million speakers of Berber languages in North Africa, principally concentrated in Morocco and Algeria but with smaller communities as far east as Egypt and as far south as Burkina Faso.

population identified as the object of the analysis. Also semi-structured questionnaire was sent to organisations that interact with immigrants in Cape Town and the response from them was satisfactory.

1.8.1 Sampling

Cooper and Schindler (1998) argue that the basic idea of sampling lies in the selection of some elements in a population in order to draw conclusions about the entire population. Immigrant entrepreneurs from Nigeria, Somalia, Senegal and other African countries are included in the sample group of this study and criteria for the sample selection include the origin of entrepreneur, the employability of the business.

Regarding the origin entrepreneur, immigrant entrepreneur must be originally from African continent excluding South Africa. On the other hand, the business must have at least one employee (i.e. a one person business was not concerned in this study). The study has used a sample of 120 African immigrant entrepreneurs.



1.8.2 Survey procedure

Lerner and Haber (2000) develop a comprehensive structured questionnaire, which was pilot-tested by means of face-to-face interviews with a group of respondents. In order to ensure high response rate, phone calls were made to the owner or partner of each small venture selected a part of the sample group. This study has adopted both procedures and face-to face interviews with 120 African immigrant entrepreneurs were conducted while phone calls were made to contact non-government organisations that interact with immigrants.

In order to gather the data needed for the analysis, the researcher uses a structured questionnaire which combines closed-ended questions, Likert-scale and open-ended questions. A combination of the three types of questions provides a wider opportunity of getting more relevant and in-depth information (Baker, 2003). Questionnaire must fully answer all the data requirements that

have been stipulated in the research questions, in order to reduce costs and non-response rate (Webb, 2000).

In the view of Co (2003), the questionnaire is pilot-tested before application in order to know if the respondents are able to understand the contents, and to incorporate comments and suggestions from the respondents into the final questionnaire.

After the pilot-testing the questionnaire, the researcher will embark on the empirical work, which will consist of visiting African immigrant entrepreneurs to their business sites and request permission to interview them. The questionnaire for organisations that support immigrants will be sent by e-mail or fax according to the respondent's choice. The information obtained will be treated with full confidentiality as stated in the covering letter and in the questionnaire. The researcher must comply with the research ethics requirements and only acts if approved by the respondent.

1.9 THESIS OUTLINE

This mini-thesis evaluates to what extent African immigrant entrepreneurs create employment for unemployed South Africans in Cape Town. Therefore, it reports on the presence of African immigrants in Cape Town and their involvement in micro-enterprises.

Chapter 1 introduces the research by giving a brief background of the problem under study and explains the rationale of the topic and the importance thereof. The chapter also presents the research hypothesis, the research problem and the outline of the literature.

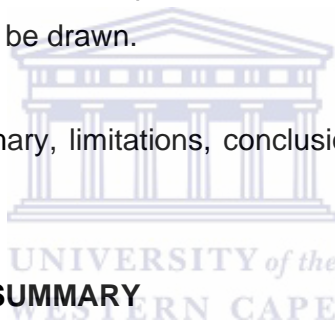
Chapter 2 provides an extensive literature review on the constructs of migration, entrepreneurship, and migrant entrepreneurs. Thereafter, a theoretical comparison is made between immigrant entrepreneurs around the world and in South Africa. Under the construct of migration, the literature defines and presents reasons why migration takes place. It also discusses the debates around migration and its consequences for both places; receiving

areas and areas from which migrants depart. The chapter also defines entrepreneurship and discusses its importance. Finally, the chapter discusses immigrants entrepreneurs in Canada, USA, Europe and in South Africa.

Chapter 3 deals with the means which the researcher uses to achieve the research aims. It describes the sample and how it was selected. It also describes how interviews were conducted with African immigrants and how the questionnaire was sent to the supporting organisations. The chapter also describes how the issues of reliability and validity and ethics were dealt with.

Chapter 4 presents the findings and evidence from interviews that were conducted and from the questionnaires that were distributed. The chapter presents the collected data in a tabular format followed by the discussion of the findings. The findings were compared with the findings from the literature so that a conclusion could be drawn.

Chapter 5 presents summary, limitations, conclusions and recommendations from the study.



1.10 CHAPTER SUMMARY

South Africa has been a country of 'immigration' by people from all over the world, and since the beginning of democracy in 1994, many African people started to flow into the country. South Africa is regarded as a country with abundant business opportunities by many African young people, and this is one of the motives to leave their home countries. Furthermore, African conflicts create refugees who move from country to country, looking for peace and better living conditions. Immigrant entrepreneurs have created employment opportunities for locals in North America, in Europe and elsewhere because they are highly involved in businesses.

This chapter has introduced the study by highlighting the motivation for the study, the objectives, the research hypothesis as well as the research problem. The chapter has outlined the coverage of literature review, the methodology of the study as well as the outline of the study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter focuses on key issues relating to the movement of people around the world with the objective of settling in a new location and establishing a new life. The second point of focus will be entrepreneurship, which is described in a section that details how people enter new ventures to become independent workers and improve their living conditions while increasing their incomes. Thirdly, this chapter looks at how immigrants become entrepreneurs in the new environment, sometimes hostile to them, and the impact of their entrepreneurial activities on some host populations.

As pointed by Forgues (2000:379), analysis of the literature allows the researcher to situate his/her research in relation to previous research and the author should highlight any divergences, may indicate similarities between related domains while staying focused on the research question to avoid losing the reader's focus, and, wherever it is appropriate, this analysis may lead to the formulation of hypotheses. This objective of analysing the literature review was also highlighted by Welman and Kruger (1999:34), who argue that the compilation of the literature review makes researchers aware of the inconsistencies and gaps which may justify further research. The review of research findings enables researchers to indicate exactly where their proposed research fits in.

2.2 MIGRATION

2.2.1 Introduction

McKinley (2006) ascertains that migration is one of the defining issues of the 21st century, and it is an essential, unavoidable and potentially beneficial component of the economic and social life of countries and regions. For McKinley, people should no longer ask about whether migration should or should not be accepted but should spend time studying how to deal and

manage it effectively so that they can fully exploit the benefits it has to offer and reduce or minimise the negative effect it may bring.

The numbers of immigrants to any nation, and the countries of origin of those immigrants, are powerfully affected by the receiving countries' immigration policies and laws as well as the degree to which those laws are enforced (Serrie, 1998). Serrie further notes that, only five nations on the planet encourage immigrants to settle permanently and obtain citizenship and naturalisation: Australia, Canada, Israel, New Zealand and the United States. Serrie compares immigration policies in New Zealand to those of the United States of America. Unlike the United States, New Zealand regulations require proof of family income so that the immigrants do not place burdens on social welfare services.

The *International Organisation for Migration (2006)*, states that migrants (i.e. permanent residents, temporary workers, students, professionals, family members) come from all the corners of the world and transit through or reside permanently in a foreign country, and the most difficult challenge faced by many governments is the socio-economical integration of those migrants who decide not to go back to their home countries. In light of the above challenge, one can suggest the need for a discussion around the interaction between migrants and host societies for a better, mutually beneficial approach to achieve a comprehensive migration policy.

A discussion of integration approaches is needed today more than ever, given migratory patterns and greater global mobility. Recent events related to security around the globe have sharpened the focus on migration and what integration should take place. Most migratory flows occur within regions, and many of them are done through strong networks; therefore, controlling the migration is a challenge for both the developing and the developed world (*International Organisation for Migration, 2006*).

Human migration has taken place at all times and in various circumstances: tribal, national, class and individual. Among the causes motivating such migration, one can list the climate, economy, religious affiliation or merely love of adventure. The causes and results of migration are key elements for researchers in the fields of ethnology, political and social history and political economy. In the field of migration, one can also mention 'forced migration', which is caused by authoritarian regimes, which most of the time result in civil wars that displace people from their homelands to seek peace and stability in foreign countries (*Wikipedia*, 2006).

As mentioned by the *Urban Institute* (2005), immigrants are found in job markets and half of the workers who entered the US job market in the 1990s were immigrants. Some immigrants have academic credentials, others do not. Immigrants represent 20% of low-wage workers in the United States and they are defined as those who earn below twice the minimum wage.

The *Urban Institute* (2005) has also identified what is termed as 'undocumented immigrant workers'. These are immigrants who are granted temporary work visas, which begin a path to citizenship. Two of every five low-wage immigrant workers are identified as undocumented workers. Another finding of the *USA Urban Institute* is that women immigrants form a large part of the undocumented population in the United States, contrary to the public perception. They constitute 41% of the group, and fewer of them work outside the home.

A research study on health and well-being of children under the age of 6 years in immigrant families has shown that they are the fastest growing section of the population and, generally, little is known about them. Efforts are being made to scrutinise the health, well-being and school readiness of the children of immigrants. One unpleasant trend is that children of immigrants use public benefits less often than children of natives, despite higher rates of poverty. One of the reasons may be that their non-citizen parents may be reluctant to request these benefits despite their children's eligibility and citizenship (*Urban Institute*, 2005).

2.2.2 Defining migration

The term 'migration' can have various definitions, depending on the context. The term is applicable to both humans and animals. According to *Wikipedia* (2002), human migration means any movement by people from one locality to another, often over long distances or in large groups. Literature concerned with this topic suggests that people have been migrating throughout their history, and this can be compared with the periodic migratory behaviour of groups of animals such as birds and fishes.

Goetz (1999:18) argues that there is no universally agreed-upon, single definition of migration, and the one he used in his paper was a compromise and only concerned the migration across state lines but excluded changes in residence within a single country. He defines migration as "the movement of people across country (and state) lines within the United States for the purpose of establishing a new place of residence".

As reported by Clark (1986:33), "some researchers define migration as occurring whenever the distance involved in a residential move (change in homes) is so large that it is no longer possible for the mover to commute to the old place of work". Other authors argue that migration has occurred whenever the move takes a worker into a new labour market.

2.2.3 Reasons why migrations take place

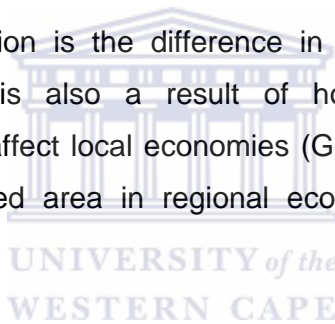
According to Lee and Siemborski (2000), the Irish, British and Cubans immigrated to America for several reasons:

- The potatoes famine that killed over a million people
- The oppression of British rule of their country and the British landlords, which included British Protestantism and taxes
- The onset of prolonged depression and social hardship
- The Irish economic collapse that brought the average age of death to 19 in the rural areas
- Lack of better opportunities of work which brought British immigrants to America in 19th century

- Dissatisfaction with the government policies as was the case in Cuba between 1959 and 1962 when more than 200,000 anti-Castro Cubans immigrated to the United States
- Forced migration such as the slavery that Africans underwent from 17th to 18th century
- Religious incongruence such as that of the Scotch and Irish who were Presbyterians and Catholics while the British were Protestants.

Goetz (1999:5-6) argues that an economic boom is one of the reasons why people migrate, in the hope of finding better living conditions. Other reasons for migration range from private or personal, where people move to new and better jobs, live in an area with a perceived better climate or more pleasant environmental amenities.

Another cause of migration is the difference in employment opportunities among regions, which is also a result of how business cycles and macroeconomic policies affect local economies (Goetz, 1999:7) and this is a relatively under-researched area in regional economies and the study of migration.



Hunter and Skinner (2001) conducted a survey of 171 foreign informal traders, and one of the reasons was to determine why immigrants leave their home countries to come to South Africa. The research found that the informants originated from 17 different African countries, with 47% being political refugees and the remaining group coming to South Africa for other, often economic reasons.

Gilbert and Koser (2006) argue that asylum-seekers go to the UK because of the generosity of the welfare state and the facility of getting a job in the informal sector and because the UK does not have identity cards and has a good record of not sending home unsuccessful asylum applicants.

2.2.4 Immigration into South Africa

South Africa is located on the southern tip of the African continent. Its diamond and gold mines that changed the country from an agricultural society to a modern metropolitan society make it famous. Cape Town, South Africa's first city was founded in 1652 by the Dutch to provide fresh produce and meat to the members of the Dutch East India Company who were traveling from Europe to the Orient. In 1806, the colony switched hands and became part of the British Empire (Weiner, 1997).

Weiner (1997) ascertains further that immigrants, especially Jews, have been part of South Africa's development from the very beginning:

- Portuguese Jewish cartographers and scientists contributed to Vasco Da Gama's discovery of the Cape of Good Hope in 1497.
- In the early 19th century, Jewish immigrants from Germany and Holland started building a commercial infrastructure for the Boer farmers and set up trading stations in villages and at railways sidings which had become the local business centres.
- In the 1840s, Jewish entrepreneurs developed the shipping, fishing and coastal trading and sugar enterprises. They were also active in the production of wine, clothing and steel.
- In 1867, the discovery of diamonds in Kimberly attracted Jewish entrepreneurs and businessmen. Given their extensive trade network, Jews became quickly involved in the diamond and precious stone industry, and the founder of the De Beers diamond company, Barney Barnato, and Sammy Marks are the two most famous Jewish South African entrepreneurs.
- In the first half of the 20th century, following the mining boom, Jews became part of the rapid industrialisation of South Africa. They become involved in food processing, clothing, textile and furniture manufacturing, insurance, hotel management, advertising and entertainment. They also established supermarkets, department stores and discount store chains.

South Africa.Info reporter (2004) elaborates that the African continent accounts for over 4.2 million refugees, second only to Asia. Until 1993, South Africa did not recognise refugees. The new democratic government became a member of the United Nations and the Organisation of African Unity and signed the Conventions on Refugees afterwards. Though there was no official recognition, South Africa has been a home for refugees for many decades. In the 1980s, there were 350, 000 Mozambican refugees in South Africa, many of whom have now returned to Mozambique. The 2004 statistics suggest that roughly the equivalent number of people are seeking asylum or are refugees in Africa as in Europe.

Thousands of people choose to settle in South Africa because of quality of life, the climate and the business opportunities. Recent immigration records show that South Africa is truly becoming a colour-filled multi-cultural melting pot, alive with possibilities. Furthermore, thousands of applicants are granted resident status each year, and the 2002 statistics show an increase of over 35% from the previous year, or 6,545 immigrants in 2002, compared to 4,835 in 2001.

In 2002, immigrants were from a range of countries, including the UK, India, Nigeria, Zimbabwe, China, Germany, the United States, and Taiwan, as well as from other countries in Africa and Europe. The following year's records (i.e. 2003) show that the majority of immigrants were from Nigeria (1,689), followed by the UK (1,032), these being by far the dominant nationalities (*South Africa.Info reporter*, 2004).

According to *South African.Info reporter* (2004), 14,000 new arrivals were received in South Africa in the first 5 months of 2003, and this number brought the total number of immigrants to 90,000, comprising 24,000 recognised refugees and 66,000 asylum seekers (Table 2.1).

Recognised immigrants	Asylum seekers	Total
24,000	66,000 (including 14,000 new arrivals)	90,000
<i>Source: South Africa.Info reporter (2004:1)</i>		

Most of South Africa's current refugees come from countries such as the DRC, Burundi, Rwanda, Angola and Somalia because these countries are experiencing political problems.

South Africa hosts around 142,000 refugees and asylum seekers and many of them fled conflict areas and persecution from their home countries such as DRC, Burundi, Cote d'Ivoire, Rwanda and Zimbabwe. The Johannesburg refugee office counts nearly three-fourths of South Africa's pending asylum applications and handles 75,000 out of 115,000 pending applications countrywide (Gagnon, 2005). Gagnon further notes that asylum seekers and refugees in Johannesburg are often harassed, mistreated and extorted by the police as opposed to the exemplary laws to protect refugees and asylum seekers that are on papers. Gagnon adds further that in practice, the government is failing to provide protection to these vulnerable individuals.

2.2.5 Debates around migration

People within a country do not have the same views about migration. Haubert and Fussell (2006) argue that the Australian society is also divided with regards to migration policy, with cosmopolitans more tolerant about immigration than the rest of the population living in other areas, and education plays a crucial role in the attitude of people towards immigration. Bruce-Briggs' (2006) ascertains that people with education at college, trained in humanities and other social sciences, and employed at universities and in the public sector, are more supportive of Australia's open immigration policy.

Serrie (1998) focuses on the United States immigration policies and the critical issues in the debate on reform. He argues that the US still prioritises the family reunification policy, but immigration levels are debated in terms of America's capacity to absorb the ever-increasing numbers of immigrants with

respect to socio-cultural comfort and job competition. Another debate concerns the diversity of source countries: European immigration to the United States has fallen to less than 10% therefore the country is concerned whether it will only receive migrants from only other part of the world without Europeans. He further characterises as 'illogic' the attempt to solve America's crisis regarding inadequately educated and trained native-born workers by increasing the number of visas related to employment and importing better educated and trained workers from abroad. At the same time, Serrie (1998) qualifies as 'paradoxical' the attempt to solve America's crisis concerning native workers that are too highly paid to compete in the world economy by allowing big numbers of inadequately educated and trained foreign workers to enter the country and take jobs for minimum wages or less.

It is shortsighted to believe that the United States is physically capable of solving the problems of overpopulation and resulting poverty in the developing world by leaving the door wide open to legal and illegal immigrants as if everyone will be able to become affluent once they have arrived in the United States (Serrie, 1998). Serrie uses an improbable example of China, where, if its population was proportionally divided among all the nations of the world, then each nation would have a Chinese minority group totaling 24% of its population. Similarly, Serrie argues that if all Chinese were relocated to the United States, the country's physical environment would be 550% more crowded.

Sharry (2000) opposes the view that the United States government should increase the number of skilled immigrants by reducing the number of immigrants admitted on the basis of family reunification. His argument is that people should recognise the contribution that immigrants of all levels make to the America's extraordinary prosperity. His recommendation is that Congress should liberalise the immigration of all categories to sustain the achieved prosperity.

The way immigrants cross the borders constitutes a topic of hot discussion between departure countries and destination countries. Given the number of immigrants who cross the Mediterranean Sea from Libya to Italy, there is an

unsuccessful debate between these two countries about how to counter the movement. Laura Boldrini, the UN commissioner for Refugees reports that the crossings are becoming more frequent and that they become more dangerous with people inexperienced in venture (*Africatime*, 2006).

Cross (2006) maintains that South Africa is creating barriers to migrants by holding jobs open to South Africans who are not capable of filling the positions. Cross argues that the overseas competitors are grabbing the market share and suggests that South Africa should open up a little to migration and go further towards creating a more flexible labour market in which migrants can be employed to the general benefit of the country. Cross's view supports immigration to South Africa as a way to try to meet the challenges of international industrial and commercial competition as fast as possible to avoid deterioration in the country's economy.

According to the *Urban Institute* (2005), the composition of the US child population is being affected as 1 child in 5 (and 1 in 4 low-income children) has an immigrant parent. This raises concern because many immigrants are low-income and without benefits; therefore, their children are in greater jeopardy with regards to poverty, economic hardship, and lack of access to health insurance, public benefits, child care and other needed services.

The *Urban Institute* (2005) highlights another issue of citizens from non-citizens, legal from undocumented immigrants, and refugees from other immigrants. The Institute argues that clarifying these distinctions involves analysis of the impacts of public policy on immigrants' families.

2.2.6 Consequences of migration: Advantages and disadvantages of migration

2.2.6.1 Introduction

As noted by Goetz (1999:4), migration can have important impacts or effects on both the supplying and the receiving regions. More often, immigration and emigration change the composition of age, sex ratios, literacy rates and

demography of the affected areas. Migration of people is useful for many reasons - both public and private; determination of population change in an area, together with vital statistics such as the number of born and died people in the area over a specific period of time such as a year. Migration is important also because of the change in the makeup or composition of the communities involved in.

On the other hand, migration can also be the cause of socio-political and economical problems; once arrived in the country of destination, immigrants become a big burden to the government; they need financial assistance, accommodation, schooling for the children and other services. *Africatime* (2006) quotes the words of the Italian minister of transport who, after realising the problem of migrants crossing the Mediterranean Sea, decided to call his government to provide 10 millions Euros to reinforce the patrol in the sea.

Secondly, city and regional planners need to be aware of the constant change in population over time to plan for the supply of the public infrastructure and services, planning for adequate school facilities, so that there is no oversupply or undersupply remains a challenge for both urban and rural planners (Goetz, 1999: 6).

Migration decisions have aggregate implications for the average level of income both in the destination and the origination community. Cromartie and Nord (1997:40) report that during the post-1990 rural population growth spurt, the higher income of immigrants compared to out-migrants increased overall rural per capita income by an estimated \$30 per year and migration increased per capita income in roughly half of all non-metropolitan areas (Goetz, 1999:9).

With regard to South Africa, people argue that in some instance, the increase in the number of immigrants in South Africa has generated some tensions with South African citizens who blame some refugees and illegal immigrants for escalating crime. Xenophobia has thus become an issue in some areas (*South African info*, 2004).

2.2.6.2 Advantages of migration

Cross (2006:6) mentions that the only internationally recognised way to fill skills' gaps quickly, is through migration. It is regarded as a way of filling jobs that the citizens do not want to do, but in South Africa, it is about filling important positions that South Africans are not capable of filling. Cross notes further that South Africa is creating a non-favorable and unwanted situation and making it hard for migrants to come legally, and there is an attitude of holding up jobs open for South African citizens while there are not enough qualified to take them. This is choking off the country's economic growth and inhibiting job creation. The collective decisions of people to migrate have some effects on public or on community for both places; from where they come and on the places to which they move to.

Cross (2006) argues that there is, in South Africa, a fear of job losses and crime increase because of migration, but ascertains that if migration is managed properly and correctly, it may have a positive impact, especially on skills shortage, which is a big obstacle for the growth of the South African economy.

Akokpari (2005) ascertains that his country –Lesotho- benefits from immigration because it creates jobs, brings in skills and increases the country's international profile and competitiveness. The above argument was supported by Gilbert and Koser (2006) who ascertain that immigration is important because of its role of helping to forester the public opinion and government policy.

2.2.6.2.1 Advantages to the host (receiving) communities or areas.

International migrants want to work hard and they are selected from highly educated groups from their countries of origin. Those who are coming in South Africa are helping to reduce the skills gap even if not enough. There is no tradition in Southern Africa of teaching young children to become entrepreneurs from a young age, as happens in the Western Africa. Therefore, migrants bring these skills with them and when they employ South

Africans, they pass on the skills that are missing in indigenous cultural behaviors. Cross (2006) ascertains further that small businesses in the informal category where there is migrants' mentoring, seem to be most effective, far-reaching and quickest skills-training programme.

In contrast to the poor people in receiving areas, who become poorer, merchants and shopkeepers in the receiving areas that are becoming booming communities may become wealthy, at least in the short term because they happen to be in the right place at the right time (Cross, 2006).

Highlighting the population growth of some States, such as Nevada (39.5% from 1990 to 1997), Utah with a population growth of 19.5% between 1990 and 1997, Goetz (1999:6-7) argues that immigrants create many opportunities for local business and also stimulate the growth of new business because of the rapid population growth.

Perbedy and Crush's (1998: 2) study focuses on handicraft and curio traders. They interviewed 107 non-South Africans and 21 South African traders, and the study revealed that more than 1 in 5 non-South African traders employ South Africans. All these employees are identified as women.

Haubert and Fussell (2006: 43) confirm that business owners and managers may benefit from immigrants' labour because, "immigrants with fewer skills or limited English proficiency are typically willing to work for lower wages than the native-born." As demonstrated by the *US Urban Institute* (2005), immigrants contribute greatly to the economy and tax of the Washington DC region. More than a million immigrants from various countries represent 19% of the region's total household income and 18% of all taxes paid.

Immigration can help governments to shape their business and administrative policies. As reported by Jonathan (1995), the Canadian standards of living after 1995 depended greatly on its export performance. Government has taken this in mind to fix an ambitious goal of doubling the number of exporters from 1995-2000 and to increase the export levels of firms already existing.

One of the three sources export took advantage was the enhancement of immigration-based export advantages.

In receiving areas, some people can benefit from migration and undergo some training to assist in dealing with immigrants. According to *South Africa.Info reporter* (2004), in 2002 and 2003, the United Nations High Commission for Refugees (UNHCR) has trained 40 lawyers to assist the South African Department of Home Affairs to clear some immigrants' cases. However, the number of cases piled up again after many of the lawyers left to find more lucrative jobs. In 2004, there were some 52 000 cases awaiting status determination in South Africa.

2.2.6.2.2 Advantages to the communities or areas from which migrants depart

In the abandoned areas, schools become smaller and students receive more attention and may have enough opportunities to develop leadership skills (Goetz, 1999:7).

Immigrant entrepreneurs transmit their entrepreneurial skills and strengthen trading alliances with their regions of origin. Thurm (1999) points out that, immigrant entrepreneurs strengthened the Silicon Valley's bonds with the rest of the world and States such as California and New York tend to export more goods to countries from which large numbers of immigrants come.

2.2.6.2.3 Advantages to the immigrants' communities

Immigrant entrepreneurs help themselves to achieve an unprecedented international reputation with the application of their entrepreneurial skills. As ascertained by Thurm (1999), Hong Chen, a Chinese-born immigrant to the United States, is a chief executive of a traded United States company. His Gric Communications Inc., a global network of Internet services, has financial backers in the United States, Singapore and the Netherlands.

2.2.6.3 Disadvantages of migration

Akokpari (2005) stipulates that compromising jobs, increasing crimes, spreading of diseases and undermining the homogeneity of his country Lesotho are the negative points of immigration.

As reported by Haubert and Fussell (2006), research on immigration suggests that negative behavior towards immigrants has its roots in the fact that native-born group perceives immigrants as social and economic threats to the locals. Studies conducted in Canada, the UK, the US, Germany, and France have all reached the same conclusions-that the native-born perceive immigrants as a crime threat (Palmer, 1996), an economic threat (Simon, 1993; Quillian, 1995; Palmer, 1996; Simon and Lynch, 1999; Fetzer, 2000; Scheve and Slaughter, 2001), or a cultural threat (Espenshade and Calhoun, 1993; Espenshade and Hemstead, 1996; Chandler and Tsai, 2001). When current events or a given social position make these threats more salient, an individual is more likely to view immigrants negatively.

Labour market competition is another area where immigrants are regarded as threats to the dominance of the native-born. Immigrants enter into competition with locals with low skills and can be an alternative for employers wanting to hire lower-salaried employees. The authors maintain that blue-collar and service workers are most threatened by competition from low-skill immigrants while white-collar workers are not in direct competition with immigrants (Haubert and Fussell, 2006).

2.2.6.3.1 Disadvantages to the host (receiving) communities and areas

As noted by Goetz (1999:6) economic costs can follow the congestion and may escalate rapidly in the communities receiving a large number of immigrants; property values can rise quickly and become unaffordable for the existing communities as wealthy immigrants can cope with the rise and move out of suburbs and back into the cities. More often, long-term residents with limited or fixed incomes find their property values and tax burdens rise quickly and find themselves unable to afford to pay for them; this is called

'gentrification'. Furthermore, Goetz identifies a similar phenomenon that occurs in rural areas located at the periphery of urban areas, where wealthy people, attracted by the rural amenities, drive up land and housing costs with the objective of pushing low-income families further into remote areas that then become enclaves of the poor.

Cross (1999:8) argues that problems can arise when newcomers demand more services, or new services, than are available, especially if they have some socio-economic characteristics that are different from those of the resident population. Goetz provides some examples: newcomers having smaller children may require the construction of more schools, a demand to provide more extra socio-medical services, the need for churches other than those representing the resident population and other demands. Price of property went up dramatically where a single-story home, with brick exterior, two bedrooms, two bathrooms, measuring 1, 688 square feet, which was sold for \$75,000 in 1975, sold for \$900,000 in 1999 (Cross, 1999:8).

There is, in South Africa, a problem of not being able to quantify and recognise the role of immigrants' skills in the economy, the reason being that some at lower levels of work may be undocumented workers using false South African identification. Also, in South Africa, the small businesses run by poor South Africans are suffering from strong competition from foreigners who seem to be more skilled, better educated and financially supported (Cross, 2006:9).

2.2.6.3.2 Disadvantages to the communities or areas from which migrants have departed.

Much inconvenience is associated with the departure of people, and obvious examples include a declining tax base to fund minimal levels of public services such as schools, falling property values in places rapidly losing population, local businesses losing revenues as people move away from an area and businesses being forced to close down or be relocated (Goetz, 1999: 6). Although not much applicable in the African context, Goetz ascertains that loss of population creates an economic decline in the

community. Movers leave behind big service infrastructure and capital investments that become difficult to maintain with declining population and tax declines. Another big disadvantage that is internationally recognised in the literature is the 'brain drain'.

Many communities, especially in rural areas, are deprived of any returns on their investment in their young people, who, once they complete high school, leave the rural area for more remunerative employment elsewhere (Goetz, 1999:7), and some observers have suggested that communities (often urban) that benefit from the young who have been trained elsewhere should pay compensation to the losing area.

The ability of government agencies to provide services such as police and fire protection and ambulances can decline when people leave the rural areas. Goetz's explanation of the above is that the relationship between population size and the quantity of services delivered is not constant (or linear) or more specifically the provision of public service requires fixed costs which tend not to vary with the population size (Goetz, 1999:8).

Douglas, *et al.* (1993:430) ascertain that the main problem for communities that are losing people is that the remaining people and the public service providers cannot reduce their fixed costs because these fixed costs have to be distributed to fewer people and fewer taxpayers when the community loses active population. The result will be the relative increase of the fiscal burden on those left behind, which is the major economic cost associated with the loss of residents from declining areas. The solution should be to encourage foreign immigrants to move to rural areas to offset the negative consequences of people moving.

2.2.6.3.3 Disadvantages to the immigrants' communities

Hunter and Skinner (2001) argue that there are some differences between locals and foreign traders, and foreigners complain that they were never granted business spots (sites) in central business districts. They use private

markets, which cost more money to rent than the government-controlled sites, which results in greater police harassment than that experienced by locals.

According to *South Africa.Info Reporter* (2004), immigrant doctors, engineers and teachers have managed to find employment and their children's education has improved at primary level. However, it is much harder at secondary and tertiary levels.

2.3 ENTREPRENEURSHIP

2.3.1 Introduction

Massey (1988) states that entrepreneurship the world over contributes substantially to the social and economic development of a country. Issues such as unemployment, as well as poverty alleviation are addressed by entrepreneurship. The concept of 'entrepreneurship', what it means and where it comes from, is the foundation for policies promoting entrepreneurship and the key to understanding its role in development of a country.

According to Krackhardt (1995), entrepreneurship has become an independent area of study as it is shown at the legitimising symbol of status in the field of organisation. Entrepreneurship has its own thriving division within the academy of management and it has its own journal. Professors of entrepreneurship hold chairs at the most prestigious universities and business schools in the world. However, despite this legitimacy, there is still no agreement on the definition of the concept of entrepreneurship.

The literature has conceptualised entrepreneurship as a process by which individuals either on their own or inside organisations pursue opportunities regardless of the resources at hand. In other words, entrepreneurship centers itself on a vision which allows the entrepreneur to see beyond the confines of resource constraints and locate opportunities missed by others (Keogh and Polonsky, 1998).

Lipparini and Sobrero (2002) ascertain that several studies on the personality of entrepreneurs (McClelland, 1961; Keirsey and Bates, 1978; Roberts, 1998) have portrayed these individuals as capable of translating a high need for achievement into economic development. Entrepreneurs thrive on situations in which they may gain personal satisfaction by taking the responsibility for success or failure. Although greater uncertainty, which leads to higher risks, characterises the newly innovative projects, entrepreneurs will tend to pursue radical projects and avoid more incremental, or risk-free, situations because any certainty of the outcome is unchallenging in terms of personal achievement.

Furthermore, entrepreneurship plays a major role in reforming and revitalising economies because it establishes new businesses and helps existing ones to grow. Entrepreneurial activity is a prerequisite for the success of economic growth, development, social well-being, job creation and political stability in a country (Botha, *et al.* 2006).

Some entrepreneurs are more successful than others. Botha, *et al.* (2006) maintain that one of the key driving forces of successful entrepreneurs is found in their ability to be creative. Creative behavior and thinking lead to innovative actions and processes; therefore, they should be part of a person's life, especially if one wants to start up a business. Being creative means creating new things and always thinking of better ways of doing things. A creative person is always questioning and striving to improve current products or uses of products or services. Botha, *et al.* (2006), argues that everyone is creative, but some people just exploit their creativity flair more than others. Creativity is something that can be developed and practiced and can play a major role in entrepreneurship. Creativity in entrepreneurship is recognising ideas that can be transformed into entrepreneurial opportunity.

Furthermore being an entrepreneur has a lot to do with one's attitude and behaviour. In 1899, the director of the United States Patent Office, Charles Duell, stated that "Everything that can be invented has been invented." How very wrong he was. Today, entrepreneurs are still inventing, coming up with

new ways of doing things every day. If they had all had Duell's attitude, nothing would have been invented since 1899 (Botha, *et al.* 2006).

Researchers, scholars and entrepreneurs distinguish different phases in the growth of an entrepreneurial venture. According to Nieman and Pretorius (2004), the phases described below are identified:

- **The pre-launch stage**, also known as incubation or pre-birth stage: This is the period when the idea for the venture is conceptualised. At this stage, nothing is visible; everything is still in the entrepreneur's mind or sometimes in the papers. Unfortunately, many ventures end at this stage and are never capitalised.
- **The start-up stage**, also referred to as the infancy stage: This stage can be looked at from two different angles: early start-up and late start-up phases. They are both characterised by a slow growth. The beginning of the start-up phase is marked by the flow of funds into the venture or out of the venture, whether it is an expense to create the infrastructure or the first sale that is made. Therefore, creation of infrastructure is regarded as the early start-up phase, while the first sale which generates the revenue is considered as the late start-up phase.
- **The growth stage** sometimes referred to as the breakthrough stage: This phase is marked by an increase in the growth rate of the sales revenue, which causes the curve to become steeper in this period. This rapid growth becomes a challenge for the entrepreneur as he/she needs to know about the business model and the financial management principles. It is a dangerous phase in the life of the new venture and is where most failures occur. Some of the reasons for failure include pressure on resources and overtrading.
- **The maturity stage**: This is a period in which the increase in sales growth stabilises and sometimes turns around and slowly declines. The

entrepreneur, however, must be careful to avoid complacency as the venture becomes successful.

- **The decline stage:** The decline will happen in the venture life cycle (VLC) if the business is not properly managed in its life cycle. The entrepreneur must be able to identify the warning signs that come in this period. The decline stage is marked by a decrease in sales on an ongoing basis.
- **Gear changes:** The abovementioned stages are extremely important because being familiar with the characteristics of each stage will help the entrepreneur to “change gears”, which means that he or she will be better equipped to handle the threats and opportunities associated with each.

2.3.2 Defining entrepreneurship

Defining entrepreneurship is not an easy task. There are almost as many definitions of entrepreneurship as there are scholarly books on the subject (Byrd, 1987:3). To some, entrepreneurship means primarily innovation, to others it means risk-taking. To others, it means a market stabilising force, and to others still, it means starting, owning and managing a small business (Tyson, Petrin and Rogers, 1994). Consequently, the entrepreneur may then be viewed as a person who creates new combinations of production factors such as new methods of construction, new products, and new markets; finds new sources of supply and new organisational forms, or is willing to take risks, or by exploring market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand, or owns and operates a business (Tyson, Petron and Rogers, 1994: 2-3).

The definition of entrepreneurship has been debated among scholars, educators, researchers and policy makers since the concept was first established in the early 1700s. The term ‘entrepreneurship’ comes from the French verb ‘entreprendre’ and the German word ‘unternehmen’ both of which mean ‘to undertake’. Entrepreneurship is defined as “the pursuit of a

discontinuous opportunity involving the creation of an organisation (or sub-organisation) with the exception of value creation to the participants” (Anderson, 2002).

Krackhardt (1995:53) ascertains that research on the topic of entrepreneurship has defined it in two fundamentally different ways: On one side, it was defined as a “property or quality of the firm itself”, for example, entrepreneurial firms are typically thought of as small (Aldrich and Auten, 1986), fast-growing (Drucker, 1985), and organic and network-based rather than mechanistic or bureaucratic (Birley, 1986), and these distinctions give the entrepreneurial firm an advantage that is not available to other forms of organisation. Entrepreneurial organisations are thought to be more innovative in comparison to other firms (Backman, 1983), as well as being more flexible and adaptable. From the above-described perspective, the firm will grow, and this growth occurs when a firm becomes successful. Unfortunately, due to this change, the firm ceases to have those characteristics that led to its successes. That is, it ceases to be small, leading to decreased flexibility and adaptability. It also ceases to be fast-growing because it reaches a ceiling in market potential.



On the other side, others have defined entrepreneurship as “a behavioral characteristic of employees and managers in the firm, not a characteristic of the firm itself” and people who are entrepreneurs take advantage of opportunities to gain the added value for themselves and their families and for their firms (Krackhardt, 1995:53). In the opinion of Stevenson (1999), entrepreneurship is a managerial approach to pursuing opportunity without regards to resources currently controlled.

Rwigema and Venter (2004: 5), state that people define entrepreneurship in different ways, and the common meaning is value creation through ventures, while many writers highlight rapid growth, risk-taking and innovation. The following definitions of entrepreneurship appear in Rwigema and Venter (2004: 5-6):

- Entrepreneurship is the act of forming a new organization of value (Bateman and Snell, 1996:208).

- Entrepreneurship is the seemingly discontinuous process of combining resources to produce new goods or services. (Stoner, Freeman and Gilbert, 1995:160)
- ...the creation of new enterprise. (Bartol and Martin, 1998:672)
- ...the creation of an innovative economic organisation (or network of organisations) for the purpose of gain under conditions of risk and uncertainty, (Dollinger, 1995:7)
- ...the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of money and personal satisfaction and independence (Hisrich and Peters, 1998:9).

The authors have compiled the following definition for entrepreneurship: 'the process of conceptualising, organising, launching and – through innovation-nurturing a business opportunity into a potentially high growth venture in a complex, unstable environment' (Rwigema and Venter, 2004: 6).

Stevenson and Jarillo (in Krackhardt, 1995:53) have suggested a definition of entrepreneurship that focuses on the actions of entrepreneurs and argue that entrepreneurship can exist in any firm, large or small. They define entrepreneurship as 'a process by which individuals-either on their own or inside organisations- pursue opportunities without regard to the resources they currently control'.

Visser (2005:113) argues that 'people, who undertake, pursue opportunities and fulfill needs and wants through innovation and starting business are referred as entrepreneurs'. 'The term entrepreneurship comes from the French verb 'entreprendre' and the German word 'unternehmen', both which mean to 'undertake'.

Moreland (2006: 5), states the term 'entrepreneur' was first used by Cantillon in 1734 to describe a person who bears the risk of profit or loss. Moreland maintains that 'entrepreneurs come from all walks of life and have all sorts of backgrounds. For this reason, the definition of the concept of entrepreneur

would concentrate on what an entrepreneur does. Therefore, he compiles the following definition: Entrepreneurship is the 'process of uncovering and developing an opportunity to create value through innovation'.

Researchers and scholars believe that entrepreneurship is a broad concept and therefore may encompass another concept, that of 'intrapreneurship', which is the entrepreneurship practiced by employees in an existing organisation. According to Antoncic and Hirsch (2002:7), intrapreneurship involves innovation that departs from previously accepted organisational and behavioral patterns, and therefore intrapreneurship does not only mean the creation of new business ventures within the existing organisations, but it refers to the other activities and orientations like new products development, services, technologies, administrative techniques and strategies.

2.3.3 Characteristics of an entrepreneur

Moreland (2006:6) ascertains that entrepreneurs have all or some of the following characteristics:

- Vision
- Adaptability
- Persuasiveness
- Confidence
- Competitiveness
- Risk-taking
- Honesty
- Perseverance
- Discipline
- Organization
- Understanding.

Entrepreneurial thinking combines many different characteristics, and the identification of one characteristic in a person does not suffice to qualify him/her as an entrepreneur. Bates, *et al.* (2005) state that an entrepreneur must be all of the following:

- Creative
- Innovative
- Committed and determined
- Able to deal with risk and uncertainty
- Opportunity-orientated
- Determined and motivated to excel
- Self-confident
- Visionary-minded
- Superior in conceptual ability (the ability to see the big picture and at the same time be aware of the details), and
- Able to inspire others.

Entrepreneurial behavior might also be claimed to be embedded in certain basic attributes of the person, such as “self-confidence, achievement orientation, ability to behave autonomously, versatility, dynamism and resourcefulness... and it can be argued that certain basic stimuli for entrepreneurial behavior lie naturally within the culture, task structure, and learning environment of the company” (Gibb, 1995: 313-4).

Entrepreneurs are described as people who perceive a vision, commit themselves to that vision, and almost single handedly carry the vision to its successful implementation. They argue that the traditional economist’s view of the entrepreneur is an opportunity seeker (Herbert and Link, 1988), someone who combines the factors of production in an innovative manner and who seeks out and exploits opportunities and gaps in the market. Furthermore, small business owners/managers display entrepreneurial behavior because they cover a full range of management functions on a day-to-day basis in an integrated manner (Keogh and Polonsky, 1998:5).

Additionally, entrepreneurs can ‘see the forest as well as the trees’. They see the total scene as well as its parts and how the parts affect each other. Their universal perspective guides them, too, in both what and who they have to know to make things go. Their insights give them a sense of how to structure situations and strategy to advantage. Their global view opens the horizon that

they see an opportunity-filled environment with choices rather than restrictions.

An entrepreneur would identify an opportunity with potentiality of value and would strive to marshal the resources in his or her specific way to take advantage of the opportunity. All this happens in the specific environment in which the opportunity arises. This means that the entrepreneurial focus is strongly associated with and more crucial during the pre-launch and start-up stages, while the role of the entrepreneur diminishes when the growth stage is entered (Nieman and Pretorius, 2004).

Kuratho and Hodgetts (2001:99) identify the following as qualities found in entrepreneurs:

- The ability to recognise and exploit opportunities
- Resourcefulness
- Creativity
- Vision
- Independent thought
- Energy
- Optimism
- Innovativeness
- Calculated risk taking
- Leadership skills



2.3.4 Types of entrepreneurs

Bates, *et al.* (2005:49-50) confirm that anyone can become an entrepreneur because everyone is born with certain abilities that can be developed through experience, training and learning. The following is a list of various types of entrepreneurs and entrepreneurial activities:

- **Intrapreneurs:** These are entrepreneurs who work in existing business and who come up with new ideas. They possess entrepreneurial skills to turn the business into a competitive

business. An intrapreneur does not own a business but rather manages a business and is paid a salary.

- **Technopreneurs:** These are entrepreneurs who combine the technological and entrepreneurial skills to create something new. They are mostly found in information technology, engineering technology and biotechnology industries.
- **Copreneurs:** When couples, such as a husband and wife, work together as co-owners of their business, they are known as copreneurs. In these types of businesses, there is a combination of expertise from both partners. They rely on each other's strengths in running the business and they have equal say about the business.
- **Corporate cast-offs and dropouts:** These are the people who are retrenched or who resign from the corporate world to start up their own businesses. They take advantage of their work experience and become successful business people.
- **Social entrepreneurs:** These are the people or organisations that create business to develop and benefit the community. Although they may make a profit, their main aim is to give a service that will uplift and improve the lives of a designated area in society; for example, buildings, employment, and scholarships.
- **Women entrepreneurs:** These are modern-day women who are stepping beyond their traditional roles into the so-called men's world and start up and run successful entrepreneurial enterprises. In the past decades, women were marginalised and their talents and abilities were not recognised. They were almost condemned to household activities and could only hold inferior positions in the workplace.

2.3.5 Role of entrepreneurs and entrepreneurship

Entrepreneurship is important to business because of the value it adds, the innovations it creates, the wealth that is produced as well as the additional employment it creates. It helps the business to grow and without it many businesses may fail to reach their full potential, may stagnate and even fail (Timmons, 1999:2).

While confirming the above finding, the table below provides another good example of the role of entrepreneurship in a country's economy:

Enterprise's qualification	Number of enterprises	Number of employees
Large	7 thousand	> 250 employees
Medium	34 thousand	> 50 employees
Small (Single person)	2,6 million (68% of total)	Single
Total	3,8 million	
Source: Moreland (2006)		

Moreland (2006) argues that self-employment constitutes the biggest part of the entrepreneurship and some people choose it as career while others are motivated by the desire of being their own bosses. Furthermore, Moreland ascertains that revenue generation is another role of entrepreneurship. Reporting on the statistics of spring 2002, Moreland states that 1 in 10 of the workforce in the UK is self-employed and of these, one quarter is female. Self-employment rates, he says, increase with age. The average income of an entrepreneur, as of December 2002, was £121 per week higher than that for employees.

Immigrant networks spread the word about employment opportunities and where and how to find accommodation, but mainly the networks help to create new businesses and housing and contribute towards the economic growth in the destination societies (Serrie, 1998).

Entrepreneurs have been assigned an important role in economic development as they have been seen as the engine which draws new ideas

and new business visions along and behind it, matching inventions through exploitation to innovation (Lipparini and Sobrero, 2002). To broaden the above view, Norman in Lipparini and Sobrero (2002) argues that entrepreneurs are more generally those who put resources, labour, materials and other assets into what are often new combinations.

2.3.6 How to support entrepreneurship

In the opinion of Visser and Friedrich (2005:5), “Encouraging the entrepreneurial spirit is the key to creating jobs and improving competitiveness and economic growth throughout the world”. The authors also argue that entrepreneurship is a major driver of innovation, competitiveness and growth.

Referring to the role of entrepreneurs in economic development, Visser (2005:114) has identified the following as part of a number of ways in which entrepreneurship can be enhanced:

- Facilitating the redistribution of opportunities, equalisation of income and wealth by promoting the involvement, empowerment and participation of women.
- The creation of long-term employment also supports entrepreneurship as it contributes to the improvement and upgrading of the skills as well as supporting the use of updated technology.
- The enhancement of economic growth is a big enhancer of entrepreneurship as it creates an environment and conditions favorable for small businesses to grow.
- Provide network assistance for the small firms which will reduce the isolation between them.
- Elimination of barriers and imbalances between small and large organisations, which will enhance the cooperation.
- Creation of awareness to small firms of the competition brought by globalisation and therefore motivates them to learn how to cope.
- The creation of regional linkages also supports entrepreneurship. People with entrepreneurship characteristics have a big chance of

learning new skills and challenges from their trading partners. Also firms operating regionally will create a sentiment - to the local people - of the existence of new ways of conducting businesses and new ways of becoming self-employed.

- Support the young entrepreneurial talent. It was ascertained that many groups of people in the world are not entrepreneurship-oriented people therefore; it would be difficult for them to support the highly needed entrepreneurial spirit from their young generations.
- The entrepreneurship promotion at school level would be regarded as a solution with regards to supporting the young entrepreneurship talent. Learners should be motivated about job creation, innovation in all the fields and economic development.

2.3.7 Perspectives of entrepreneurship in South Africa.

According to Bernstein (2005), the *Global Entrepreneurship Monitor* (GEM) has continuously rated South Africa far below its competitors among developing countries, partly because it is not encouraging risk-taking entrepreneurs to come to South Africa. This observation resulted in the President's International Investment Council calling for more freedom to import skills into the country.

2.4 IMMIGRANT ENTREPRENEURS

2.4.1 Introduction

Moving to a foreign country to establish a business, to work, or to retire can be a daunting experience. Most of the time, immigrants do not find the situation as they were dreaming it to be, or as they were told it would be. Finding work or something to eat becomes problematic if the government does not intervene. To be able to respond to some of the basic needs of life, some of immigrants have to start up their own businesses. They enter necessity-based entrepreneurship.

Entrepreneurship is a strong weapon for immigrants' economic and social integration and a way by which immigrants without education or technical skills can escape poverty (Serrie, 1998).

2.4.2 Immigrant entrepreneurs in North America

Razin (1990) compares immigrant entrepreneurs in USA, Canada and Israel. His findings are that the USA and Canada have multireligious and multicultural immigration policies with an ideology of free enterprise, while Israel has a vision of maintaining a single Jewish national identity which requires those wanting citizenship to have either a Jewish mother or to consent to religious conversion to Judaism. The results have been that the USA and Canada have attracted many wealthy Jewish immigrants with entrepreneurial spirit while Israel has attracted Jewish immigrants who were poor and not business oriented.

However, the situation changed after the Israeli Jewish immigrants with lower education became interested in entrepreneurship, while in Canada, the higher levels of organisational concentration reduced the rates of self-employment to a level below that of Israel (Razin, 1990).

2.4.2.1 USA

Recent census bureau reports that immigrant population in the USA is 34.2 million which represent 12 percent of the population (Sequeira and Rasheed, 2006: 357). The United States continues to attract immigrants from all over the world at unprecedented levels. Immigrants are attracted to the United States by the economic opportunities that it provides and one of the most important economic opportunities has always been the possibility to start up a business and pursue the American dream of becoming economically successful (Sequeira and Rasheed, 2006: 359).

The USA economy has benefited from the government policy of being an open-door society. The USA attracts many highly-educated foreigners. In the 1980s alone, 1.5 million college-educated immigrants joined the US

workforce. Besides educated immigrants, even those with less education contributed to economic growth as workers, consumers, business owners, and taxpayers (Mandel and Farrell, 1992).

According to Goetz (1999: 6), people's migration may boost the information age as immigrant entrepreneurs become increasingly able to set up their businesses everywhere using cell phones or satellite dishes to connect to the Web; therefore, immigrant entrepreneurs who correctly predict which areas of the US will gain population and which will lose can convert such knowledge into profit. Goetz further argues that immigrants create many opportunities for local business and also encourage new business to grow because of rapid growth of population. He supports his argument with examples of some US States that benefited from the growth of population by immigrants such as Nevada (39.5%) and Utah (19.5%) between 1990 and 1997.

In 2000, the USA Federal Reserve Chairman, Alan Greenspan, repeatedly spoke about the contribution of both skilled and unskilled immigrants. He advised Congress to open up immigration rolls in order to ward off higher inflation and higher interest rates (Sharry, 2000). According to Saxenian (1991), ethnic Chinese and Indian immigrants run nearly 25% of the high-tech companies started in the Silicon Valley since 1980 and 29% of the companies founded between 1995 and 1998.

Serrie (1998), pointed out that in Los Angeles, subcontracting and underground economy had increasingly taken over, with both Turkish and Yugoslav immigrants as workers and contractors.

Mandel and Farrell (1992) also confirm that the US economy has benefited from the Government policy of being an open-door society. The 2,775 immigrant-run companies had total sales of \$16.8 billion and more than 58,000 employees in 1998. Saxenian (1991) argues that these figures understate the contributions of immigrant entrepreneurs because many companies that were started by immigrants are now run by native-born Americans.

2.4.2.2 Canada

Razin (1993) argues that European, and particularly British immigrants have been dominant in Canada and immigrant ratio has been higher than in the USA. Therefore immigration influenced Canada's economy and demographic composition more than that of its southern neighbour.

Jan (1993) reports that Canada has moved rapidly from a resource-based economy (minerals, timber, farming, etc.) to an information-based economy (communications, banking, public administration, etc.), and nowadays it has a need for people with entrepreneurial, good literacy and numerical skills as well as the ability to adjust to the rapidly changing needs of the labour market. The author predicts that two-thirds of the increase in the size of the Canadian labour force between 1983 and 2000 will consist of immigrants.

Salaff (2001) confirms that skilled immigrants have a problem in finding employment in the new countries because their education is not valued by local work providers and maintains that some people urge professional and technical immigrants to give up the desire of breaking into the local workforce and rather to start up a business. Salaff proceeds to outline that many immigrants brought some entrepreneurial skills and experience to Canada which were linked to their human capital. However, because of lack of social relations that they were enjoying and from which they were benefiting in their entrepreneurial activities, immigrants were unable to reestablish enterprises in Canada. From this fact, Salaff deducts that skilled immigrants are not prime candidates for entrepreneurship.

Salaff (2001) claims that immigrants struggle to find work in Canada and he questions whether the causes are the skills levels that do not match Canadian industrial needs, or whether discrimination is preventing them from getting into jobs. Salaff's suggestion is to take advantage of that isolation by not taking a bad job but rather creating a business. He further proposes that self-employment is an alternative way to earn a wage and points out that, immigrants from China with technical and professional skills constituted the largest group of legal immigrants to Canada (*Statistics Canada*, 1999).

Although they were hoping to better their positions, they had, like other immigrants, trouble in earning a living.

2.4.3 Immigrant entrepreneurs in Europe

As mentioned by Serrie (1998:214-215), entrepreneurial immigrants from the Maghreb (Algeria, Morocco and Tunisia) are overwhelmingly Berber and operate grocery stores, restaurants and clothing stores in wealthy French neighborhoods. The Maghrebian entrepreneurs rely on their immigrants' community for funding and to start up their businesses. Furthermore, the entrepreneurial immigrants from Portugal, based in France, are proving to have a competitive edge in the construction industry compared to other immigrants from Southern Europe.

Morokvasic (1988) compared immigrants in Paris and in Berlin and found that Turks and Yugoslavs both worked in the garment industry in both cities, but national differences created different industrial structures. This fact will result in differences in economic opportunities for immigrants.

In Germany, subcontracting dominated by small Jewish production units was destroyed under the Nazi regime and replaced by mass production, and this situation left few niches for immigrants' self-employment, such as tailor shops, doing alterations and repairs of clothing. A self-employed tailor in Berlin, however, earns less than a subcontractor in Paris (Serrie, 1998).

2.4.4 Immigrant entrepreneurs in South Africa

Rogerson (1999) ascertains that there has been a growing movement of foreign migrants and refugees to South Africa since 1990. They have primarily been coming from South Africa's traditional supply areas, which include many SADC countries. A big number, however, come from elsewhere in Africa and further afield. South Africa's new migration policy has generated considerable controversy within the country. The policy debate focuses on the implications of migration for the national labour market and for the development of a new national immigration policy.

Isaacs, in Friedrich and Visser (2005) argues that South Africa is very rich in minerals and other resources which South Africans learners should be taught to exploit instead of leaving them to foreigners such as the Chinese, Portuguese, Jewish and many others, who today are very successful business people in South Africa.

Rogerson (1999) points out that, unlike temporary workers that are found in mining and agricultural sectors from countries surrounding South Africa, less is known about migrants and new immigrants from far distant countries who have established themselves in the informal and small enterprise economy. Rogerson's study is a detailed survey of 70 immigrant entrepreneurs who have created small businesses in South Africa's major city; Johannesburg. They operate in the inner-city area of the town, and Rogerson maintains that large parts of the inner city have, in fact, been taken over by foreign migrants.

Rogerson (1999) maintains that foreign-owned SMMEs are now a particularly significant element of the changing economy and landscape of inner-city Johannesburg and therefore the following conclusions can be drawn about foreign migrant involvement in the SMME sector:

- Immigrant entrepreneurs in South Africa are visible in a narrow band of activities of SMMEs, mostly in retail or service rather than in production activities. Their activities involve selling curios, retailing ethnic clothes and foods, motor-car repairs/panel beating and hairdressing salons. Other activities include operation of restaurants, nightclubs, cafes, music shops, several import-export businesses and traditional healer practices.
- Within the group of production SMMEs, many immigrants are clustered in the clothing sector, where they are involved in the making of traditional African clothes, wedding dresses, and general tailoring activities.
- Immigrant entrepreneurs have distinct clusters in the kinds of businesses they run. Malawian immigrants tend to concentrate in

clothes production or curio selling, while Mozambicans and Zimbabweans are more visible in motor-car repair and curio-selling activities. West Africans are mainly in ethnic businesses related to clothes, food retailing and operation of restaurants.

- Generally, these immigrants' businesses are run by single, young, male entrepreneurs who work long hours: 64 hours per week or six days a week, and if they have employees, they also work similar hours.
- These entrepreneurs, however, face a number of problems and endure considerable hostility directed towards them and their businesses as a result of xenophobia. Despite the difficult local conditions in which they operate, most of immigrant entrepreneurs express their optimism and look to the possibilities of expanding their business enterprises outside Johannesburg in South Africa.
- The interviewed immigrant entrepreneurs put forward the following reasons for choosing to establish their businesses in Johannesburg:
 - Proximity to homes (for SADC citizens)
 - Strong market potential
 - Networks of family and friends.

Immigrant entrepreneurs in South Africa do not have access to finances and credit: One can comment that one of the qualities of an entrepreneur is perseverance. Lack of finances and other challenges should never hold back a real entrepreneur. According to Fisher (2005), beginning entrepreneurs often think that the only way to raise capital is to secure a bank loan. His advice is that the bank should be the final step, not the first. Entrepreneurs need to be creative: real entrepreneurs can start something out of nothing. This is called bootstrapping⁵. An overwhelming number of entrepreneurs

⁵ Bootstrapping: According to Lahm and Little (2005), bootstrapping is entrepreneurship in its purest form as it means the transformation of human capital into financial capital, which involves the use of personal savings, credit-card debt (Cole, Lahm, Little and Seipel 2005), loans from friends and family and other nontraditional forms of capital.

obtain finance through this highly creative process, they have problems in opening bank accounts as well as in acquiring visas and permits, and have to deal with customs, harassment by police and local officials, and being targeted by criminals and gangs.

In his research, Rogerson (1999) found a way to distinguish between two distinct groups of migrant entrepreneurs, namely, migrants from the Southern African Development Community (SADC) countries and non-SADC migrants. The marked differences between SMMEs operated by SADC and those operated by non-SADC migrants are summarised in the table below:

Table 2.3: Differences between SMMEs run by SADC and non-SADC migrants	
SADC migrant entrepreneurs	Non-SADC migrant entrepreneurs
SADC immigrant entrepreneurs do not have international ties. They hardly communicate with their country mates left behind with regard to business opportunities and expansion.	Their businesses are integrated and supported by wider international and regional (SADC) migrant networks. Some 56% of the sample operated similar businesses in their home countries. They have a wide international family and business connectivity including links to West Africa, Canada, the USA and Europe.
Most SADC entrepreneurs acquired their start-up capital from their previous jobs in South Africa.	Most non SADC entrepreneurs financed their businesses with funds brought in from outside South Africa.
Businesses run by SADC immigrant entrepreneurs are smaller and seemingly less well-capitalised than those of their non-SADC counterparts.	Diversity and strength of the non-SADC run businesses derives from their exploitation of income niches as 'ethnic businesses' and of Francophone culture.
The majority of SADC entrepreneurs had a secondary school education.	Immigrant entrepreneurs from non-SADC countries are better educated which gives them wider horizons in their business development strategies. Some 50% of non-SADC entrepreneurs had some University education. Three had Master's degrees and one was a qualified dentist.
<u>Source:</u> Adapted from Rogerson (2004).	

2.4.5 Immigrants in Cape Town

As highlighted by Archbishop Njongonkulu Ndungane, the African immigrants are changing the face of Cape Town. Cape Town was established in 1652 by Jan Antony van Riebeeck, who was sent by the Dutch East India Company to establish a trading post on the shores of Table Bay. Archbishop Ndungane ascertains that immigrants are not even recognised by the government welfare departments. They do not qualify for social grants and are not cared for by NGOs and churches (Graham, 2000).

Since apartheid ended in 1994, Europeans and North Americans have been visiting Cape Town as tourists and have started buying up valuable properties. At the same time, the city is also becoming a home for African immigrants, who are seeking jobs and a new life (Graham, 2000). "We came to Cape Town on a ship ten days ago, but we are still looking for jobs. Cape Town is a beautiful place and we have heard that there is a lot of money to be made here", reported two brothers from the Ivory Coast. Unlike Europeans and North Americans, Africans immigrants face an uncertain future in Cape Town, a city of 3 million inhabitants, of which 51% of the population is coloured or mixed, 30% is black and 18% is white (Graham, 2000).

Immigrant entrepreneurs in Cape Town are successful business people, and a study done in 1998 has revealed that African immigrants earn substantial salaries as professional and skilled tradesmen. The same study showed that about 22% of African immigrants earned between R 2 000.00 and R 7 000.00. Most are employed or self-employed in the informal trading sector but, despite the low unemployment rate amongst them, most still earn less than R 1 000.00 per month. The study found that about 20% survived on only about R 200.00 a month (Bezuidenhout, 2000).

The *UNHCR* (2004: 691) reports that Mbekweni's refugees, who originate from Angola, Burundi, the DRC, the Republic of Congo, Rwanda and Somalia, live among the local community. They face problems because assistance is not institutionalised and resources from the international community are limited. Many have tried to cope by doing petty trade, selling sundries such as

sweets, cigarettes and matches by the roadside. A lucky few have found casual employment as security guards and car washers.

2.4.5.1 Success stories of immigrant entrepreneurs in Cape Town.

Bezuidenhout (2000) reports that it is not too long ago, a Nigerian immigrant, Michael Inegbese, was selling potato chips on a pavement near Cape Town's central taxi rank. Just 5 years later, the 35-year-old accountant, who arrived in South Africa in search of a better life, owned a successful business selling cell phones and accessories in a city-centre shop.

Inegbese is one of a growing number of African immigrants in South Africa who have succeeded in prospering against difficult odds. Success did not come easy for Inegbese. The following story illustrates this point. Like thousands of other immigrants, he had had to grapple with prejudice, xenophobia and preconceived notions about his character. He recalled how he unpacked a batch of potato chips on a pavement to start his first day as an informal trader. Inegbese's business has since thrived: "I still work a six-day week, often starting at 7am or 8am and finishing late at night." Now, he is house-hunting: "I am looking to buy property, maybe get married." He is also about to start an Internet café, and hopes to increase his number of SA employees from five to ten.

Bezuidenhout (2000) recounts the story of a Nigerian, Fred Egwu, who started as a sidewalk shoe repairman. He managed to save some money and opened a more profitable business in the hair-care industry and opened up a photographic shop in Strand Street, Cape Town. He employs two Capetonians as photographic assistants. Mr Egwu is not sure he would have achieved that level in his home country but confirms that in Cape Town he had to work harder to be where he is now. "There is nowhere to run to, when things do not work out; maybe that is what drives us when we live in another country," says Egwu, who has just bought a house in Cape Town and is hoping to grow bigger.

Another example is provided by Timberg (2005) about Axel Geraud, a refugee from Congo Brazzaville who employs three South Africans in his Internet café along Muizenberg's touristy waterfront, not far from a waterslide and miniature golf course. Having started with only 2 used computers, he now has 10 computers and is considering creating more employment for more local people.

Bezuidenhout (2000) also tells the story of Casey Kaisoum, a Moroccan-born immigrant who is one of the lucky African immigrant entrepreneurs. He owns a popular restaurant in Cape Town's trendy Long Street, where he employs a former car guard. He trained him to prepare Moroccan dishes and today Kaisoum plans to open up a cooking school in the city. Kaisoum confirms that he has lived in many countries in the world, but he found South Africa to be a country with many opportunities. He maintains that people need to spot those opportunities and make them work for them.

2.5 CHAPTER SUMMARY

This chapter has focused on the development of the theories around the key issues of the research topic, namely, migration, entrepreneurship and migrant entrepreneurs. The definitions were formulated and were used to operationalise the research activities. The literature has shown that migration is an ongoing human phenomenon as it started with the existence of the humanity. Migration can be local, which means internal to the borders of one country, or international, which means between countries, or global, which means from one continent to another. The literature has also shown that today migration is happening more frequently, which gives rise to many debates around it. Many factors are contributing to increased migration, such as the high level of communication. The question today is not why there should be immigration, but how to cope with immigration.

Concerning entrepreneurship, the literature indicates that many people still confuse the concept of entrepreneurship with the opening up of any kind of the business, which is one of the main reasons why there are so many definitions of the term in the field. Throughout the literature regarding

entrepreneurship, one could see that any person who thinks of a new way of doing things, of creating a different way of offering or serving the product/service, is thought to be an entrepreneur. The literature revealed the unprecedented entrepreneurial orientation of Jewish people around the world, unlike many other people, including Africans, who are necessity-based entrepreneurs. It was confirmed that entrepreneurship as a new field in the academic world must be supported, enhanced and taught at all levels of education because it is crucial for a country's economic growth, development, social well-being, job creation and political stability.

In the area of immigrant entrepreneurs in South Africa, the literature shows the endless role of immigrants in economic development of the country. South Africa has been a country of immigration since it was discovered by European explorers in the early 1490s, and migrants to South Africa have made considerable contributions to the economic, social and political situation of the country. Recent immigrants from all over the world are actively involved in the economic life of the country by creating micro-enterprises. Importantly, the chapter shows the overlap between immigration and entrepreneurship, and the study seeks to outline the relationship between the two constructs. Lastly, stories of immigrant entrepreneurs' successes were outlined.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

In the field of entrepreneurship and immigration, one might find a variety of methodologies that can be used to do the research, such as, ethnography, case studies and surveys. In many cases, qualitative methods were broadly used to gather data. However, as pointed out by Hussey and Hussey (1997), the use of triangulation (i.e. the use of both approaches in the same study) is also a possible research approach. This research uses both qualitative and quantitative with an emphasis on the qualitative.

The objectives of this research are to explore and evaluate the degree to which African immigrant entrepreneurs help local people to improve their living conditions by providing jobs for them and stimulating them to become entrepreneurs. Therefore, this chapter presents the methods and procedures used to carry out this study.

Rowley (2002) defines research design as “the logic that links the data to be collected and the conclusions to be drawn to the initial questions of a study; it ensures coherence”. She suggests that another way of viewing a research design is to see it as an action plan for getting from the questions to conclusions.

Cooper and Schindler (2001) maintain that no one of the research design definitions imparts the full range of important aspects. They, however, define it as “the plan and structure of investigation so conceived as to obtain answers to research questions”.

3.2 RESEARCH APPROACH

In the process of collecting data for a research, Hussey and Hussey (1997:64) indicate that the first and most critical stage is to identify the sample and ensure that the sample is unbiased and representative.

3.2.1 Selection of the sample

Sampling is the use of a subset of the population to represent the whole population. Probability sampling, or random sampling, is a sampling technique in which the probability of getting any particular sample may be calculated. Non-probability sampling does not meet this criterion and should be used with caution. Non-probability sampling techniques cannot be used to infer from the sample to the general population. Any generalisations obtained from a non-probability sample must be filtered through one's knowledge of the topic being studied (*Labuor Law Talk, 2007*).

The target population of this study is a group of African immigrant entrepreneurs who operate in the suburbs of Bellville, Cape Town foreshore, Nyanga and Wynberg. These sites were chosen because they have a heavy presence of African immigrant entrepreneurs. The selection criteria for respondents involved the number of local workers an African immigrant entrepreneur employs. In other words, if an African immigrant entrepreneur employs an equal or greater number of locals, he/she creates employment for unemployed locals, while the African immigrant entrepreneur who employs only immigrants or fewer locals than immigrants does not create employment for unemployed locals.

Statisticians know that a small, representative sample will reflect the group from which it is drawn. The larger the sample, the more precisely it reflects the target group. However, the rate of improvement in the precision decreases as your sample size increases. A researcher must make a decision about the sample size based on factors such as: time available, budget and necessary degree of precision (*The Survey System, 2006*). Therefore, taking into account the later statement, 120 African immigrant entrepreneurs were selected.

In addition, 7 organisations which provide services, advice and support to immigrants, such as the Cape Town Refugees Forum, Department of Home Affairs in Cape Town, Aresta Cape Town, Scalabrini Centre of Cape Town,

UCT Legal Clinic, Legal Resource Centre and CDW Philippi Houses were also sources of data.

To be successful, the research strived to fulfill the following three conditions, as outlined by Cooper and Schinder (2003):

- The respondent must possess the information being targeted by the investigative questions
- The respondent must understand his/her role in the interview as the provider of accurate information
- The respondent must perceive adequate motivation to co-operate.

3.2.2 Sampling method

Cooper and Schindler (1998) state that in order to secure a sample, it is important to take into account elements such as relevant population, sampling frame, type of sample, size needed and the cost involved.

The sampling method used in this research was convenience sampling, which is a type of non-probability sampling. Convenience sampling is used when members of the population are chosen based on their relative ease of access. To sample friends, co-workers, or shoppers at a single mall, are all examples of convenience sampling.

For the purpose of this research, convenience sampling was used in the following way: The researcher could not find a database of African immigrant entrepreneurs in Cape Town, and he choose to physically conduct interviews with those who operate in four designated suburbs of Cape Town; Bellville, Cape Town Foreshore, Wynberg and Nyanga.

As like any other sampling method, convenience sampling also presents some advantages and disadvantages. *Labour Law Talk (2007)* argues that ease to organise and gain in time are some of the advantages of convenience sampling while the risk of collecting data, view and opinions which does not necessary reflect the behaviours of the represented people is one of the advantages of convenience sampling.

3.3 QUESTIONNAIRE DEVELOPMENT

The questionnaire development process is one of the most important stages of the study. Before developing the questionnaire, the researcher interviewed an official from the Department of Home Affairs in Cape Town in order to obtain information regarding the increase in immigrants in Cape Town since 2000. In addition, the researcher held interview with an employee from Cape Town Refugee Forum in order to obtain information regarding the kind of assistance provided to the immigrants. Thirdly, the researcher held interview with five African immigrant entrepreneurs who operate in Cape Town, in order to obtain information regarding the employment trends of businesses run by African immigrant entrepreneurs.

For the purpose of this study, a semi-structured set of questions was developed (Appendix 2). The questions involved several issues surrounding the African immigrant entrepreneurs such as reasons why they left their home countries to South Africa, the kind of products and services provided, the age of the business, the number of employees, the entrepreneurial skills transmission and the role of immigrants' supporting organisations. The questionnaire was developed based on the insights from these interviews and it comprised of 34 questions.

3.3.1 Content of the questionnaires

According to Cooper and Schindler (2003), research data can be collected by means of personal interviews, telephone interviews, and self-administered questionnaires. For the purpose of this research, personal interviews with African immigrant entrepreneurs as well as a questionnaire to immigrants' supporting organisations were used as the two primary methods to draw data.

Baker (2003) suggests that effective communication depends on the design and the phrasing of the questions. Therefore while designing the questionnaires, the researcher took into account aspects such as complexity, length, layout and wording. The personal-interview questionnaire is 5 pages long and combines open-ended, close-ended, multiple choice and 4 or 5 point

Likert-scale questions (Appendix 2). The first section of the questionnaire extracts socio-demographic and general information about the business. Section two extracts information about the respondents' business knowledge while section three reflects information about the profile of the business. Section four of the questionnaire extracts information regarding employability of the business and section five reflects information about entrepreneurial skills transmission from African immigrants to locals. Section six extracts the views of respondents about their supporting organisations.

A second questionnaire presented to immigrant supporting organisations is 3 pages long and also combines open-ended, close-ended, multiple choice and 4 or 5 point Likert-scale questions (Appendix 3). The first section of the questionnaire extracts the identification of the organisation, its objectives and the activities it is engaged in. Section two deals with how the organisation interacts with immigrants while section three extracts views of organisation regarding immigrants' employment creation. The pilot test did not reduce the number of questions but suggested the better wording and provided the right names of some of the organisations.

3.3.2 Advantages of the interviews

There are many formats of questionnaires. According to Milne (2004), all the lecturers come across the questionnaires either those used in exam papers at the end of the course or in the research. The questionnaires come in many different forms: from factual to opinion based, from tick boxes to free text responses. Regardless of the form in which they come, many view them as the quickest way and easy to do the research even if it is not always the case.

To obtain a useful response in a cost-effective way, it is necessary to clarify the aim of the questionnaire and how the response will help to improve the learning methods and the analysis and implementation of the results (Milne, 2004).

While designing the above questionnaires, the researcher took into account aspects such as complexity, length, layout and wording. As suggested by Baker (2003), effective communication depends on the design and phrasing of the questions. After designing the questionnaire, a pilot test was conducted to check whether the questionnaire were ready for application.

3.3.3 Advantages of the questionnaires

According to Welman and Kruger (1999), semi-structured interviews allow the respondent to use probes with a view to clearing up confusing responses or to ask for elaboration of incomplete answers. Such probes may vary from 'Why?' to 'Could you elaborate on this?'

According to Opdenkker (2006), face-to-face (FtF) interviews have long been the dominant interview technique in the field of qualitative research, but in the last two decades, telephonic interviews became more and more popular. Face-to-face interviews are characterised by synchronous communication⁴ in time and place. This research will use the face-to-face interview.

3.3.4 Pilot-test

Before the researcher embarked on collecting data from African immigrant entrepreneurs as well as from immigrants' supporting organisations, both questionnaires were pilot-tested. According to Baker (2003), the purpose of pilot-testing lies in checking factors, such as variation, meaning, task difficulty, respondent attention, flow, order of questions and timing. An interview was conducted with five African immigrant entrepreneurs to check the relevance and understandability of the questionnaire.

The questions that seemed to be ambiguous to cause confusion were modified and others were avoided and the recommendations have been incorporated in order to comply with Baker's observation. Initially, the

⁴ Synchronous communication: According to Ralph and George (2006), synchronous communication as opposed to asynchronous communication, exists when the receiver gets the message instantaneously without any delay like telephonic conversation.

questionnaire comprised of 39 questions and after the pilot test, 5 questions were discarded and the researcher retained only 34 questions.

Subsequently, the immigrants' supporting organisations questionnaire was sent to Cape Town Refugee Centre and Scalabrini for suggesting some corrections and additions. The response was very satisfactory. Useful suggestions were made about the structure, the correct names of some organisations as well as the length of the questionnaire. Their advices and modification to the questionnaire were incorporated and through the pilot-testing process, the researcher found a cooperation interest in Africans immigrant entrepreneurs as well as in the supporting organisations.

Although the immigrants' questionnaire was pilot-tested, there were some questions that did not generate meaningful results. This might be linked to the fact that some respondents did not want to reveal information about the growth of their businesses. For example, respondents were asked to indicate whether the business is growing or not (see Q17: Appendix 2). The majority of the respondents answered positively, however they were reluctant to indicate clearly if they are making more sales, or if they are taking more employees or if their capital is increasing (See Q18: Appendix 2).

Table 3.1: Tabular comparison of advantages and disadvantages of on-line questionnaires	
Advantages of on-line questionnaires	Disadvantages of on-line questionnaires
Speed and volume of data collection	Sample bias
Savings in costs	Measurement error
Flexible design	Non-response bias
Data accuracy	Length, response and drop-out rates
Access to research populations	Technical problems
Anonymity	Ethical issues
Respondent acceptability	
<u>Source:</u> Madge (2006)	

3.3.5 Interview procedures

The interviews with African immigrant entrepreneurs were conducted in March and April 2007. A safe and quiet place was chosen to conduct interviews with respondents. The respondents shared with the researcher their own experiences in business in Cape Town and how they appreciate their contribution to the improvement of living conditions of South Africans in Cape Town.

3.3.6 Questionnaire distribution

The questionnaire was distributed to the immigrants' supporting organisations in April 2007. The questionnaires were distributed by fax and by e-mail. Before undertaking this task, each organisation was contacted by telephone to identify the relevant person to complete the questionnaire and to avoid surprise.

3.4 ETHICS APPRAISAL

As human beings are the subjects of the study, unique ethical problems are brought to the fore, which may help to avoid any misunderstanding. Therefore, ethical issues were dealt with in the following ways:

- Presentation of the covering letter from the supervisor with University heading.
- Self introduction
- All interviewees participated with informed consent.
- Participants were informed of the purpose of the study and were given the option to refuse to answer any question if they felt uncomfortable.
- Respondents were given the opportunity to ask any question to the researcher to clarify any vague or unclear issue.
- The interviews and analysis were kept confidential while anonymity of participants who wished it was maintained.

3.5 DATA ANALYSIS

The information from interviews and the information collected from the organisations that support immigrants were categorised and analysed according to the research questions, and wherever the questions were similar in both questionnaires, the responses were compared in a tabular format. Secondly, the researcher combined the responses from the respondents and these were categorised to show the patterns and to draw general conclusions from the data. Some of the data were presented to the respondent for further checking.

3.6 CHAPTER SUMMARY

This chapter was concerned with the presentation of the methods used to carry out the research. The research methods used involved a survey method by means of personal interviews and a questionnaire. Both questionnaires combined different types of questions such as open-ended, closed-ended and 4 or 5 point Likert-scale questions. The questionnaires were pilot-tested and suggestions from respondents were incorporated.

The chapter highlighted how the personal interviews with African immigrant entrepreneurs were conducted and how the questionnaire to immigrants' supporting organisations was distributed. The response rate from supporting organisations was 100% as all 7 organisations returned the questionnaire completed.

The chapter also highlighted the advantages and disadvantages of interviews and questionnaires. Issues such as ethics and data analysis were also highlighted in this chapter.

CHAPTER 4: DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

While the previous chapter dealt with the methodology used to undertake this study - a survey by means of questionnaires - this chapter focuses on presenting and discussing the main findings of the research.

The results of the study are discussed in accordance with the objectives and the questions formulated for the research and are presented under the following major subheadings:

- Reasons why Africans leave their home countries and come to South Africa
- Services and products African immigrant entrepreneurs provide
- Acquisition and choice of business spots
- Employment creation by African immigrant entrepreneurs to unemployed South Africans.
- Entrepreneurial activities with high positive impact on locals
- Immigrant entrepreneurial skills transmission to locals
- Role of immigrant supporting organisations

By means of tables, this chapter presents the data and findings collected from African immigrant entrepreneurs in Cape Town, using the above specific points of reference that constitute the research questions. It also presents the data and findings from organisations that support immigrants in Cape Town. The data from supporting organisations is important in that it gives complementary information and clarification on the data given by immigrant entrepreneurs with regards to job creation, immigrant business activities as well as entrepreneurial skills transmission. Each data presentation and analysis is immediately followed by a discussion.

4.2 DATA FROM AFRICAN IMMIGRANT ENTREPRENEURS

This section presents the views, feelings and perceptions of African immigrant entrepreneurs with regards to the research questions specified in 4.1.

4.2.1 Biographical information of the respondents

The questionnaire surveyed social variables of respondents. In this survey gender, age, education level and the length of time African immigrants had been living in South Africa was obtained. Table 4.1 provides a summary of data procured for these variables by the respondents.

		Origin of African immigrants entrepreneurs									
Variables	Description	Nigeria N=40		Somalia N=40		Senegal N=20		Other N=20		Total N=120	
		F	%	F	%	F	%	F	%	F	%
Gender	Female	2	5	0	0	1	5	1	5	4	3
	Male	38	95	40	100	19	95	19	95	116	97
Age	< 20	0	0	8	20	1	5	0	0	9	8
	21-30	12	30	23	58	7	35	8	40	50	42
	31-40	24	60	9	23	12	60	12	60	57	47
	> 40	4	10	0	0	0	0	0	0	4	3
Education	Primary	2	5	22	55	0	0	0	0	24	20
	High/ Secondary	21	53	16	40	15	75	7	35	59	49
	College/ Technikon	9	23	2	5	5	25	3	15	19	16
	Bachelors'	4	10	0	0	0	0	7	35	11	9
	Post-grad degree	4	10	0	0	0	0	3	15	7	6
Duration of stay in RSA	< 5 years	18	45	19	48	8	40	8	40	53	45
	5-10 years	15	38	16	40	9	45	7	35	47	40
	11-15 years	7	18	3	8	3	15	5	25	18	15
	> 15 years	0	0	0	0	0	0	0	0	0	0
N=Number of respondents		F= Frequency									

The statistics above are the description of African immigrant entrepreneurs in Cape Town who furnished information to the researcher. Face-to-face interviews were held with 40 African immigrant entrepreneurs from Nigeria (33% of the sample), 40 from Somalia (33% of the sample), 20 from Senegal (17% of the sample) and 20 from various countries of Africa (17% of the sample). Each of the biographical variables is briefly discussed in the section that follows.

4.2.1.1 Gender of the respondents

Out of 120 respondents, 116 (97%) were males while 4 (3%) were females. This gender imbalance is possibly a cultural factor, due to the fact that African males are more open to this sort of high-risk venture than females. When men decide to leave their home countries, they choose to take an individual risk into an uncertain future rather than remaining with their partners or prospective partners as females may chose to do. Secondly, African males are more involved in activities that financially support their families, while females are more involved in household activities. This finding is comparable to the findings by Rogerson (1999) pointing out that immigrant businesses are run by single, young male entrepreneurs who work long hours - 64 hours per week, six days a week and if they have employees they also work similar hours.

4.2.1.2 Age of the respondents

As displayed in Table 4.1, the majority of the respondents from Somalia, 23 out of 40 (58%), fall under the second designated age group (21-30 years). This finding seems to be linked to the fact that this is a period of activity for many young people who, having completed high school, do not further their studies. They are either employed in existing businesses or they take over an existing business and sign up to paying a regular amount of money until they own the business. This requires a high level of trust and confidence that seems to be prevalent among Somali immigrants.

Table 4.1 also reveals that 50 respondents out of the total of 120 (43%) fall under this second designated age group (21-30 years); while 57 out of 120 (48%) - nearly half of the total respondents - fall under the third designated age group (31- 40 years).

4.2.1.3 Education of the respondents

With the exception of Somali respondents, the majority of whom have only completed primary school; Table 4.1 reveals that about half of the respondents (49%) have completed high/secondary school. These figures regarding the education level of Somalis are not a surprise. As pointed out by *Save Children* (2005), Somalia is today a nation wrecked by internal conflict - the consequence of prolonged clan warfare and a power struggle between an Islamic movement and an Interim Government composed of former warlords. The lack of central administration has led to millions living in severe poverty and a virtual standstill in health care and education. It is worthwhile to mention that 75% of Senegalese respondents have completed high/secondary school. This finding about the education of African immigrants coincides with findings from a study by Ngwema (1998) who observed that 80% of immigrants in South Africa have a minimum of 10 to 12 years of education, and at least 30% had completed tertiary education.

4.2.1.4 Duration of stay in RSA

As displayed in Table 4.1, many respondents (44%) have been in South Africa for a duration of less than 5 years while 39% have been in South Africa for a duration of between 5 and 10 years. This decline in percentage for the longer duration in South Africa may be linked to the fact that many immigrants return home after accumulating enough capital to open up businesses in their home countries. It was also revealed by some immigrants that some of them use the money to travel and look for other opportunities in European countries.

4.2.1.5 Discussion

The biographical information from this survey has cemented a very popular pattern that African males are more visible in business activities than females. As pointed out by Rogerson (1999), immigrant entrepreneurs work long hours and 6 days a week which seems to be hard for females who may also have to take charge of other family responsibilities. At the same time, it was discovered that relatively mature immigrants with a relatively high level of education run these business activities: (42% fall under the age category of 21-30 years while 48% fall under the age category of 31-40 years and 49% of the respondents have completed high/secondary school education). We can deduce that these two factors could explain their successes.

4.2.2 Reasons why Africans leave their home countries to RSA

As highlighted by many researchers, the history of migration in Southern Africa has been identified as being one of the most well documented academic fields in the region Posel (2003:2). With the lifting of restrictions on African urbanisation in the late 1980s and the end of apartheid, many changes occurred with regards to migration patterns, where the tendency became more towards permanent settlement. Although restrictions on immigration were not loosened during the 1990s, immigration into the new South Africa has dramatically increased, particularly as economic and political conditions in neighbouring African countries deteriorated (Posel, 2003:16). The statistics in Table 4.2 below confirms Posel's findings.

Origin of African immigrants entrepreneurs										
Variables	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20		Total N=120	
	F	%	F	%	F	%	F	%	F	%
Political instability	12	30	40	100	2	10	10	50	64	53
Perception of business opportunities	15	38	0	0	6	30	2	10	23	19
Economic reasons	8	20	0	0	9	45	3	15	20	17
Visit	2	5	0	0	3	15	2	10	7	6
Other *	3	8	0	0	0	0	3	15	6	5
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents					F: Frequency					
* The group designated as 'Other' comprises of family problems, marriage, study, adventure etc.										

4.2.2.1 Political instability

Table 4.2 above shows the motivation of African immigrant entrepreneurs for leaving their home countries to come to South Africa. All (100%) the interviewed African immigrant entrepreneurs from Somalia left their country because of political instability. The total number of interviewed African immigrant entrepreneurs who left their home countries because of political instability is 64 out of 120 (53%).

4.2.2.2 Perception of business opportunities, economic reasons and visit

With regards to the perception of business opportunities in South Africa, 15 out of 40 (38%) of interviewed African immigrant entrepreneurs from Nigeria left their home country because of this reason, 9 out of 20 (45%) of interviewed African immigrant entrepreneurs from Senegal left their country because of economic reasons. The study has identified that 15% of immigrants from other parts of Africa have left because of economic reasons.

Some immigrants come to South Africa to visit their friends or relatives and end up by settling.

4.2.2.3 Discussion

As can be seen from Table 4.2, the African immigrant entrepreneurs involved in this study rated the reasons for leaving their home countries in the following decreasing order:

- Political instability
- Perception of business opportunities
- Economic reasons
- Visit and
- Other reasons.

This finding can be compared with the finding highlighted in the study done by Lee and Siemborski (2000) who ascertained that Irish, British and Cubans immigrated to America for the following reasons:

- Dissatisfaction with government policies, as in the case of Cuba between 1959 and 1962 when more than 200,000 anti-Castro Cubans immigrated to the United States.
- Oppression under British rule in their country and dissatisfaction with British landlords including British Protestantism and taxes.
- The chance of better opportunities for work; as in the case of British immigrants to America in the 19th century.
- The Irish Potatoes famine that killed over a million people which was an economic reason for immigration.

Furthermore, the finding of 'economic reasons' as a major motivating factor can be compared to Goetz (1999:5-6) who stated that economic booming is one of the reasons why people migrate in search of better living conditions. Other reasons are private and personal where people move to new and better jobs; relocate to live in areas with a perceived better climate or more pleasant environmental amenities.

The findings of this survey on why African immigrant entrepreneurs leave their home countries can also be compared to Hunter and Skinner (2001) who conducted research on 171 foreign informal traders, where one of their aims was to determine reasons why immigrants leave their home countries to come to South Africa. Their research found that of the informants, originating from 17 different African countries, 47% were political refugees while the remaining came to South Africa for other reasons; often economic ones.

The following research highlights various reasons why Africans come into South Africa, and these findings can be seen to be similar to the findings of the current study:

- Thousands of people choose to settle in South Africa because of the quality of life, the climate and the business opportunities. Recent immigration records show that South Africa is truly becoming a multi-cultural melting pot, alive with possibilities (*South Africa info*, 2004). The majority of South Africa's current refugees come from countries such as DRC, Burundi, Rwanda, Angola and Somalia because these countries are experiencing political problems.
- Somalia is one of the poorest countries in the world and the civil war that has been going on since 1991 has led to 300,000 people fleeing to other countries in the World, and 400,000 people displaced from their home areas. The intense fighting and constant political instability has resulted in widespread poverty and the collapse of almost all the country's infrastructure (*Save the Children UK*, 2006).
- Benton (2007) reports that Deputy Home Affairs Minister Malusi Gigaba told the crowd at Masiphumele township in southern Cape Town that "hundreds of thousands of people in Africa live outside their countries of origin, not sure if they will ever go back there or whether they want to return home" and that countries of more "modest development" than South Africa continue to host many thousands of people displaced by repression or conflict.

4.2.3 Business activities African immigrants are involved in.

Considering the many different types of business activities African immigrants are involved in, one can conclude that creativity is one of the characteristics of these entrepreneurs. Dahlerg (1997:1) states that we all find ourselves in various new places - either physically or mentally – including new jobs, new neighbourhoods, new cities, new relationships, deaths and so on; and that these experiences require skills of adaptation - the ability to change and think of new possibilities. Today, the speed of change demands that we actively participate in creating our lives and our futures, no matter what age we are, instead of just responding to them. “It demands that we learn to think like migrants – to think creatively, to improvise and adapt as we find ourselves amidst life's discontinuities”.

Table 4.3 below summarises the findings of the activities African immigrant entrepreneurs are performing in Cape Town.

Table 4.3 Businesses African immigrant entrepreneurs are involved in.										
Businesses	Origin of African immigrants entrepreneurs								Total	
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20		F	%
	F	%	F	%	F	%	F	%	F	%
Clothing	13	33	19	48	6	30	4	20	42	35
Footwear	8	20	5	13	8	40	2	10	23	19
Groceries	2	5	11	28	2	10	2	10	17	14
Bags, Caps and Belts	6	15	0	0	3	15	2	10	11	9
Restaurant	2	5	1	3	1	5	1	5	5	4
Hairdressing	3	8	0	0	0	0	2	10	5	4
Second hand goods	2	5	0	0	0	0	4	20	6	5
Others *	4	10	4	10	0	0	4	15	12	10
TOTAL	40	100	40	100	20	100	20	100	120	100

N: Number of respondents F: Frequency

*The group designated as 'others' comprises of businesses such jewelry, panel beating, traditional healing, spices, music/movie shops, etc.

4.2.3.1 Clothing traders

From the table above, 19 out of 40 (48%) of interviewed immigrant entrepreneurs from Somalia are involved in the clothing business. The total number of interviewed African immigrant entrepreneurs that are involved in the clothing business is 42 out of 120 (35%).

4.2.3.2 Footwear traders

As displayed in Table 4.3, 40% of interviewed immigrant entrepreneurs from Senegal are involved in footwear business. The total number of interviewed African immigrant entrepreneurs that are involved in footwear business is 23 out of 120 (19%).

4.2.3.3 Discussion

As shown in Table 4.3, African immigrants in Cape Town are involved in a wide range of activities. Some of these activities require a relatively big investment, while others do not. The research has shown that 35% of interviewed African immigrant entrepreneurs are involved in the clothing trade. This finding can be compared to the research done by Peberdy (2000) that found that predominantly textiles products are sold by South African-Mozambique border crossing entrepreneurs, who travel every day to sell their products on the other side of the border. One needs, however to investigate if this can be regarded as a general behaviour for all the immigrants in the new land.

African immigrant entrepreneurs in Cape Town give, as their first reason for being involved in the clothing sector that South Africa seems to be a fashion-driven society where people are aware of and very sensitive to new clothing products reaching the market and that the seller can make money out of this behaviour. The other reason is that clothes are easy to store. All the people who sell similar products have a common storage facility where they leave their locked trolleys every evening. They are never sure of how latecomers might handle the storage, so in this system there is a problem of breakage of

vulnerable products such as watches, crockery and other products from the grocery sector. However, in the case of clothing, even if handling is not careful there will be relatively little or no damage.

Furthermore, African immigrant entrepreneurs are more involved in the clothing sector because some of them are targeting their fellow immigrants by providing them with ethnic clothing, similar to that found in their home countries. Somalis have a higher involvement in the clothing sector than any other nationality as they provide clothes to their fellow women from Somalia whose mode of dressing is very different from other Cape Town residents. This finding can be compared to the finding from Rogerson (1999) who confirms that within the group of production SMMEs, many immigrants are clustered in the clothing sector where they are involved in the making of traditional African clothes: wedding dresses, and general tailoring activities.

The presence of Somalis involved in the clothing sector in the suburb of Bellville is noticeable and today some of them are operating as wholesalers. Another point that was noted is that most of the immigrants who run businesses have not been in South Africa for more than 5 years; but considering the size of the business, one would question how they have managed to grow the business to that level in such a short period. A possible reason for this is that most businesses are run as partnerships.

With regards to the footwear sector, the interviewed immigrant entrepreneurs claimed that they provided quality shoes at low cost and that this allows them to be sustainable in a highly competitive environment. Selling shoes does not require sophisticated equipment, such as quality shelves, as most of immigrants display their shoes on the top of the shoeboxes and most of the time they combine selling shoes with something else, such as bags and belts.

Some African immigrants are involved in restaurants. Some of the restaurants visited for this research were Madiba Restaurant in Bellville run by Somalis and Amon's Restaurant in Cape Town run by a Nigerian. Both have a competitive advantage of being cheap and providing quality food. Madiba restaurant provides a wide range of local food such as chicken, rice,

spaghetti, meat, salad, as well as the food preferred by Somalis in their home country such as maize bread, sweet potatoes and other specialties.

In recent months, Somalis refugees in South Africa have had some confrontations with some locals and civil authorities have had to address the problem to stop the violence. Most comments were linked to the jealousy of locals; as these Somalis entrepreneurs run successful businesses. According to Benton (2007) Western Cape Premier, Mr Rasool, told a gathering at Masiphumele Township in southern Cape Town that locals could learn from some “Somalis as they went about earning an independent livelihood through their trading stores”. At the same time, Mr Rasool said that - “Somalis could learn lessons from South Africans in terms of a growing culture of human rights that ensures equality between all people, including across the gender divide”.

These findings can also be compared with the study done by Rogerson (1999) who ascertains that foreign owned SMMEs are now a particularly significant element of the changing economy and landscape of the Johannesburg inner-city and therefore the following conclusions can be drawn about foreign migrant involvement in the SMME sector:

- Immigrant entrepreneurs in South Africa are visible in a narrow band of activities of SMMEs, mostly in retail or service rather than production activities. Their activities involve selling curios, retailing ethnic clothes and foods, motorcar repairs/panel beating and hairdressing salons. Other activities include the operation of restaurants, nightclubs, cafes, a music shop, several import-export businesses and a traditional healer.
- Immigrant entrepreneurs have distinct clusters in the kinds of businesses they run. Malawian immigrants tend to concentrate on clothes' production or curio selling, while Mozambicans and Zimbabweans are more visible in motorcar repair and curio selling activities. West Africans are mainly in ethnic businesses related to clothes, food retailing and the operation of restaurants.

4.2.4 Acquisition of business premises/spots

The high demand for business spots has led to intense competition, which can result in corruption to secure premises. As pointed out by some of the respondents, the waiting list is always long, and the process of ‘first come, first served’ is not respected at all. Table 4.4 below indicates how respondents to this survey have acquired their business spots.

Table 4.4 How African immigrant entrepreneurs acquire business premises/spots										
Origin of African immigrants entrepreneurs										
Acquisition of business spots	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20		Total N=120	
	F	%	F	%	F	%	F	%	F	%
Rent from a private	23	58	19	48	6	30	11	55	59	49
Rent from Government	12	30	13	33	11	55	5	25	41	34
Bought from a previous owner	5	13	8	20	3	15	4	20	20	17
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents					F: Frequency					

4.2.4.1 Rent from private sector

From the table above, 23 out of 40 (58%) of interviewed African immigrant entrepreneurs from Nigeria rent their business spots from private people or companies, and 19 out of 40 (48%) of interviewed African immigrant entrepreneurs from Somalia rent their business spots from private people or companies. More than half; i.e. 11 out of 20 (55%) of interviewed African immigrant entrepreneurs from various countries in Africa rent their business spots from private people or companies. The total number of interviewed African immigrant entrepreneurs who rent their business spots from private people or private companies is 59 out 120 (49%).

4.2.4.2 Rent from government

Of the interviewed immigrant entrepreneurs from Senegal (55%) rent their business spots from government, while the total number of interviewed African immigrant entrepreneurs who rent their business spots from government is 41 out 120 (34%).

4.2.4.3 Immigrants bought their business spots

A few of the respondents (16%) have already bought their premises from the previous owners and they run their businesses in their own premises. This gives them a peace of mind, as they do not have to pay the ever-increasing rent but have only to struggle to find the government tax.

4.2.4.4 Discussion

Securing a business spot is a difficult process given the number of applications. Almost half (49%) of the Africans immigrant entrepreneurs rent their business spots from private people or companies rather than from government.

Companies such as Intersite collect tax every day, which is R 70.00 in the town center and this money guarantees a spot for the business. Those who rent their business spots from the government secure their places by paying the prescribed fee of R 10.00 a day to the government representative.

The difficulties encountered in securing a business spot are also a result of high competition. Many local business people were driven out of business. In the suburb of Bellville, Somalis have heavily invested in clothing occupying almost every building and applying price predator techniques to drive other competitors out of business. Once the a place is available due to the closure of the business unable to cope with this competition, Somalis immediately occupy it and extend their businesses to operate as wholesalers or retailers, depending on the size of the place.

However, one must question whether their heavy presence in this suburb could perhaps led to misunderstandings with locals as has happened previously in some other small towns of the Western and Eastern Cape provinces, where some locals made an assault on Somalis' shops; looting, setting some alight, wounding the owners and killing some of them.

The competitive element was also highlighted by Cross (2006) who found that small businesses run by a poor South Africans are suffering from the strong competition from foreigners who seem to be more skilled, better educated and financially supported. However, more clarity is necessary regarding this financial support mentioned by Cross because none of the immigrants reached by this study could confirm receiving any financial support to assist in starting up a competitive business.

Another sad story as told by Casey, a Nigerian immigrant entrepreneur, who operates at the Taxi Rank in Cape Town, is that in October 2006, 80 foreigner immigrant entrepreneurs that were operating in the city centre next to the Cape Town Taxi Rank were forced to close down their businesses without any notice and without any reason. At the time of collecting this data - March 2007 - the 80 posts are still empty without anybody using them and all the South Africans who were working for them are now jobless and starving.

These findings can be compared to what Rogerson (1999) found that these immigrant entrepreneurs face a number of problems and endure considerable hostility against their persons and their businesses as a result of this xenophobia. In addition, they do not have access to finances and credit; they encounter problems with opening bank accounts; there are difficulties in acquiring visas and permits and in dealing with customs, they suffer harassment by police and local officials, and are being targeted by criminals and gangs.

Yet despite these difficult local conditions, in which they have to operate, most of the immigrant entrepreneurs express their optimism and look to future possibilities of expanding their business enterprises outside Johannesburg in South Africa.

4.2.5 Employment creation

In a study about immigration and employment growth, Enchautegui (2005) ascertains that the overall immigrant population contributes more to increases in employment than the overall native population. Recent immigrants and recent internal in-movers have a similar effect on employment growth for locals. The table below shows the pattern of employment by African immigrants in South Africa and is a confirmation of the above finding.

Table 4.5 Employment creations by African immigrant entrepreneurs for unemployed South Africans.										
Preference in employment	Origin of African immigrants entrepreneurs								Total N=120	
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20			
	F	%	F	%	F	%	F	%	F	%
South Africans	29	73	36	90	19	95	14	70	98	82
Foreigners	2	5	2	5	0	0	1	5	5	4
Both	9	23	2	5	1	5	5	25	17	14
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents					F: Frequency					

4.2.5.1 Employment for South Africans

Table 4.5 shows that 29 out of 40 (73%) of interviewed African immigrant entrepreneurs from Nigeria prefer to employ South Africans and 36 out of 40 (90%) of interviewed African immigrant entrepreneurs from Somalia prefer to employ South Africans. A significant number of 19 out of 20 (95%) of interviewed immigrants entrepreneurs from Senegal prefer to employ South Africans, while 14 out of 20 (70%) of interviewed African immigrants entrepreneurs from various countries of Africa prefer to employ South Africans. The total number of interviewed African immigrant entrepreneurs who employed South Africans is 98 out 120 (82%).

4.2.5.2 Employment for both foreigners and South Africans

From Table 4.5 we can see that 9 out of 40 (23%) of interviewed African immigrant entrepreneurs from Nigeria choose to employ anybody, while 5 out of 20 (25%) of interviewed African immigrants entrepreneurs from various countries of Africa choose to employ a foreigner or a South African. The total number of interviewed African immigrant entrepreneurs who have no preference and employ anybody; a foreigner or a South African is 17 out 120 (14%).

4.2.5.3 Discussion

Finding the extent to which African immigrant entrepreneurs create employment for unemployed South Africans in Cape Town, is what this research attempts to ascertain. From Table 4.5, one could say that even with this small sample of 120 respondents, African immigrant entrepreneurs are indeed creating jobs for South Africans as 82% of interviewed African immigrant entrepreneurs employed South Africans. This finding confirms the first hypothetical statement of this study; 'African immigrant entrepreneurs create jobs for unemployed South Africans in Cape Town', which is already mentioned on page 4.

Job creation is a big challenge to the South African Government. Despite its extraordinary effort to cut down the unemployment rate which is estimated at 26%, according to *World Book Fact South Africa* (2006), the government and other businesses in the formal sector do not manage to create employment for everybody. Many South Africans have to work for small businesses owners and many immigrants are found in this category.

4.2.6 African immigrant activities that create more employment for locals.

The significance of this section is to respond to the strategic objective of the study, by pointing out the areas that investors can exploit for the benefit of South African people. The study has revealed that most of African immigrant entrepreneurs - (35%) - are involved in the clothing business. However, these entrepreneurs claim that the businesses that could create more job opportunities for locals are not necessarily the clothing business. This difference between their behaviour and their views could be attributed to the fact that a restaurant, which scored high in job creation, is not easy to run as it requires a lot of investment and cannot be run anywhere. In addition, the target group to feed can be a problem given the cultural diversity, beliefs, and the origins of Cape Town residents.

Table 4.6 African immigrant entrepreneurial activities that create more employment opportunities to locals.										
Business activity	Origin of African immigrants entrepreneurs									
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20		Total N=120	
	F	%	F	%	F	%	F	%	F	%
Restaurant	17	43	15	38	10	50	7	35	49	41
Groceries	10	25	10	25	5	25	6	30	31	26
Clothing shops	8	20	12	30	4	20	6	30	30	25
Foot wear	5	12.5	3	7.5	1	5	1	5	10	8
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents F: Frequency										

4.2.6.1 Restaurant

Table 4.6 shows that 17 out of 40 (43%) of interviewed immigrant entrepreneurs from Nigeria believe that restaurants can create more job opportunities for South Africans, while 15 out of 40 (38%) of interviewed immigrants entrepreneurs from Somalia think that a restaurant can create more jobs for unemployed South Africans. Half of interviewed immigrant

entrepreneurs from Senegal i.e.10 out of 20 (50%) think that a restaurant can create more job opportunities for unemployed South Africans. This brings the total number of African immigrant entrepreneurs who believe that a restaurant can create more job opportunities for unemployed South Africans to 49 (41%).

4.2.6.2 Grocery and clothing businesses

Table 4.6 also shows that 10 out of 40 (25%) of interviewed immigrant entrepreneurs from Nigeria believe that a grocery shop can create more job opportunities for South Africans; 10 out 40 (25%) of interviewed immigrants entrepreneurs from Somalia think that a grocery shop can create more job opportunities for unemployed South Africans; 5 out of 20 (25%) of interviewed immigrant entrepreneurs from Senegal think that a grocery shop can create more job opportunities for unemployed South Africans, while 6 out 20 (30%) of interviewed immigrants from various African countries believe that a grocery shop can create more job opportunities for unemployed South Africans. This brings the total number of African immigrant entrepreneurs who think that a grocery shop can create more job opportunities for unemployed South Africans to 31 (26%).



4.2.6.3 Discussion

With an unemployment rate of 26%, job creation is a big challenge for the South African government. Although the South African economy has been in a positive trend for more than a decade, both public and private sectors are still unable to employ all South Africans in need of employment. The growing number of metropolitan residents increases the need of providing more affordable food. The immigrants' view that a restaurant can create more employment may be attributed to the fact that immigrants who run restaurants target their fellow country mates and provide low cost food similar to what they are used to eating in their home countries. Therefore, they will secure relatively stable and large clientele that will require employing many people to run the restaurant. However, from the researcher's point of view, restaurants cannot be the first choice to suggest to government or other business people

as a secure investment. The building and opening of shopping malls might be a better option for fighting unemployment.

4.2.7 Transmission of entrepreneurial skills to locals

Table 4.7 below summarises the views of respondents about the level of skills transmission from immigrant entrepreneurs to local people.

Entrepreneurial skills transmission	Origin of African immigrants entrepreneurs								Total	
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20		N=120	
	F	%	F	%	F	%	F	%	F	%
Very High	16	40	12	30	8	40	6	30	42	35
High	11	28	17	43	8	40	10	50	46	38
Neutral	6	15	6	15	3	15	3	15	18	15
Low	7	18	2	5	1	5	1	5	11	9
Very Low	0	0	3	8	0	0	0	0	3	3
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents Fr: Frequency										

4.2.7.1 Very high level of entrepreneurial skills transmission

From Table 4.7, we can see that 16 out of 40 (40%) of interviewed immigrant entrepreneurs from Nigeria believe that there is a very high level of entrepreneurial skills transmission from African immigrant entrepreneurs to locals, while 8 out of 20 (40%) of interviewed immigrant entrepreneurs from Senegal believe that there is very high level of entrepreneurial skills transmission from African immigrant entrepreneurs to locals.

4.2.7.2 High level of entrepreneurial skills transmission

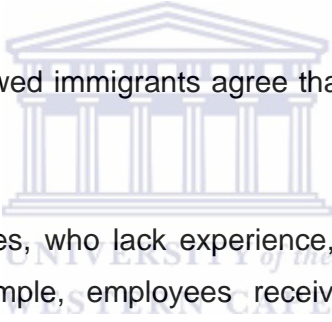
From Table 4.7, we observe that 17 out 40 (43%) of interviewed immigrants entrepreneurs from Somalia believe that there is high level of entrepreneurial skills transmission from African immigrant entrepreneurs to locals while 40%

of interviewed immigrants from Senegal believe that there is a high level of entrepreneurial skills transmission from immigrants to locals. The total number of African immigrant entrepreneurs who believe that there is a high level of entrepreneurial skills transmission from African immigrant entrepreneurs to locals is 38%.

4.2.7.3 Discussion

The main finding in this section is that there is indeed a transmission of skills from African immigrant entrepreneurs to South Africans who work for them. Out of 120 interviewed African immigrant entrepreneurs, 88 (73%) have confirmed that there is a transmission of entrepreneurial skills to South Africans and this finding prove the second hypothesis of the study which is already mentioned on page 4.

Unanimously, the interviewed immigrants agree that the skills transmission is done through:

- 
- Training: Employees, who lack experience, have to be trained to do the job. For example, employees received on-the-job training in customer relations, cash handling, stock displays, etc.
 - Experience: After having worked for immigrants, some of these employees manage to open up their own businesses, and this was confirmed by Casey, a Nigerian entrepreneur whose three former employees have all opened their own businesses and are successfully operating in their suburbs. This trend has also been confirmed during other interviews.
 - Imitation: Many South Africans including the employees in these enterprises observe how foreigners are successful in their businesses and try to emulate them.

The above process of skills transmission was also confirmed by the South African employees who work for immigrants. Many of them were helping their employers to answer the questions in the research interview and have confirmed that they were getting business skills through training and

experience. The employees I managed to talk to outside the interview were amazed at how foreigners do not hesitate to take risks and even decide to open a business next to a person who is selling the same products. “This is what we also need to do!” confirm employees.

The other finding about skills transmission was that African immigrant entrepreneurs expressed their willingness to share their entrepreneurial skills with locals but some of them proposed some conditions such as a commitment to work, or capital investment.

Others have expressed the fear, that if South Africans acquire skills, they will take over all the opportunities that they feel should go to immigrants, that there will be an increase in competition and that they might take over their businesses.

Those who were unconditionally willing to share their skills with locals have put forward reasons for this choice as a willingness to teach risk taking, to encourage involvement in the economic life of the country and to motivate people not to wait for everything from government.

In addition, some immigrant entrepreneurs criticised the government education system, which is not teaching people to become entrepreneurs. This lack of entrepreneurship education as well as the lack of training was also highlighted by Orford, Wood, Fischer, Herrington and Segal (2007:17) as the first main obstacle to entrepreneurship development. The second reason listed was the lack of financial support and cultural and social norms was given as the third negative factor.

The importance of skills transmission from African immigrant entrepreneurs was confirmed by deputy Minister of Home Affairs, Mr Malusi Gigaba, on the occasion of celebrating Human Rights Day in March 2007. He said, “South Africans need to realise that the country can benefit from the presence of immigrants and refugees, because many of them bring skills, including some of the scarce skills needed by the South African economy”. He articulated that

the "entrepreneurial spirit and culture" that many refugees bring can, "if properly harnessed", enhance local communities (Benton, 2007).

Finally, immigrant entrepreneurs often give advice to South Africans, who try to open up their small businesses, on how to get skills and how to learn to work together in order for them to cope with the competition. This will help them to enhance the skills learnt and fully benefit from this interaction with foreign immigrants.

4.2.8 Role of immigrant supporting organisations

Although the role of immigrant supporting organisations is dealt with in depth in the questionnaire, the researcher found it an ideal opportunity to collect the views of immigrants on how they rank the support administered to them by these organisations. Surprisingly, some of the immigrants ignore the existence of these organisations. One of their roles, as highlighted by Vieira (2007: 125), is that the UNHCR recommends its representative organisations to develop cultural and social programmes, to raise the awareness of public authorities and society on the importance and cultural diversity of international migration and to create an awareness that immigrants should not be portrayed only as victims or as people in need, but as assets to society. The table below is a summary of the respondents' opinions vis-à-vis supporting organisations.

Table 4.8 Role of immigrant supporting organisations

Level of Assistance	Origin of African immigrants entrepreneurs								Total N=120	
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other N= 20			
	F	%	F	%	F	%	F	%	F	%
Very High	1	3	5	13	1	5	0	0	7	6
High	4	10	3	8	0	0	0	0	7	6
Neutral	22	55	20	50	6	30	13	65	61	51
Low	7	18	6	15	9	45	3	15	25	21
Very Low	6	15	6	15	4	20	4	20	20	16
TOTAL	40	100	40	100	20	100	20	100	120	100

N: Number of respondents Fr: Frequency

4.2.8.1 Immigrants are neutral about the role of supporting organisations

From Table 4.8, we can realise that 22 out of 40 (55%) of interviewed immigrant entrepreneurs from Nigeria are neutral about the level of immigrant supporting organisations in the lives of immigrants in Cape Town; 20 out of 40 (50%) of interviewed immigrants entrepreneurs from Somalia are neutral about the level of immigrant supporting organisations to the lives of immigrants in Cape Town; 6 out of 20 (30%) of interviewed immigrant entrepreneurs from Senegal are neutral about the level of immigrant supporting organisations to the lives of immigrants in Cape Town, while 13 out of 20 (65%) of interviewed immigrants from various African countries are neutral about the level of immigrant supporting organisations to the lives of immigrants in Cape Town. The total number of African immigrant entrepreneurs who are neutral about the level of immigrant supporting organisations to the lives of immigrants in Cape Town, is 61 (51%).

4.2.8.2 Low role of immigrant supporting organisations

A good 45% of immigrants from Senegal confirm that the supporting organisations play a low role regarding the provision of support to immigrants. This finding is not a surprise because these organisations cannot support each and every immigrant who arrives in Cape Town. They have some qualification criteria before they can give support, and most of the time they only assist women or families, while 95% of interviewed immigrants from Senegal are males.

4.2.8.3 Discussion

The interviewed African immigrant entrepreneurs did not hide their disappointments regarding the role played by the immigrant supporting organisations. In fact more than half (51%) are neutral about the organisations' role while 37% have qualified their assessment of assistance as either low or very low. However, the good news is that all the interviewed African immigrant entrepreneurs have confirmed that they know and interact

with the Department of Home Affairs in Cape Town, which means they have official documents allowing them a temporary or definite stay in South Africa to study and to open up their own businesses. This also means that, although many of them have entered the country illegally, they now live legally in the country.

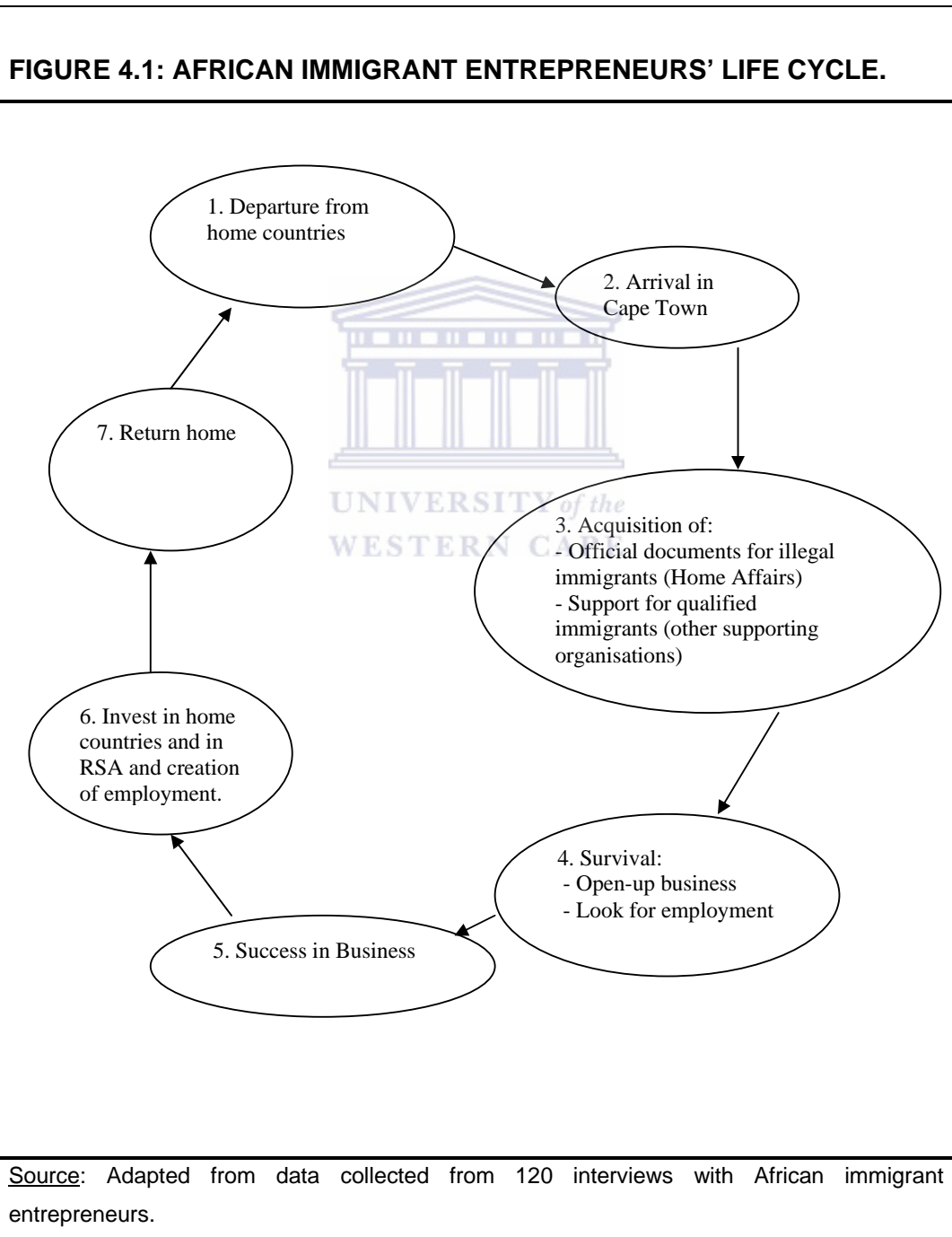
Another reason why many of the respondents do not know these organisations is that many of them came to South Africa through connections with friends and relatives who were already settled in businesses and they did not need the emergency relief that is provided by some of these organisations. Most of these people are economic migrants or came because of the perception of business opportunities. They had already planned their lives for their arrival and had enough capital to support themselves in their first days. On the other hand, many of those who came as refugees, mostly from Somalia, DRC, Rwanda, Burundi etc, all knew about these organisations and they made use of them in their first months after arrival in Cape Town. In interviewing immigrants in this study, it became clear that some of these organisations provide blankets, temporary shelters, food, language training, and school fees at primary and high school levels.

The advice from immigrants to the supporting organisations is that they should market themselves to be better known by all the people they are supposed to assist. On the other hand, these organisations confirm that they have more than enough people to assist with their limited resources, funded mostly from sponsors such as foundations, governments, UNHCR and others.

4.2.9 African immigrant entrepreneurs' life cycle

During data collection period, the researcher has discovered that some of the immigrants, especially those who came to South Africa because of political instability may stay for a relative long period without knowing when and how they will be returning home.

On the other hand, those who came for business opportunities do not stay in the country indefinitely. Many of them, after accumulating enough capital, decide to go back and invest in their home countries. Some of the respondents have even revealed that they return in South Africa to continue their business activities after establishing the businesses and leave them to their family members. The figure below shows the life cycle of these immigrant entrepreneurs.



1. **Departure from home countries:** The very starting point of immigrants' life cycle is their departure from their home countries to South Africa. The study has revealed that political instability, perception of business opportunities and economic reasons are the main reasons of their movement.
2. **Arrival in Cape Town:** some of immigrants have to travel long distances, and sometimes under dangerous conditions before they reach their destination (Cape Town).
3. **Acquisition of official documents for illegal immigrants and support from non-governmental organisations:** when they arrive in Cape Town, some immigrants have entered the country illegally and they cannot work without any documents. They first need to report to the department of Home Affairs to apply for a temporary residence permit. As soon as securing this document, the qualified immigrants/refugees can approach supporting organisations for assistance.
4. **Survival:** most immigrants do not have an easy life in Cape Town. They survive by opening up small businesses, or by securing temporary employment where, according to Timberg (2005), they are grossly exploited.
5. **Success in Business:** this study has revealed that many immigrants who open up businesses manage to survive the competition and has recorded some successes. They even create employment for some unemployed South Africans and support their families left-behind in home countries.
6. **Invest in home countries:** throughout the interviews, it became evident that some immigrants send a big part of their income back to their home countries. This money is invested in various ways. Their relatives manage the money and a part is used to open up other businesses and a part is spent on school fees for other family

members. This investment will be their starting point when they return home.

7. **Return home:** some of those immigrants who came into South Africa because of economic reasons or perceptions of business opportunities do return home after acquiring enough investment funds. The investment required to open up businesses in their home countries is relatively less than the investment required to do the same business in South Africa. The “return home” can also be interpreted as leaving South Africa for other countries in the World, such as Europe, America or somewhere else. The income that was generated from businesses is used as a ticket to reach the new destination.

4.3 INFORMATION FROM IMMIGRANT SUPPORTING ORGANISATIONS.

Immigrant supporting organisations participated in this study by completing a questionnaire (see Appendix 3). The data collected from them is summarised in Table 4.9.

Table 4.9 Summary of data from supporting organisations.

Variables	Organisation						
	Aresta	Scalabrini	Cape Town Refugee Centre	Legal Resources Centre	CWD-Bonne Esperance	UCT Legal Clinic	Home Affairs Cape
Objectives	Promotion of self-reliance leading to local integration and job creation.	Assist migrants, seafarers, refugees & people on the move.	Assist asylum seekers & refugees in basic needs, advocacy lobbying for refugees rights	Provide legal services to poor and marginalised communities of RSA.	No information was supplied	Provide legal advices to refugees	Issuing asylum seekers refugee
Areas of support	Education, Business & Language training, Counseling	Education, computer & Language training.	Financial, education, business & Computer training, counseling	Counseling and legal advice.	Question not answered.	Counseling and advice	Documentation issuing
Number of immigrants assisted/month	± 420	± 5 to 120	± 50	± 200	± 60: 25 women & 35 children	± 50	± 500
Reasons for gender distinction	No gender distinction	No gender distinction	No gender distinction	No gender distinction	Limited space, privacy & dignity exclude adult males.	No gender distinction	No distinction
Main origin of immigrants /refugees	DRC, Rwanda, Burundi & Somalia	DRC, Burundi, Rwanda, Angola and Zimbabwe.	DRC, Somalia, Rwanda, Burundi, Angola, Congo Republic	DRC, Congo, Angola, Burundi, Somalia, Rwanda, Zimbabwe	DRC, Burundi, Rwanda, Somalia, Zimbabwe, Uganda	DRC, Congo, Angola, Burundi, Somalia, Rwanda, Zimbabwe	Somalia, DRC, Tanzania, Malawi, Zimbabwe
Main origin of immigrants /refugees	DRC, Rwanda, Burundi	DRC, Burundi, Rwanda,	DRC, Somalia, Rwanda,	DRC, Congo, Angola,	DRC, Burundi, Rwanda,	DRC, Congo, Angola, Burundi,	Somalia, DRC, Tanzania,

	&Somalia	Angola and Zimbabwe.	Burundi, Angola, Congo Republic	Burundi, Somalia, Rwanda, Zimbabwe	Somalia, Zimbabwe, Uganda	Somalia, Rwanda, Zimbabwe	Malawi, Zimbabwe
Follow up services	Counseling and referrals	No follow-up at the moment.	Skills training	Continuing legal cases	Monitoring, evaluation, education, civic services.	N/a	No follow-up
Immigrants' business performance	Performing fairly	Performing fairly and poorly.	Very well	No information supplied	Respondent is neutral	Question not answered	Question not answered
Importance of assistance	Very important	Very important	Very important	Very important	Very important	Very important	Very important
Immigrants' involvement into businesses	High involvement	Neutral	High involvement	High involvement	Low involvement	Neutral	High involvement
Immigrants' business activities	Groceries, Clothing, Hairdressing	Groceries, Shoes repairs, Clothing, Hairdressing	Groceries, Shoes retailing, hairdressing, restaurant	Groceries, Hairdressing, Car repair, Restaurant	Clothing, Hairdressing, Car repair, Restaurant, etc	Clothing, Groceries	Groceries, Shoes repairs, Clothing, Cosmetics, Hairdressing
Employment creation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Benefit of locals from that job creation	Being employed and get income	Being employed sometimes.	Few people are employed	Being employed	Being employed & learn business	Get employed	Local employment, immigration
Immigrants' employment to locals	High	Low	Neutral	High	Very high	High	High
Entrepreneurial skills transmission	Very high	Neutral	High	Respondent did not comment	Low	Neutral	High

4.3.1 Data presentation

Table 4.9 above, gives a list of immigrant supporting organisations that participated in this study and presents and summarises their response to the questionnaire. The data is presented in a tabular format and reflects all the questions as they appear on the questionnaire sent to the organisations.

4.3.2 Reviewing data collected from immigrant supporting organisations.

As indicated in the previous chapter, findings from similar questions from both questionnaires will be presented in a tabular format and discussions will follow to compare the findings from both sets of respondents.

Table 4.9 gives a list of supporting organisations that participated in this study and summarises their main objectives and the activities they perform. It also highlights their views and feelings regarding immigrant entrepreneur business activities towards locals. These objectives are ranged from promoting activities leading to local integration to facilitating job creation and income generation activities. Their support also involves education, language and computer training, legal assistance as well as stationary distribution. They also assist marginalised people and issue official documents allowing people to stay in South Africa and start a new life as well as run business activities. It is also worthwhile to mention that some of these organisations - most noticeably the Legal Resources centre and UCT Legal Clinic are organisations with similar functions.

Only the Catholic Welfare and Development (CWD) Bonne Esperance makes a gender distinction whereby it only provides accommodation for women and children when they are new comers to South Africa. Young boys of up to twelve years old can stay in the shelter with their mothers and they can stay for a period of six months.

It is clear from the questionnaires that immigrants and refugees who benefit from the services of supporting organisations come mainly from DRC, Burundi, Rwanda, Somalia, Malawi, Angola and Zimbabwe (Table 4.9.b). As mentioned previously, these countries are experiencing political and economic problems which drive many of its people to look for refuge or better living conditions elsewhere.

It is important to mention that all the supporting organisations have unanimously ranked their support for the immigrants as 'very important', a perception that contradicts the views of the perceived beneficiaries. At the same time, all supporting organisations affirm that immigrant entrepreneurs create employment in Cape Town while they have divergent perceptions regarding the extent of the employment benefits to locals. This finding can be attributed to the fact that these organisations only meet with immigrants in their offices and do not investigate their working conditions in the field nor do they collect information from immigrants themselves about how they live.

As reflected on the completed questionnaires, most of the respondents from support organisations are unaware of the level of entrepreneurial skills transmission to locals and have chosen not to answer this question. This finding could be a result of lack of research with regards to how local people benefit from immigrants.

4.4 COMPARING FINDINGS OF SIMILAR QUESTIONS FROM BOTH QUESTIONNAIRES TO SUPPORT RESEARCH QUESTIONS.

As mentioned in the beginning of this chapter, the information from supporting organisations complements the information collected from African immigrant entrepreneurs that employment creation by immigrants for locals is indeed taking place. As can be seen from both questionnaires (Appendices 2 and 3), there are some similar questions and it is important to outline these similarities and make a separate interpretation, so as to understand where immigrants

and their so-called supporting organisations diverge or converge with regards to the main research question – i.e. whether and to what extent African immigrant entrepreneurs create employment for locals. This will lead to a better understanding of the employment creation capacity of immigrant entrepreneurs. For this purpose, 5 questions have been identified from both questionnaires that could assist to achieve this objective.

Table 4.10 Comparison of findings from both questionnaires

Respondent	Immigrant entrepreneurs	Supporting organisations
Questions		
Level of immigrants' involvement in businesses	Very high	High
Activities immigrants are more involved in.	Clothing, Footwear, Groceries	Groceries, Shoes Clothing
Employment creation and employment to locals	Employ South Africans at 82%	High
Level of skills transmission from immigrants to locals.	High Very High Neutral	Various opinions from very high, through high, neutral, low and no comment.
Level of Importance of support and employment to locals.	Very important	Very important

From Table 4.10, we can see that the average opinion from supporting organisations regarding the level of immigrants' involvement in small business is 'high' as opposed to 'very high' from immigrants themselves. Although both sides do not have the same level of opinion, it can be seen that they all have a strong conviction that immigrants are highly involved in businesses. One can also deduct from the opinion of supporting organisations that the fact that immigrants do not get any financial assistance from any government department or from any other organisation, can be a hindrance to a higher level of involvement in businesses.

At the same time, one can see that the immigrants recourse to entrepreneurship as clearly indicated in this study is similar to Salaff's (2002) finding that ascertains that immigrants and refugees find it difficult to find work despite their education and experience and when they are frustrated in their goals of integrating into the host society, they turn to entrepreneurship, sometimes targeting the protected niche in the ethnic enclaves.

With regards to business activities immigrants are involved in, both immigrants and supporting organisations point out the following three as main target sectors for immigrants: clothing, groceries and shoe retailing. This finding from respondents in this study was also found by Serrie (1998: 214-5) who researched immigrant entrepreneurs from Magreb (Algeria, Morocco and Tunisia). They also operate grocery stores in wealthy French neighborhoods and run restaurants and clothing stores. This shows that immigrants have some similarities in their behaviour when choosing business clusters.

As stated earlier, the above findings on immigrant business activities confirms Rogerson (1999) who found that immigrant entrepreneurs in South Africa are visible in a narrow band of activities of SMMEs; mostly in retail or service rather than production activities. Their activities involve selling curios, retailing ethnic clothes and foods, motorcar repairs/panel beating and hairdressing salons. Other activities include operation of restaurants, nightclubs, cafes, a music shop, several import-export businesses and a traditional healer.

Rogerson (1999) continues his argument that within the group of production SMMEs, many immigrants are clustered in the clothing sector where they are involved in the making of traditional African clothes, wedding dresses, and general tailoring activities. Immigrant entrepreneurs have distinct clusters in the kinds of businesses they run. Malawians immigrants tend to concentrate in clothes production or curio selling, while Mozambicans and Zimbabweans are more visible in motorcar repair and curio selling activities. West Africans are mainly in ethnic businesses related to clothes, food retailing and the operation of restaurants.

Both immigrants and supporting organisations have confirmed the creation of jobs in Cape Town. In fact, 81.6% of interviewed immigrants have confirmed that they employ South Africans in their businesses and prefer to employ South Africans because of a communications facility that they offer to the business and because they are cheaper than foreigners. Another reason stated for choosing to employ South Africans is empowerment - to help them financially and train them for business. Employment creation by African immigrant entrepreneurs was also confirmed by many other researchers.

Timberg (2005) disagrees with the statement that immigrants are taking South Africans' jobs, and ascertains that they are actually creating employment for themselves and sometimes for unemployed South Africans. Since the main research question of this study is to ascertain the employment creation capacity of African immigrant entrepreneurs for unemployed South Africans in Cape Town, and that this was confirmed by both sets of respondents as being significant; it can be concluded that the main research question was answered and has clearly indicated that African immigrant entrepreneurs are indeed creating jobs in Cape Town.



With regards to the level of entrepreneurial skills transmission to locals, most immigrants confirm that this is happening at a high level while supporting organisations have various other opinions. The fact that immigrants are in constant interaction with their trainees or former employees who have left them to open up their own businesses can explain this discrepancy. While on the other hand, supporting organisations have less information on this tendency and this forces them to have less clarity about the level of entrepreneurial skills transmission which also confirms that they are not following up on immigrants nor providing an after care service.

However, both sets of respondents consider that their activities are very important to the beneficiaries: immigrants regard as 'very important' their employment provision to unemployed locals and the supporting organisations rate their assistance to immigrants as 'very important'. It is necessary to ask, however, on what evidence supporting organizations base their opinions given the fact that they do not provide a follow up service or invest in a data base to document the views, perceptions and opinions of their services beneficiaries.

4.5 CHAPTER SUMMARY

This study was concerned with evaluating the extent to which African immigrant entrepreneurs create employment to unemployed South Africans in Cape Town. The research methodology used was an empirical approach, which involved a personal interview and the questionnaire. The respondents to personal interviews were African immigrants involved in micro enterprises from Senegal, Nigeria and Somalia. Another small group of African immigrant entrepreneurs from different African countries were also interviewed. This chapter has presented their profiles with regards to gender, age, education as well as the duration of their stay in Republic of South Africa.

The respondents to a further survey questionnaire were organisations that support immigrants in Cape Town; Cape Town Refugees Centre, Scalabrini Centre, Aresta, UCT Legal Clinic, Legal Resources centre, CWD-Bonne Esperance (Catholic Welfare and development) and the Cape Town Department of Home Affairs.

The chapter presented, discussed and interpreted the main findings of the study. The presentation and discussion involved qualitative and quantitative methods. All the research questions were discussed in depth, according to the information gathered from the respondents and the interpretation was done by comparing the findings of this study with other findings of other researchers some of them already highlighted in the literature review.

The data from supporting organisations was presented, analysed and interpreted. The chapter ends with a tabular comparison of similar questions from both questionnaires and an assessment of the findings in order to find a sound response to the main research question and the conclusion is that employment of locals by African immigrant entrepreneurs is a significant and is indeed taking place in Cape Town.



CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 INTRODUCTION

The aim of this study was to evaluate the extent to which African immigrant entrepreneurs create employment to unemployed South Africans in Cape Town. This chapter summarises the major findings and their implications for the various stakeholders in shaping the discourse around immigrants/refugees. It also includes a discussion on the limitations of the research, conclusion of the study, as well as some recommendations. As indicated throughout the study, there is an increasing movement of people from their birthplaces to settle in other regions or countries. In an African context, South Africa is one of the countries of the world that received many immigrants and it continues to feel the high presence of foreigners. This study has attempted to evaluate the contribution of significant involvement in business activities by African immigrant entrepreneurs for local people. The following section presents a summary of the outcomes of the study.

5.2 SUMMARY OF THE RESEARCH

5.2.1 Introduction to the study

The choice of this topic was motivated by the lack of academic research focusing on the presence and the role of immigrants in South Africa that can assist various stakeholders, such as government and other non-government organisations.

The study was limited to the Cape Town metropolitan area and included only the African immigrants who run their own businesses. Research hypotheses were formulated and presented in the introductory chapter. In addition, the methodology chosen was introduced by giving a detailed explanation about the sampling method and the survey procedure. The introductory chapter also presented a brief focus on each chapter of the study.

Seven research questions were the main focus of the research and these assessed reasons why Africans leave their home countries for South Africa, the types of businesses they are involved in, their contribution to employment creation, the acquisition of business premises/spots, the transmission of entrepreneurial skills to locals and the role of non-governmental organisations that support immigrants.

5.2.2 Literature review

The second chapter of the research focused on surveying the existing literature and centered on the themes of migration, entrepreneurship and immigrant entrepreneurs. The chapter analysed the literature from international, national and local frameworks. Generally, the literature revealed that migration is a global phenomenon that started with the discoveries of different parts of the planet. Countries such as Australia, New Zealand, Canada and USA are encouraging immigration into their home countries, but there are scorching debates and controversies around that policy. The literature regarding migration has also revealed that many researchers and policy-makers find migration an unavoidable issue and are considering how to cope with it rather than fighting it.

With regards to South Africa, the literature reviewed indicated that South Africa has been a country of immigration since European explorers discovered it in late 15th century. South African migrants quickly became entrepreneurs and contributed immensely to the economic growth of the country by discovering many sites of minerals, building business towns and building infrastructure.

The second focal point of the literature review has shown that entrepreneurship can be defined in various ways, which include innovation, creativity and implementation of a new idea. Throughout the literature, it was discovered that immigrants have shown an entrepreneurial edge over locals, which enables them to support themselves in foreign countries. Furthermore, it has also been confirmed that entrepreneurship is becoming a subject of

study in all academic institutions as a way to initiate learners to think about becoming self-employed from early age.

Finally, the literature also highlighted that researchers and migrants themselves confirm that the latter frequently become entrepreneurs, because they have already taken big risks by moving thousands of miles from home. By opening up the businesses they create employment for themselves and for the people of host countries. The literature has revealed that lack of assistance and non-qualification for social grants are the main reasons why immigrants enter necessity-based entrepreneurship in South Africa.

5.2.3 Research methodology

The research method selected was a survey by means of questionnaires as the main source of collecting primary data. In this regard, the data were collected from a sample of African immigrants operating businesses in selected suburbs of Cape Town.

The sample of 120 respondents included immigrants from Nigeria, Senegal, Somalia and other various countries of the African continent. The sample included African immigrant entrepreneurs involved in a range of business activities such as grocery shops, clothing, restaurant, hairdressing and others. Additional data was also collected from organisations that support immigrants/refugees in Cape Town, such as Cape Town Refugee Centre, ARESTA, SCALABRINI, UCT Legal Clinic, Legal Resource Centre, Catholic Development and Welfare (CDW) and Cape Town Department of Home Affairs. The data collection period took place between February and April 2007. The criteria chosen for selecting the sample was based on two independent variables, namely the size of the business and the respondents' origin composition (i.e. having employees and being African, other than South African).

The questionnaire was developed based on information extracted from existing questionnaires and from semi-structured interviews conducted with various respondents. Following a pilot-test run some changes were suggested to the questionnaire, which was then finalized, with advice considered and a

few of these changes made. The questionnaire was copied and a face-to-face interview was conducted with 120 immigrant entrepreneurs and 7 immigrant supporting organisations.

Since the data was collected by using questionnaires and interviews chapter 3 indicates the advantages of these two methods. The interview procedure was highlighted, as well as the way the researcher dealt with ethical issues.

5.2.4 Results/findings presentation and discussion

Chapter 4 is comprised of a presentation, analysis and discussion of both quantitative and qualitative data and this section summarises some of its salient points. The findings were presented in accordance with the research questions. The chapter first presented and discussed data from African immigrant entrepreneurs with regards to the seven research questions, with tables and figures summarising and simplifying data presentation. The discussion of findings followed the presentation of data.

Regarding the respondents' biographical information, it was ascertained that African immigrant entrepreneurs are predominantly male and about half of them are between 31-40 years of age with a relative high school level of education. Immigrants come into South Africa because of various reasons, but the current study has revealed that the majority of the respondents (53%) left their home countries because of political instability prevailing in their home countries.

Although African immigrant entrepreneurs are involved in various kinds of business activities, this research project has found that most of them are found in the clothing business, but 41% believe that a restaurant can create more employment opportunities than anything else they are involved in. This contradiction between their actual business and their views was explained by the fact that immigrant entrepreneurs regard clothing businesses easy to run without too many risks as a restaurant requires a big investment, many employees, a strategic position and a clear target group, considering the racial and cultural diversity of Cape Town.

Regarding employment creation for unemployed South Africans, the study has revealed that 82% of African immigrant entrepreneurs employ South Africans. This clearly shows that African immigrant entrepreneurs are indeed creating jobs for unemployed South Africans in Cape Town and this finding is what this study was set out to clarify.

It was also found that the majority of the respondents (51%) are neutral about the role played by immigrant/refugee supporting organisations while others see these organisations as playing an insignificant “low” role.

Chapter 4 also presented data from immigrant supporting organisations, and the findings were summarised in a table format. These organisations have various objectives ranged from promoting self-reliance leading to local integration and job creation to issuing asylum seeker and refugee status as well as providing legal and educational support. They provide support in areas of education, business and language training as well as counselling and, unanimously, they assist immigrants/refugees mainly from Democratic Republic of Congo, Somalia, Rwanda, Burundi and Zimbabwe.

With regards to employment creation by immigrants for locals, all the supporting organisations confirm, unanimously, that it is taking place and this coincides with the findings from immigrants themselves who affirm that they prefer to employ South Africans rather than their fellow foreigners.

However, immigrant supporting organisations have diverging views about the level of entrepreneurial skills transmission and this finding may be a result of their attitude of not providing a follow-up service to ensure how immigrants are utilising their assistance and how immigrants are interacting with local people. Chapter 4 ends with a synthesis between both questionnaires in order to consolidate the findings from both sources. These findings were presented in a tabular format, which allowed an assessment of the findings, which led to the conclusion that employment of locals by African immigrant entrepreneurs is in fact taking place.

5.3 LIMITATION OF THE STUDY

5.3.1 Limitation of sampling selection

Given the number of African immigrants who run businesses in Cape Town, the size of the sample group constitutes the first limitation of this study. It was possible to find a larger sample but time constraints, lack of financial resources and other means constituted a limitation in this regard. However, the sample used in the study complied with the selection criteria (i.e. being a foreigner in South Africa, being an African by origin and having employees).

5.3.2 Scope limitation

Considering the research expertise of the researcher, a discussion between the researcher and the supervisor resulted in Cape Town being chosen to constitute the scope of the study in lieu of the whole South Africa. Four different suburbs of Cape Town were selected for research - Cape Town Foreshore, Bellville, Wynberg and Nyanga. These areas feel a heavy presence of foreigners involved in businesses. Therefore, the results of the study apply in Cape Town and reflect the current situation. On the other hand, the researcher believes that these findings can be applied in a broader context and in other areas of South Africa. The researcher is fully aware of the heavy presence of other immigrants from overseas such as those from China, Pakistan, Europe and America, who are involved in business and who are also creating jobs for South Africans, but this study was narrowed down to involve only Africans (i.e. anyone from the African continent except South Africa). The reason for this choice was that this immigrant population has not been researched adequately in South Africa.

Furthermore, due to the size of the sample (120 respondents) only the descriptive method was used to process the data. This can cause errors in data analysis and influence the research findings. Statistical analysis is deemed to be an appropriate method if the sample size is big enough, and helps to draw a clear conclusion on the relationships between study variables.

5.3.3 Other limitations

Other limitation might have arisen due to a language barrier. Many of the respondents except Nigerians come from French or other languages speaking countries. Some of them did not get the opportunity to further their studies in South Africa to improve their English. Sometimes the researcher had to use French to make the question clearer to the respondent. Therefore the problem of misunderstanding the questions and giving a wrong answer might have occurred. It is advised that for further research, an interpreter be provided to translate into the respondent's language where necessary.

5.4 CONCLUSIONS OF THE STUDY

The literature has identified migration as a global phenomenon that countries need to deal with. It can be beneficial if it is exploited properly and harmful if it is incorrectly managed. In the South African context, immigrants are still regarded as 'gold diggers', rather than assets contributing positively to the development of the lives of people in this country. This attitude is mainly due to the historical precedent where immigrants took control of the country and banned nationals from getting a fair share in the management of the country. On the other hand, the literature has shown that immigrants have made a significant contribution to South Africa to enable it to be what it is today. They have built infrastructure, have created the first commercial towns, and have discovered mineral wealth.

Regarding entrepreneurship, the study has found that it is a new field in South African schools and is fast growing as a subject of study. The literature found out that Jewish and Portuguese immigrants have taken more big business opportunities than any other immigrants and locals. Throughout the literature, it was discovered that over 50% of South African entrepreneurs are opportunity-based entrepreneurs while 44% are necessity-based entrepreneurs. The necessity-based entrepreneurs may be motivated by the high unemployment rate (currently estimated at 26%), which drive unemployed people to look for income by creating small businesses.

Throughout the study, the researcher discovered that entrepreneurship is a strong weapon for immigrants' economic and social integration and it is a way through which immigrants, without education or technical skills, can escape poverty.

Concerning immigrant entrepreneurs, this study has found that being an entrepreneur has a lot to do with your attitude and behaviour. Like many other immigrants around the world, African immigrants also persevere. African immigrants believe that giving up is a path to failure and that future success comes through effort. In 1899, the Director of the United States Patent office, Charles Duell, stated that: "Everything that can be invented has been invented." We can all confirm that he was wrong because even today, entrepreneurs are still inventing, and coming up with new ways of doing things every day. If they had all had Duell's attitude, nothing would have been invented since 1899 (Botha, *et al*, 2006). This study has also found that immigrants are recording spectacular successes due to hard work, commitment and determination to gain their living in new locations and are motivated sometimes by the desire to make money.

In the South African context, this study has revealed that current immigrant entrepreneurs are shaping business competition in some areas where they operate as whole-sellers and retailers. This study has discovered that some of them work 14 hours per day. They come from various countries of Africa and the major cause of immigration is political instability prevailing in their home countries. These immigrants/refugees, of necessity, find entrepreneurship an obvious alternative to make their daily living. On the other hand, a large number of immigrants come with enough capital to open up their own businesses. A large majority of them prefer to employ South Africans and this study has shown that they have various reasons for employing them: some employ them because they want to help them; others because they want them to learn about business; others again, employ them because they are cheap labour rather than their fellow foreigners who are expensive because they are also here to make money.

During this study, it was found that African immigrant entrepreneurs have some concerns about their activities in Cape Town, and relayed the following message to the South African Government:

- Encourage South Africans to take on the innumerable existing business opportunities.
- Protection of immigrant entrepreneurs and their businesses.
- Issuing valid and durable documents that can allow them to run better businesses.
- Teaching South Africans to consider foreigners as non-gold diggers.
- Financial support to those immigrants who really create employment to locals.

5.5 HYPOTHESES REVISITED.

The study has formulated two hypotheses, namely 'African immigrant entrepreneurs create jobs for unemployed South Africans in Cape Town' and 'Entrepreneurial skills are transferred from African immigrant entrepreneurs to locals'.

After the analysis of data collected, it was discovered that 82% of interviewed African immigrant entrepreneurs have employed South Africans while only 18% employ either foreigners or South Africans. This finding proves the hypothesis as correct/accurate.

Regarding the second hypothesis of the study, 88 out of 120 (73%) of the interviewed African immigrant entrepreneurs, have confirmed that entrepreneurial skills are transferred from them to locals. This finding correlates with this hypothesis of the study.

5.6 RECOMMENDATIONS

Given the content of this study and the objectives it aimed to achieve, the research findings as well as the conclusions drawn as set out in the previous chapter result in the following recommendations for further studies.

5.6.1 Recommendations for research institutions as well as Universities.

- Further research is needed to better understand the role of immigrant entrepreneurs in employment creation for unemployed South Africans. The research can include all immigrants without distinction of origin and should cover South Africa as a whole.
- Further research should assess African immigrant entrepreneur job creation for unemployed South Africans and compare this with non-African immigrant entrepreneur job creation for unemployed South Africans.

5.6.2 Recommendations for non-government organisations that interact with immigrants

- Further research should assess why supporting organisations have contradicting views with regards to the level of job creation capacity and the level of entrepreneurial skills transmission by African immigrant entrepreneurs.
- Immigrant supporting organisations should provide a follow-up service to ensure that their support is utilised efficiently and also conduct evaluation on how their support system could be more beneficial, even to locals.

5.6.3 Recommendations for Government departments working with immigrants.

- Government departments responsible for promoting and supporting business entrepreneurship should consider immigrants when providing financial support programs.

- Government departments responsible for migration issues should formulate policies and strategies aimed at the integration of immigrants given their contribution to the promotion of entrepreneurship and job creation.

5.6.4 General recommendations

- Immigrant supporting organisations as well as government departments for policy formulation could use the results of this study as a basis for consultation.
- The findings of this research could be presented in a seminar or workshop by the researcher to discuss the content with the different stakeholders such as government officials or departments, academics as well as non-government organisations.



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APPENDIX 1: Cover letter for the questionnaire



UNIVERSITY OF THE WESTERN CAPE
DEPARTMENT OF MANAGEMENT

Private Bag x17 Bellville 7535 South Africa
Telephone: (021) 959 2595 Fax: (021) 959 3219

February 05, 2007

Dear Sir/Madam,

You are kindly invited to participate in a survey evaluating the employment creation by African immigrant entrepreneurs to unemployed South Africans in Cape Town. Despite evidence of their presence and activity in informal sector, there has been no formal evaluation of the above issue. This research is of particular importance in view of the challenges facing national government around the policy regarding immigrants.

This research project is being conducted by the Department of Management at the University of the Western Cape and it aims to facilitate a better understanding of the issues that are important to Cape Town citizens in particular. You have randomly selected to participate in the survey and the attached questionnaire is designed for easy and quick completion and should take not more than 15 minutes.

Your cooperation in this regard is highly appreciated.

Yours truly,

.....

Prof. D.J. (Kobus) Visser, Ph.D.
Supervisor

.....

Mr. V. Kalitanyi
Researcher

APPENDIX 2:

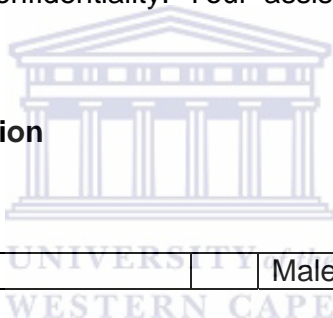
QUESTIONNAIRE-INTERVIEW TO AFRICAN IMMIGRANT ENTREPRENEURS.

Day of interview

Time of interview

Name of interviewee (Optional)

Thank you for agreeing to respond to our survey. We are attempting to do an evaluation of employment creation by African immigrant entrepreneurs for unemployed South Africans in Cape Town. The information gathered will be used by the researcher for the purpose of the study. Please be accurate and honest as possible and complete all the questions. All responses will be treated with necessary confidentiality. Your assistance and co-operation is greatly appreciated.



A. Biographical information

1. Gender:

<input type="checkbox"/>	Female	<input type="checkbox"/>	Male
--------------------------	--------	--------------------------	------

2. Age:

<input type="checkbox"/>	< 20 years	<input type="checkbox"/>	41-50 years
<input type="checkbox"/>	20-30 years	<input type="checkbox"/>	51-60 years
<input type="checkbox"/>	31-40 years	<input type="checkbox"/>	> 60 years

3. What is your nationality?

4. How long have you been living in South Africa?

<input type="checkbox"/>	< 5 years	<input type="checkbox"/>	11-15 years
<input type="checkbox"/>	5-10 years	<input type="checkbox"/>	> 15 years

5. Why did you leave your home country to come to South Africa?

<input type="checkbox"/>	Political instability	<input type="checkbox"/>	Visit
<input type="checkbox"/>	Economic reasons	<input type="checkbox"/>	Other (Specify)
<input type="checkbox"/>	Perception of business opportunities	<input type="checkbox"/>	

6. How did you come to know South Africa?

<input type="checkbox"/>	Radio	<input type="checkbox"/>	Friends
<input type="checkbox"/>	Newspapers	<input type="checkbox"/>	TV
<input type="checkbox"/>	Internet	<input type="checkbox"/>	Other (Specify)

7. What is your highest level of completed studies?

<input type="checkbox"/>	Primary school	<input type="checkbox"/>	Bachelor's degree
<input type="checkbox"/>	Secondary/High school	<input type="checkbox"/>	Post-grad. Degree
<input type="checkbox"/>	College Diploma	<input type="checkbox"/>	Other (Specify)

B. Respondent's business knowledge

8. Have you ever attended courses/modules in business studies before you started your business?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

9. Have you ever received training concerning entrepreneurship before you start your business?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

10. If yes, who was your trainer?

<input type="checkbox"/>	Cape Town Refugee Forum	<input type="checkbox"/>	CWD-Bonne Esperance
<input type="checkbox"/>	Scalabrini	<input type="checkbox"/>	Other (Specify)
<input type="checkbox"/>	Aresta	<input type="checkbox"/>	

11. If yes, how the training has helped you to run a better business?

<input type="checkbox"/>	Leadership skills	<input type="checkbox"/>	Better bookkeeping
<input type="checkbox"/>	Improved marketing	<input type="checkbox"/>	Financial management
<input type="checkbox"/>	Employee management	<input type="checkbox"/>	Other (Specify)

12. Did you use your own money to start up your business?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

13. If no, how did you finance the start-up of your business? (Tick all that apply).

<input type="checkbox"/>	Friends	<input type="checkbox"/>	Relatives
<input type="checkbox"/>	Bank	<input type="checkbox"/>	Supporting organisations
			- Cape Town Refugee Forum
			- Aresta
			- Scalabrini
			- Other Specify

C. Profile of the business

14. What type of business are you involved in?

	Clothing		Second hand goods
	Footwear (shoes)		Motor car repairs
	Grocery shop		Panel beating
	Hairdressing salons		Traditional healing
	Restaurant		Nightclubs
	Music shop		Others (Specify)

15. How did you acquire the business spot?

	Rent from government		Bought from previous owner
	Rent from a private		Other way (Specify)

16. In what year was the business started?

.....

17. Do you think your business is growing?

	Yes		No
--	-----	--	----

18. If yes, in which area?

	Sales increase		Capital
	Are u taking more employees		Other (Specify)

19. On average, how many hours do you work per week?

.....

20. Did you have a written business plan when you started?

	Yes		No
--	-----	--	----

D. Employment situation of the business

21. How many employees, excluding yourself, did you have during 2003, 2004, 2005, 2006 and now?

# of employees	2003	2004	2005	2006	2007
Type of employees					
Nationals					
Foreigners					
TOTAL					

22. Do you prefer to employ South African or fellow foreigners?

<input type="checkbox"/>	South Africans	<input type="checkbox"/>	Foreigners
--------------------------	----------------	--------------------------	------------

23. Please give reasons for your preference

.....

.....

.....

24. Do you think your business is benefiting South Africans?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

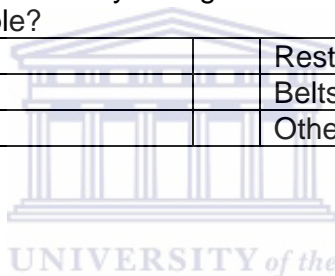
25. If yes, how?

<input type="checkbox"/>	Employment creation	<input type="checkbox"/>	Providing new products
<input type="checkbox"/>	Entrepreneurial skills	<input type="checkbox"/>	Other (Specify)

26. Which business activities run by immigrant entrepreneurs create more opportunities to local people?

<input type="checkbox"/>	Groceries	<input type="checkbox"/>	Restaurant
<input type="checkbox"/>	Clothing	<input type="checkbox"/>	Belts and bags
<input type="checkbox"/>	Footwear	<input type="checkbox"/>	Other (Specify)

E. Entrepreneurial skills



27. How do you describe immigrants' entrepreneurial skills spill-over to locals?

<input type="checkbox"/>	Very high	<input type="checkbox"/>	Low
<input type="checkbox"/>	High	<input type="checkbox"/>	Very Low
<input type="checkbox"/>	Neutral	<input type="checkbox"/>	

28. How is the spill-over of skills transmitted?

<input type="checkbox"/>	Training	<input type="checkbox"/>	Sessions
<input type="checkbox"/>	Experience	<input type="checkbox"/>	Other (Specify)

29. Are you willing to share your entrepreneurial skills with locals?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

30. Please give reasons of your answer

.....

.....

.....

F. Immigrants with supporting organisations

31. Which of these supporting organisations provide better assistance?

	Cape Town Refugee Forum		Legal resources centre
	Scalabrini		UCT Legal Clinic
	Aresta		Cape Town Home Affairs
	CWD-Bonne Esperance		Other (Specify)

32. How do you appreciate the assistance of supporting organisations to African immigrant entrepreneurs?

	Very high		Low
	High		Very low
	Neutral		

33. What is your message to the supporting organisations with regards to African immigrant entrepreneurs?

.....

.....

.....

34. What is your message to South African government with regards to African immigrant entrepreneurs?

.....

.....

.....



Thanks for your time and effort.

APPENDIX 3:

QUESTIONNAIRE TO THE ORGANISATIONS THAT SUPPORT IMMIGRANTS IN CAPE TOWN.

Thank you for agreeing to respond to our survey. We are attempting to do an evaluation of employment creation by African immigrant entrepreneurs for unemployed South African in Cape Town. We believe that your organisation's input to the survey would be of great importance since you are involved in supporting activities for immigrants/refugees. The information gathered will be used by the researcher for the purpose of the study. Please be as accurate and honest as possible and complete all the questions. All responses will be treated with strict confidentiality. Your assistance and co-operation will be greatly appreciated.

A. IDENTIFICATION/PROFILE OF THE ORGANISATION.

1. Name of the organisation:

	Cape Town Refugee Centre		CWD- Bonne Esperance
	ARESTA		Legal Resources Centre
	SCALABRINI		Department of Home Affairs Refugee Reception Office (Cape Town)
	UCT Law Clinic		Other (Specify)

2. What are the main objectives of your organisation?

.....

3. How long has your organisation been operating?

< 5 Year	5 to 10 years	10 to 15 years	> 15 years
----------	---------------	----------------	------------

4. What are the financial sources of your assistance or how is this organisation funded?

	South African Government		Other (Specify)
	UNHCR		

5. Which activities of support to immigrants/refugees are you involved in? (Tick all that apply)

	Financial Support		Counseling
	Education		Relief

	Business Training		Documents issuing (Specify)
	Computer Literacy Training		Physical Resources (Specify)
	Language Training		Advice (Specify)

B. INTERACTION WITH IMMIGRANTS

6. How many immigrants do you assist on average per months?

.....

7. Do you make a distinction of gender in your assistance?

	Yes		No
--	-----	--	----

8. If Yes why?

.....

9. What are the main countries of origin for African immigrants do you assist?

.....

.....

10. How often do you provide your service to the immigrants?

	Once a week		Fortnightly
	Twice a week		Other (Specify)

11. Do you provide a follow up/after care services to your clients?

	Yes		No
--	-----	--	----

12. What types of services?

.....

.....

13. If you do a follow up, what is the state of their business activities?

	Performing very well		Performing poorly
	Performing fairly		Not performing
	Neutral		

14. How do you rate the importance of your assistance to the immigrants?

	Very important		Neutral
	Important		Not important

C. EMPLOYMENT CREATION

15. How do you rate immigrants' involvement into small businesses?

	Very High Involvement		Low
	High involvement		Very Low
	Neutral		

16. What kind of entrepreneurial activities are African immigrants/refuges are more likely to be involved in?

	Groceries		Furniture sales
	Shoes retailing		Car repair
	Clothing		Second hand goods
	Cosmetics		Restaurant
	Hairdressing		Other (Specify)

17. Do African immigrant entrepreneurs create employment in Cape Town?

	Yes		No
--	-----	--	----

18. If yes, how do unemployed South Africans benefit from it? Please elaborate

.....

.....

.....

UNIVERSITY of the
WESTERN CAPE

.....

19. How do you describe South Africans employment by African immigrant entrepreneurs?

	Very High		Low
	High		Very Low
	Neutral		

20. How do you rate the entrepreneurial skills transmission from African immigrant entrepreneurs to South Africans?

	Very High		Low
	High		Very Low
	Neutral		

Thanks for your co-operation.