DIFFERENTIATING ENGAGEMENT OF OPPORTUNITY IDENTIFICATION: A GROUNDED THEORY STUDY OF CHINESE IMMIGRANT ENTREPRENUERS

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TINASHE TSUNGAI RAPHAEL NDORO

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ABSTRACT

The aim of this study was to develop a substantive grounded theory describing how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities in the business environment. The substantive grounded theory was developed using the prescripts of grounded theory proposed by Strauss and Corbin (1990). In this respect, a substantive grounded theory called *differentiating engagement of opportunity identification* was developed from a sample of 41 qualitative interviews conducted with Chinese immigrant entrepreneurs.

The study found that Chinese immigrant entrepreneurs identified various opportunities (*start-up, sales, operational, relational*) in the business environment through their dynamic interactions and relationships with different stakeholders. These stakeholders mainly included family members, local employees and customers. The Chinese immigrant entrepreneurs displayed two interactional processes in their interactions with stakeholders, namely *engaging* in and *disengaging* from interactions. These interactional processes enabled the Chinese immigrant entrepreneurs to identify opportunities and operate their small businesses in the business environment. Assumptions held about the interactions and relationships with stakeholders in the host community were central to the interactional processes displayed by the Chinese immigrant entrepreneurs.

As they operated their small businesses, the Chinese immigrant entrepreneurs would *engage* in interactions with customers who were perceived as favourable (approachable). From these interactions with favourable (approachable) customers, the Chinese immigrant entrepreneurs were able to identify opportunities (*gaining customer insight of opportunity*), whereas they would *disengage* from interactions with customers perceived as unfavourable (unapproachable). In this respect, they would delegate their local employees (*actions of delegation in business*) with the responsibility of interacting with unfavourable and hostile customers. Additionally, the Chinese immigrant entrepreneurs would *engage* in interactions with local employees to gain insight into local indigenous products and identify opportunities in the host community. In order to identify other opportunities (*operational, relational*), the Chinese immigrant entrepreneurs would *disengage* from interactions with local employees and *engage* in interactions with other stakeholders such as family members.

The varying differentiated interactions and relationships established by the Chinese immigrant entrepreneurs with different stakeholders created a *relational context* which enabled the identification of opportunities in the host environment. Thus, the findings of the present study

and the substantive grounded theory developed (*differentiating engagement of opportunity identification*) are discussed from the perspective of social capital, social exchange theory and Chinese cultural values. Finally, the theory developed in the present study contributes to the understanding of the processes of how social capital and relationships contribute to the process of identifying opportunities and operating a small business by immigrant entrepreneurs within a host environment.

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CHAPTER 1

THE CONTEXT OF THE STUDY

1.1 INTRODUCTION

Entrepreneurship by immigrants is increasingly becoming acknowledged as an important global socio-economic phenomenon as it plays a pivotal role in economic development (Nestorowicz, 2012; Tengeh, Ballard and Slabbert, 2012). Self-employment rates among foreign-born immigrants are generally higher than among locals in host communities. Immigrants tend to have a higher propensity to generate a greater number of new business start-ups than locals in host communities (Pinkowski, 2009; Tengeh and Lapah, 2013).

Furthermore, unlike local entrepreneurs, immigrant entrepreneurs have been noted to be more innovative and creative in operating and financing new businesses (Halkias et al., 2007; Wadhwa et al., 2007). For example, in the United States of America (USA) through high levels of innovativeness, immigrants have been increasingly noted to be a driving force for economic growth (Halkias et al., 2007). In a study by Wadhwa et al. (2007), it was found that there was at least one key immigrant founder in 25,3% of all engineering and technology companies established in the USA between 1995 and 2005. In the same study it was observed that immigrants (in this case Indians, British, Chinese and Taiwanese) were more likely to start businesses in the engineering and technology sectors.

In the South Africa context, it has been noted that there is a growing population of Chinese immigrant entrepreneurs who engage in entrepreneurial endeavours in small retail businesses throughout South Africa (Park, 2010; Willemse, 2013). Furthermore, in South Africa the Chinese immigrant-owned small retail businesses have increasingly been perceived as competitive and entrepreneurial relative to local businesses because of their ability to identify opportunities (Willemse, 2013). Thus, even within geographic areas in South Africa which have low entrepreneurial activity (15,4%) such as the Eastern Cape province (Malebana & Swanepoel, 2015; Statistics South Africa, 2015), Chinese immigrant entrepreneurs are reported to successfully operate businesses (Schickerling, 2010)

This study seeks to develop a substantive grounded theory describing the process of how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities in the business environment. This chapter seeks to present an overview of the context of the research, first by defining entrepreneurship in general, followed by discussing the concept of immigrant entrepreneurship. The chapter then

provides a general discussion of small businesses and outlines the research problem and the aim of the study. Finally, the significance of the study, the delimitations of the study and an overview of the structure of the study are presented.

1.2 DEFINING ENTREPRENEURSHIP

Throughout the years there have been numerous debates among scholars, educators and researchers attempting to agree on a definition of entrepreneurship (Nieman and Nieuwenhuizen, 2014; Stokes, Wilson and Mador, 2010). The term was first introduced in the early 1700s and comes from the French word *entrepreneur* which means "to undertake". Stokes, Wilson and Mador (2010) suggest that there is an array of definitions of entrepreneurship because of the difficulty experienced in conceptualising the phenomenon.

Although it can be observed that there is no universal agreement (Nieman and Nieuwenhuizen, 2014; Stokes, Wilson and Mador, 2010) on the definition of entrepreneurship, it can be helpful to view some of the definitions proposed by scholars. Schumpeter (1965) proposed that entrepreneurship is a function performed by entrepreneurs who are individuals who exploit market opportunities through technical and/or organisational innovation. On the other hand, Drucker (1970) proposed that entrepreneurship is a practice that involves risk-taking. Cole (1968) defined entrepreneurship as purposeful activity to initiate, maintain, and develop a profit-orientated business. In a similar light, Gartner (1985) defined entrepreneurship as the creation of new organisations. Ireland, Hitt and Sirmon (2003) state that entrepreneurship is a context-dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities. From this definition it can be noted that entrepreneurship is not a decontextualised concept, but instead it is a social process which involves human beings who bring together unique bundles of resources to exploit market opportunities as a means of creating wealth.

Co et al., (2006, p.4) suggest that entrepreneurship entails "creating something new, accepting financial risks, handling emotional and social stress and receiving rewards of financial and personal pride". On the other hand, with a focus on the start-up and growth of businesses, Hisrich, Peters and Shepherd (2010) propose that entrepreneurship is the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence. In a similar light, Nieman and Nieuwenhuizen (2014) suggest that entrepreneurship is the growth and emergence of new businesses.

Alternatively, with an emphasis on "opportunities" and "value creation", Timmons and Spinelli (2009) posit that entrepreneurship is a way of thinking, reasoning and acting that is opportunity-obsessed, holistic in approach and leadership-balanced for the purpose of value creation and capture. In Timmons and Spinelli's conceptualisation of entrepreneurship, there is an emphasis on the centrality of opportunities for entrepreneurship to occur. This definition also adopts a behavioural focus on entrepreneurship which conceives the phenomenon as a social process which is influenced by the behaviour of actors.

Similarly, Shane and Venkataram (2000, p.218) define the field of entrepreneurship as "the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited". In this respect, the field of entrepreneurship involves the study of sources of opportunities, processes of discovery, evaluation and the exploitation of opportunities. Furthermore, entrepreneurship involves the set of individuals who discover, evaluate, and exploit the opportunities (Shane and Venkataram, 2000).

On the other hand, Timmons (2000) states that entrepreneurship is the process of creating or seizing an opportunity and pursuing it, regardless of the resources currently controlled. The definition provided by Timmons captures the two cardinal aspects of entrepreneurship which are discovery or creation of an opportunity, and pursuit of that opportunity. Additionally, the definition proposed by Timmons captures the following aspects: a) the identification of opportunities, b) innovation and creativity, c) gaining resources, d) creating and growing a business venture and e) taking risks. Moreover, given the focus of this study (emphasis on opportunity identification), the present study subscribes to Timmons definition of entrepreneurship.

The discussion thus far has presented a general exploration of the concept of entrepreneurship. Mindful of the focus of this study, the concept of immigrant entrepreneurship will be explored in the next section.

1.3 UNPACKING THE CONCEPT OF IMMIGRANT ENTREPRENEURSHIP

Various scholars (Azmat, 2010; Azmat and Zutshi, 2012; Aldrich and Waldinger, 1990; Chrysostome, 2010; Nestorowicz, 2011; Portes and Jensen, 1989) have attempted to define and conceptualise immigrant entrepreneurship. Of these, Azmat and Zutshi (2012) and Chrysostome (2010) are of the view that concepts such as "ethnic entrepreneurship", "minority

entrepreneurship" and "transnational entrepreneurship" are generally used interchangeably with "immigrant entrepreneurship".

In an empirical review of literature related to immigrant entrepreneurship by Nestorowicz (2011), it was noted that there was a conceptual gap in a consistent definition of immigrant entrepreneurship and the definitions provided varied. Nestorowicz (2011) suggests that the approach of using terms (such as ethnic entrepreneurship, minority entrepreneurship, transnational entrepreneurship and immigrant entrepreneurship) interchangeably was applied in the limited seminal research in the area (for instance Light, 1979; Portes and Jensen, 1989; Aldrich and Waldinger, 1990).

However, Nestorowicz (2011) goes further to suggest that as economies and migration patterns change and develop, there is a constant need to redefine immigrant entrepreneurship. This need should be satisfied by allowing scholars to define immigrant entrepreneurship on a "research-by-research" basis depending on the socio-economic context of a given study and the related sources of data.

In an attempt to unpack the concept of immigrant entrepreneurship in this study, a useful point of departure is to examine the definition of the concept in various studies conducted on immigrant entrepreneurship. A quantitative study conducted by Tengeh, Ballard and Slabbert (2012) explored the financing and start-up of African immigrant entrepreneurs operating in the metropolitan area of Cape Town in South Africa, the concept of immigrant entrepreneurship was defined in this study as the entrepreneurial activities carried out by immigrants just after arriving in a host country, either through personal initiative or social networks.

In a study conducted by Tu Quyen (2013) on the motivations and obstacles experienced by Vietnamese immigrant entrepreneurs in Finland, the concept of immigrant entrepreneurship is defined as the process by which an immigrant establishes a business in a country of settlement. On the other hand, in a study conducted by Chand and Ghorbani (2011) comparing the entrepreneurial activities engaged by Indian and Chinese immigrants in the USA, the authors use the term "ethnic entrepreneurship" interchangeably with "immigrant entrepreneurship". They define ethnic entrepreneurship as the entrepreneurial activities influenced by a set of connections and regular patterns of interactions among people sharing a common national background or migration experience. Chand and Ghorbani (2011) caution that there is a need to develop conceptual clarity between the terms "ethnic" and "immigrant" entrepreneurship.

In a similar light, Azmat (2010, p.378) suggests that "the difference between the term 'ethnic' and 'immigrant' is that the term 'immigrant' includes early arrivals and the individuals who migrated over the past decades and excludes members of ethnic minority groups who have been living in the host country for centuries. Whereas, the term 'ethnic' is a much broader concept and includes both immigrants and ethnic minorities". According to Azmat (2010), immigrant entrepreneurship refers to the early stages in the process of ethnic entrepreneurship.

On the other hand, Chaganti and Greene (2002) suggest that the concept of "minority entrepreneurship" is interchangeable with "immigrant entrepreneurship" and "ethnic entrepreneurship". Consequently, minority entrepreneurship distinctly refers to business ownership by any individual who is not of the majority population. These individuals belong to other small groups that do not make up the majority population of a specific society (Chaganti and Greene, 2002).

Another concept which is presented as being comparable to immigrant entrepreneurship is "transnational entrepreneurship". Chrysostome and Lin (2010, p.81) suggest that "transnational entrepreneurship relates to entrepreneurial activity by ventures that operate in two or more national environments [countries] concurrently". This definition highlights an emphasis of geographical dimensions in the conceptualisation of entrepreneurship engaged by immigrants. Hence, this definition is distinct from that of immigrant entrepreneurship because it focuses on entrepreneurs who concurrently operate businesses in more than one national geographical area (country).

From the above discussion it can be observed that there is a need to distinguish immigrant entrepreneurship from ethnic, minority and transnational entrepreneurship. Immigrant entrepreneurship differs from these concepts in terms of a) the entrepreneurial activities engaged by an immigrant in a specific geographical location, b) the country of origin and c) the duration of settlement (timeframe) in a host country.

It follows that, for the purposes of this study, it is deduced that a suitable and relevant definition of immigrant entrepreneurship entails the entrepreneurial activities engaged by immigrants in a host country which include identifying opportunities, gathering resources, starting-up and growing business ventures. Additionally, the immigrants who engage in entrepreneurial activities are defined as individuals who are not born in the host country but have settled in the host country.

This definition of immigrant entrepreneurship with a focus on opportunities and operating a business is in line with the aim of this study, which is to describe how Chinese immigrant entrepreneurs who own and operate small retail businesses in South Africa, identify opportunities. This definition excludes the Chinese ethnic community in South Africa which has been living in South Africa for generations and is perceived as being part of the South African society.

Mindful that the focus of the study is on immigrant entrepreneurship within small businesses, it is sound for the researcher to delve into a discussion of small businesses.

1.4 SMALL BUSINESSES

1.4.1   Historical evolution of small businesses

Small businesses have evolved over time in both developed and developing countries (Beaver and Prince, 2004; Gebremariam, Gebremedhin and Jackson, 2004). The evolution of these businesses has been influenced by the economic and political conditions over time. It can be argued that prior to the 1970s, small businesses dominated the economies of most developed countries (Bannock, 1981; Beaver and Prince, 2004). However, after the 1970s, the governments of the USA and United Kingdom (UK) became more involved in the activities within their own economies, which resulted in the reorganisation of their economies by creating larger enterprises through mergers and conglomerates of small businesses (Bannock, 1981; Beaver and Prince, 2004).

Bannock (1981, p.2) notes that "to counter the global domination by the USA most European countries adopted the same strategy in favour of big enterprises resulting in the reduction of the numbers of small businesses. Countries in Africa which were increasingly gaining colonial independence post-1960s quickly imitated and adopted the same industrialisation strategies adopted by European countries and replaced the small enterprises with bigger enterprises". Evidently, within the South African context, the policies adopted by the government were biased in favour of large firms (UNDP, 2003).

According to Bannock (1981, p.3), "the growing pattern of making large enterprises the driving force of economies was put to the test after the 1973 oil crisis. The increase in oil prices increased inflation and unemployment resulting in governments failing to stimulate demand for fear of further pushing inflation higher." Bannock (1981) adds that eventually when the spiralling inflation was reduced, resources of men and capital were left tied up in large industries while small firms experienced shortages.

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However, Gebremariam, Gebremedhin and Jackson (2004, p.3) argue that "in recent times economies of scale that were believed to be a distinct advantage of large firms have been challenged by the emergence of computer-based technology in production, administration and information systems". These authors posit that in recent times there has been a shift from large enterprises to smaller enterprises owing to changes in production technology, consumer demand, labour supply and the pursuit and need for flexibility in the markets.

1.4.2 Conceptualisation of small businesses

Several scholars (such as Beddell, 1990; Brand, Du Prese and Schutte, 2007; Tustin, 2015; Yu and Bell, 2007) suggest that there is no universally accepted definition of small businesses or enterprises. The definition of small businesses differs between countries and between institutions within a country. Based on varying priorities, countries have used varying definitions at different stages in their development (Brand, Du Prese and Schutte, 2007). Consequently, some of the key terms used to refer to small businesses includes SMEs and small, micro, very small and medium enterprises (SMMEs). To overcome the problem of defining small businesses, the Bolton Committee (Bolton, 1971) developed quantitative (statistical) and qualitative (economic) definitions of small businesses.

The quantitative (statistical) definition by the Bolton Committee acknowledged the relevance of the sector by using different sector-orientated scales based on the enterprise size criterion and turnover. However, this statistical-based definition was faced with challenges when making international comparisons of the enterprise size based on general fluctuations of currency, inflation and prices in different countries.

On the other hand, qualitative-based definitions emphasised the manner in which SMEs operated their businesses (Bolton, 1971). Using qualitative criteria, the Bolton Committee suggested that a small enterprise has: a) a relatively small share of the market, b) is managed by the owner or part-owner in a personalised manner and not through the medium of a formalised hierarchical structure, c) is unable to influence prices or makes a minimal impact if it is a non-profit organisation, and d) is independent and not part of a larger enterprise. However, the main challenge with the qualitative-based definitions was that the characteristics adopted were generally too broad and imprecise, posing a danger of leading researchers into adopting a too narrow or broad view of what constitutes an SME (Beddell, 1990).

The absence of a unified definition has led to challenges in ensuring co-ordinated efforts between countries and even between researchers in the same country. However, this challenge

seems to be reducing since more countries are settling for a more common definition. Since 2005 the European Union (EU) member countries have agreed on a common definition (European Commission, 2005). The new definition which is predominantly quantitative sets the upper limit of an SME to 250 employees, annual turnover of 50 million EUR and an annual balance sheet limit of 43 million EUR.

However, in South Africa the term "SME" is not used; instead the term "SMME" is used and includes micro enterprises as opposed to the more generally adopted term, "SME". Micro enterprises operate within the formal and informal sectors of the economy. According to the National Small Business Amendment Act 26 of 2003 (Department of Trade and Industry, 2013), the term SMME entails "small, medium, very small and micro enterprises". Furthermore, in South Africa small businesses are officially defined according to the following 5 criteria: a) standard industrial and subsector classification, b) size of class, c) total number of full-time paid employees, d) total annual turnover, and e) total gross asset (fixed property excluded). Table 1.1 presents the classification adopted in the National Small Business Amendment Act 26 of 2003.

Table 1.1: National Small Business Amendment Act 26 of 2003 classifications

Sector or subsector in accordance with the standard Industrial Classification	Size of class	The total fulltime equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.10m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10m
Manufacturing	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m
Electricity, Gas and Water	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Construction	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m

	Micro	5	R0.20m	R0.10m
Retail and Motor Trade and Repair Services	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very Small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
Catering, Accommodation and other Trade	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Transport, Storage and communications	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20m	R0.10m
Finance and Business Services	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Community, Social and Personal Services	Medium	200	R13m	R6m
	Small	50	R6m	R3m
	Very Small	20	R1m	R0.60m
	Micro	5	R0.20m	R0.10m

Source: Department of Trade and Industry (2013)

From Table 1.1, it is evident that in the South African, small businesses are defined and classified according to standard industrial and subsector classifications. In this respect, this definition includes all sectors of the South African economy as well as the different types of businesses. The definition of small businesses in South Africa consists of both quantitative and qualitative criteria. Table 1.1 depicts the quantitative criteria for small businesses in South Africa. On the other hand, Nieman and Nieuwenhuizen (2014) suggest that the qualitative criteria for small businesses relates to the ownership structure of the business which include, a) being a separate and distinct business, b) not being part of a group of companies, c) be owned

managed, d) inclusion of any subsidiaries and branches when measuring the size and e) be a natural person, sole proprietorship, partnership, close corporation or company.

Having discussed the nature of small businesses, focus will now turn to the debates that arise in relation to the support or criticism levelled against small businesses.

1.4.3 Debate in support of small businesses

Several scholars (such as Agupusi, 2007; Dockel, 2005; Gebremariam et al., 2004; Harvie, 2003; Moos, 2014; Tustin, 2015) suggest that SMMEs should be rendered support because they make unique contributions towards gross domestic product (GDP), employment and poverty reduction in most economies. This contribution is as a result of the unique characteristics SMMEs possess which give them a competitive advantage in promoting economic and social development. The contributions of SMME towards GDP include, job creation, innovation, income distribution and poverty alleviation (Agupusi, 2007; Dockel, 2005; Gebremariam et al., 2004; Moos, 2014). Tustin (2015) argues that the job creation ability of SMMEs is the most important reason why policy makers should favour small businesses.

Gebremariam et al. (2004) point out that SMMEs contribute by giving people at grassroots level, particularly women, employment opportunities. SMMEs encourage indigenous investment, thereby resulting in the social upliftment of communities. Harvie (2003) adds that the micro enterprises contribute to the attainment of economic growth by addressing gender inequality and poverty challenges.

In a study conducted by Harvie (2003) investigating the contribution of micro enterprises to economic recovery and poverty alleviation in Asia, it was reported that micro enterprises accounted for 60 per cent of all the regions enterprises and up to 50 per cent of paid employment. From an African standpoint and more specifically South Africa, Tustin (2015) argues that supportive policies enable SMMEs to play a significant role in job creation and poverty alleviation. Moos (2014) adds that if SMMEs are adequately supported they have the potential to grow and contribute positively to the economy. Dockel (2005) further argues that although the failure rate of SMMEs is high, the more the new entrants the greater the chances that they will survive thereby creating more employment.

Within the South African context, Tustin (2015) suggests that there is a lack of accurate and reliable statistics on the number of SMMEs in South Africa and this has made research in this domain difficult. Tustin (2015) further maintains that despite a poor statistical base of the figures of SMMEs in South Africa there is little doubt about their economic significance.

According to Statistics South Africa (2015) it can be noted that SMMEs account for approximately 37 per cent of the total employment in South Africa and 77 per cent of all private employment, which is essential in view of the decline in formal employment. In addition, SMMEs account for approximately 40 per cent of the overall South African GDP. The small businesses sector in South Africa has the potential to contribute to job creation and economic growth (Statistics South Africa, 2015). This sector also possesses the potential to redress historical imbalances and increase the participation of previously disadvantaged groups in the economy. The SMME sector has the potential to absorb any job shed by large enterprises thereby reducing the overall unemployment levels in South Arica (Dockel, 2005; Maharaj, 2009, Moos, 2014; Tustin, 2015).

Several scholars (Agupusi, 2007; Maharaj, 2009; Moos, 2014; Fatoki and Garwe, 2010; Tustin, 2015) suggest that without the creation of new small businesses, the South African economy risks stagnation because the formal and public sectors are unable to absorb the increasing number of job seekers in the economy. It can be noted that micro enterprises contribute positively to the growth of the economy in South Africa; however, these enterprises in themselves are not always able to generate long-term jobs which provide a reasonable remuneration. In South Africa, SMMEs have a high failure rate (approximately 75% fail in less than three years) which is accounted for by the array of obstacles (finance, skills, regulatory) these firms face (Tustin, 2015). Therefore SMMEs need to be continuously given sound institutional support to ensure that they contribute positively to the growth of the South African economy (Maharaj, 2009; Moos, 2014; Tustin, 2015).

1.4.4 Debate against the support of small businesses

Beck and Demirgue-Kunt (2006) suggest that although there is well-founded reasoning to support the case for economic growth by SMEs, there is no robust evidence of the relationship between economic growth and the size of businesses. It is argued that SMEs do not contribute significantly to economic growth in some economic conditions (Beck and Demirgue-Kunt, 2006). For example, during favourable economic conditions (expansion) larger businesses hire more people and create more jobs in the economy. Additionally, new branches of large businesses are more likely to grow and create more jobs during a period of economic expansion (Acs, 2001; Demirgue-Kunt, 2006). In the same line, Chandra et al. (2001:18) suggest that SMEs do not always produce most of the jobs in the economy since they have higher rates of failure than those of larger businesses.

Beck, Demirguc-Kunt and Levine (2005) maintain that larger businesses offer higher wages and more job security than small businesses within some sectors in the economy. However, Moos (2014) concludes that although small businesses may not necessarily create permanent employment in some sectors, they nonetheless provide some form of employment and poverty alleviation.

A study conducted by Ayyagari, Beck and Demirgue-Kunt (2003) to investigate the contribution of SMEs in 76 countries showed that in low-income countries, only 18 per cent of the population was employed in small businesses. The results of the study showed that the positive correlation of small business development and economic growth was not statistically significant and that the small businesses did not significantly contribute to employment as expected. Furthermore, based on the findings of their study, Ayyagari, Beck and Demirgue-Kunt (2003) warn against introducing discriminatory policies in favour of small businesses over large businesses, and advocate policies that create a supportive business environment for both small and large businesses.

It is important to note that although there are compelling arguments for and against small businesses, consensus can be observed at certain levels. First, for small or large businesses to be successful, sound economic policies should be provided which create a conducive economic environment. Second, the performance of businesses and job creation capability is dependent on certain macroeconomic variables such as the business cycle (Jeppsen, 2005). Tustin (2015) posits that regardless of the rationale behind the promotion of SMMEs (job creation, income distribution), the SMMEs need to be closely managed to ensure that they produce the intended economic objectives.

Based on the aims of the study and developing from the preceding discussion, immigrant-owned small businesses will be the focus of the next section.

1.5 IMMIGRANT-OWNED SMALL BUSINESSES

Most immigrant-owned businesses fall under the umbrella of small businesses, owing to the propensity of immigrants to engage in self-employment in response to the employment obstacles they face in the host country (Basu and Altinay, 2002; Collins and Low, 2010; Fatoki and Oni, 2014). In this respect, Sahin, Nijikamp and Baycan-Levent (2006) note that immigrant-owned businesses in Europe and USA have made an increasingly significant contribution in the small business sectors. Similarly, Fatoki and Oni (2014) find that immigrant-owned small businesses make a positive contribution to the overall economic and social

development of host countries with respect to job creation, economic growth and poverty alleviation.

In a study conducted by Basu and Altinay (2002) investigating the level of business ownership and business start-ups by immigrant entrepreneurs operating businesses in London, it was reported that immigrant entrepreneurs owned over 50 per cent of new small business start-ups and seven per cent of all businesses in London. On the other hand, in a study conducted by Wadhwa et al. (2007) on immigrant-owned small businesses in the USA, it was observed that these businesses accounted for 25,3 per cent of all technology-based small companies established in the USA between 1995 and 2005.

Within the South African context, several scholars (Fatoki and Oni, 2014; Kalitanyi and Visser, 2010; Khosa and Kalitanyi, 2014; Tengeh, Ballard and Slabbert, 2012) contend that immigrant-owned small businesses create opportunities that have important implications for the South African economy. It is suggested that the success of immigrant-owned small businesses is attributed to the high risk-taking attitude of immigrant entrepreneurs (Gebre, Maharaj and Pillay, 2011). On the other hand, in a study conducted by Kalitanyi and Visser (2010) investigating job creation by SMMEs owned by African immigrants in South Africa, it was found that SMMEs owned by African immigrant entrepreneurs positively contributed towards alleviating unemployment in South Africa since the majority of these enterprises employed locals. Similarly, Khosa and Kalitanyi (2014) report that immigrant-owned SMMEs employ local South Africans, suggesting that the immigrant-owned small businesses play a crucial role in reducing the high levels of unemployment in South Africa.

Regardless of the positive contributions made by immigrant-owned small businesses to the South African economy, immigrant owned small businesses experience numerous challenges such as, theft, violence and xenophobia (Khosa and Kalitanyi, 2014). In recent years there have been violent attacks against immigrant-owned small businesses predominantly in urban townships and informal settlements throughout South Africa (Khosa and Kalitanyi, 2014). Xenophobic attacks have resulted in the death of several immigrant entrepreneurs who operate small businesses in South Africa. Xenophobic attacks are attributed to the perceptions held by local South Africans that immigrants are responsible for a) high levels of unemployment, b) business competition c) poverty and d) constrained access to basic resources (Fatoki and Patswawairi, 2012; Khosa and Kalitanyi, 2014).

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The discussion thus far has explored the concepts of entrepreneurship, immigrant entrepreneurship, small businesses and immigrant owned small businesses. The following sections present the research problem, purpose of the study, significance of the study and the delimitation of the study.

1.6 RESEARCH PROBLEM

Immigrant-owned businesses are increasingly becoming a critical element in the revival of small businesses in global economic structures (Basu and Altinay, 2002; Collins and Low, 2010; Tengeh, 2013). Empirical studies indicate that small businesses in general and immigrant-owned businesses in particular face a wide range of challenges which include starting-up and operating in hostile business environments (Khosa and Kalitanyi, 2014; Pinkowski, 2009; Fatoki and Oni, 2014; Tengeh, 2013). Regardless of these challenges, empirical studies have indicated that immigrants have distinctive entrepreneurial attributes (see Section 2.3) that assist them in establishing and operating businesses in their host countries (Fatoki and Oni, 2014; Khosa and Kalitanyi, 2014; Pinkowski, 2009).

Sahin, Nijikamp and Baycan-Levent (2006, p.1) comment that "studies on immigrant entrepreneurship in both the USA and Europe have recognised the significant share of immigrants in small business activities". In their study, Halkias et al. (2007) showed that immigrant entrepreneurship had a direct impact on the host economy and the levels of employment. In line with these findings, in a study conducted in the USA by Wadhwa et al. (2007), it was revealed that nationwide, immigrant-founded companies produced $52 billion in sales and employed 450 000 workers in 2005. Despite the prevalence of such literature at an international level, not much is known about the contribution and operations of immigrant-owned small businesses in South Africa.

In South Africa it has been noted that there is an increasing prevalence of Chinese immigrant entrepreneurs operating SMMEs (Willemse, 2013). These immigrant-owned SMMEs are observed as contributing to job creation and the economy (Laribee, 2008; Willemse, 2013). However, limited research has been undertaken regarding the operations of these immigrant-owned businesses in South Africa (Willemse, 2013) and the research is still in its primary stages. Hence, the growing relevance of Chinese immigrant entrepreneurs (Willemse, 2013) has led to the need for increased empirical research in the South African context. The limited empirical studies that have been conducted in South Africa have focused on investigating aspects such as the settlement spaces (Harris, 1999; Harrison, Moyo and Yang, 2012; Park,

2010), business challenges (Dobson, 2010; Laribee, 2008; Rogerson, 2008) and management practices (Ping, 2004; Willemse, 2013) of immigrant-owned Chinese small businesses.

Thus, from an entrepreneurial perspective there is a limited understanding of the processes and practices which Chinese immigrant entrepreneurs adopt in identifying their opportunities. Xie and Amine (2009) echo the need for enhancing scholarly understanding of how Chinese immigrant entrepreneurs choose the opportunities in their markets. In a similar vein, Willemse (2013) emphasises the need for further scholarly understanding of the activities and operations engaged by Chinese immigrant entrepreneurs in small businesses in South Africa.

It is against this background that a study of the activities engaged in identifying opportunities by Chinese immigrant entrepreneurs who operate small businesses in South Africa, could contribute to immigrant entrepreneurship research in the South African context and to the broader small business literature.

1.7 PURPOSE OF THE STUDY AND RESEARCH QUESTION

The aim of this study was to develop a substantive grounded theory that describes how Chinese immigrant entrepreneurs who own and operate small retail businesses identify opportunities. The study was focused on generating a process theory that would explain a socially constructed reality in contrast to testing an existing and objective reality. Thus, the main research question guiding the study is:

How do Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities?

In order to answer the main research question and develop a substantive grounded theory, secondary goals were developed, namely:

a) To investigate the activities and process engaged by the Chinese immigrant entrepreneurs when identifying opportunities;

b) To describe and understand the factors influencing this process of identifying opportunities by the Chinese immigrant entrepreneurs;

c) To describe the nature of the opportunities identified by the Chinese immigrant entrepreneurs;

d) To describe the activities engaged by the Chinese immigrant entrepreneurs when operating their small businesses.

1.8 SIGNIFICANCE OF THE STUDY

The theory generated in the study is intended to add to the body of knowledge and scholarly understanding of immigrant entrepreneurship and the identification of opportunities in the context of small businesses. Although in the literature there are various entrepreneurial opportunity models such as, Bhave (1994), Sigrist (1999) and De Koning (1999), these models do not specifically, explore opportunity identification from an immigrant entrepreneurship perspective.

Additionally, this theory is intended to assist Chinese immigrant entrepreneurs and other immigrant entrepreneurs in understanding the critical activities and practices they engage in during the process of identifying opportunities for their small businesses. The theory can be used by practitioners and researchers to aid and improve entrepreneurship within the Eastern Cape province of South Africa. Hence, this theory can be a resource consulted by academics, students, business trainers and policy makers involved in small business entrepreneurship and immigrant entrepreneurship in South Africa and other similar contexts.

Furthermore, this theory can assist local South African entrepreneurs to learn more about Chinese entrepreneurship practices which allow the Chinese immigrant entrepreneurs to outcompete local formal and informal small retail businesses (Willemse, 2013). Additionally, using grounded theory, the study contributes from a methodological perspective to the literature on immigrant entrepreneurship and small businesses which is predominantly presented from a quantitative perspective.

The study contributes to the field of immigrant-owned businesses and has the potential to provide other researchers with a theoretical foundation to conduct future research. Such future research has the potential to influence policy development within the South African small business context, immigrant-owned businesses and entrepreneurship development.

1.9 DELIMITING THE STUDY

The study is confined to developing a substantive grounded theory using the prescripts of grounded theory proposed by Strauss and Corbin (1990). The study is limited to studying small retail businesses that satisfy the definition of SMMEs (specifically, *very small*) as proposed in the National Small Business Amendment Act (26 of 2003). This entails small businesses that employ between six and twenty employees. These small businesses were selected because they offer homogeneity but also variation, which is key for grounded theory generation (Strauss and Corbin, 1990). Mindful of the challenges in obtaining financial data (such as total gross asset

value, total turnover) from small businesses, the standard industrial sector classification and the total number of employees criterion were used in the selection of the small retail businesses

For the purposes of the study the research participants included Chinese immigrant entrepreneurs who own and operate small retail businesses within the Eastern Cape province of South Africa. These participants were selected because Chinese immigrant entrepreneurship in South Africa is predominantly in small businesses in the retail sector and there is a need to further understand entrepreneurship in this sector (Rogerson, 2008; Willemse, 2013). Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province were selected because it has been observed that even in regions in South Africa which have low levels of entrepreneurial activity such as the Eastern Cape province (Statistics South Africa, 2015), Chinese immigrant-owned businesses are competitive and successful. Additionally, the Eastern Cape province of South Africa is the poorest province in South Africa with high levels of unemployment and low levels of economic activity (Statistics South Africa, 2015).

In this study a Chinese immigrant entrepreneur is defined as a Chinese immigrant in South Africa who was born in China and has Chinese origin and who set up a small retail business and has been owning and operating the small business for a period of more than three years in South Africa (specifically, Eastern Cape province). The stipulated duration of operating a small retail business in the study is in accordance with advice from Stone (1988) who suggests that research participants of a study should be individuals who have had experience relating to the phenomenon being investigated.

1.10 STRUCTURE OF THE THESIS

The study is exploratory in nature and it was designed to build a substantive data-driven theory, using the grounded theory method. Chapter 1 is the introductory chapter, which presents the detailed context of the research. The chapter focused on presenting the nature and importance of entrepreneurship, immigrant entrepreneurship and small businesses. It detailed a definitional debate regarding entrepreneurship, immigrant entrepreneurship and small businesses. An operational definition of immigrant entrepreneurship was devised and extended to the context of small businesses in the South African context for the purposes of this study. The chapter highlighted the relevance and significance of studying Chinese immigrant entrepreneurs in the South African context. Additionally, the chapter explored the research aims, goals and delimitations of the study.

Chapter 2 is a conceptual chapter which reviews literature relating to "immigrant entrepreneurship". Whereas, Chapter 3 provides a discussion of the literature on "opportunities". Thus, bearing in mind the advice of Strauss and Corbin (1990) regarding the role of a literature review in a grounded theory study, these literature review chapters should not be regarded as comprehensive discussions of the relevant literature or conceptual frameworks of the phenomenon under investigation. Rather, the literature review chapters present a preliminary literature review (Strauss and Corbin, 1990). The grounded theory method adopted in the present study advocates that the literature review should be kept to a minimum to avoid the pre-existing literature from preconceiving and influencing the development of the emergent theory.

Chapter 4 presents the research methodology adopted in the study, which is the Strauss and Corbin (1990) grounded theory method. The chapter discusses the philosophical underpinnings of research as well as qualitative research methodology and the grounded theory method itself. The chapter explores the divergence in the philosophical underpinnings of grounded theory between the co-founders of the method, and discusses a justification of the version of this theory which is used in the present study. Thereafter, the chapter describes the research process followed in the study and the data analysis procedures employed by the researcher. The chapter concludes by highlighting the study's ethical considerations.

The findings of the study are presented in Chapters 5, 6 and 7. Chapters 5 and 6 are more descriptive while Chapter 7 is conceptual in nature. Chapter 5 presents the categories that emerged from the data relating to the practices engaged in by Chinese immigrant entrepreneurs that enabled the identification of opportunities. Chapter 6 details the practices emerging from the data, which were adopted by the Chinese immigrant entrepreneurs in operating their small businesses. These practices contributed to development of the emergent grounded theory.

Chapter 7 presents the emergent grounded theory *differentiating engagement of opportunity identification* which is a theory about how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities. The preceding chapters (5 and 6) are the building blocks and foundation contributing to the emergent theory presented in Chapter 7. Strauss and Corbin (1990) suggest that a theory involves concepts and categories that are related through statements specifying relationships. Guided by this assertion, the chapters presenting results of the study are initially descriptive and become progressively conceptual as they establish relationships between

categories, properties and their dimensions, to enable the integration of categories into substantive grounded theory.

Chapter 8 discusses the substantive grounded theory generated in this study in relation to extant literature. This is mindful of the counsel by Strauss and Corbin (1990) who suggest that a grounded theory should be located in the extant literature. This chapter locates and discusses the substantive theory *differentiating engagement of opportunity identification* using extant literature. This literature review, conducted after the theory has been generated, is more comprehensive and explores diverse domains in the body of knowledge.

Chapter 9 is the concluding chapter of the study. The chapter highlights the value and significance of the findings of the study, and examines the study's limitations which include, sample size, data collection instruments, sampling method. Thereafter, the methods adopted by the researcher to minimise the impact of these factors on the study are presented. The chapter concludes by proposing areas for further research upon reflecting on the value of the research.

CHAPTER 2

OVERVIEW OF IMMIGRANT ENTREPRENEURSHIP

2.1 INTRODUCTION

The use of literature in this study follows the methodological precautions of generating a grounded theory by Strauss and Corbin (1990). In grounded theory, Strauss and Corbin (1990) encourage a limited preliminary literature review to stimulate the research and to identify possible areas which need further research or to identify new approaches to understanding a given phenomenon.

The object of the current literature review was to provide the researcher with background to the domain of this study by 1) sensitising and not constraining the researcher, 2) identifying research gaps, and 3) identifying possible areas for future research.

The related literature review in this chapter will first present a discussion of the drivers that lead immigrant entrepreneurs into engaging in immigrant entrepreneurship. Second, the chapter will explore the factors which influence the performance of immigrant entrepreneurs in host countries. Third, the different theoretical perspectives of immigrant entrepreneurship will be discussed in the chapter. These perspectives are intended to provide an understanding of the nature of immigrant entrepreneurship. A discussion of the limits of these theoretical perspectives will be provided. The chapter concludes with an exploration of the theoretical models of the operations of immigrant owned businesses.

2.2 DRIVERS OF IMMIGRANT ENTREPRENEURS

Chrysostome (2010) suggests that immigrant entrepreneurs can either be "pushed" or "pulled" into entrepreneurship within a host country. The drivers of immigrant entrepreneurs to engage in entrepreneurial activity can be classified into either a) extrinsic rewards or family (push factors) or b) intrinsic rewards, independence/autonomy (pull factors). Moreover, push factors may denote negative factors such as social marginality and discrimination in the labour market. On the other hand, the pull factors denote positive motivations such as the desire to seek autonomy and gaining a higher social status (Chrysostome, 2010). In this respect, immigrant entrepreneurs can be categorised as either a) necessity immigrant entrepreneurs or b) opportunity immigrant entrepreneurs (Chrysostome, 2010).

Necessity immigrant entrepreneurs are immigrants who are driven into entrepreneurship because of their inability to gain access into the labour market of the host community. In this

respect, necessity immigrant entrepreneurs engage in entrepreneurial activity for their livelihood and survival in the host community (Chrysostome and Lin, 2010; Habiyakere et al., 2009; Khosa and Kalitanyi, 2014).

On the other hand, Chrysostome (2010, p.138) suggests that "opportunity-driven immigrant entrepreneurs are individuals who leave their home country and freely decide to start a business to take advantage of a business opportunity in a host country". They value independence in starting up and operating their own business. In this respect, the main driving force influencing their migration is to identify opportunities in a host community.

In the same line of thinking, Baltar and Icart (2013) suggest that immigrant entrepreneurs who are driven by opportunities start businesses to exploit a profitable business idea, regardless of there being possibilities of finding formal employment. These opportunity immigrant entrepreneurs are alert to new information and invest resources to start up their businesses. Consequently, failure in the mainstream markets to satisfy certain needs allows these immigrant entrepreneurs to offer innovations to meet unmet needs in specific sectors (Baltar and Icart, 2013; Chrysostome, 2010). In this respect, opportunity immigrant entrepreneurs actively seek opportunities within untapped markets in a host country with the intention of achieving business gains.

Additionally, Salaff, Greve and Wong (2006) have determined that there are different groups among opportunity immigrant entrepreneurs, namely a) immigrants who moved to the host country for the purpose of undertaking entrepreneurial activities, b) immigrants who came to the host country for another unrelated purpose such as academic training or job opportunities and decided later to start a business to take advantage of a business opportunity, and c) second-generation immigrants born in the host country who start up a business. Given the nature of this study and the conceptualisation of immigrant entrepreneurship adopted (*see Chapter 1*), focus will be on immigrants who moved to the host country for the purpose of engaging in entrepreneurial activity. This entails Chinese immigrant entrepreneurs who migrated to South Africa for the purpose of undertaking business with the intention of identifying opportunities.

Having discussed the drivers of immigrant entrepreneurs it is sound to delve into a discussion of the factors which influence the performance of immigrant entrepreneurs in host countries.

2.3 FACTORS WHICH INFLUENCE THE PERFORMANCE OF IMMIGRANT ENTREPRENEURS

There are various factors which influence the performance of immigrant entrepreneurs in a host country. These include capital accessibility, host country hospitability, support network, education and entrepreneurial experience (Chrysostome, 2010; Nestorowicz, 2011; Piperopoulos, 2010). These factors will be discussed below.

2.3.1 Capital accessibility

Capital accessibility refers to the immigrant entrepreneurs' chances of obtaining finances to start-up and grow their businesses. This relates to access to credit and loans from financing institutions. The higher the chances of having access to capital, the greater the intention to engage in business activity within a specific context (Nestorowicz, 2011). Consequently, Basu (2011, p.2) contends that "immigrant entrepreneurs face greater financial challenges in acquiring capital to start-up compared to small enterprises owned by local entrepreneurs in a host country". This assertion by Basu (2011) is supported by Zolin and Schlosser (2011) who find that some immigrant entrepreneurs may be disadvantaged by the lack of formal access to financial capital because they may lack a credit history in the host country.

Piperopoulos (2010) is of the view that immigrant businesses rely on personal savings and ethnic social resources to overcome the obstacles they experience in accessing finance from banks in the host country. Musara and Fatoki (2012) note that while local entrepreneurs are more likely to finance new businesses using formal financial sources such as banks, this is least likely for immigrant entrepreneurs who are constrained and only limited to informal sources.

On this basis, some immigrant entrepreneurs use informal financing through ethnic ties (such as family and relatives) as a substitute for borrowing. This assertion is supported by the findings from a comparative study conducted by Min and Bozorgmehr (2000) to explore the use of ethnic resources by Koreans and Iranians in the establishment of immigrant businesses in Los Angeles, USA. The study showed that ethnic resources, including ethnic-community networks, allowed the immigrants to gain access to capital.

Similarly, in a quantitative study conducted by Bates (1997) to explore how Asian immigrant entrepreneurs in the USA financed the start-up of their small businesses, it was noted that family ethnic ties were a major source of start-up capital for the immigrant-owned businesses. Bates (1997) cautioned that prevailing scholarly literature does not provide clarity regarding the realities of how immigrant entrepreneurs finance start-up capital for their businesses. This

observation by Bates (1997) alludes to the need for a better understanding of the activities engaged in to finance the start-up of immigrant-owned businesses.

2.3.2 Host country hospitality

Host country hospitability relates to the societal response and perception of immigrants by the locals of the host country. An unfavourable perception can be displayed through local hostility which takes various forms. These include mild boycotting to aggressive responses such as physical attacks. Lack of hospitability can be a deterrent to entrepreneurship-related migration (Chrysostome, 2010).

In a quantitative study conducted by Fatoki and Patswawairi (2012) of African immigrant entrepreneurs in South Africa, it was noted that the immigrant entrepreneurs perceived the South African society as hostile. Fatoki and Patswawairi (2012) concluded that the general South African society perceived immigrants as threats to jobs as well as undermining wages in an economy that already had high levels of unemployment, poverty, and income inequality. These perceptions from the broader society created challenges for African immigrant entrepreneurs in starting-up and operating SMMEs in South Africa.

Chrysostome (2010) suggests that the hospitability of locals of a host country towards immigrants may be influenced by the immigrants' language proficiency in the local languages. Hisrich (2008) maintains that it is crucial for entrepreneurs or members of their team to have a sound command of the language of the host country where they are operating their business. In the same light, in a study conducted by Habiyakere, Owusi, Mbare and Landy (2009) in Finland, it was noted that language emerged as an obstacle for the assimilation of African immigrant entrepreneurs because it was challenging for these entrepreneurs to operate within the Finnish environment and identify opportunities with a poor command of the local language.

2.3.3 Support network

Nestorowicz (2011) advises that "support network" refers to an immigrant's social ties and networks which include family, kin, and friends in the host country. The stronger and larger the size of the social networks immigrants are exposed to, the greater their entrepreneurial intention within a specific host country. Nieman and Nieuwenhuizen (2014) observe that networks support entrepreneurs by allowing them to have access to resources and opportunities. Networks allow entrepreneurs to share ideas, information and experience. Networks are critical for immigrant entrepreneurship because they allow immigrants to gain access to local contacts and support to acquire sufficient knowledge about the host society and the relevant business

opportunities (Collins and Low, 2010; Nestorowicz, 2011; Salaff, Greve and Wong, 2006; Tengeh and Lapah, 2013).

Salaff, Greve and Wong (2006) are of the view that immigrant entrepreneurs use different types of networks to start-up and operate their businesses. These networks include family, collegial, transnational, and ethnic networks. Nee and Sanders (2001) support this view, adding that the family is a central source of support for immigrant entrepreneurs as they engage in entrepreneurial activities. Moreover, this support can be in the form of cheap and reliable labour.

In a qualitative study to explore Asian female immigrant entrepreneurs in Sydney, Australia by Collins and Low (2010), it was noted that family networks were pivotal in rendering support in the operations of the businesses. In the study it was observed that the majority of Asian female entrepreneurs had a close interaction with their immediate and extended families which were sources of human capital and business opportunities. Similarly, Salaff, Greve and Wong (2006, p.4) contend that "ethnic networks provide labour, social support, experience and contacts for immigrant entrepreneurs as they operate their businesses in a host country". To overcome the challenge of operating businesses in a host country, some immigrant entrepreneurs' draw on the social networks they developed before migration to connect the new business to transnational networks.

Fatoki and Oni (2014) conducted a qualitative study to explore the networking behaviour of immigrant entrepreneurs in South Africa and found that the immigrant entrepreneurs relied on networks for the operations of their businesses. It was noted that the networks varied between weak and strong ties. The weak ties were dominant during the establishment and growth stages of the business, whereas the strong ties were dominant during the start-up phase of the business.

Similarly, in a quantitative study conducted by Saxenian (2000) to explore the activities of Indian and Chinese immigrant entrepreneurs operating technology firms in Silicon Valley, USA, it was observed that the immigrant entrepreneurs extensively relied on transnational networks. These transnational networks established by the immigrants in the USA and abroad were instrumental in creating social capital which allowed them to access resources such as technical expertise and market information. It can be observed that networks provide social capital and necessary resources for immigrant entrepreneurs to identify opportunities in the host country.

2.3.4 Education

Education is noted as a critical determinant in entrepreneurial activity. The greater the level of education, the higher the probability of an immigrant entrepreneur establishing a sustainable business (Nestorowicz, 2011). Educated immigrants possess certain skills and knowledge which allow them to be able to understand and access institutional systems such as state agencies, policies, and legislations that can aid their businesses (Nestorowicz, 2011; Robb and Fairlie, 2009). Conversely, the lower the level of education, the higher the likelihood of the immigrant entrepreneur engaging in repeat migration as a result of experiencing more business-related challenges in the host country (Nestorowicz, 2011). It appears that the impact of education on entrepreneurship decisions is positive. Individuals with higher education are more likely to possess business-related management skills and knowledge which allow them to start their own businesses grounded in sound business management practices (Jiangyong and Zhigang, 2007).

In an empirical study of Asian immigrant-owned businesses in the USA, Robb and Fairlie (2009) found that there was a positive relationship between education and positive business outcomes when they noted that the better educated the Asian immigrant entrepreneurs were, the more successful they were in achieving business outcomes and growth in their businesses. This conclusion supports the finding of Basu and Altinay (2002) who conducted a quantitative study to explore the factors that influence the business success of small businesses owned by Indian, Pakistani and Bangladesh immigrants in Britain. The findings of that study showed that the immigrant entrepreneurs' level of education positively influenced the success and growth of their small business because they possessed the capacity to successfully pursue identified opportunities.

Basu and Altinay (2002) are of the opinion that an immigrant entrepreneur's educational attainment and related training enhance that individual's creativity and ability to gather and combine resources in a host country. It can be observed that a high level of education and training allows an immigrant entrepreneur to have a relatively higher level of business management skills (such as management accounting, costing and pricing) which can ensure the growth and success of a business.

2.3.5 Entrepreneurial experience

Immigrants with entrepreneurial experience obtained from their home country during pre-migration are more likely to identify opportunities in the host environment, such as the most

appropriate location to start-up their businesses (Chrysostome, 2010). They are more able to manage the socio-economic dynamics of a host country than are inexperienced immigrants seeking to engage in entrepreneurial activity such as fostering sound relationships with key stakeholders, community leaders, other businesses and state institutions.

In support of this assertion, from a qualitative study that was conducted by Sinnya and Parajuli (2012) to explore the factors which drive South and Southeast Asians to become immigrant entrepreneurs in Umea City, Sweden. It was observed that the entrepreneurial intention and performance of these immigrants was attributed to their prior exposure to business environments by their families from an early age which in turn shaped their orientation towards operating their own businesses. Hence, the experience they gained from their family businesses helped them to successfully start businesses in Sweden, although the business culture and environment in Sweden was different from their respective home countries. These immigrant entrepreneurs were able to pre-empt and prepare for the demands of the host country. Concluding this study, Sinnya and Parajuli (2012) caution that there is a need to further understand the role of family background for immigrant entrepreneurs as a source of tacit knowledge for business start-ups.

Basu and Altinay (2002, p.379) are of the view that "family background in business offers aspiring immigrant entrepreneurs an initial advantage in the form of exposure to business practices by inculcating a business culture prior to the formation of an immigrant business in a host country". However, Clydesdale (2008) points out that although immigrant entrepreneurial attributes can be developed through life experiences elsewhere (in other environments) which are useful for the start-up and operation of businesses, these attributes may sometimes not match the conditions in the host environment. The conditions in a host country can be hostile as a result of unsuitable institutional policies, or may be inhospitable to specific immigrant groups, thereby discouraging entrepreneurial activities in those groups.

In the above section, having discussed the factors which influence the performance of immigrant entrepreneurs, the next section will present a discussion of the theoretical perspectives of immigrant entrepreneurship.

2.4 THEORETICAL PERSPECTIVES OF IMMIGRANT ENTREPRENEURSHIP

There are various perspectives that can be used to understand the phenomenon of immigrant entrepreneurship. These include the market disadvantage perspective, the cultural perspective,

opportunity structures perspective, the mixed embeddedness perspective and the ethnic enclave perspective.

2.4.1 The market disadvantage perspective

This perspective advocates that immigrants get into self-employment because of inherent bias and discrimination in the host labour markets (Clark and Drinkwater, 2000; Greve and Salaff, 2005; Halkias et al., 2007; Piperopoulos, 2010; Van Tubergen, 2005). The perspective asserts that immigrants face many obstacles that prevent them from being assimilated into the formal job market of the host country; these obstacles include educational credentials, ethnic discrimination, and language difficulties (Greve and Salaff, 2005; Piperopoulos, 2010). The obstacles faced by the immigrants compel them to turn to self-employment, which acts as a creative and credible avenue within the host community.

It can also be noted that the obstacles that are faced by immigrants vary and are not limited to lack of educational credentials (Landua, 2010) or a lack of language proficiency of the host country (Aldrich and Waldinger, 1990). For instance, Greve and Salaff (2005) observe that the credentials of a doctor from China are not recognised in Canada. Similarly in South Africa, Landau (2010) notes that even those immigrants with employment rights and educational credentials face difficulties in being absorbed into the formal labour market.

Piperopoulos (2010, p.142) contends that "immigrants may encounter negative experiences within traditional organisational settings, and cultural barriers that block their advancement in mainstream economic markets. These challenges 'push' them out of organisations and channel them into entrepreneurship as an alternative route to economic prosperity." Nee and Sanders (2001) suggest that proponents of this perspective argue that, on the one hand, immigrants are driven into self-employment because they face limited employment opportunities, and on the other hand, business ownership allows them to utilise their human capital. A report by Landau (2010) on the labour-related discrimination in South Africa supports this view by stating that when the educational credentials possessed by immigrants are not recognised, immigrants seek alternative ways to generate income which include self-employment. It has been noted that in countries with high levels of unemployment, immigrants are pushed further out of the labour market into self-employment (Van Tubergen, 2005). Radipere (2010) also contends that the limited job opportunities in South Africa propel immigrants in South Africa into starting up their own businesses.

In line with the principle of "market disadvantage" in a quantitative study conducted by Constant and Zimmerman (2006) on self-employed immigrants in Germany, it was found that immigrants were pushed into self-employment when they felt discriminated in the labour market. The more the immigrants were discriminated against in the host country, the more likely they were to engage in entrepreneurial self-employment activities and to start-up small businesses. Similarly, in another study conducted in the UK by Nwankwo (2005), it was noted that Black African immigrants were pushed into entrepreneurship to escape ethnic discrimination within the broader society.

From a South African perspective, in a study conducted by Rogerson (1999) it was noted that immigrant entrepreneurs in South Africa from various African countries (Democratic Republic of Congo, Zambia, Zimbabwe, Mozambique, Nigeria, and Cameroon) were pushed into starting their own businesses by the institutional challenges which impeded them from being employed in the formal labour market. This observation ties in with the market disadvantage principle (Piperopoulos, 2010).

Levent et al. (2007) suggest that the disadvantages and obstacles faced by immigrants vary from one generation to another. In support of this view, Halkias et al. (2007) state that although a particular generation of immigrants' faces bias in the labour markets, their offspring and future generations born in the host country tend to experience fewer biases since their educational credentials are obtained in the host country and recognised. Similarly, Nee and Sanders (2001) note that in the USA, immigrants whose education was obtained in their home countries experience higher rates of self-employment in contrast to immigrants who obtained their education in the USA.

Chrysostome and Arcand (2009) draw on the market disadvantage perspective to conclude that the survival of immigrant entrepreneurs is dependent on their personal determination and commitment to their business. Optimally, immigrant entrepreneurs will need to use all the resources at their disposal to avoid failure. However, the market disadvantage perspective has been criticised for ignoring the assertion that some ethnic groups may have a cultural propensity towards entrepreneurship. Levent et al. (2007) suggest that while the first generation immigrants may encounter more "push" factors (market disadvantages), from the second generation onwards, the immigrants may experience more "pull" factors into self-employment.

2.4.2 The cultural perspective

Cultural factors of immigrants contribute to their propensity to engage in immigrant entrepreneurship (Piperopoulos, 2010; Waldinger, 2002). It can be observed that immigrant entrepreneurship is a continuation of the immigrant's cultural habits in the host country. It results from the entrepreneurial mind-set and cultural habits which immigrants bring from their host country. The pre-migration cultural tradition of entrepreneurial activities influence the process of immigrant entrepreneurship (Waldinger, 2002).

Certain cultural groups have a greater propensity towards entrepreneurship (Waldinger, 2002). For example, many Indian, Pakistani and Bangladeshi immigrants who migrate to Britain manage to successfully start-up small businesses relative to the locals with similar resources. It can be argued that the cultural values of these communities emphasise the virtues of thrift from the home country and predispose members of these communities towards self-employment (Piperopoulos, 2010). In certain cases certain ethnic groups have a propensity for successfully engaging in entrepreneurship, which is coupled by their cultural values. In this regard, it is plausible to anticipate that the stability of the intergroup ethnic differences towards entrepreneurship can be explained by stable enduring factors and may not be related to fluctuations in the host country environment (Piperopoulos, 2010).

Additionally, Piperopoulos (2010) suggests that variations among immigrant groups in their business strategies, innovative behaviour, economic outcomes, and propensity to seek self-employment within a specific host country can be explained by differences across national culture and value systems. In a qualitative study conducted by Rutashobya and Olomi (1999) regarding immigrant entrepreneurs in the USA, it was noted that although immigrant Indian and African entrepreneurs were victims of discriminatory legislation, the Indian entrepreneurs were able to innovatively use the resources provided by their families and communities. Among the African immigrant entrepreneurs, very few entrepreneurial networks were found, which was ascribed by the researcher to possibly being related to the low status and value of small businesses in the African culture.

From a South African perspective, Radipere (2010) conducted a quantitative study to investigate the reasons why immigrants in South Africa turned to entrepreneurship and business start-ups more than local South Africans. The findings of this study showed that the immigrant entrepreneurs had a greater propensity to creatively start businesses, facilitated by their cultural orientation towards self-employment drawn from their home countries.

However, a major limitation of the cultural perspective towards immigrant entrepreneurship is its sole focus on cultural factors, with a lack of attention to the economic environment and the socio-economic context in which the business operates (Ram and Carter, 2003). Thus, it follows that scholars investigating immigrant entrepreneurship need to adopt a holistic inquiry of immigrant entrepreneurship taking into cognisance the socio-economic context in which the immigrant entrepreneurs operate. In the present study, these suggestions and advice will be acknowledged.

2.4.3   The opportunity structures perspective

Piperopoulos (2010, p.143) proposes that from the opportunity structures perspective, "immigrant entrepreneurs who have the knowledge of the specific needs and heritage of their co-ethnic consumers identify these opportunities and are drawn to entrepreneurship and self-employment by moving into a niche market that targets their co-ethnics".

The culturally based tastes for particular goods and services (such as ethnic products) generate unique consumer demands and entrepreneurial opportunities that mostly immigrant entrepreneurs from the particular ethnic group can satisfy due to their specific inside knowledge. The immigrant entrepreneurs in turn avoid the mainstream markets and focus on ethnic closed markets that exhibit minimum inter-ethnic competition. Halkias et al. (2007) add that immigrant entrepreneurs identify opportunities and enter into the markets that require low financial or human capital that are largely ignored by mass retailing businesses.

The perspective advocates that immigrants are drawn and pulled into self-employment by business opportunities in certain sectors. This perspective is based around the assumptions that immigrants find business start-up opportunities in market niches created by interaction between opportunities in society and the characteristics of the immigrant group (Halkias et al., 2007).

According to Halkias et al. (2007), immigrants become entrepreneurs in order to find alternatives to traditional immigrant employment options in undesirable industries. Clark and Drinkwater (2000) reason that some of the factors which might pull immigrants into self-employment include an access to markets and labour through familial ties or shared culture and language.

Ethnic resources which include social capital provide an inexpensive, reliable, and highly committed source of labour for businesses owned by immigrant entrepreneurs. These ethnic resources include access to training, credit and capital, valuable market and business information regarding opportunities and threats that would otherwise be inaccessible to the

immigrant entrepreneurs. Immigrant entrepreneurs creatively make use of extensive networks of identity, family and community resources (ethnic social capital) to acquire business information and inside knowledge of market opportunities that facilitate business start-ups (Piperopoulos, 2010).

In a quantitative study conducted by Piperopoulos (2010) in Greece on the start-up of businesses by immigrant entrepreneurs (Albanians, Armenians, Bulgarians, Chinese, Georgians, Indians, Nigerians and Russians), it was observed that ethnic resources such as networks and labour, together with opportunity structures in the market, were creatively used more by the immigrant entrepreneurs than by local entrepreneurs in starting up their businesses.

2.4.4   The mixed embeddedness perspective

The mixed embeddedness perspective acknowledges the complex manner in which immigrant businesses are embedded in the socio-economic context of the host country while also being embedded in the immigrant ethnic resources (such as ethnic networks). These immigrant entrepreneurs operate in the host country but still have networks with their home country and are able to source resources from those networks. The immigrant entrepreneurs exist in a dual economically embedded context (Chrysostome and Lin, 2010; Kloosterman and Rath, 2001).

The ethnicity, historical and social contexts of the immigrants shape their business opportunities. In line with the proponents of this perspective, Kloosterman, Van der Leeun and Rath (1999) conducted a study to investigate the experiences of immigrant entrepreneurs in the Netherlands. Findings from the study revealed that the immigrants were embedded in specific social networks that enabled them to overcome the challenges they experienced in starting up their small businesses. Being embedded in specific networks of the home and host country allowed the immigrants to identify opportunities in the host country and access resources from their home country that allowed them to pursue these opportunities and offer innovative offerings to the market.

This perspective further highlights how the socio-economic environment of the host country shapes the opportunities of the immigrant entrepreneurs. Chrysostome (2010) comments that the emergence of immigrant entrepreneurship is influenced by the institutional structures which include government policies, widely shared social knowledge and value systems within the host country. In line with this assertion, Kloosterman, Van der Leun and Rath (1999) argue that the socio-economic position of immigrant entrepreneurs and consequently their prospects with regard to upward social mobility can be fully understood by considering not only their

embeddedness in the social networks of immigrants, but also their embeddedness in the socio-economic and political institutional environment of the host country.

Chrysostome (2010) concurs that the rate of immigrant entrepreneurship in a host country will vary depending upon the policy initiatives designed by the government to support immigrant businesses. Various policy initiatives such as financial support, access to information and legislation regarding business start-up all influence the level of immigrant entrepreneurship. The key strength of the mixed embeddedness perspective is that it provides a comprehensive exploration which aims to locate ethnic minority businesses in the wider structures in which they are embedded.

In this light, it follows that researchers investigating immigrant entrepreneurship need to adopt an all-encompassing approach that acknowledges the embedded linkages of the home and host country that allow the immigrants to draw on resources that enable them to identify opportunities in the host country.

2.4.5 The ethnic enclave perspective

The ethnic enclave perspective highlights the occurrence of entrepreneurship within concentrated enclaves of geographically self-contained immigrant communities in metropolitan areas (Zhou, 2004). These immigrants usually have a limited proficiency in the host country's official language. Their credentials may not be acknowledged by the host society, hence the economic returns on their credentials are limited. However, instead of regressing to the bottom of the host country's economic system, they decide to start their own businesses to service their ethnic community (Zhou, 2004).

Ethnic enclave entrepreneurs include those immigrants who are bound by ethnicity, ethnic community social structures, and geographical location. The immigrants tend to find opportunities in immigrant communities and neglected business sectors of the broader economy (Clark and Drinkwater, 2000; Zhou, 2004).

Pearce (2005) extends this viewpoint, suggesting that for immigrant entrepreneurs to achieve the highest level of success, they should move beyond the ethnic markets which have long been a mainstay of immigrant businesses. Movement and flexibility will enable them to tap into broader consumer markets in the host country. Therefore within this perspective, immigrants are inclined to seek business opportunities in their ethnic communities where start-up costs are relatively low, where competition is minimal and where capital can easily be raised.

The main limitation of this perspective is that it only focuses on the operations of immigrant entrepreneurs within the geographical area of ethnic enclaves, which is not fully representative of all the areas in which immigrants operate their businesses. Nonetheless, the approach can assist scholars in gaining an understanding of the intention to engage in entrepreneurial activities in ethnic enclaves by immigrants.

Drawing on the different perspectives on immigrant entrepreneurship as discussed above, the motives driving immigrant entrepreneurs and the respective enabling factors for each perspective are summarised in Table 2.1.

Table 2.1: Summary of immigrant entrepreneurship perspectives

Perspective	Motives of Immigrant entrepreneurs	Enabling factors
Market disadvantage	Obstacles and discrimination in the job market	Determination and commitment
Cultural	Cultural traditions of home country	Pre-migration entrepreneurial mentality
Opportunity structures	Access to opportunities through ethnicity	Ethnic networks
Mixed embeddedness	Resources and networks in host country and home country	Local and ethnic networks
Ethnic enclave	Opportunities in clustered ethnic settlement space	Ethnic market knowledge

Source: Researcher's own construction

The next section provides a discussion of the main models which aim to explore immigrant entrepreneurship. These are the Waldinger, Aldrich and Ward (1990) model, and the Chrysostome (2010) integrated model.

2.5 THEORETICAL MODEL OF OPERATIONS OF IMMIGRANT BUSINESSES

Over the years in an attempt to explain how immigrant businesses operate, researchers have devised varied approaches. One of the first approaches is the Waldinger, Aldrich and Ward (1990) model which seeks to explain the operations of immigrant-owned businesses based on the principle of the interaction between an ethnic group's characteristics and the opportunity structure.

This interactive model will be discussed first in this study because it seeks to explore the factors which influence the strategies adopted by the immigrants as they interact with their internal and

external business environment. Essentially, these strategies have an impact on the opportunities that immigrants identify.

The model combines ethno-cultural and socio-cultural factors with political-economic factors. It is built around three interactive components: opportunity structure, group characteristics, and strategies. Waldinger, Aldrich and Ward (1990) model is shown below in Figure 2.1 below.

Figure 2.1: Waldinger, Aldrich and Ward (1990) model
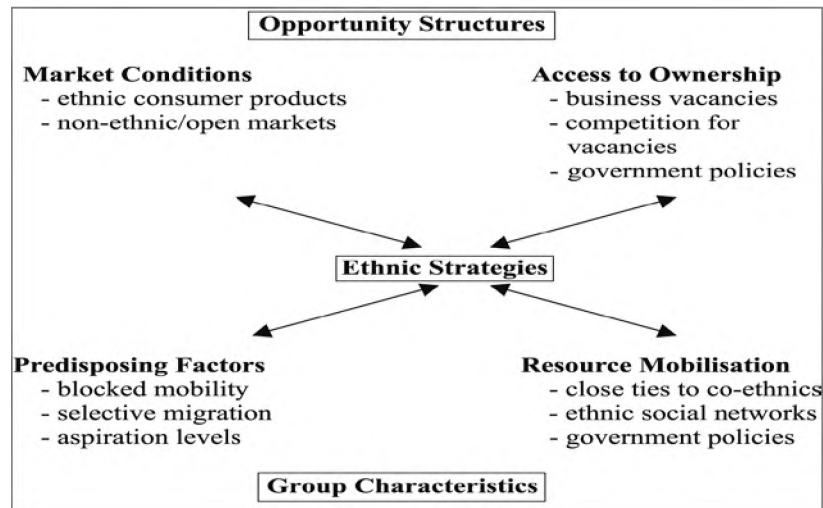
Source: Waldinger, Aldrich and Ward (1990)

2.5.1 Opportunity structures

According to Waldinger, Aldrich and Ward (1990, p.114),

> "opportunity structures refer to market conditions that may favour products or services orientated to co-ethnics or to the non-ethnic market. These include the ease with which access to business opportunities can be obtained although this access is highly dependent on the level of inter-ethnic competition and state policies. The opportunity structures open to immigrant business owners are also shaped by historical circumstances."

Waldinger, Aldrich and Ward (1990) argue that ethnic groups can only work with the resources made available to them by their environment, and that the structure of the opportunities is constantly changing in modern industrialised societies. Therefore, in instances where market conditions only favour businesses serving an ethnic community's needs, business opportunities would be limited.

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On the other hand, if market conditions favour smaller businesses serving non-ethnic populations, opportunities are more likely to be greater. Aldrich and Waldinger (1990) contend that when market conditions are favourable, immigrant minorities must seek to gain access to businesses in all markets. However, non-ethnic group members often control such access and at the same time political factors might impede the workings of the markets. Opportunity structure mainly include, a) market conditions and b) access to ownership which will be the focus of the next section.

2.5.1.1 Market conditions

Waldinger, Aldrich and Ward (1990) propose that for a business to start, there must be a demand for the services it offers. The initial market for immigrant entrepreneurs typically arises within the immigrant community. It is observed that the immigrant community tends to have a unique set of needs and preferences that are best served, and sometimes can only be served, by those who share those needs and know them intimately (Waldinger, Aldrich and Ward, 1990). In this respect, market conditions include, a) ethnic consumer products and b) non-ethnic/open markets.

Ethnic consumer products

Aldrich and Waldinger (1990, p.115) suggest that "ethnic consumer products refer to the goods and services consumed mostly by the immigrant population within a specific market". In circumstances where ethnic communities have special sets of needs and preferences that are best served by those who share and know them intimately, entrepreneurs who belong in the same ethnic group have an advantage. For example, in the USA, Hispanic immigrants might desire tropical goods whereas the Asian immigrants might desire oriental specialties. Therefore, Hispanic immigrant entrepreneurs might be more successful in serving tropical goods, whereas Asian immigrant entrepreneurs might be more successful in serving oriental specialties (Waldinger, Aldrich and Ward, 1990).

Non-ethnic/open markets

Because developed economies contain niches where the techniques of mass production do not exist, Aldrich and Waldinger (1990) propose that there are always opportunities to be exploited via non-ethnic markets. If immigrant businesses remain limited to serving the ethnic market, their potential for growth is constrained because of the size of the market which can only support a limited number of businesses. Hence, although ethnic markets are usually exploited by immigrant businesses, the non-ethnic markets are in some instances a more viable niche for

immigrants. Aldrich and Waldinger (1990) argue that the structure of the industry, number of businesses, capital and technical requirements are constraints for the creation of new businesses, and new firms are unlikely to arise in industries where extensive economics of scale and high entry costs are prevalent.

Aldrich and Waldinger (1990) cite four circumstances under which small immigrant businesses could identify opportunities and grow in the open markets, as follows:

Underserved or abandoned markets

Large organisations generally avoid markets where the start-up costs and overhead costs related to access of markets are high. For example, in the cost structure of the food retailing industry the overhead costs in central city locations keep store sizes down, thereby diminishing the economies of scale that give large chain operations an advantage over small independent grocery stores. Consequently, small immigrant entrepreneurs enter such markets and successfully compete against locals (Waldinger, Aldrich and Ward, 1990).

Markets characterised by low economies of scale

In markets where economies of scale are low, the immigrant entrepreneurs seek to lower their costs by employing family members and pooling resources to outcompete the local entrepreneurs (Waldinger, Aldrich and Ward, 1990). For example, in a study conducted by Tesfom (2006) on small businesses owned by East African immigrant entrepreneurs in the Seattle area of the USA, the immigrants used their social networks to pool resources (such as finance and labour) from their ethnic networks and family.

Markets with unstable or uncertain demand

Waldinger, Aldrich and Ward (1990) suggest that another niche for immigrant-owned businesses arises in markets affected by instability or uncertainty. When demand falls into stable and unstable portions, industries may be segmented into two non-competing branches. One branch is dominated by larger businesses handling staple products, while the second is composed of small-scale businesses catering to the unpredictable and fluctuating portion of demand. Therefore, segmentation processes in industries such as clothing or construction give rise to small-scale sectors specialising in products that larger businesses cannot effectively supply. The small-scale sector, with its low entry barriers and high labour-to-capital ratios, offers immigrant entrepreneurs an accessible entrance into the general market (Waldinger, Aldrich and Ward, 1990).

Markets for exotic goods

Waldinger, Aldrich and Ward (1990, p.27) suggest that "a niche in the general market can arise for immigrant entrepreneurs when the demand for exotic goods and services they offer is in demand from the local population". In exotic markets, immigrants not only lack competitors but they can also offer their products at relatively low prices. Exotic goods allow immigrants to convert both the contents and symbols of ethnicity into profit-making commodities.

2.5.1.2 Access to ownership

Given the existence of opportunities in the markets, potential immigrant entrepreneurs need to gain access to ownership of businesses. Waldinger, Aldrich and Ward (1990) suggest that the two conditions affecting access to ownership are inter-ethnic competition for vacancies, and government policies.

Inter-ethnic competition for vacancies

The entrance by immigrant businesses into a supportive business niche is influenced by the level and nature of inter-ethnic competition for business opportunities. Inter-ethnic competition between immigrant-owned businesses arises as a result of the different business lacking a competitive advantage over each other. When inter-ethnic competition is high, some immigrant groups may be forced out of more lucrative activities and may be pushed out of business altogether (Aldrich and Waldinger, 1990).

This view is corroborated by Lamb et al. (2012), who argue that the concept of competition applies to all enterprises that satisfy the same consumer needs as competitors. Tough competition has a huge impact on the growth of the enterprise. In a study conducted by Habiyakere et al. (2009) on Congolese and Nigerian immigrant entrepreneurs in Finland operating restaurants, it was observed that most of the customers of these businesses were also immigrants themselves. The African immigrant-owned restaurants had less appeal for the Finnish customers. In this regard, competition was only limited to a small segment of the immigrant customer base. This meant there were few customers in the market and maintaining them was a challenge, because of the relatively high number of enterprises of the same nature. Habiyakere et al. (2009) concluded that the inter-ethnic competition experienced by the immigrant-owned restaurants had an adverse impact on the growth and survival of these businesses.

Government policies

Government policies regulate business and labour markets through licencing, apprenticeship requirements, health standards, and minimum wage laws, thereby raising the cost of entry and operation for small businesses, regardless of whether they are immigrant-owned or not (Aldrich and Waldinger, 1990).

Some government policies are not favourable for immigrant-owned businesses. For example, in some European countries such as the Netherlands and Germany, immigrants need to motivate the need and purpose for their businesses within the community. Additionally in these countries, immigrants need to acquire a residence permit before commencing their businesses. The process of acquiring a residence permit and justifying the need for their business can be ambiguous and cumbersome (Habiyakere et al., 2009).

2.5.2 Group characteristics

Group characteristics comprise the second component of the model and describe predisposing factors such as selective migration, culture and aspiration levels. Aldrich and Waldinger (1990) argue that although opportunity structures provide niches and routes of access for potential entrepreneurs, there are other group-related characteristics which influence immigrants' propensity for business. Aldrich and Waldinger (1990) identify predisposing factors and resource mobilisation as key dimensions of group characteristics.

2.5.2.1 Predisposing factors

"Predisposing factors refer to the skills and goals that individuals and groups bring with them to an opportunity" (Aldrich and Waldinger, 1990, p.122). Predisposing factors may be influenced by selective migration, blocked mobility, and aspiration levels. Waldinger, Aldrich and Ward (1990) suggest that the challenges immigrants experience in the host country compel them to acquire business-related skills. However, the locals of the host country will tend not to acquire particular business-related skills if the returns from the needed investment in education and training are lower than those for comparable jobs.

Waldinger, Aldrich and Ward (1990) add that there are psychological and sociological components to the entry of immigrants into small businesses. The psychological perspective on immigrant entrepreneurship perceives small business owners as individuals driven by the need for autonomy and independence. This approach to entrepreneurship adopts an individualistic perspective on the process of immigrant entrepreneurship.

From a sociological perspective, immigrant entrepreneurship acknowledges the social pressures that condition immigrant groups and individuals into engaging in small business activity. The choice of leaving their host country and take up a new life is indicative of attributes of risk-taking and self-motivation by the immigrants. These attributes can be perceived as predispositions in the individuals who are willing to engage in entrepreneurial activity.

2.5.2.2 Resource mobilisation

All businesses require resources to operate; the quantity and quality of these resources may vary from business to business. Immigrant-owned businesses require basic resources such as labour and capital to realise opportunities. Assuming that all businesses face the same dynamics in terms of the pool of available resources, it is expected that there are variations in strategies that separate successful entrepreneurs from their non-successful counterparts (Aldrich and Waldinger, 1990).

The resource mobilisation strategies adopted by successful immigrant-owned businesses allow them to succeed in markets were local entrepreneurs exist. These strategies include the creative use of social networks and close ties with co-ethnics who act as a reliable source of information and support. The interdependence of immigrant entrepreneurs with their co-ethnic networks fosters a reciprocal exchange of resources which sustain immigrant-owned businesses (Waldinger, Aldrich and Ward, 1990).

2.5.3 Ethnic strategies

Ethnic strategies emerge from the interaction of *opportunity structures* and *group characteristics* as immigrants adapt to the resources available to them. Some common strategies adopted by immigrants are: 1) using family and ethnic workers as a reliable source of labour, 2) offsetting the high uncertainty facing immigrant businesses by building a loyal clientele of both ethnic and local clients, 3) providing special services, extending credits, and going out of their way to deliver individual service to customers based on mutual trust, and 4) willing to operate illegally, and pay bribes and penalties (Waldinger and Aldrich, 2010).

In a study by Peberdy (2000) of the entrepreneurial activities of African immigrants (from Zambia, Nigeria, Mozambique, Malawi, Zimbabwe, Angola, and Kenya) operating in the informal sector in South Africa, it was observed that when confronted by corrupt officials the immigrants were compelled to bribe these officials. Bribing officials was a strategy adopted by the African immigrant entrepreneurs to protect their businesses.

In support of Waldinger, Aldrich and Ward's (1990) interactive model, Rath (2006) and Oliveira (2007) state that this model is an important step towards gaining a comprehensive understanding of the operations of immigrant-owned businesses. The model seeks to establish the interactive relationship between an immigrant group's access to opportunities, the characteristics of the group and the emergent strategies adopted. However, it can be argued that a limitation of the interactive model by Waldinger, Aldrich and Ward (1990) is that it provides more of a classification of factors instead of elaborately explaining how these factors interact and are related in different conditions. Therefore, this model descriptively represents more of a classification and lacks explanatory power.

Another limitation of the interactive model by Waldinger, Aldrich and Ward (1990) is that it fails to fully consider some important sociological factors which influence immigrant-owned businesses, such as the role of socio-economic resources for the immigrant. These include their level of education and class background, which influence the nature of the business sector selected by an immigrant and the consequent start-up and operation of immigrant-owned businesses. Hence, this interactive model fails to explore the response strategies adopted by immigrant entrepreneurs as they interact with the multiple sociological and economic factors which impact their small businesses.

Mindful of the limitations of the Waldinger, Aldrich and Ward (1990) model, Chrysostome (2010) developed an integrative model of immigrant entrepreneurship. This model sought to integrate and broadly explore various factors (namely *ethno-cultural, financial, managerial, psycho-behavioural and institutional factors*) which influence the entrepreneurial activities of immigrants in a host country. A discussion of Chrysostome's (2010) integrative model will be focus of the next section.

2.6 INTEGRATED THEORETICAL MODEL OF IMMIGRANT ENTREPRENEURSHIP

The integrated theoretical model of immigrant entrepreneurship explores and attempts to integrate the various factors which influence immigrant entrepreneurship. Consequently, this model proposed by Chrysostome (2010) which will be explored below. This model consists of five factors which are ethno-cultural, financial, managerial, psycho-behavioural and institutional in nature.

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Figure 2.2: Integrated theoretical model of immigrant entrepreneurship
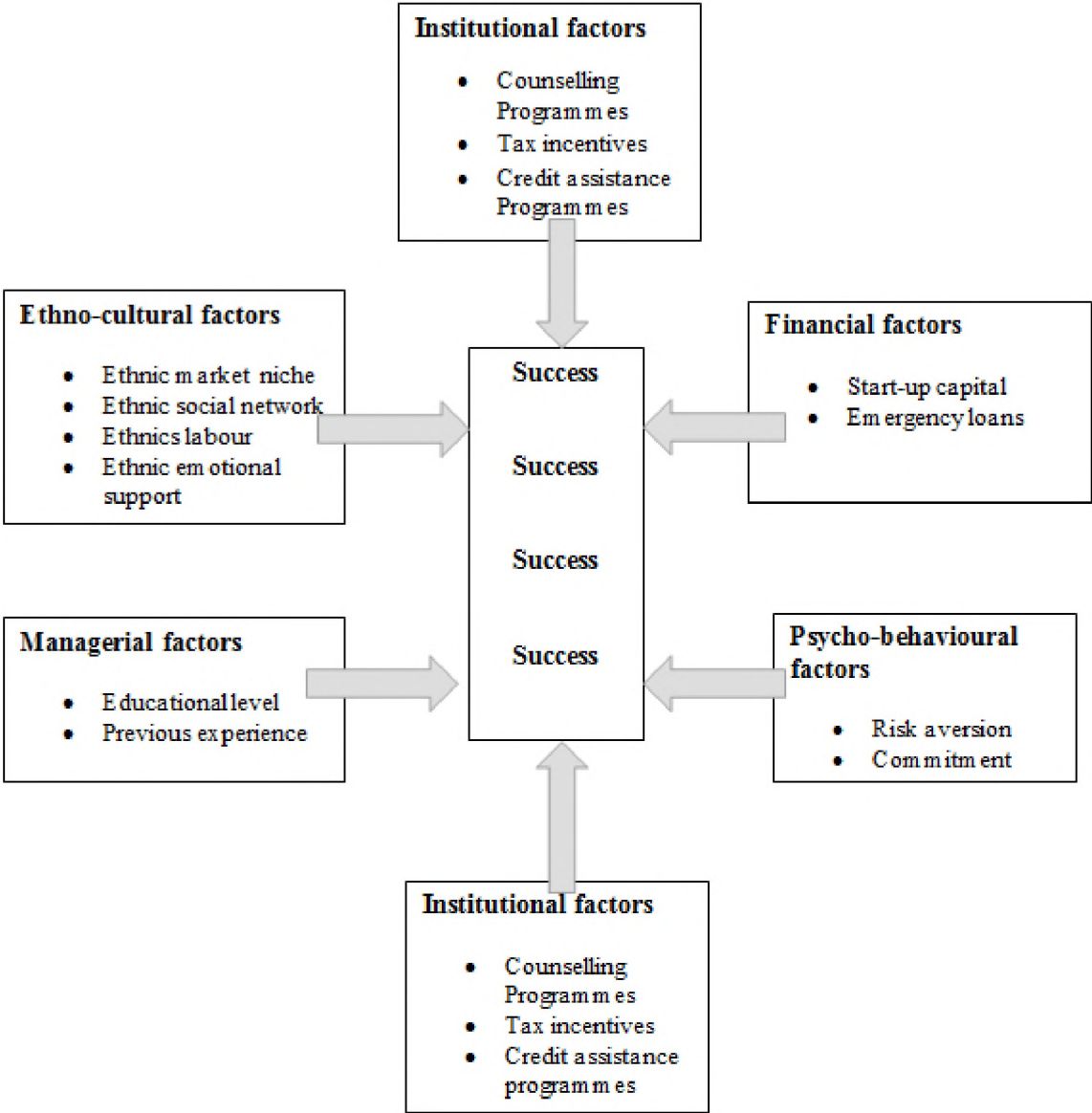
Source: Chysostome (2010)

2.6.1 Ethno-cultural factors

The ethnic market niche, ethnic social network, ethnic labour and ethnic emotional support are ethno-cultural factors which will now be discussed.

2.6.1.1 Ethnic market niche

Ethnic market niche is a very important factor in the survival of immigrant businesses. This is the market in which mainstream entrepreneurs (local entrepreneurs) are not engaging in business (Chrysostome, 2010). The local entrepreneurs operating in the mainstream infrequently engage in business in this market because of its low economic rewards. The ethnic

market niche is characterised by co-ethnic consumers and predominantly consists of ethnic products such as food, artefacts and clothes. Chrysostome (2010) cites Indian or Sri Lankan sarees sold by the respective South Asian entrepreneurs in the USA, as an example of this niche.

2.6.1.2 Ethnic social network

Ethnic social networks refer to the informal and formal ethnic connections of immigrant entrepreneurs. These ethnic ties of immigrant entrepreneurs include their family and friends in the host country and other countries. These ethnic social networks support the immigrant entrepreneurs by providing various ethnic resources in cases where immigrants perceive the host country as being hostile (Chrysostome, 2010). A quantitative study conducted by Tengeh and Lapah (2013) in South Africa explored the socio-economic trajectories of African immigrant entrepreneurs in Cape Town. It was noted that the African immigrant entrepreneurs were supported by their co-ethnic networks to establish and operate their businesses.

2.6.1.3 Ethnic labour

Ethnic labour is an important determinant in ensuring the survival of immigrant entrepreneurs in a host country. Ethnic labour provides a cheap source of labour for the immigrant entrepreneurs; ethnic labourers are likely to be loyal and willing to accept demanding working schedules. Ethnic labour also allows the needs of the co-ethnic market to be fully met by minimising language barriers with co-ethnic consumers (Chrysostome, 2010).

2.6.1.4 Ethnic emotional support

"Ethnic emotional support refers to the support given to the immigrant entrepreneurs by their ethnic communities and their ethnic social networks" (Chrysostome, 2010, p.145). Operating businesses in a host country is usually risky and stressful for immigrant entrepreneurs; hence it is important that their ethnic networks provide emotional support.

2.6.2   Financial factors

Generally, small businesses face the same financial challenges that large businesses face. Financial resources are important for the survival of small businesses, including businesses owned by immigrant entrepreneurs (Chrysostome and Arcand, 2009). Immigrant entrepreneurs require financial support to start-up and grow their businesses. Basu (2011) suggests that immigrants face greater financial challenges in acquiring capital for start-up compared to small enterprises owned by local entrepreneurs in a host country. The immigrant entrepreneurs face challenges in accessing finance from the formal channels in the host country.

Formal channels such as banks and the government are not easily accessible to immigrant entrepreneurs who might not be meeting the specified loaning criteria (Chrysostome and Arcand, 2009). Zolin and Schlosser (2011) concur that immigrant entrepreneurs may be disadvantaged by being unable to gain formal access to financial capital because they may lack a credit history in the host country. The two main financial factors that influence immigrant businesses are start-up capital and emergency loans (Chrysostome, 2010).

2.6.2.1 Start-up capital

Immigrant entrepreneurs require an adequate amount of start-up capital to set up their businesses (Chrysostome, 2010). Poor access to finance compels immigrant entrepreneurs to use their ethnic ties and networks to access start-up finance. These networks include their family, friends and the broader co-ethnic community. For example, in a study of Somali entrepreneurs by Samatar (2005) in Minnesota, USA it was found that Somali entrepreneurs raised capital mainly from family, friends and acquaintances as they set up their businesses.

2.6.2.2 Emergency loans

Informal emergency loans are another important financial factor to consider for the operations of immigrant businesses. These emergency loans are usually sourced from the ethnic networks of immigrant entrepreneurs which include ethnic associations, family and friends (Chrysostome, 2010).

2.6.3   Managerial factors

The managerial factors which influence immigrant entrepreneurship refer to the formal business-related education and experience possessed by the immigrant entrepreneurs (Chrysostome, 2010).

2.6.3.1 Education level

It is suggested that the level of education of an immigrant entrepreneur plays a role in the survival and success of the immigrant entrepreneur. A low level of education may result in the underperformance of businesses owned by immigrant entrepreneurs in a host country. Chrysostome (2010) argues that education plays an important role in the decision-making process of the immigrant entrepreneur by allowing them to holistically comprehend the challenges faced in operating a business in the host country. Min and Bozorgmehr (2000) find that Indian, Iranian, and Taiwanese immigrant entrepreneurs generally have a higher level of education relative to other immigrant entrepreneurs in the USA. The success and survival rate

of small businesses owned by these educated immigrants tends to be relatively higher in comparison to other less educated immigrants.

2.6.3.2 Previous experience

Previous business work experience of the immigrant entrepreneur is a critical factor for the survival and growth of their business (Chrysostome, 2010). This experience relates to their previous work and business ownership in their home country. By being exposed to previous challenges related to business start-ups and growth in their home countries, immigrant entrepreneurs are able to learn and draw from that experience in their business operations in the host country (Chrysostome, 2010).

2.6.4 Psycho-behavioural factors

Chrysostome (2010) suggests that the psycho-behavioural factors which influence immigrant entrepreneurship are risk aversion and commitment.

2.6.4.1 Risk aversion

Immigrant entrepreneurs who have a high risk aversion tend to overestimate the probability of loss resulting from choices that have unforeseeable outcomes. Therefore, they limit their exposure to risk, also limiting their chances of success by not taking advantage of business opportunities. On the other hand, immigrant entrepreneurs who have a low risk aversion have a higher chance of succeeding in their entrepreneurial endeavours in a host country (Chrysostome, 2010).

2.6.4.2 Commitment

Commitment is a critical factor for the success of immigrant entrepreneurs given the challenging nature of operating a business in a foreign community. The immigrant entrepreneurs face various constraints which require a high level of commitment for them to persevere and continue operating their businesses in the host community (Chrysostome, 2010).

2.6.5 Institutional factors

Chrysostome (2010) suggests that institutional factors play a critical role in the performance of businesses owned by immigrant entrepreneurs. A favourable environment for immigrant entrepreneurs allows their businesses to optimally function and grow. Such an environment can include supportive tax incentives and credit assistance rendered to the immigrant entrepreneurs.

In line with this proposition a 2009 study in Ireland which used focus groups found that corporate tax, minimal bureaucracy and regulations, plus a transparent legal system and a strong consumer culture gave the immigrant entrepreneurs a favourable impression of Ireland as a good place to start a business (Pinkowski, 2009).

In summary, Chrysostome (2010) emphasises that there is a theoretical gap in further understanding the development and performance of immigrant businesses and the actions adopted by the immigrant entrepreneurs as they operate their businesses. However, from the preceding discussion it can be deduced that the integrated theoretical model of immigrant entrepreneurship proposed by Chrysostome (2010) provides a description of the factors that influence immigrant-owned businesses. It identifies the various factors at an individual, group and institutional level that impact on the activities of immigrant entrepreneurs. At the same time, however, the model can be seen to be mainly descriptive and not explanatory. The model fails to fully conceptually explain the interactive processes that influence the entrepreneurial activities of the immigrant entrepreneurs within the host environment. Therefore, the model does not explicitly provide the subsequent strategies and processes engaged by immigrant entrepreneurs as they interact with the different factors in the host environment. Another shortcoming of the model is that it mainly perceives immigrant entrepreneurship from a necessity (push) perspective without consideration of the opportunity (pull) driven perspective.

2.7 SUMMARY

This chapter explored the drivers that compel immigrant entrepreneurs to engage in entrepreneurial activity. Immigrant entrepreneurs were characterised as either a) opportunity or b) necessity immigrant entrepreneurs. The necessity immigrant entrepreneurs are pushed into immigrant entrepreneurship because of the obstacles they experienced in gaining access into the labour market of the host community. Whereas, the opportunity immigrant entrepreneurs are pulled into immigrant entrepreneurship because of business opportunities they would have identified in the host community.

The chapter explored the different theoretical perspectives towards understanding immigrant entrepreneurship. These included, *the market disadvantage, cultural perspective, opportunity structures, mixed embeddedness and ethnic enclave.* The chapter also highlighted the central role of ethnic network ties in assisting immigrant entrepreneurs in operating their businesses. In this respect, the utilisation of ethnic networks and relationships provides the setting for an appreciation of the distinctiveness of entrepreneurship in the context of immigrants.

In conclusion, the chapter explored the literature which included some models and perspectives of immigrant entrepreneurship which were noted as descriptive and failed to holistically capture the social process and activities engaged by immigrant entrepreneurs. With this in mind, in the present study a data-driven theory will be generated which explores the social process and the interactional strategies and activities adopted by immigrant entrepreneurs as they engage in various business activities, which include identifying opportunities.

The next chapter reviews literature on the concept of opportunity and opportunity identification.

CHAPTER 3

UNDERSTANDING OPPORTUNITY AND OPPORTUNITY IDENTIFICATION

"A wise man will make more opportunities than he finds" (Francis Bacon)

3.1 INTRODUCTION

As mentioned in Chapter 1, the research question in the current study focused on investigating how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities. In this light, the present chapter seeks to explore literature on opportunities. The literature review in this chapter will first define and unpack the concept of "opportunity". Second, the chapter will move on to explore the schools of thought relating to opportunities. The chapter will conclude by discussing the factors that influence the identification of opportunities.

3.2 UNPACKING THE CONCEPT OF OPPORTUNITY

According to Shane and Venkataraman (2000, p. 218), the field of entrepreneurship involves "the study of sources of opportunities ... and the set of individuals who discover, evaluate, and exploit them". Within the field of entrepreneurship, the concept of opportunities is central to understanding the process of entrepreneurship (Anis and Mohamed, 2012; Gaglio and Katz, 2001; Shane, 2003). However, opportunity is defined in many ways in various fields such as marketing, economics, management and entrepreneurship, and there is little consensus regarding its definition. Because it is challenging to establish interdisciplinary consensus regarding the definition of the concept of opportunity, it is recommended that researchers should take a position regarding the concept, and articulate that position in their research (Shane and Venkataraman, 2000). Towards that end, a discussion of the differences in how opportunity is conceptualised from various perspectives will be presented.

Drawing from a marketing perspective, Lamb et al. (2012, p.42) define an opportunity as "an area of buyer need in the market that a firm can utilise profitably". This definition takes the perspective of perceiving opportunities as external to the organisation and existing in the market with a focus on consumers. There is a presumption in this definition that opportunities only exist externally out of the organisation and only in the external market. This marketing-orientated definition highlights the association between opportunities and consumer needs in that opportunities exist because of unmet consumer needs.

From an economics perspective, Kirzner (1973) suggests that an opportunity entails a need in the market that is defined vaguely, or alternatively a lack or misuse of certain resources or capabilities. Adding to this assertion by Kirzner (1973), Drucker (1985) suggests that opportunities can originate in various ways, such as a consequence of demographics, industrial or technological changes, or unexpected events or incongruities in a particular economic system. From these assertions it can be noted that an opportunity is a set of circumstances in the economy that creates a need or initiates a new business concept.

Alternatively, from a social entrepreneurship perspective, some scholars define opportunities more specifically as possibilities for social gains realised through entrepreneurial activity. For example, Guo and Bielefeld (2014) define social entrepreneurial opportunities as prospects that have sufficient potential for social impact to justify the investment of time, energy, and money required to pursue them. In the same light, Monllor (2010) defines a "social entrepreneurial opportunity" as a market opportunity that, when exploited, will allow the entrepreneur(s) to create enhanced social value. In this regard, social opportunities differ from commercial opportunities in that they focus on creating social value instead of economic value. These opportunities are deeply embedded in the local context and involve a wide array of stakeholders (Guo and Bielefeld, 2014).

Furthermore, Guo and Bielefeld (2014, p.87) posit that in the context of social entrepreneurship research, "some researchers argue that a social opportunity is an objective construct identified (discovery viewpoint) by an attuned entrepreneur, whereas other scholars contend the subjective nature of opportunities (creative viewpoint) and suggest that social opportunities are not pre-existing but are created by social entrepreneurs". Guo and Bielefeld (2014) suggest that the discovery viewpoint of social entrepreneurial opportunities demonstrates a gradual learning process where social entrepreneurs accumulate information, knowledge and experiences from their surroundings that enable the creation of social value. In this vein, opportunities are discovered through active interactional engagements to ascertain information and knowledge.

On the other hand, drawing from entrepreneurship literature, Hisrich and Peters (2002) define an opportunity as involving a process whereby the entrepreneur assesses whether a certain product, service or process will yield the necessary earnings based on the resource inputs that are required to manufacture and market it. Hisrich and Peters (2002) add that the causal nature of opportunities includes the factors that lead to an opportunity. These include general and specific problems faced by consumers, technological changes, market shifts, government regulations and competition between competitors. It can be observed that this definition

emphasises the outcomes of opportunities as deliverables (products, services). Similarly, Companys and McMullen (2007) propose that an entrepreneurial opportunity is more accurately described as an opportunity to engage in entrepreneurial action that results in the introduction of new goods or services.

On the other hand, Shane (2003) defines an entrepreneurial opportunity as a situation in which a person can create a new means–ends framework for recombining resources that (s)he believes will yield a profit. Shane and Venkataraman (2000, p.220) propose that "to have entrepreneurship, you must first have opportunities. This is irrespective of whether the opportunities exist in the environment or emerge as a creative act, entrepreneurs are needed to identify and exploit the opportunities." These authors define opportunities as:

> "situations in which new goods, services, raw materials, markets and organising methods can be introduced through the formation of new means, ends or ends–means relationships … In addition, unlike optimising decisions, in which the ends that the decision maker is trying to achieve and the means that the decision maker will employ are given, entrepreneurial decisions are creative decisions. That is the entrepreneur constructs the means, the ends or both" (Shane and Venkataraman, 2000, p.220).

The present grounded theory study which is situated in the field of "immigrant entrepreneurship" adopts the definition of opportunities from the entrepreneurship perspective proposed by Shane and Venkataraman (2000) for two reasons. First, this definition highlights the function of the entrepreneur in constructing the means, the ends or both, in "introducing new goods, services, raw materials, markets and organising methods". Second, it provides the operational flexibility and theoretical rigour required in this study. Given the limited research available on Chinese immigrant-owned small businesses in South Africa, the researcher in this study does not seek to be restricted in allowing Chinese immigrant entrepreneurs to fully express and articulate their experiences in identifying opportunities within the business context.

Having explored the varying definitions of opportunity in different fields, the next section will explore the schools of thought of opportunities within the context of entrepreneurship.

3.3 SCHOOLS OF THOUGHT ON OPPORTUNITIES

Companys and McMullen (2007, p.301) suggest that "in the context of entrepreneurship, opportunities can be conceptualised using three schools of thought, namely, economics, cultural

cognitive and socio-political schools of thought". These schools of thought on opportunity shed light on the manner in which opportunities are understood. The economics school of thought suggests that opportunities exist as a result of the distribution of information in society, while the cultural cognitive school of thought suggests that opportunities exist as a result of environmental ambiguity and the cultural resources that enable the interpretation and identification of opportunities. Finally, the socio-political school of thought emphasises the role of political and network structures in defining opportunities (Companys and McMullen, 2007). An in-depth discussion of these schools of thought will be presented below.

3.3.1 The economics school of thought

Several scholars (such as Hayek, Kirzner, Schumpeter, Vaghely and Julien, von Mises) conceptualise opportunities from an economics perspective. In entrepreneurship, the economics school of thought attributes the existence of opportunities to the imperfect distribution of information and knowledge in society (Companys and McMullen, 2007; Renko, Shader and Simon, 2012; Vaghely and Julien, 2010). This school of thought argues that markets are imperfect and this creates gaps in demand and supply that gives rise to entrepreneurial opportunities. For example, Kirzner (1973) suggests that opportunities exist awaiting alert, knowledgeable and attuned individuals to recognise them. Opportunity identification is embedded in information asymmetry and prior knowledge. Moreover, individuals tend to recognise information that is related to information they already know or have access. Hence, entrepreneurs will identify opportunities in relation to the information they possess (Ardichvili et al., 2003).

According to the economics school of thought, entrepreneurial opportunities provide a competitive advantage to the first firm that is able to discover and exploit them (Companys and McMullen, 2007). However, in time, increased competitive activity in the market will erode the value of the opportunity and stabilise the market towards a new competitive equilibrium (Kirzner, 1997). Similarly, Shane and Venkataraman (2000) posit that the competitive advantage gained from entrepreneurial opportunities is transient because as information on opportunities becomes more available in the market, other actors will develop the resources and capabilities required to exploit these entrepreneurial opportunities.

According to scholars such as Kirzner, Hayek, and von Mises who subscribe to the Austrian view of economics, markets are in a constant state of disequilibrium, and are characterised by dynamic competition instead of perfect competition (Renko, Shader and Simon, 2012). In this respect, entrepreneurs who participate in markets possess a unique stock of knowledge about

those markets and therefore identify or anticipate inefficiencies or gaps in the market that are not identified by other individuals. Hence, entrepreneurs exercise judgement based on information and knowledge that directs the system towards elusive equilibrium. Consequently, entrepreneurial opportunities stem from the disequilibrium of market needs (demand) and the means to satisfy those market needs (supply). Thus, the entrepreneurial opportunities are exogenous phenomena that objectively exist in the market distinct from individuals who may or may not perceive them and who may or may not pursue them (Renko, Shader and Simon, 2012).

In the Austrian view of economics, it can be noted that the disequilibrium of market needs (demand) and the means to satisfy the market (supply) represent the favourable juncture of circumstances that equate to entrepreneurial opportunities. Therefore, entrepreneurial opportunities exist when there is disequilibrium between market needs and the means to satisfy those needs (Kirzner, 1997; Shane and Venkataraman 2000; Vaghely and Julien, 2010). These entrepreneurial opportunities represent a good chance to advance personal goals (such, as self-employment, wealth creation, and innovation). Moreover, the outcomes of such opportunities include the creation of new firms that serve market needs and the creation of new goods and services (Kirzner, 1997; Shane and Venkataraman, 2000; Vaghely and Julien, 2010; Renko, Shader and Simon, 2012).

According to Austrian economists (such as Kirzner, Hayek, and von Mises) in a context of alertness, knowledge that is acquired experientially and without searching, is the key to noticing or discovering entrepreneurial opportunities. Kirzner (1973) was the first scholar to coin the concept of "alertness" and to argue that entrepreneurs have a natural alertness which entails an attitude of receptiveness too available (but hitherto overlooked) opportunities.

On the other hand, Kirzner (1973) maintains that entrepreneurs act under conditions of uncertainty in imperfect markets in which information is the key to entrepreneurial opportunity discovery. Consistent with these assertions, Renko, Shader and Simon (2012) emphasise that opportunities emerge when there is a gap in information between market needs and the means to satisfy those needs. Entrepreneurs who are alert to relevant information perceive those opportunities through a cognitive process based on their perceptions about market needs and the means to satisfy those market needs.

Shane (2000) goes on to suggest that Austrian economists propose that among alert individuals, knowledge of market needs coupled with knowledge of the means to satisfy those needs results

in a noticed opportunity. In this respect, knowledge is not evenly distributed across the population. The prior knowledge possessed by an alert individual determines the opportunities they identify in the market (Shane, 2000).

Kirzner (1973) suggests that entrepreneurs discover opportunities without unintentionally searching for them and this discovery is accompanied by surprise. However, several scholars (Hsich, Nickerson and Zenger, 2007; Koller, 1998; Murphy, 2011; Fiet, Clouse and Norton, 2004) challenge this assertion by Kirzner (1973) that the discovery of entrepreneurial opportunities must be accidental and unintentional. It is argued that it is feasible for an entrepreneur to actively search for an opportunity, even when the exact target of the search is unknown from the outset. In this respect, the process of opportunity identification can have both elements of intentional search and coincidence (Murphy, 2011). Therefore, entrepreneurs can intentionally seek to search for an opportunity from the outset without knowing what that opportunity might be. Hence, the entrepreneur can initiate an active search for an opportunity and proactively seek unmet needs and the means to satisfy those unmet needs in the market (Murphy, 2011).

Similarly, Vaghely and Julien (2010, p.77) suggest that "further assumptions about opportunities relate to their nature, their timeliness and their ends–means relationship". It is suggested that most opportunities have their origins in information asymmetries which are not arbitraged by markets, and these opportunities can be associated with the Kirznerian disequilibria resulting from market imperfections. Moreover, several opportunities are based on innovations that arise from unmet market needs, and these innovations could be small and incremental. On the other hand, other opportunities are based on "brake-trough" innovations and the access to information about such opportunities requires specific knowhow and specialised knowledge. These opportunities that are based on "brake-trough" (such as technology-related opportunities) also arise from disequilibria and information asymmetries where change and leapfrogging are common (Vaghely and Julien, 2010).

In summary, the economics school of thought contends that differences in economic information (asymmetries) are fundamental to the existence of entrepreneurial opportunities. Therefore, this school of thought attributes competitive advantage to discovery and exploiting new solutions to existing problems made possible as a result of information asymmetry about the means of production. It can be noted that from this viewpoint, gaining information is the source of entrepreneurial opportunity (Companys and McMullen, 2007).

However, a limitation of the economics school of thought is that it perceives entrepreneurial opportunities as "objective" phenomena which are distinct from the individuals who identify the phenomena (McMullen, Plummer and Acs, 2007). Instead, McMullen, Plummer and Acs (2007) contend that entrepreneurial opportunities can be perceived as "subjective" or "socially constructed" phenomena, which makes it impossible to separate an opportunity from the individual. Entrepreneurial opportunities are subjectively conceived by entrepreneurs as a result of their subjective social experiences and interactions with different social actors.

Additionally, Van Daalen and Van Niekerk (1990) argue that economists have understated the psychological factors that drive entrepreneurship. Economics theorists are dependent on static economics theory which plays down the importance of psychological attributes in determining entrepreneurial behaviour (such as identifying opportunities). Economists themselves, however, appear to acknowledge that some sources of change within economic systems lie outside the actual economic systems and are driven by individual characteristics (McClelland, 1961). Individuals do not consistently behave in a rational manner as proposed by economics theorists. In this respect, social and psychological factors also appear to be responsible for some changes in economic systems and driving economic forces in motion that result in entrepreneurship and economic development (Nieman and Nieuwenhuizen, 2014).

Evidently, economics theorists have been unable to fully develop the science of the economic behaviour of entrepreneurs within economic system. It is suggested that economics theorists' unwillingness to acknowledge non-quantifiable (subjective) models demonstrates the limits of this field of inquiry in the field of entrepreneurship (Nieman and Nieuwenhuizen, 2014).

3.3.2 Cultural cognitive school of thought

In contrast to the economics school of thought, the cultural cognitive school of thought posits that entrepreneurial opportunities are subjective rather than objective phenomena. Entrepreneurial opportunities are subjective because they are contingent on the degree of ambiguity in the environment and on the ability of social actors to develop the cognitive models needed to interpret them as opportunities (McMullen, Plummer and Acs, 2007). The tenets of the cultural cognitive viewpoint posit that entrepreneurial opportunities only exist once they are defined and enacted by individuals and firms (Companys and McMullen, 2007).

However, there are some proponents of the cultural cognitive school of thought which are similar to the economic school of thought. For example, the cultural cognitive school of thought proposes that differences in the distribution of information are the primary source of

entrepreneurial opportunities. Then again, some proponents of this approach diverge from the economics school of thought in that the distribution of information is perceived as culturally embedded in societal systems of meaning and understanding in the cultural cognitive perspective (Companys and McMullen, 2007).

From a cultural cognitive perspective, entrepreneurial opportunities do not exist objectively waiting to be discovered; instead, social actors create opportunities by drawing from their cultural schemas to develop new meaning and understanding (Companys and McMullen, 2007). Additionally, the advocates of the cultural cognitive perspective contend that the possession of distinct and specific cultural knowledge is the foundation for a sustainable competitive advantage in the market. Moreover, because opportunities are dependent on prior knowledge and social interactions, the enactment of opportunities by individuals will vary because of the differences that exist in the cultural knowledge and experiences they possess (Companys and McMullen, 2007; Ridgeway and Erickson, 2000).

Similarly, Rindova, Pollock and Hayward (2003) note that the cultural differences between entrepreneurs enable some entrepreneurs to gain a competitive advantage by identifying and pursuing opportunities which other entrepreneurs are unable to pursue. Variations in cultural knowledge and experience allow some entrepreneurs to define and pursue specific opportunities and see them to fruition (Ridgeway and Erickson, 2000). In summary, the cultural cognitive school of thought views entrepreneurial opportunities as subjective socially constructed phenomena that are enacted and defined by entrepreneurs through social interactions embedded in social systems.

However, the critics of the cultural cognitive perspective suggest that entrepreneurial opportunities are instead exogenously established by the disequilibrium of the market and information asymmetries which are exogenously distinct from individuals existing in markets. In this respect, entrepreneurial opportunities exist objectively in the external environment and it is the role of an active entrepreneur to discover these opportunities through their unique cognitive schema irrespective of their cultural resources (Company and McMullen, 2007).

3.3.3 Socio-political school of thought

The socio-political school of thought integrates tenets of the economic and cultural cognitive school of thought (Companys and McMullen, 2007). Similar to the economics school of thought, tenets of the socio-political approach emphasise the objective properties of entrepreneurial opportunities. In this respect, entrepreneurial opportunities are perceived as

being objective because they exist in complex networks of social relationships that regulate economic outcomes (Burt, 1992; Granovetter, 1973).

The socio-political viewpoint diverges from other viewpoints because of its emphasis on networks (Aldrich and Fiol, 1994; Thornton, 1999). Additionally, the socio-political viewpoint differs from the economics viewpoint in its emphasis on the political processes that are used to seize entrepreneurial opportunities (Fligstein, 2002). From this viewpoint, entrepreneurial opportunities are perceived as existing objectively in relation to network structures in which social actors mobilise network resources. Patterns of social relations embedded in networks define the types of structural opportunities available to individuals (Companys and McMullen, 2007; Fligstein, 2002).

Burt (1992) posits that a social actor's network position plays a crucial role in enabling social actors of networks to identify opportunities. Burt (2005) goes further to argue that the location of a social actor in a network determines the information and resources that an actor can possess, which in turn enables the nature of opportunities they discover. Therefore, the network positions of social actors define the opportunities that are available and the ability of social actors to perceive and exploit those opportunities (Burt, 1992, 2005). Entrepreneurs who have access to different networks can bridge the gaps between those networks and be in a position to identify opportunities which other network members are unable to identify.

On the other hand, Ruef (2002) suggests that governance mechanisms are essential in the discovery and exploitation of entrepreneurial opportunities because they regulate the diverse relations of the actors in a network. Moreover, opportunities are perceived as stemming from structural and political attributes of social networks in relation to the governance structures of the networks. Changes to the prevailing governance mechanisms change the structure and value of entrepreneurial opportunities. Therefore, governance mechanisms within networks determine the degree to which actors in networks are constrained or enabled in their entrepreneurial action (Simpson and Macy, 2001). In this respect, entrepreneurs need to manage the constraints they experience within networks and act with political acumen to acquire resources that enable them to identify and pursue opportunities. Entrepreneurs need sufficient political acumen to process varying sources of information and form coalitions and alliances to identify and mobilise resources to pursue opportunities (Fligstein, 2002).

In summary, the socio-political viewpoint regards entrepreneurial opportunities as objective phenomena which are embedded in network structures. Entrepreneurs draw on their ideological

frameworks and mobilise resources and people in social structures (networks) to enable the identification of entrepreneurial opportunities (Companys and McMullen, 2007; Fligstein, 2002). A limitation of the socio-political viewpoint is its emphasis on social factors (such as relationships and networks) as influencing the identification of opportunities, with little consideration of the markets and personal attributes (skills, knowledge, cognition, experience) of the individuals (entrepreneurs) who perceive the opportunities.

Drawing on the different schools of thought of opportunities as discussed above, Table 3.1 below provides a summary of the conceptualisations of a) the nature of opportunities, b) the source of opportunities and c) the behaviour of an entrepreneur, in the different schools of thought.

Table 3.1: Summary of schools of thought of opportunities

	Schools of thought		
	Economics	**Cultural cognitive**	**Socio-political**
Nature of opportunity	Objective	Subjective	Objective
Source of opportunity	Information asymmetries	Cultural interactions	Coalitions and alliances in networks
Behaviour of entrepreneur	Identification of opportunities in markets which are in a state of disequilibria	Creation of opportunities that are leveraged from acquired cultural knowledge	Identification of opportunities through network interactions

Source: Researcher's own construction

3.4 FACTORS THAT INFLUENCE THE IDENTIFICATION OF OPPORTUNITIES

Corbett (2007) suggests that the identification of opportunities is central to the domain of entrepreneurship. Similarly, Gaglio and Katz (2001) assert that understanding the process of identifying opportunities is one of the core questions in the field of entrepreneurship. In the literature various scholars have identified the main factors which influence the identification of opportunities by entrepreneurs. These factors include human capital (Davidson and Honig, 2003; Ucbasaran, Westhead and Wright, 2008), experience (Ucbasaran, Westhead and Wright, 2008; Minniti and Bygrave, 2001), social capital (Ardichvili and Cardozo, 2000; Hayton, Chandler and DeTienne, 2011), and personality traits (Kruger and Dickson, 1994). A discussion of these factors which influence the identification of opportunities by entrepreneurs will be presented below.

3.4.1 Human capital

The human capital viewpoint of opportunity identification posits that an entrepreneur's human capital enhances their opportunity identification propensity (Becker, 1975; Davidson and Honig, 2003). Entrepreneurs with more human capital are capable of identifying a wider array of opportunities in the market because they actively use their human capital which is embedded in their knowledge and skills to screen and identify opportunities (Anis and Mohamed, 2012; Ucbasaran, Westhead and Wright, 2008).

In a similar line of thinking, Shane and Khurana (2003) suggest that an entrepreneur's human capital may be leveraged to identify and screen opportunities. In this respect, the entrepreneurs with superior human capital are more likely to identify attractive opportunities and face less uncertainty surrounding the value gained from identified opportunities owing to their knowledge and skills.

Within the context of entrepreneurship, human capital includes the education, skills, managerial capabilities, and technical capabilities of the entrepreneur. The level of education of an entrepreneur plays a key role in enabling an entrepreneur to identify opportunities (Davidson and Honig, 2003; Ucbasaran, Westhead and Wright, 2008). Entrepreneurs who are highly educated are perceived to be more capable of solving complex problems. Moreover, highly educated entrepreneurs are noted as being more capable of processing large volumes of complex information in markets. On the other hand, ducated entrepreneurs are regarded as being more capable of using their knowledge and social contacts which were generated through their education system to gain resources to identify and pursue opportunities (Ucbasaran, Westhead and Wright, 2008; Shane, 2003).

In a quantitative study conducted by Bhagavatula et al. (2010) to investigate the influence of human capital on the identification of opportunities, it was noted that the level of human capital of an entrepreneur had a direct effect on their identification of opportunities. Entrepreneurs who possessed higher levels of human capital (such as education and technical skills) were more capable of identifying opportunities in the market. Similarly, in an empirical study by Arenius and De Clercq (2005), it was found that human capital in the form of an individual's educational level had a positive effect on an individual's probability of perceiving business opportunities.

3.4.2 Experience

The level of experience in operating a business enhances an entrepreneur's human capital which contributes positively to their identification of opportunities. The prior experience in engaging

in entrepreneurial-related activities such as starting-up a business venture, provides knowledge and knowhow for entrepreneurs (Minniti and Bygrave, 2001). In this respect, more experienced entrepreneurs learn from their previous experiences which in turn influences subsequent activities and outcomes (Minniti and Bygrave, 2001).

Shane (2000) suggests that entrepreneurs identify opportunities related to their prior knowledge and experience because individuals are more receptive to information that is related to information they already possess. This is consistent with the assertions by Ucbasaran, Westhead and Wright (2008) who suggest that experienced and habitual entrepreneurs are better at detecting opportunities than novice entrepreneurs because of the specific knowledge generated by their previous entrepreneurial experience. In the same line of thinking, Shane (2003) suggests that knowledge which is accumulated as a result of previous entrepreneurial experiences encourages the identification of opportunities.

According to Shane (2000), individuals' prior knowledge consists of three dimensions that are essential for the identification of opportunities. These dimensions are a) prior knowledge of markets, b) prior knowledge of means to serve those markets, and c) prior knowledge of customer problems. From these assertions by Shane (2000), it can be noted that entrepreneurs who have had the prior experience of serving customers' needs and understanding specific markets are more capable of identifying opportunities.

Additionally, Shane (2000) suggests that prior business ownership experience influences an entrepreneur's capacity to acquire and organise complex information, and thereby subsequently identify opportunities. The prior business ownership experience of entrepreneurs provides an enhancement of specific human capital that enables experienced entrepreneurs to be more alert to opportunities than novice entrepreneurs (Corbett, 2005; Shane, 2000; Ucbasaran, Westhead and Wright, 2008).

Similarly, Nieman and Nieuwenhuizen (2014) are of the opinion that entrepreneurs who are successful in identifying and evaluating opportunities have a sufficient level of prior experience in operating businesses. This experience is usually gained from their previous work experience as an employee in a business operating in the same industry. Corbett (2005) adds that experience gained through learning enables entrepreneurs to search for relevant information in the markets, which allows them to identify opportunities.

In support of these assertions, a quantitative study was conducted by Ucbasaran, Westhead and Wright (2008) to investigate the relationship between business ownership experience,

information and opportunity identification. It was found that experienced entrepreneurs were able to identify more opportunities than novice entrepreneurs. Moreover, experienced entrepreneurs were more capable of optimally acquiring and translating information into opportunities.

3.4.3   Social capital

Several scholars (such as Ardichvili and Cardazo, 2000; Hayton, Chandler and DeTienne, 2011) have highlighted the importance of social capital for the identification of opportunities. Social capital is embedded in the ties and relationships of an entrepreneur with various social actors. These relationships provide essential resources such as information, knowledge and skills that facilitate the identification of opportunities in the market (Hayton, Chandler and DeTienne, 2011).

Entrepreneurs leverage from their social capital and are not isolated decision-makers seeking opportunities in markets. Instead, entrepreneurs draw from a wide array of social ties and networks to enable the identification of opportunities. Thus, social capital can be noted to result in an accumulation of resources which are key for opportunity identification (Hayton, Chandler and DeTienne, 2011).

Similarly, De Carolis and Saparito (2006) suggest that social capital is the goodwill and resources that emanate from an entrepreneur's networks of social relationships. The effects of social capital are drawn from the information, influence and social solidarity available for an entrepreneur. As with the conclusions drawn by Hayton, Chandler and DeTienne (2011), these assertions highlight the stock of support and resources leveraged by entrepreneurs from their social capital. Moreover, these assertions by De Carolis and Saparito (2006) emphasise the direct benefits of social capital which are *influence* and *information* gained within a market. Hence, social capital facilitates the acquisition of information, which is an essential component in the identification of opportunities (Shane and Venkataraman, 2000).

Social capital provides resources for entrepreneurs to facilitate the recognition of unmet needs in markets. The relationships between entrepreneurs and various stakeholders create a valuable source of social capital which can be leveraged by entrepreneurs to identify opportunities. Characteristics such as the duration and frequency of interactions with different stakeholders determines the nature of opportunities identified by entrepreneurs (Hayton, Chandler and DeTienne, 2011).

In a quantitative study to investigate the role of social capital in the identification of opportunities by entrepreneurs operating in Spain by Ramos-Rodriguez et al. (2010), it was noted that entrepreneurs' access to external knowledge through their social capital was fundamental for developing their capacity to identify opportunities. Social capital was leveraged from the entrepreneurs' social networks.

Similarly, in a quantitative study conducted by Anis and Mohamed (2012) to investigate the influence of social and human capital in determining the identification of opportunities in small businesses operating in Tunisia, it was found that there was a direct relationship between an entrepreneur's level of social capital and identification of opportunities. Entrepreneurs who had a high level of social capital identified more opportunities in the market.

3.4.4 Personality traits

Several scholars (Ardichvili, Cardoza and Ray, 2003; Baum, Locke and Smith, 2001; Krueger and Dickson, 1994; Sambasivan, Abdul and Yusop, 2009) suggest that an entrepreneur's personality traits contribute towards their propensity for identifying opportunities. According to Weiten (2012) personality is defined as an individual's unique set of consistent behavioural traits. It can be argued that the personality traits of entrepreneurs influence the entrepreneurial actions and decisions they take. These traits predispose the entrepreneurs to engage in entrepreneurial activity and optimally exploit opportunities differently in contrast to other individuals who possess similar skills and knowledge (Carter and Jones-Evans, 2006).

According to Ardichvili, Cardoza and Ray (2003) the personality traits of an entrepreneur are identified as antecedents of entrepreneurial alertness to entrepreneurial opportunities. Some of the traits that are regarded as contributing positively towards opportunity identification by entrepreneurs include need for achievement (McClelland, 1961), self-efficacy (Krueger and Dickson, 1994), risk-taking (Baum, Locke and Smith, 2001; Stokes and Wilson, 2010) and creativity (Stokes and Wilson, 2010).

McClelland (1961) proposed that the need for achievement is a strong psychological force that drives human action and entrepreneurial behaviour. Individuals with a high need for achievement have a strong desire for success and they actively search for opportunities to ensure that they succeed. A high need for achievement is described as the propensity to continually strive to do things better and to grow (McClelland, 1987). Entrepreneurs who have a high need for achievement attempt to successfully solve problems in their business environment and continuously seek and pursue opportunities (McClelland, 1961).

According to Krueger and Dickson (1994) there is also a positive relationship between the trait of self-efficacy and the identification of opportunities. An entrepreneur's self-efficacy is their "inside view" of the potential success of the venture, based on their evaluations of their abilities and knowledge. An entrepreneur's self-efficacy represents their self-belief in their capability to engage successfully in entrepreneurial activity. When entrepreneurs who have a high level of self-efficacy are compelled to take an outside view, they are more realistic in judging probable outcomes (Kruger and Dickson, 1997).

The personality trait of risk-taking allows entrepreneurs to identify opportunities better than the rest of the population (Baum, Locke and Smith, 2001; Stokes and Wilson, 2010). Stokes and Wilson (2010) define risk-taking as the perceived probability of receiving the rewards or penalties associated with the success or failure of a proposed undertaking by an individual. Entrepreneurs continuously seek opportunities in the market and have a higher willingness to pursue opportunities knowing that there is a certain level of risk involved in their actions (Stokes and Wilson, 2010).

Ardichvili, Cardoza and Ray (2003) suggest that the personality trait of creativity contributes towards the identification of opportunities by entrepreneurs. The personality trait of creativity enables entrepreneurs to successfully identify and pursue opportunities. In this respect, entrepreneurs who do not have networks need to be more creative than entrepreneurs who have more networks. Fillis and Rentschler (2010) add that entrepreneurial activity not only requires a conducive business environment but it also needs a business environment where creativity and innovativeness flourish. In a similar light, Magyari-Beck (1990) finds that there is a positive relationship between entrepreneurship and creativity in the development of unique products. Within markets, the need-satisfying products are creatively shaped by the creative ability of the specific entrepreneurs involved in identifying those opportunities.

In a quantitative study conducted by Heinonen, Hytti and Stenholm (2011) to investigate the role of creativity in opportunity identification and business idea creation, it was established that there was a positive relationship between creativity and the strategies employed to identify opportunities. Individuals who were more creative successfully employed more opportunity identification strategies.

3.5 SUMMARY

This chapter has explored the concept of opportunity in the context of entrepreneurship, and highlighted that the concept is complex and contested since there is a lack of consensus between

scholars in its definition. The concept is dynamic, and this affects how it is theorised and studied by scholars. It was established in this chapter that the concept has an array of conceptualisations from various schools of thought.

Consequently, in the context of this study, a definition of opportunities was adopted which aims to offer operational flexibility and theoretical rigour. The chapter moved on to discuss the various theoretical perspectives on understanding opportunities within the context of entrepreneurship, namely, the *economics, cultural cognitive,* and *socio-political* schools of thought. In conclusion, the chapter discussed the various factors which influence the identification of opportunities. These factors include human capital, experience, social capital and personality traits.

The next chapter presents the research methodology and the selected grounded theory research approach which seeks to meet the identified research imperatives.

CHAPTER 4

RESEARCH METHODOLOGY

"We cannot solve problems with the same thinking we used when we created them".
(Albert Einstein)

4.1 INTRODUCTION

This chapter discusses the research methodology adopted in this study. The primary research method adopted in this study is the version of the grounded theory method proposed by Strauss and Corbin (1990). The Chapter commences with an exploration of the broad philosophical underpinnings of research, after which the origin and intent of grounded theory are presented. Different types of grounded theory and controversies surrounding the method will be discussed as well as guidelines and quality issues pertaining to grounded theory. Lastly, the chapter will discuss the research process pertaining to data collection and analysis as well as the ethical aspects adopted in the present study.

4.2 RESEARCH PARADIGMS

The aim of this section is to provide an understanding of the notion of research paradigm and the philosophical assumptions of research. Crossan (2003, p.48) proposes that "no researcher is able to identify an appropriate research method without having a clear understanding of the philosophy of research". Crossan (2003) critiques scholars involved in the quantitative/qualitative debate, by suggesting that the debate is clouded by a lack of coherent definitions and a focus on methods rather than on an exploration of the underlying philosophy. McCallin (2003) suggests that a researcher should review the philosophical assumptions and paradigm of enquiry which shape and guide their beliefs early in the research process. With these in mind, the next sections of this chapter will detail the philosophical assumptions adopted by the researcher in the present study which in turn guided the research process.

4.2.1   Nature of research paradigms

Guba and Lincoln (1994) suggest that it is vital for a researcher to be clear about the paradigm which informs their approach to be able to conduct a sound research enquiry. These authors emphasise that all human knowledge and all scientific research follows a set of procedures which must begin with a set of assumptions, beliefs and paradigms. Denzin and Lincoln (2011) observe that criticism is often levelled against research studies for their methodology without any consideration given to the paradigms in which they exist.

Pertaining to the notion of "paradigm", Kuhn (1970) is the first scholar to conceptualise the term as an overall research framework. Kuhn's (1970, p.147) defines a paradigm as "the entire constellation of beliefs, values, techniques shared by a group of scientists with a common research interest". There are five elements which make up a paradigm and these are a) a theory or group of closely related theories, b) an ontology, c) a set of methods or techniques-epistemology, d) a number of examples, striking applications, or typical problems linked to a theory and assumptions, and e) a value orientation comprising of evaluations of what types of problems are significant and the criteria for acceptable solutions (Kuhn, 1970).

A paradigm constitutes a set of wide-ranging and general philosophical assumptions that are shared by a community of scientists in a specified field or tradition (Kuhn, 1990). On the other hand, Guba and Lincoln (1994, p.105) propose that a paradigm is "the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways". Similarly, Hall, Griffiths and McKenna (2013, p.17) maintain that "a paradigm describes a general perspective of how the world is viewed and provides a framework that explains how reality is understood by the researcher". In another light, Lawson (2003) argues that the notion of paradigm has been criticised for encouraging paradigm allegiance which may constrain research creativity.

There is criticism levelled against the notion of paradigm for what has been termed "paradigm incommensurability". This relates to the notion that methods are exclusively tied to a particular paradigm, which means that they cannot be used in another paradigm (Denzin and Lincoln, 2005; Morgan and Smirch, 1980). The debate regarding the concept of paradigm has divided researchers into pragmatists and methodological purists. The pragmatists advocate that data collection techniques cannot be strictly seen as entirely related to a specific paradigm (Krauss, 2005; Morgan, 2007). Bryman (2006) argues that a method can have diverse applications and should not be confined to a specific epistemology. Methodology is the rationale concerning methods and how they are used to carry out research. Roberts (2002) suggests that pragmatists are criticised for methodological eclecticism which pertains to a failure to rigorously examine the theoretical nature and the underlying assumptions informing the practical application of methods.

On the other hand, methodological purists suggest that there is no accommodation of methods between paradigms because they are based on mutually exclusive philosophical assumptions (Denzin and Lincoln, 2005). This is termed paradigm incommensurability which entails that methods are only applicable to a specific paradigm. However, Lawson (2003, p.111) cautions

that "paradigm allegiance" and "epistemic fallacy" may lead to the conception that a specific method can be used indiscriminately in a specific paradigm irrespective of the nature and the object of the study.

Yanchar and Williams (2006) cautions researchers that methodological eclecticism advocated by pragmatist ignores the theoretical underpinning of methods, while the paradigm affiliation of methods suggested by methodological purists lacks methodological flexibility. Yanchar and Williams (2006) go on to suggest a softer incompatibility thesis at the level of method. This approach is guided by the understanding that any method is informed by its historical roots and philosophical assumptions.

Rocco et al. (2003) comment that the field of the philosophy of research is extensively broad, hence it is imperative to focus on the three cardinal aspects of the paradigm trilogy, namely ontology, epistemology and methodology. This trilogy is broad enough to incorporate other aspects of the philosophy of research (Rocco et al., 2003).

In this vein, according to Denzin and Lincoln (1994, p.13), "ontology is concerned with what is the nature of reality and what can be known about that reality". Kim (2003) suggests that reality can be separated into parts and examined individually such that the knower or researcher can be distanced from whom or what is being studied. However, Maykut and Morehouse (1994) conceive that reality can also be perceived as being socially constructed by actors acting together in a context, such that the researcher cannot be totally separated from what is known. According to Guba and Lincoln (1994, p.108) "epistemology is concerned with the relationship between the knower, the would-be knower and what can be known". The epistemological question is "what is the relationship between the researcher and knower?", and the methodological question is "how do we know the world or gain knowledge of it?" (Denzin and Lincoln, 1994, p.13).

Researchers draw on their creativity, philosophical and historical assumptions to develop methodological resources and re-conceptualise methods that are appropriate for the demands of the problem investigated (Yanchar and Williams, 2006). It is imperative to consistently focus on the central research problem throughout the process of pondering the philosophical underpinnings of research.

In the section above, the cardinal aspects of the paradigm trilogy (ontology, epistemology and methodology) have been detailed. In the present study the researcher subscribed to the

philosophical assumptions of the constructivist paradigm. A discussion of the constructivist paradigm will be presented in the following section.

4.2.1.1 Constructivist paradigm

Corbin and Strauss (2008) suggest that constructivism is a worldview where both the researcher and the research participants actively use their minds to construct knowledge from the information they gain through their senses. Constructivism has a relativist ontology which implies that reality has multiple constructions. Humans understand and actively engage with the world based on their historical, cultural, political and social viewpoints (Guba and Lincoln, 1994; Hall, Griffiths and McKenna, 2013; Lincoln and Guba, 2005). Furthermore, Guba and Lincoln (2005) contend that constructivism is based on the premise that the human mind is active in the construction of knowledge. Humans construct concepts, models, and schemes to make sense of experience and further continually test and modify these constructions in the light of new experiences (Guba and Lincoln, 2005).

Drawing from the philosophical tenets of the constructivist paradigm, this paradigm was considered to be suitable for the study in attempting to answer the research question and research aims. The central research question of this study is:

> How do Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities?

The principle object of constructivism is obtaining an understanding of the phenomena through the lens of the "knower", cognisant that the nature of knowledge is dependent on environmental factors (political, social, cultural, and economic). In this respect, knowledge is contextualised by political, historical, cultural and economic factors which influence the reality of the "knower". Hence, the existence of multiple constructions of knowledge is acceptable (Guba and Lincoln, 1994). Therefore, in present study the researcher aligned with the tenets of the constructivist paradigm, drawing from the research question and research aims.

4.2.1.2 Epistemological assumptions of the constructivist paradigm

Drawing from the constructivism paradigm adopted by the researcher, the epistemological assumption adopted is "subjective" as the researcher and the knower jointly create understanding (Guba and Lincoln, 1994). Furthermore, the aim of research procedures embedded in constructivist epistemology are to explain the subjective meaning and motivation behind social action and to show how the different versions of reality that are produced influence the actions that people take (Lincoln and Guba, 2005). The researcher in the present

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study actively attempted to enter the knower's lived world and, together with the knower (research participants), develop understanding.

Part of the social reality of the immigrant entrepreneurs is manifested through social interactions which are deep-seated, learned and assumed knowledge. These realities may not be objectively accessible to the researcher. Thus, it is conceivable that some of the assumptions (knowledge) may not be easily divulged to outsiders because these assumptions are sensitive and central to the strategic processes of the small business, and are only exclusively accessible to a specific group of people (such as family or business partners). With this in mind, certain ethical considerations were upheld in the study such as gaining trust and assuring the Chinese immigrant entrepreneurs of confidentiality and anonymity. These will be discussed further in Section 4.9.6.

Essentially, in qualitative research the researcher and the social world of the research participants impact on each other such that the jointly created reality is not suspended but is instead presented for analysis as data. In the present study, the collaborative relationship between the researcher and the immigrant entrepreneurs was pursued to allow interpretation by the researcher to be as close as possible to the practice of the immigrant entrepreneurs who experienced the social reality of identifying opportunities in the business context.

Furthermore, the interaction and relationship established between the researcher and the participants allowed follow-up interactions to take place. These were useful for the researcher to seek clarity and probe further on incidents which reflected interactions and strategies adopted in the reality manifested as "identifying opportunities". The researcher regarded these collaborative relationships as suitable and appropriate to explore the interactions and strategies adopted by the Chinese immigrant entrepreneurs within the business context.

However, the researcher was mindful that the epistemic stance that was adopted in this study has its own limitations related to researcher bias. Thus, the iterative interactions between the researcher and the Chinese immigrant entrepreneurs could possibly result in researcher bias. This bias could be manifested through prejudices in the manner in which the researcher interprets or misinterprets the data as a result of his preconceptions, experiences and understanding of the research context. For details of strategies and approaches (such as member checks, peer reviews, and theoretical sensitivity) that were used by the researcher to address these potential sources of bias in the study, see section 4.3.4.

4.2.1.3 Ontological assumptions of the constructivist paradigm

Within the constructivist paradigm, reality that exists is assumed to be socially constructed through symbolic processes among people, and the meaning of experiences is transmitted through social interaction (Berg, 2007; Guba and Lincoln, 1994; Hall, Griffiths and McKenna, 2013; Lincoln and Guba, 2005). It follows that, since people attach different meanings to things and the participants each had different experiences, multiple realities emerged. Essentially, in order to understand the reality of a person, a researcher is required to see the world of meaning through the person's eyes so as to gain a deeper understanding of how they construct their reality (Berg, 2007; Guba and Lincoln, 1994; Hall, Griffiths and McKenna, 2013; Lincoln and Guba, 2005).

This indicates that the ontological stance underpinning this study is that reality exists through peoples' experience of the world. What the participants themselves construct as their experiences in identifying opportunities in the business environment is their reality (Berg, 2007). The relentless comparison of unique hands-on experiences of Chinese immigrant entrepreneurs from different small businesses provided a check and balance for the researcher to gain an understanding of the assumptions and reality held by the Chinese immigrant entrepreneurs pertaining to the practices and operations in their business environment.

The ontological assumptions of the nature of reality in the constructivist paradigm which is "relativist" was adopted in the present study because of the focus on the processes of interpreting and creating meaning from participants' accounts of their unique lived experiences (Creswell, 2014; Hall, Griffiths and McKenna, 2013). Creswell (2014) suggests that in qualitative research it is the responsibility of the researcher to comprehensively report on the realities held by the multiple actors in the study. In the current study, the researcher was able to primarily report on two realities, namely those of the research participants and that of the researcher.

The researcher reported on the ontological orientations of the reality of Chinese immigrant entrepreneurs as situational actors, primarily through the presentation of their different lived experiences, interactions and multiple perspectives. To this end, the researcher depended mainly on the voices and interpretations of the participants through the extensive use of quotations to illustrate their reality (Creswell, 2009). For quotations that were used to report on these ontological orientations of the Chinese immigrant entrepreneurs, refer to Chapters 5 and 6.

The researcher's reality was relative in that it was gained through the participant's realities from which the researcher was able to acquire a deep understanding of the phenomenon under investigation. The researcher's comprehension of the research aim and key research question influenced the interpretation of the data. As the researcher gained more understanding of the participants' lived world and experience, the researcher was able to fine-tune and gain a clearer understanding of their reality with respect to the phenomenon.

4.2.1.4 Methodological assumptions of the constructivist paradigm

The methodological approach prescribed by the constructivism paradigm proposes guidelines that seek to explore the realities people construct to make sense of their lived experiences (Creswell, 2009). Consistent with the theoretical and epistemological stance, the researcher adopted grounded theory as an appropriate methodological approach for this study because the researcher intended to generate a substantive theory based on the multiple realities of the experiences of the participants in this study (Creswell, 2009; Strauss and Corbin, 1990). In keeping with these assumptions of what is held as real, grounded theory methods are able to generate theory through interactive processes that fit with the kind of knowledge revered by the constructivist paradigm (Hall, Griffiths and McKenna, 2013; Strauss and Corbin, 1990).

It is evident that considerable design coherence (Charmaz, 2005) can be shown between the constructivism paradigm (and its emanating assumptions), and the methods of grounded theory research. The paradigmatic framework of constructivism adopted in the present study celebrates first-hand knowledge of empirical worlds; it assumes the relativism of multiple social realities, recognises the mutual creation of knowledge by the viewer and the viewed, and aims for an interpretive understanding of participants' meanings (Charmaz, 2005, Hall, Griffiths and McKenna, 2013; Lincoln and Guba, 2005; Strauss and Corbin, 1990).

As was revealed through the review of literature in Chapters 1 and 2, a large portion of seminal research studies in the field of immigrant entrepreneurship have been conducted following methodological frameworks using a deductive approach (quantitative or narrative-qualitative studies). These methodological practices bring with them constricted epistemological implications in that the nature of the knowledge that can be generated through research using one particular kind of theory/perspective is limited. In light of this, it is the researcher's intention to step outside of the established ways of doing research in the field of immigrant entrepreneurship, and to attempt to generate a new and refreshed kind of knowledge about the

phenomenon of opportunity identification by immigrant entrepreneurs through the use of grounded theory.

Moreover, given that there are multiple versions of grounded theory, each peculiar in the way it views theory and uses its own methodological prescriptions, the application of a specialised strand of the grounded theory research design – that of Strauss and Corbin (1990) – makes the kind of knowledge that is to be produced more specific (substantive) and contextual. As such, the characteristics of grounded theory according to Strauss and Corbin (1990) guided the research process in the present study.

As indicated above, this study is conducted in the constructivism paradigm, which falls under the broad research realm of qualitative research. According to Creswell (2009), qualitative research is concerned primarily with process instead of outcomes; or in other words, with how things occur. Qualitative researchers are interested in how people make sense of their lives and experiences and the structures of the world, and attempt to understand not one but multiple realities (Creswell, 2009, 2014).

This is consistent with the core principle of constructivist research which assumes multiple realities based on the belief that reality is constructed from personal experiences that differ from one person to the next (Charmaz, 2005). In beginning to understand the realities being constructed by research participants, the researcher needs to see and perceive the world through their eyes and to analyse their constructed meanings based on their lived experiences (Creswell, 2014).

The preceding section discussed the notion of research paradigms and the suitability of the constructivist paradigm for the present study. A brief discussion of qualitative research was provided in this section; in the next section, a more in-depth discussion of qualitative research will be provided covering the different qualitative research methods. Thereafter, the researcher will highlight the suitability of the grounded theory method to the present study.

4.3 QUALITATIVE RESEARCH

Clissett (2008, p.100) suggests that "qualitative research is a term that describes numerous approaches to exploring human experiences, perceptions, motivations and behaviour". Bryman et al. (2014) argue that qualitative research is concerned with the collection and analysis of words, usually speech or writing. The design of qualitative research tends to be fairly loose and flexible, involving the collection and analysis of words and actions with a view to gaining insight into people's differing perspectives and understandings.

Clissett (2008) argues that there are three cardinal aspects of qualitative research that merit particular attention. These are the emergent design, sampling strategies, and data collection and analysis. The emergent design approach to qualitative studies suggests that qualitative studies develop flexibly. The researcher might begin the study with ideas about how to gather data, but these ideas might change as the study evolves (Babbie, 2011; Creswell, 2009; 2014). The flexible approach extends to the selection of participants and sampling strategies. Qualitative researchers are unlikely to have preconceived ideas about the number of participants that they might include in the study (Clissett, 2008). This is corroborated by Bryman et al. (2014), who comment that qualitative studies are often guided by the principle of data saturation when data collection ceases once nothing new is being uncovered in the study. In qualitative research, data collection can be varied and includes in-depth interviews, observation, and conversational analysis (Babbie, 2011; Bryman et al., 2014, Clisset, 2008; Creswell, 2007).

Polit and Beck (2006) suggest that data analysis in qualitative research can be challenging since there are no rules that are universally accepted for analysing and summarising the data. However, at its simplest, data analysis involves clustering together related types of narratives into a coherent scheme. Scholars such as Babbie (2011), Clissett (2008), and Creswell (2009) suggest that the goal of qualitative research is to go beyond descriptions and become interpretative. This entails the researcher looking beyond what the individual has said or done to try to understand and interpret the meaning behind it, and the attitude and values that influence this meaning.

Clissett (2008) contends that in qualitative research, analysis can be complex as words and phrases have different meanings for different people. Both the researcher and the participants might be making assumptions that they are unaware of making. Therefore, in some qualitative studies, data collection and data analysis are carried out simultaneously. The ideas generated following analysis of data collection can be explored with the same or different participants to gain a more detailed understanding of the phenomenon (Clissett, 2008).

In addition, several scholars (Creswell, 2009; Maxwell, 2005; Strauss and Corbin, 1990) suggest that qualitative research allows the researcher to systematically capture a full, holistic, deeper and richer understanding of phenomena (ontology). To this end, qualitative research approach is suitable for a research inquiry where the phenomenon being investigated is: a) not well understood, b) rooted within the participants assumed "knowledge or understanding" which can be in form of beliefs or values, and c) conceptually complex and intangible, distinctive in its manifestation (for instance, immigrant entrepreneurship).

From the tenets of qualitative research, questions regarding the credibility of interpretations and the quality of results in qualitative research arise. The results and interpretations of qualitative research are commonly criticised as not being transparent enough, and they are often regarded as an interweaving of illustrative quotations from interviews. To address these concerns, it is important for a qualitative researcher to ensure rigour in the research process (Creswell, 2009).

There are four main qualitative research methods that are adopted by researchers. These methods are ethnography, case study, phenomenology and grounded theory (Bryman et al., 2014; Polit and Beck, 2006). The present study sought to describe the process of how Chinese immigrant entrepreneurs who own and operate small retail businesses identify opportunities within the South African business context, specifically in the Eastern Cape province. To achieve the study's goals and to add to the body of knowledge, the researcher noted that the grounded theory method was the most suitable method for answering the key research question in the study.

Grounded theory was noted to be suitable for the present study by the researcher for several reasons which include, a) the epistemic stance of the method is suitable for investigating the social reality and lived experiences embedded in the different incidents experienced by immigrant entrepreneurs; b) the method generates theories from analysis of patterns, themes, and categories that emerge from the data; and c) the method was appropriate for this study because it enabled the researcher to explore a phenomenon where there is little existing research. As highlighted in prior sections of this thesis, there are no studies that have been conducted which have generated a grounded theory on the process of how immigrant entrepreneurs who own and run small retail businesses identify opportunities (see section 1.1).

In the following section, the researcher will delve into a thorough discussion of the grounded theory research method.

4.4 GROUNDED THEORY

Grounded theory was developed by Barney Glaser and Anselm Strauss in the early 1960s in response to the positivist grand theoretical work that was gaining prominence in the field of sociology (Hall, Griffiths and McKenna, 2013; O'Reilly, Paper and Marx, 2012). At the time these co-founders developed grounded theory, empirical research incorporating field-based participant observation was in decline in favour of developing grand theory (Suddaby, 2006). The focus on creating grand theory removed researchers from the field and instead allowed researchers to build upon axiomatic truths through logic to extrapolate these truths in new

contexts. Glaser and Strauss (1967) were critical of this approach to research and viewed grand theorising as being too removed from real people and the problems they attempt to solve in their everyday lives (Charmaz, 2006; Goulding, 2002; O'Reilly, Paper and Marx, 2012). Consequently, Glaser and Strauss (1967) were driven to differentiate grounded theory from existing practices in grand theorising, by replace it with theory developed from rich data (Locke, 2002; O'Reilly, Paper and Marx, 2012). Glaser and Strauss (1967) argued that the research climate of the time had the unfortunate consequence of discrediting the generation of theory through flexible qualitative and quantitative research.

O'Reilly, Paper and Marx (2012) suggest that, influenced by the Chicago School of Sociology which had a rich tradition of field research, Glaser and Strauss strongly favoured direct participant observation by researchers and interactions between participants and researchers. Glaser and Strauss (1967) were influenced and inspired by the field of symbolic interactionism and its focus on how people interpret the meaning of objects in the world, the dynamic interplays of human behaviour, the lived realities of individuals, and the social construction of social behaviour (Charmaz, 2005; Gephart, 2004; Goulding, 2002; Locke, 2002). Symbolic interactionism focuses on the subjective meanings that individuals place on events, objects and behaviours. Subjective meanings are symbolic and they influence how individuals interpret the world around them. Human behaviour is influenced by subjective meanings that are manifested through social interaction. These subjective meanings are not necessarily the objective truth. Blumer (1969) outlines three basic premises of the Symbolic interactionism perspective, namely, a) humans act towards things on the basis of the meaning they ascribe to those things, b) the meaning attached to things is derived from the social interaction that an individual has with society, and c) meaning is managed through an interpretative process used by the individual.

Using grounded theory, its co-founders sought not to make truth statements about reality, but rather, to elicit fresh understandings about patterned relationships among social actors and to explore how these relationships and interactions dynamically construct reality for the actors (Glaser and Strauss, 1967; Goulding, 2002; Locke, 2002).

Locke (2002, p.19) suggests that grounded theory as a research methodology provides "a set of systematic procedures extending and significantly supplementing the practices long associated with participant observations in order to achieve their purpose of developing grounded theories of action in context". While grounded theory is comprised of various analytical tenets, O'Reilly, Paper and Marx (2012) point out that it is the collective iterative cycling of these tenets that

creates a holistic methodology for theory-building. Grounded theory is not a loose collection of tools for handling and analysing data or simply a means by which to code data. The grounded theory research procedures are designed to systematically and carefully build theory (Creswell, 2007; Strauss and Corbin, 1990). Charmaz (2005) suggests that grounded theory aims to produce an abstract representation that explains a situation, rather than describes it.

More generally, however, grounded theory as a qualitative research tradition can be defined as a systematic process for gathering and analysing data for the purpose of generating or discovering a theory about a particular phenomenon (Creswell, 2007). At all stages throughout this process, the theory that is developed remains grounded in the data from which it emerged (Creswell, 2007; Glaser and Strauss, 1967; Strauss and Corbin, 1990).

Sousa and Hendrics (2006) find that exploratory qualitative methods such as grounded theory are well suited for work when there is insufficient theoretical guidance to support the research inquiry, when the researcher's viewpoints are vital to the inquiry, or when the meanings and relationships of concepts are fragile. In the case of grounded theory, most researchers begin with an area of interest to explore what is overlooked in the existing literature. Because of its exploratory, open-ended nature and its goal of creating theory, grounded theory is not suited for research inquiries that are well covered in literature, are used to test previously established hypotheses, or attempt to replicate other studies. Without the suitability of the approach to a research inquiry the power of grounded theory is constrained.

O' Reilly et al. (2012) suggest that if the researcher desires to generate new theory, the research inquiry is not fully guided by existing theories, and the researcher wants to open new areas of inquiry in a particular field of study, grounded theory is an appropriate method. Grounded theory methods aim to build theory from empirical data, rather than rely on analytical constructs or variables from pre-existing theories (Strauss and Corbin, 1990). On the other hand, from a management perspective, Fend and Sachs (2008) suggest that grounded theory is a method that genuinely engages with the world and helps, especially with constant comparison and theoretical sampling techniques, to come "skin-close" to the lived experiences and incidents of the world of business management and make sense of this world.

The procedures of grounded theory offer a useful systematic approach to handling and analysing data that, if applied with courage and creativity, may lead to innovative perspectives (Charmaz, 2006; Fend and Sachs, 2008; Strauss and Corbin, 1990). O'Reilly, Paper and Marx (2012) concur with this viewpoint, declaring that grounded theory is well suited to research in

management and organisational studies where existing theories cannot further the understanding of specific phenomena. Hence, grounded theory is suitable for the current study because it is observed that there is a dearth of literature that illuminates an understanding of how the increasing numbers of Chinese immigrant entrepreneurs who own and operate small retail businesses in South Africa identify opportunities in the competitive South African business environment. Additionally, grounded theory was deemed to suitable for this study because the research inquiry which the researcher sought to investigate is not fully guided by existing theories.

To further demonstrate the suitability of the grounded theory method in the present study, in the following sections the researcher will provide a discussion of the developments of grounded theory and the varying approaches to the method.

4.4.1 Evolution of grounded theory

Since the origin of grounded theory, the method has evolved and experienced variation and diffusion in its application. This evolution has occurred for various reasons. The method was originally developed within the discipline of Sociology, however it has been applied in other disciplines which include Management (Goulding, 2002; Locke, 2001; O'Reilly, Paper and Marx, 2012; Strauss and Corbin, 1994). Another reason why the method has evolved and perhaps more importantly, is that there are several distinct differences in approach between the co-founders (Glaser and Strauss) which have led to the emergence of two distinct approaches. This rift has sometimes required researchers to explicitly state from the outset which approach or version of the method they are adopting (Goulding, 2002; O'Reilly, Paper and Marx, 2012).

Additional less prominent approaches to grounded theory have also emerged, such as Schatzman's "dimensional analysis", and Orton's (1997) iterative approach which integrates the traditional inductive grounded theory process into a cyclical inductive-deductive process. Another prominent divergence in conducting grounded theory is associated with Charmaz (2000) who introduced the constructivist grounded theory method. However, a closer examination of the constructivist grounded theory proposed by Charmaz (2000) highlights critical similarities with the Straussian approach of grounded theory. These similarities relate to the ontological and epistemological assumptions of the approach. However, the central divergence only lies in the levels of coding proposed by the Charmaz (2000) version of grounded theory.

The Charmaz (2000) version of grounded theory proposes two levels of coding (namely, initial and focused coding), whereas the Straussian version proposes three more detailed levels (namely, open, axial and selective coding). It is on this premise of the divergence between the constructivist version proposed by Charmaz (2000) and the Straussian version, that the Charmaz (2000) constructivist version was not adopted for this study. Instead, the Straussian version of grounded theory offered a more detailed approach to coding which was deemed more comprehensive in adequately guiding the researcher to ensure that the findings were grounded in data. The following section of this chapter explores the rift that occurred in grounded theory and the main divergent approaches to the method.

4.4.2 Divergence in grounded theory

After co-founding grounded theory, a chasm developed between the co-founders, with Glaser favouring creativity and openness while Strauss favoured more structured design for analysing data (Boychuk-Duchscher, 2004; Charmaz, 2006; Locke, 1996). El-Tawy and Abdel-Kader (2012) identify the main areas of differences between the approaches of grounded theory adopted by Glaser and Strauss. These differences are presented below in Table 4.1 below.

Table 4.1 Comparison of grounded theory methodology approaches

Basic considerations	Glaserian approach	Straussian approach
General wonderment vs general idea	Glaser (1992) believed that the grounded theory researcher moves into an area of interest with abstract wonderment, i.e. completely open-minded as to what is going on in the field of the research. The research question is not a statement that identifies a phenomenon under study. The core research questions are: What is the foremost concern/issue for the individuals in the area under study? What category does the issue concern?	The researcher has a general idea of the topic of study. "The research question in the grounded theory study is a statement that identifies the phenomenon to be studied" (Strauss and Corbin, 1990, p.38)

Emerging vs. forcing	Selects an area of study and allows issues to emerge during the course of the research process. Glaser (1992) argued that the grounded theory researcher should not force the problem to emerge by the methodology taken. Glaser (1992) views the Straussian approach as a full conceptual description, and this would constitute forcing on the data in order to produce theory	Approach allows the grounded theory researcher to predetermine the general subject of enquiry before entering the research problem. One of the major advantages of the Straussian approach lies in its more structured and practically orientated method in generating a grounded theory. This approach assists the researcher to analyse qualitatively and make sense of the collected field data.
Disciplined restraint vs. active provoking	Requires disciplined restraint, in which researchers distance themselves and are independent from the phenomenon they are studying (Locke, 1996)	Strauss and Corbin (1990) suggest that grounded theory researchers are actively involved in the research process. They should question the data they collect, in order to arrive at conceptual categories.
Coding in grounded theory	Coding should be less rigorous through a constant comparison of incident-to-incident with neutral questions, categories and properties evolving. The grounded theory researcher should be aware of not over conceptualising the identified key points.	Coding is more rigorous and defined by techniques. Coding represents the operation by which data is broken down, conceptualised and then reconstructed in new ways. Codes are derived from analysing data line-by-line at the beginning of the study to generate codes i.e. microanalysis.
Types of coding	Two coding phases: Simple – where the researcher breaks down the data and then regroups it. Substantive – open or selective that produces categories and properties.	Three coding phases: Open – identifying, naming, categorising and describing the phenomena. Axial – the process relating codes to each other. Selective – choosing a core category and linking it to other categories.

Verification of the theory	"Grounded theory looks for what is, not what might be and therefore needs no test" (Glaser, 1992, p.67). The generated theory is not verified after development.	The generated theory is verified after development through comparison with existing literature.
Theoretical sensitivity	Defines the theoretical sensitivity as the ability of the grounded theory researcher to recognise what is important in the data and to give meaning. Theoretical sensitivity comes from the immersion in the data.	The theoretical sensitivity has two sources: 1. The grounded theory researcher is knowledgeable in the technical literature, and has professional and personal experience. 2. The researcher acquires theoretical sensitivity during the research process through constant interactions with the data.
Creativity	Glaser argues that the researcher needs to be more creative and less procedural in his/her methodological approach This puts a premium on the "discovery" of the generated theory	Many analytic techniques that the grounded theory researcher uses to develop theoretical sensitivity are "creative and imaginative in character ... good science is produced through this interplay of creativeness and skills acquired through training" (Strauss and Corbin, 1990, p.47).

Source: Adapted from El-Tawy and Abdel-Kader (2012)

The main divergence between Glaser and Strauss lies in the philosophical assumptions held by the two researchers and their respective ontological, epistemological and methodological implications (Annells, 1996; Boychuk-Duchscher and Morgan, 2004; Charmaz, 2006; Hall, Griffiths and McKenna, 2013). Glaser views grounded theory as being located within the post-positivist paradigm of enquiry, while the Straussian version may be perceived from the constructivist perspective. According to Boychuk-Duchscher and Morgan (2004), Glaser and Strauss possessed different epistemological philosophies in their approaches to grounded theory. With respect to epistemology, Glaser (1992) advocates for distance between the researcher and the method, whereas Strauss's method advocates for the researcher to be more closely involved in the process of generating theory. It is on this basis that the different approaches to grounded theory resulted in different procedures.

Dey (1999) suggests that the area of divergence between Glaser and Strauss lies in the use of verification. Strauss and Corbin (1990) see verification as "inbuilt" and "ongoing" systematic checking, and refining of what is emerging in the process of generating a theory. Glaser sees verification as separate and the next step after a theory has already been generated. Glaser's approach is inductive with little room for deductive enquiry, while the Straussian approach advocates a combination of both inductive and deductive analysis (Boychuk-Duchscher and Morgan, 2004; Dey, 1999). In addition, Glaser (1992) critiques Strauss and Corbin approach to grounded theory by arguing that "there is no need to verify the theory against the data unless it is not based on the data but already goes beyond it".

Annells (1996) suggest that the Glaserian approach perceives grounded theory as an early step in the sequential development of theory, with theory development culminating in more quantitative approaches to capture "reality". The Straussian approach rejects the positivist and post-positivist practices of verification by subsequent quantitative methods in favour of a constructivist approach of knowledge creation that includes multiple perspectives presented at a historical moment to produce local and specifically constructed realities that are verified through constant comparison in data analysis (Boychuk-Duchscher and Morgan, 2004; Strauss and Corbin, 1990). "Theory is not perceived as a pre-existing reality out there that needs to be captured, but is instead seen to be provisional, fallible, temporary interpretation made from multiple perspectives" (Strauss and Corbin, 1994, p.279).

Melia (1996) proposes three main objections of Glaser to the Straussian approach. First, Glaser objects to the Straussian recommendation that the researcher can enter the research field with a predetermined question. Glaser suggests that the research question should emerge during the initial analysis of data. Second, Glaser is critical of over-conceptualising single incidents through the open coding proposed by Strauss and Corbin. Strauss and Corbin's coding techniques will be discussed in detail in section 3.9.5. Instead, Glaser emphasises the comparison of incidents with one another to identify patterns that will emerge as categories. Finally, Glaser suggests that the object of grounded theory is to discover theory and not to focus on verifying preconceptions held by the researcher which is evidenced by the active questioning of the data by the researcher (Boychuk-Duchscher and Morgan, 2004; Melia, 1996).

Strauss and Corbin (1990, p.24) define grounded theory method as "a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon". These authors consider the two central features of grounded theory to be 1) its focus on the development of theory from empirical data, and 2) that the

method is iterative or recursive which implies that data collection and analysis proceed in tandem, repeatedly referring back to each other.

Consequently, Strauss and Corbin (1990) present a new coding framework for analysing data during axial coding, known as the paradigm model, which focuses on identifying the conditions, context, action/interaction strategies and consequences of a phenomenon. According to Kendall (1999, p.746), "the heart of the difference in the Glaserian and Straussian versions of grounded theory lies in the introduction of axial coding in the Straussian approach". During axial coding, the researcher attempts to put the data back together using a paradigm model or coding framework.

On the other hand, the Glaserian approach prefers the conceptualisation of the data to emerge and not be forced into a predetermined scheme. Glaser (1992) is critical of the Strauss and Corbin version of grounded theory method, particularly the paradigm model used during axial coding, because he argues that such a framework forces the development of theory rather than having theory emerge from data.

Kendall (1999) finds that scholars such as Robrecht (1995) believe that the Straussian approach to grounded theory will result in the generation of poorly integrated theoretical explanations because of the preoccupation with operational procedures promoted by axial coding. However, Partington (2000) opposes this view and suggests that Strauss and Corbin's (1990) approach of grounded theory presents a simpler approach relative to the original version developed by Glaser and Strauss (1967) without losing any of its comprehensiveness and intellectual complexity.

Ironically, in their original collaboration, Glaser and Strauss (1967) proposed that it was their intention to stimulate others to codify and publish their own methods for generating theory. Given the methodological freedom proposed by the original scholars of the method, it is paradoxical that at a later stage, Glaser became one of the biggest critics of Strauss and Corbin's (1990) version of grounded theory method.

This section discussed the rift in grounded theory which occurred between the two co-founders of the methodology. In the following section, the fundamental tenets of grounded theory will be examined.

4.5 FUNDAMENTAL TENETS OF GROUNDED THEORY

The aim of grounded theory research is to develop a theory which is grounded in data. This then requires an understanding of what is theory and what type of theory is generated from

grounded theory. In this section, the tenets of grounded theory will be discussed which will be distinguished from the tools and outcomes of grounded theory. The tools of grounded theory pertain to the *constant comparative method, theoretical coding, theoretical sampling, theoretical saturation* and *theoretical sensitivity*, whereas, the outcomes or products from the grounded theory method pertain to *concepts, categories, properties* and *theory*. The following section will present the tools of grounded theory followed by the outcomes of the approach.

4.5.1   The constant comparative method

According to Glaser and Strauss (1967), the constant comparative method involves the simultaneous coding and analysis of data. Locke (2001, p.25) adds that "the constant comparative method is a procedure in which two activities, naming data fragments and comparing data incidents and names, occur in a tandem". During constant comparison, all new data is compared to earlier data iteratively to enable adjustment of theoretical categories based on the ongoing analysis surrounding participant issues, problems, and concerns (Glaser and Strauss, 1967). As data is collected, the goal is "comparing incident to incident and then incident to concept for the purpose of generating categories and saturating their properties (Glaser and Strauss, 1967).

Central to the concept of constant comparison is the notion that simultaneous collection, coding, and analysis are crucial to the development of theory and that, as much as possible, these operations must be done together. These operations should blur and intertwine continually, from the beginning of an investigation to its end (Glaser and Strauss, 1967). Constant comparison is typically experienced as a continuous cycling back and forth from the first bits of data through to the last, with insights about data comparisons best recorded by quick coding jots in the margins to keep the constant comparing moving. Glaser and Strauss (1967) describe the four stages of the constant comparative method as follows: 1) comparing incidents applicable to each category, 2) integrating categories and their properties, 3) delimiting the theory and 4) writing the theory. The authors note that although the method of generating theory is a continuously growing process, each stage after a time is transformed into the next, and earlier stages do remain in operation simultaneously throughout the analysis, each providing continuous development to its successive stage until the analysis is terminated.

Glaser (1992) recommends that the researcher needs to be able to tolerate confusion, hard work and the tedium of the constant comparative method and wait for concepts to emerge. In this respect, deduction and verification are the servants of emergence. The ideas that are generated

must be verified by all data and categories are constantly refitted to ongoing comparison of incidents in old and new data, with the researcher who easily and persistently finds verification of ideas alert to the danger of forcing data (Glaser, 1992; Strauss and Corbin, 1990; Weed, 2009).

Weed (2009, p.506) purports that "the constant comparative method is what holds together the iterative analytical process in grounded theory". The iterative process in grounded theory entails that the generation process of grounded theory is not linear, nor is data collection a separate activity from data analysis. Strauss and Corbin (1990) suggest that initially, the comparison is between data and data, then between data and codes, then between codes and concepts, then between concepts and literature. Once the analysis has developed beyond the initial stages, the constant comparison is between data, codes, concepts, and literature as a way of continually checking that the emerging insights are grounded in all parts of the analysis (Strauss and Corbin, 1990; Weed, 2009). As more data is theoretically sampled in second, third, and fourth iterations, the comparisons extends to become between codes in later iterations and concepts from earlier iterations to check that such concepts remain relevant, given insights developed from subsequent data collection. The constant comparative method is what essentially ensures that grounded theory remains grounded (Glaser and Strauss, 1967; Strauss and Corbin, 1990; Weed, 2009). Having discussed the constant comparative method, the next section will explore the process of theoretical coding in grounded theory.

4.5.2 Theoretical coding

O'Reilly, Paper and Marx (2012, p.251) assert that "theoretical coding is a systematic process used to make sense of research data by categorising and grouping similar examples from the data". In grounded theory the coding process is used to identify the properties, dimensions, and boundaries of each initial and subsequent data category in an effort to expose the theoretical underpinnings of the phenomenon (Fendt and Sachs, 2008; Locke, 2002). Locke (2002) adds that theoretical coding is accomplished through an iterative process of naming and comparing events in the data and examining each for similarities and differences until the consistencies and constancies can be identified in the data. During the coding process, each relevant event in the data is coded into as many subcategories of analysis as possible, "as categories emerge or as data emerge to fit an existing category" (Glaser and Strauss, 1967, p.105). Isabella (1990, p.13) notes that as data collection progresses, each piece of data is "systematically and thoroughly examined for evidence of data fitting into categories".

Since subcategories may have more than one dimension, the researcher also compares new data to each dimension in the subcategory to test whether the dimension is inclusive and able to incorporate new incidents or if new subcategories and/or dimensions need to be created or revised. This rich and iterative comparison results in subcategories that are directly informed by the data. Glaser and Strauss (1967) suggest that the coding process in grounded theory is vital for generating theoretical properties of the subcategories and ultimately enables the discovery of the "core category", representing the key indicator or explanation of behaviour that occurs in a specific situation. Urquhart, Lehman and Myers (2010) argue that the quality of a grounded theory rests on the goodness of fit between the empirical observations and the conceptual categories they purport to indicate. This can be evidenced by the multitude of instances in the data that relate directly to the core category (Goulding, 2002; Locke, 2002; O'Reilly, Paper and Marx, 2010; Urquhart, Lehman and Myers, 2010). The next section will discuss the process of "theoretical sampling".

4.5.3 Theoretical sampling

Goulding (2002) suggests that theoretical sampling is a guiding process for all aspects of the research sampling. In grounded theory, theoretical sampling is a means to gather data in a logical manner based on earlier data and the researcher's analytical thinking. The ongoing process of data collection and analysis directs the researcher to obtain further samples. Through theoretical sampling, a researcher is guided to the next data based on the theory as it emerges. In the words of Glaser and Strauss (1967, p.45), theoretical sampling entails "the process of data collection for generating theory, whereby the analyst jointly collects codes and analyses his/her data deciding what to collect next and where to find it, in order to develop his/her theory as it emerges. This process of data collection is controlled by the emerging theory".

According to Glaser and Strauss (1967), theoretical sampling is the prime mover of coding and analysing data. It is both directed by the emerging theory, and it directs further emergence. It is the "where next" in collecting data, the "for what" according to the codes, and the "why" from the analysis in memos. Glaser and Strauss (1967) propose that theoretical sampling creates a process of data collection which is controlled by the emerging theory. These authors suggest that theoretical sampling naturally leads the researcher from incident to incident as new conceptual ideas are captured and then compared and contrasted against the original idea to refine the conceptual idea and facilitate theory generation. Since the research question itself is modified by the relevant data and by the incidents from the first and subsequent participants,

the researcher gains confidence that the theory is developing and forming from the data through the iterative processes of the constant comparative method and theoretical coding and sampling.

Charmaz (2000) suggests that data samples arise in grounded theory according to issues that emerge from analysis. Further data is collected to help refine and develop the theoretical concepts that are emerging from the analysis. Unlike most approaches to sampling, the object of theoretical sampling is to refine ideas, not to increase the size of the original sample. Weed (2009) notes that a common error in the application of theoretical sampling is the perception that it simply refers to a process whereby the analysis commences as soon as the first data has been collected and proceeds concurrently with data collection. However, in grounded theory, data collection is guided by the emerging analysis which is theoretical sampling (Charmaz, 2000; Goulding, 2002; Glaser and Strauss, 1967; Strauss and Corbin, 1990). The next section will provide a discussion of the notion of theoretical saturation in grounded theory.

4.5.4   Theoretical saturation

Goulding (2002) proposes that successful, robust theory generation relies on the completeness of data categories, or "category saturation". Locke (2001, p.53) adds that category saturation occurs when "subsequent data incidents that are examined provide no new information, either in terms of refining the category or of its properties, or of its relationship to other categories". Goulding (2002) suggests that theoretical saturation is reliant on data collection, coding, and analysis reaching a state of completeness both within and across contexts. Saturation means that no additional data is being found whereby the researcher can develop properties of the category (Glaser and Strauss, 1967). According to O'Reilly, Paper and Marx (2012), after coding several incidents into a single category, it increasingly becomes easier to identify whether subsequent incidents in the same category are illuminating new aspects of the category. If so, categories are not yet saturated and require further data collection, coding, and analysis; if not, the category has reached saturation. Strauss and Corbin (1998) maintain that category saturation is critical in grounded theory.

Goulding (2002) observes that grounded theory has a built-in mandate to strive towards verification through the process of category saturation. This process involves staying in the field until no further evidence emerges. Verification is done throughout the course of the research project, rather than assuming that verification is only possible through follow-up quantitative data. To successfully implement the grounded theory process to the point of theoretical saturation, the researcher must have coded data, created a series of theoretical

memos based on meaningful reflection, and formulated a substantive theory. The substantive theory should be based on extensive comparing and contrasting of data and the saturated categories (O'Reilly, Paper and Marx, 2012). Glaser and Strauss (1967) suggest that to verify saturation of data in a study, the researcher needs to evaluate whether the formulated substantive theory has presented a reasonably accurate statement of the problem explored, and what the practical and relevant implications for others studying this problem might entail.

Weed (2009) argues that a grounded theory is an iterative process and some indication is needed to establish when further iterations are no longer necessary. This is provided by the point of theoretical saturation. Charmaz (2006) further notes that saturation is reached when gathering fresh data no longer sparks new theoretical insights, nor extends the properties of theoretical concepts. In this respect, theoretical saturation ensures that the generated grounded theory has conceptual density and theoretical completeness.

This section explored the aspects of theoretical saturation in grounded theory. Next, the function of theoretical sensitivity in grounded theory will be discussed.

4.5.5 Theoretical sensitivity

O'Reilly (2012) finds that theoretical sensitivity refers to a researcher's ability to give meaning to data and to recognise data that has pertinent meaning to the emerging theory versus data that does not. According to Glaser and Strauss (1967), the first step in gaining theoretical sensitivity is to enter the research setting with as few predetermined ideas as possible, especially logically deducted as priori hypotheses. Goulding (2002) is of the view that while it is true that grounded theory takes a cautious stance toward extant theory's influence on research investigations, theoretical sensitivity necessitates a theoretical understanding of the phenomenon under investigation to enable new theory development. In combination with a theoretical appreciation, researcher insight and experience are vital components of theoretical sensitivity.

In a similar light, Glaser and Strauss (1967, p.251) purport that "the root sources of all significant theorising are the sensitive insight of the observer". Therefore, the acknowledgement and disclosure of the researcher's previous practical and theoretical experiences and knowledge should be viewed as an asset and not a liability in the research (Fendt and Sachs, 2008). In a similar light, Goulding (2002) suggests that the theoretical sensitivity of a researcher is commonly demonstrated by a deep theoretical understanding of the field and through active professional experience. From the perspective of theoretical

sensitivity, the prior knowledge and theory are used concurrently as if they were another informant (Goulding, 2002).

Weed (2009) points out that a common misconception by some researchers claiming to adopt the grounded theory method, is assuming that the method adopts a *tabula rasa* approach. This approach assumes that the researcher enters the field with no knowledge of the research area. However, theoretical sensitivity acknowledges that researchers enter a research site with awareness of the area but, importantly, without any preconceived notions about what they might discover. Glaser and Strauss (1967) note that the theoretical sensitivity of a researcher is increased by being steeped in the literature and being aware of the general ideas, but is compromised by conducting a detailed review of the literature to develop specific theoretical frameworks about the phenomenon being studied.

Charmaz (2006) suggests that theoretical sensitivity entails "sensitising concepts" that act as a point of departure to form interview questions, to look at data, to listen to research participants and to think analytically about the data. However, Charmaz (2006) cautions that such concepts are a place to start, not a place to end. Consequently, rather than a *tabula rasa* standpoint, theoretical sensitivity ensures that researchers enter the field with an open mind, not an empty mind.

Having introduced the tools of grounded theory, the researcher will now delve into a discussion of the outcomes of grounded theory.

4.5.6 Theory and grounded theory

According to Lomborg and Kirkevold (2003, p.191), Glaser and Strauss (1967) developed grounded theory as "a method to explore social processes and reveal the human characteristic of anticipating and responding to various life circumstances". Consequently, McCallin (2003, p.205) proposes that "the grounded theory researcher sets out to discover patterns of behaviour in a particular group of people in a certain context". Marshall and Rossman (2011) suggest that the ability of grounded theory method to discover patterns of behaviour in a particular group of people in a certain context makes the method appropriate for research.

According to Glaser and Strauss, a theory is a process or an evolving entity which is presented as a "momentary product' that explains a phenomenon. In this respect, a theory is perceived as not being fixed, but rather as continuously developing (Glaser and Strauss, 1967). On the other hand, Strauss and Corbin (1994, p.278) define a theory as consisting of "plausible relationships proposed among concepts and sets of concepts". The theory generated in grounded theory has

the form of a basic social process (Goulding, 2002). Strauss and Corbin (1990, p.144) suggest that

> "to capture process analytically, a researcher must show the evolving nature of events, by noting why and how action/interaction – in the form of events, doings, or happenings – will change, stay the same, or regress; why there is progression of events or what enables continuity of a line of action/interaction, in the face of changing conditions, and with what circumstances".

Process pertains to

> "the linking of sequences of action/interaction as they pertain to the management of, control over, or response to, a phenomenon. The linking of sequences is accomplished by noting, a) the change in conditions influencing action/interaction over time, b) the action/interactional response to that change, c) the consequences that result from that action/interactional response, and finally by d) describing how those consequences become part of the conditions influencing the next action/interactional sequence" (Strauss and Corbin, 1990, p.143).

In grounded theory, process can be depicted in two ways. In the first case, process is made up of orderly and progressive stages and phases of passage including explanations of what makes the passage move forward, stop or reverse (Pettigrew, 1997). Second, process may be perceived as non-progressive, constant, and flexible adjustments in response to changing conditions (Strauss and Corbin, 1990). In grounded theory, process is the analyst's way of accounting for or explaining change – and a change in conditions sets process into motion. Consequently, change is reflected by a happening, an event denoting a difference in something. In grounded theory it is a change in conditions of sufficient degree that brings about a corresponding change in action/interactional strategies, which are carried out to maintain, obtain, or achieve some desired end in relation to the phenomenon under study (Strauss and Corbin, 1990).

With any phenomenon, change can take various forms which include being planned or unplanned, being great or small, and occurring quickly or slowly. Change can occur in the set of conditions that leads to or causes the phenomenon under investigation. Change can also occur in any of the intervening conditions that influence action/interaction, and finally, change may

occur and be noted in the consequences of previous action/interaction feeding back to add new conditions, or to alter the interaction among already existing conditions (Strauss and Corbin, 1990).

In grounded theory, process involves the examination of indicators in the data for change in conditions, and tracking corresponding changes in actions or interaction that emerge (Strauss and Corbin, 1990). Consequently, a theory in grounded theory has two main attributes. First, a theory uses concepts which pertain to labels given to the data which is noted as similar. Concepts are perceived as bringing order to the world expressed in the data. Second, a theory is made up of statements of relationships which relate the concepts to a conceptual scheme (Strauss and Corbin, 1990). A theory contains various concepts which can be organised into categories and these categories can further be analysed into properties along certain dimensions. In a theory there are descriptive concepts which show what the theory is about and there are also relational concepts which specify the relationships observed between concepts through propositions or hypothesis (Glaser and Strauss, 1967).

Strauss and Corbin (1998, p.22) define a theory as "a set of well-developed categories (themes, concepts) that are systematically interrelated through statements of relationships to form a theoretical framework that explains some relevant social, psychological educational, nursing or other phenomenon". A theory provides a coherent and simple model for linking diverse unrelated facts in a useful pragmatic and systematic way (Morse, 1994). When a theory has more abstract concepts, it has broader applicability, but is more removed from the raw data which is used to generate it. These theories with a higher degree of generality tend to be applicable to a variety of problems in a discipline (Strauss and Corbin, 1998). According to Glaser and Strauss (1967), theories can be categorised into three types based on their generality and specificity. These types are grand theory, middle range theory, and substantive (or local) theory.

Glaser and Strauss (1967), and later Strauss and Corbin (1990) concur that grounded theory generates two types of theory, namely a formal (or general) theory and a substantive (or local) theory. These theories are both grounded in data, however they bear different emphasis. Glaser and Strauss (1967, p.32) assert that a substantive theory is "developed for a formal, or conceptual area of sociological inquiry". Substantive and formal theories are different in terms of level of generality, and ideally a formal theory should be developed from a substantive theory (Glaser and Strauss, 1967). A theory regarded as a substantive theory is only applicable to a substantive area for which it is developed. This theory has a low level of generality and is very

close to the practice domain. A formal theory has more generality and focuses on a broader conceptual area, whereas a substantive theory focuses on a limited, contextualised area (Glaser and Strauss, 1967).

The co-founders of grounded theory, Glaser and Strauss (1967), suggest that both a substantive theory and a formal theory lie within what is referred to as the "middle range" of theory types, between everyday "minor working hypotheses" and "all-inclusive grand theories". The object of grounded theory is to initially generate a substantive theory with the longer-term view of generating a formal or general theory (Glaser and Strauss, 1967). As suggested by Strauss and Corbin (1990), an alternative process of developing a formal theory can be by maintaining the substantive area or population and expanding the research focus and conditions for the population. In the present study the outcome of the theory generation was a substantive theory.

This section detailed a) the philosophical underpinnings of qualitative research, b) the fundamental tenets of grounded theory and c) the nature of theory in grounded theory. The criticisms of grounded theory will be explored in the next section.

4.6 CRITICISM OF GROUNDED THEORY

Although grounded theory has been in existence for a long time, its methodological execution varies from one study to another, leaving the methodology elusive and misunderstood by many scholars, including those who advocate for the method. In practice while many research studies cite the use of the grounded theory methodology, a substantial number of studies have merely applied particular pieces of the approach or adopted grounded theory jargon (O'Reilly, Paper & Marx, 2012). Urquhart, Lehmann and Myers (2010) note that the researchers who use grounded theory only as a way of coding data are neglecting the main purpose of the method which is to build theory. In a similar light, O'Reilly, Paper and Marx (2012) posit that the power of grounded theory is only achieved when grounded theory is considered from an epistemological viewpoint and is employed as a holistic methodology, not simply as part of the process of data coding and analysis.

Heath and Cowley (2004) argue that novice qualitative researchers are often unsure of how to analyse their data, particularly in relation to grounded theory and the differences in approaches that exist between the Glaser and Strauss approaches. This is unlike quantitative research, where time is spent reviewing the literature and planning details of all stages of the research process. In grounded theory, there is an early need to start gathering data in order to formulate ongoing

plans and, perhaps, to discover the nature of the research questions. Yet even in this process, the instructions provided by Glaser and Strauss differ and there is ambiguity.

Charmaz (2006) argue that tension exists between the need to understand grounded theory by reading about it and a recognition that the novice researcher must find out "about the process of researching through learning in the process of carrying out the research". Thus, numerous methodologists have noted the claim that grounded theory is induction, which is a common misconception among novice users of the approach (Charmaz, 2006; Goulding, 2002; Strauss and Corbin, 1994). Strauss and Corbin (1998) explicitly note that effective grounded theory requires "an interplay between induction and deduction". Charmaz (2006) goes further to suggest that the interplay between induction and deduction echoed by Strauss and Corbin (1998) represents the notion of "abduction" and not induction.

The following section provides the rationale for adopting the Straussian version of grounded theory method in the present study.

4.7 RATIONALE FOR ADOPTING THE STRAUSS AND CORBIN (1990) GROUNDED THEORY FOR THE STUDY

Strauss and Corbin (1990) propose that researchers from different fields can adopt the procedures of grounded theory method to successfully investigate phenomena in their field. The grounded theory method can provide researchers with procedures for analysing data that will lead to the generation of theory useful and relevant to their discipline. Several scholars (Douglas, 2003; El-Tawy and Abdel-Kader, 2012; Goulding, 2002; Isabella, 1990; Locke, 2002; O'Reilly, Paper and Marx, 2012; and Urquhart, Lehmann & Myers, 2010) encourage the use and adoption of grounded theory in research in the field of management as micro-level concerns such as complexity and context require research methods that provide interpretative understanding and accounts for what is occurring and why. Hence, grounded theory method has the capacity to elicit deep rather than general connotations and meanings (Douglas, 2003).

In the earlier sections of this chapter two main approaches of grounded theory were identified as the Glaserian and the Straussian approach. It was noted that these two approaches possessed different ontological and epistemological assumptions. It is appropriate at this stage to provide a justification of the version of grounded theory chosen for this study. This is in support of the assertions by Skodol-Wilson and Amber-Hutchinson (1996) who argue that the growth in use and number of versions of grounded theory method has forced scholars doing research to specify the type of grounded theory method used and why.

The ontological and epistemological assumption of the Glaserian grounded theory method demands distance between the researcher and the participants. On the other hand, the researcher in the current study believes that the ability of the participants to open up and be expressive can fully be achieved through close interaction between the researcher and the research participants. Therefore, the researcher in this study subscribes to a constructivist paradigm which allows for multiple realities to exist. Reality becomes a construction of the research participants' and researcher's expressed meaning of the phenomenon. Furthermore, the nature of "opportunities" lends itself to multiple subjective meanings and expressions in the present study.

In a grounded theory study, reality is represented from the perspective of the participants and it is their subjective meanings, experiences and perceptions that are held as important (Strauss and Corbin, 1990). This principle of grounded theory is appropriate for the present research because this study seeks to respect the voices of the Chinese immigrant entrepreneurs who participated, and to represent their experiences from their own point of view in an attempt to develop an insider's understanding of this experience and the processes involved.

The Straussian version of grounded theory assumes an active rather than neutral researcher, whose decisions shape the process of the research throughout the study (Strauss and Corbin, 1990). This characteristic of the Straussian version of grounded theory is applicable to the present research because, through the interview questions the researcher performed an active role in directing the research process.

Through the researcher's interaction with participants and the interpretations engaged throughout the data analysis of the material, the researcher would be an active agent in the meaning-making process (Strauss and Corbin, 1990). Thus, the Straussian version of grounded theory allows a substantive inquiry by the researcher in terms of the current place and time in which a phenomenon is occurring within a context.

Mkabela (2005, p.180) argues that "researchers should be actively involved in order to produce knowledge suited to the cultural and social context in which they operate". Therefore, the researcher in the present study believes that the grounded theory method accommodated the epistemological and ontological aspects of the inquiry, that is, "identification of opportunities" by Chinese immigrant entrepreneurs in the South African business environment. Grounded theory research method recognises the importance of the specific context and social structure surrounding and affecting the phenomenon under study and theories are closely related to the contexts in which they were developed (Creswell, 2007; Strauss and Corbin, 1990). This

assumption of grounded theory is particularly relevant to the present research, given that this study was conducted within the unique context of the small business environment of the Eastern Cape, South Africa. The actions, interactions and processes around immigrant entrepreneurship and the identification of opportunities by the Chinese immigrant entrepreneurs in the study were contextually situated in time and place as well as bound up in the particular culture or ethos of this environment. The theory developed through this study is therefore highly contextually relevant.

Strauss and Corbin (1990) emphasise the importance of generating local and specific constructed realities in the relativist ontological sense, which is not necessarily in the positivist generalised or post-positivist sense. Similarly, the paradigm model and conditional matrix of Strauss and Corbin (1990) are well-suited to understand the contextual conditions at various levels (such as group or industry), interactions and consequences of how Chinese immigrant entrepreneurs identify opportunities.

In this study, the researcher who was also novice to the grounded theory approach, decided to use the Strauss and Corbin (1990) approach over the Glaser (1992) approach because the Strauss and Corbin approach was more structured and gave more guidance. However, despite the criticism levelled against this approach, Partington (2000) argues that Strauss and Corbin attempt to present grounded theory as presented in the original approach without losing any of its comprehensiveness and intellectual complexity.

Partington (2000) adds that the benefits of the version of grounded theory proposed by Strauss and Corbin (1990) is what is termed the "seductive appeal" of the method. This seductive appeal allows novice researchers – who do not wish their research to be criticised by positivist researchers for lacking rigour – to adopt the method. Partington (2000) notes another benefit of grounded theory, which is that it provides greater consistency in qualitative research by giving qualitative researchers common, explicit, and practical methodological approaches. In this light, Parker and Myrick (2011, p.75) declare that at the heart of the Strauss and Corbin (1990) grounded theory approach is "a systematic yet flexible process or procedures to produce an inductively derived mid-range theory about a particular experience or social phenomenon".

Another advantage and reason for the adoption of the Straussian version is that this approach allows the researcher to declare their interest, experience and background from the outset. In this regard, the method refutes the assertions of *tabula rasa* in the research. This resonates with the suggestions by scholars such as Creswell (2009) and Goulding (2002) who advocate that

qualitative researchers should record their own biases, feelings, preconceptions and thoughts and state them clearly in the report of the study. Researchers do not engage in research with a blank slate; instead they bring with them their conscious and unconscious assumptions.

Most researchers possess their own discipline orientations which influence their lens of inquiry and conclusions in a study. Researchers begin a research study already possessing preconceived assumptions and beliefs influenced by their life experiences and background. Although the Straussian version of grounded theory allows the researcher to interact closely with research participants, Strauss and Corbin caution that it is impossible for the researcher to attain complete neutrality or detachment from those being researched since the researcher is the main instrument of data collection and analysis. The researcher concurred with the abovementioned philosophical assumptions of the Straussian version of grounded theory, identifying it as the most suitable version of grounded theory to answer the research question in the present study.

The section above discussed the rationale of adopting the Straussian version of grounded theory in the present study. Drawing from the advice of Strauss and Corbin (1990), in the next section, the researcher will discuss issues of research quality, theoretical sensitivity and experiences brought to the study by the researcher.

4.8 RESEARCH QUALITY IN GROUNDED THEORY

The previous sections of this thesis have examined the nature and types of theories in grounded theory method. Focus now turns to how a grounded theory researcher will be able to evaluate and generate a sound grounded theory. Smith and Sparkes (2009) suggest that "validity" and "reliability" are inappropriate measures of quality for grounded theory research, less because of their linguistic meaning because as concepts, they are embedded in the quantitative viewpoint. The concepts of "validity" and "reliability" have become associated with the imposition of criteria derived from ontological realism and epistemological positivism upon research (Smith and Sparkes, 2009). In grounded theory research several criterions that are comparable to "validity" and "reliability" are used, namely, fit, work, modifiability, and relevance (Glaser and Strauss, 1967) fit, understanding, generality and control (Strauss and Corbin, 1990). For the purpose of this study the quality criterion proposed by Strauss and Corbin (1990) was adopted.

Elliot and Lazenbatt (2005) find that there are differences in evaluating the Glaserian and Straussian versions of grounded theory. The criteria for evaluating the Glaserian version of grounded theory are fit, work, modifiability, and relevance. On the other hand, Strauss and

Corbin (1994) suggest that increasingly some qualitative researchers who were simply doing "inductive" research were claiming that they were engaging in grounded theory to gain legitimacy for their work.

The quality of a grounded theory study can be judged from two perspectives: it can be assessed in terms of outcome (grounded theory) or in terms of process (techniques, procedures).

4.8.1 Quality criteria of grounded theory from an outcome perspective

The quality aspects in terms of outcome (grounded theory) refer to the quality of the content of the theory produced. In this respect, Strauss and Corbin (1990) propose several criteria to ensuring quality in a grounded theory study. The four main criteria for judging the applicability of a grounded theory to a phenomenon are fit, understanding, generality and control (Strauss and Corbin, 1990).

Thus, if a theory is faithful to the everyday reality of a substantive area and robustly induced from diverse data, then it should fit that substantive area. This means that it represents that reality and should be understood by those who were studied, and by those practising in that area. If the data upon which the theory is based is comprehensive and the interpretations are conceptual and broad, then the theory is sufficiently abstract (Strauss and Corbin, 1990). Additionally, a theory which is comprehensive and abstract bears sufficient variation that allows it to be applicable to a variety of contexts related to the phenomenon.

The theory should provide control with respect to action towards the phenomenon. Essentially, this should be achieved because the hypotheses proposing relationships between concepts are systematically derived from actual data empirically grounded in the phenomenon (Strauss and Corbin, 1990).

4.8.2 Quality criteria of grounded theory from a process perspective

On the other hand, in judging the quality of a grounded theory from a process perspective, Strauss and Corbin (1990) suggest several criteria to ensure quality in a grounded theory study. These include judgements regarding the credibility of data, research process and empirical grounding of the findings. As such Strauss and Corbin (1990) posit that initially, judgements need to be made about the quality content of the theory (credibility of the data). Second, judgements are passed about the adequacy of the research process through which the theory is generated, elaborated, or tested. Third, judgements are made about the empirical grounding of the research findings.

4.8.2.1 Quality content of the theory

A grounded theory should embrace the interaction of multiple actors and emphasise temporality and process. To uphold quality in grounded theory, it is imperative for the researcher to ensure that the data gathered is sound and credible (Strauss and Corbin, 1990). The data used in grounded theory can either be quantitative or qualitative, and Strauss and Corbin (1990) propose that more scholars who adopt the Straussian version of grounded theory might prefer to use qualitative data, although they do not rule out quantitative data. Strauss and Corbin (1990) add that the interview is the most popular data collection technique adopted in grounded theory and it is important to ensure quality in this method.

To enhance the quality of the data ascertained from interview questions in research, Kvale (1996) proposed the following guidelines: a) properly select and train interviewers, b) use structured interview questions, c) carefully select those to be interviewed, d) build relationships and empathy with those interviewed, and e) record and transcribe the interviews.

Partington (2000) raises a cautionary note regarding the ontological status of interview data. In this respect, interviews are observed as retrospective, second-hand accounts relayed by the interviewee to the interviewer, rather than being directly observed by the researcher. Relying on recollections by interviewees limits the principles underlying symbolic interactionism related to the direct empirical observation of social interactions by the researcher, who in turn attaches meaning to the observations.

Another caution which needs to be emphasised with respect to the use of interviews is the issue of the unconscious playing out in the interviewees. In this regard, the true motivations underpinning the behaviour of the interviewee as they interact with the phenomenon may remain unknown to the interviewee (Partington, 2000; Izzo, 2003). Hence, given this possible challenge, Partington (2000) suggests that an interview-based grounded theory study should be based on a critical realist ontology which promotes the generation of "cause and effect" relationships enabled by creative speculation by the researcher of the data whose "truth" is dependent on consensual validation by the interviewees.

Furthermore, Goulding (2002) notes that an interview can be perceived as a conversation between the interviewer and interviewee, whereby the interviewer who is the researcher draws from their personal pre-understanding to interpret meaning attached to the interviewee's responses. In this regard, the interviewer needs to exercise caution since interpretation is always an ongoing event even after the interview (Goulding, 2002). Consequently, this ongoing

interpretation might require the interviewer to approach the interviewee at a later stage in the study to assess a new interpretation. This would require a high level of self-reflexivity, trust and rapport between the interviewer and interviewee (Goulding, 2002; Partington, 2000; Izzo, 2003).

In the present study the researcher collected data with the aid of a research assistant. The research assistant was ethnically Chinese and was proficient in both English and Mandarin. The researcher was aware that some of the Chinese immigrant entrepreneurs were not proficient in English, hence there was the need for a research assistant who was competent and proficient in both English and Mandarin. Before commencing with the collection of data the researcher briefed the research assistant about the purpose and aims of the study. Additionally, the researcher took some considerable time briefing the research assistant about the nature of the grounded theory method and the ethical principles (see Section 4.9.6) that needed to be adhered to in the study (Strauss and Corbin, 1990). In this respect, the researcher attempted to address any queries or lack of clarity by the research assistant.

Additionally, the researcher spent some time training and explaining to the research assistant how to conduct interviews, and had a practice run where the researcher explained how to probe and seek clarification. Mindful that the participants were immigrants in a host community, it was imperative to maintain a high level of sensitivity during the interviews. During data collection, an interview guide was used (see section 4.9.2) to ensure that key aspects that were identified as critical to answering the research question were covered.

As an additional control, the researcher used the procedure of member checks to ensure the credibility and quality of the data collected in the study. The nature of the grounded theory adopted by the researcher allowed the researcher to use member checks to confirm the emergent findings from the data. Member checks with several research participants were used by the researcher as a means of evaluating participants' understanding of the theory, its relevancy, applicability, trustworthiness and usefulness in their understanding of the phenomenon investigated. On the other hand, to verify the translations undertaken by the research assistant (translator), audio recorded interviews and the respective transcripts translated in English were given to other translators to confirm the quality of the translations of Mandarin to English and vice-versa.

After the first set of interviews, the researcher engaged in open coding and axial coding (see section 4.9.5) and began to gain some insight regarding the emerging theory. Thereafter, the

researcher presented this emerging theory to the next set of research participants where these participants had the liberty to question the researcher's interpretations and provide additional insights on the emerging theory. The researcher presented the emergent theory and interpretations of the phenomenon to various individuals, namely a) colleagues with experience in grounded theory, b) several Chinese immigrant entrepreneurs who had participated in the study, and c) other qualitative researchers at regular qualitative analysis seminars and conferences. In this respect, these individuals additionally acted as peer reviewers to assist in ensuring the credibility of the research and the interpretations of the researcher.

4.8.2.2 Adequacy of the grounded theory research process

In a grounded theory study the researcher should allow readers to be able to make judgements about the adequacy of the research process. The process of generating a grounded theory should not be opaque but should be transparent to the readers. Rich evidence should be provided by a grounded theory researcher to allow the reader to trace how the theory was generated. In line with this, Strauss and Corbin (1990) propose seven questions to serve as evaluative criteria to assess the adequacy of the researcher's complex coding procedure.

These questions are a) "How was the original sample selected? On what basis?" b) "What major categories emerged?" c) "What were some of the events, incidents, actions, and so on (as indicators) that pointed to some of these major categories?" d) "On the basis of what categories did theoretical sampling proceed? That is, how did theoretical formulations guide some of the data collection? After the theoretical sampling was done, how representative did these categories prove to be?" e) "What were some of the hypotheses pertaining to conceptual relations (that is among categories), and on what grounds were they formulated and tested?" f) "Were there instances when hypotheses did not hold up against what was actually seen? How these discrepancies were accounted for? How did they affect the hypotheses?" g) How and why was the core category selected? Was this collection sudden or gradual, difficult or easy? On what grounds were the final analytic decisions made?"

In the present study the researcher sought to address all the above mentioned questions throughout the research process. This can be evidenced from the in-depth discussions provided in the subsequent sections of this chapter (see section 4.9) and in Chapters 5, 6 and 7.

4.8.2.3 Empirical grounding of findings

The quality of a grounded theory is also determined by how the theory was deduced from the data. In this respect, Strauss and Corbin (1990) propose seven questions of judging the empirical

grounding of the theory. In a grounded theory study, the researcher and reader should pose the following questions:

a) "Are concepts generated?" Evidence of meeting this criterion can be found in Chapters 5, 6 and 7 of this thesis as the concepts that emerged were related to the data collected. Technical concepts which were related to the actual occurrences from the data were generated in the study.

b) "Are the concepts systematically related?" This criterion was met by the researcher who sought to systematically conceptualise the conceptual linkages emerging from the data. These conceptual linkages were strictly drawn by the researcher from the collected data; hence they were grounded in data.

c) "Are there many conceptual linkages and are the categories well developed? Do they have conceptual density?" The researcher met this criterion in the study by adopting the paradigm model (Figure 7.1) and identifying the dimensions of the different properties to provide the theory with explanatory power. The conceptual density criterion was met because the researcher used theoretical sampling to achieve theoretical saturation in the various emergent categories.

d) "Is much variation built into the theory?' To answer this question, the researcher established several contexts in which the emergent theory could be used to explain the phenomenon. Several interactions that characterised the phenomenon and the relevant range of consequences were also presented by the researcher in the study drawing from the collected data (see Chapter 7).

e) "Are the broader conditions that affect the phenomenon under study built into its explanation?" The researcher met this quality criterion by bringing the explanatory conditions into analysis and not being restricted only by those conditions that seemed to have an immediate bearing on the phenomenon under study. To this end, the researcher was mindful of how various conditions such as economic conditions, the socio-political climate (for instance xenophobic sentiments or service delivery protests in South Africa) and social values in the South African context influenced the various interactions undertaken by the Chinese immigrant entrepreneurs in the business context as they identified opportunities for their small retail businesses,

f) "Has process been taken into account?" In this study, the researcher attempted to unpack the relevant interactions and relationships over the passage of time that were in response to the prevailing conditions the Chinese immigrant entrepreneurs were exposed to.

g) "Do the theoretical findings seem significant and to what extent?" The researcher sought to ascertain and integrate the broader conditions that influence the phenomenon in the study

through the use of the constant questioning technique embedded in theoretical sensitivity. To this end, the researcher continuously asked questions about the data collected, made comparisons, and formed hypotheses related to how the emergent concepts were related.

Based on the recommendation and advice proposed by Strauss and Corbin (1990), the researcher adopted these quality criteria of grounded theory throughout the research process. In the following section, the concept of "theoretical sensitivity" in the present study will be explored.

4.8.3   Theoretical sensitivity in the study

As noted, the researcher has adopted the Straussian version of grounded theory for this study. Because of this choice, it is important for the researcher to declare his prior experience and the preconceptions which he brought to the research. The researcher brought to the research context experience in lecturing and post graduate research supervision in Management Studies and Entrepreneurship, which he acquired as a lecturer at Rhodes University. Although the researcher did not undertake and supervise research studies that focused specifically on immigrant entrepreneurship, the researcher had experience in supervising research on entrepreneurship within small businesses in the South African business context. Though the researcher had never conducted a study focusing on immigrant entrepreneurship, it cannot be ruled out that his prior research experience in the field of entrepreneurship did not influence his perceptions and preconceptions of the practice of entrepreneurship. In this respect, the researcher was fully aware of his expert academic knowledge. However, in the research, the participants were the experts by virtue of their "lived experiences". In this regard, the researcher was consistently aware of and sensitive to the premise that the interviews were about the actual lived experiences of the participants and that the participants were the most suitable individuals to talk about their experiences.

The interest of the researcher in the study of immigrant entrepreneurship emanates from the general observation that Chinese immigrant entrepreneurs have successfully adopted unique strategies and approaches in operating their small businesses relative to local entrepreneurs in South Africa, specifically in the Eastern Cape province. This prompted the researcher to ponder how the Chinese immigrant entrepreneurs identified opportunities within the South African business environment. Furthermore, the researcher was cognisant of the high levels of competition and challenges experienced within this business environment.

In the Straussian version of grounded theory, there are several sources of theoretical sensitivity, and experience is one of them. Strauss and Corbin (1990) suggest that even if experience is implicit, it should be taken into the research situation to help the researcher understand events and actions seen and heard within the research context. The researcher's background and experience enabled him to quickly and genuinely gain an understanding of the phenomenon under investigation than if he did not bring this background into the research.

Strauss and Corbin (1990) suggest that the researcher may enhance their theoretical sensitivity by being more creative in the iterative collection and analysis of data. In this vein, the researcher may open up their existing assumptions and emerging assumptions about the meaning of phenomena. Furthermore, the researcher may constantly question and prepare to abandon unsubstantiated concepts, rather than enforce prejudice in the study (Strauss and Corbin, 1990).

Strauss and Corbin (1990) maintain that without theoretical sensitivity, experience can potentially inhibit the researcher from seeing things that have become routines or obvious. Thus, in the present study constant comparison, development and verification of hypotheses of relationships between categories and subcategories in data allowed only those concepts that were repeatedly evident in data to find way into the theory.

Babbie (2011) argues that to enhance the quality of a qualitative study, the researcher needs to deal with subjectivity through reflexivity. Essentially, in the present study the strategies adopted to reduce any potential bias and enhance quality included constant comparison, individual in-depth follow-up interviews to triangulate data, and constant member checks.

The tenets of the grounded theory adopted by the researcher in the present study have now been presented. The section below discusses the research procedure followed by the researcher to generate the substantive grounded theory developed in this study.

4.9 RESEARCH PROCEDURE

This section of the thesis presents in detail how data was collected and analysed. From a logical perspective, it is sound for this section to first discuss the critical incidents technique and interview guide used in the study, followed by sampling, data collection and analysis. The specific data analysis techniques employed to ensure rigour in the study will also be discussed.

Drawing from the methodological suggestions proposed by the Straussian version of grounded theory, there was an iterative interaction between sampling, data collection and analysis, up until theoretical saturation of the core categories and the generation of a substantive grounded theory. Throughout every stage of the research process, this study was guided by the

overarching framework of Straussian version of grounded theory as both a theoretical perspective and a methodology, and the principles of grounded theory research guided the overall structure, paradigm, implicit assumptions, research question formation, and methods of the study.

The following section will present a discussion of the critical incident technique adopted in this study.

4.9.1 The critical incident technique

In the study, the critical incident technique (CIT) was adopted to frame the interview questions and facilitate the data collection process. In this respect, the researcher sought to ascertain the critical incidents in which the Chinese immigrant entrepreneurs identified opportunities. The CIT technique was developed by John Flanagan who carried out work for the United States Army Air Forces as part of the aviation psychology programme during World War II. Flanagan conducted a series of empirical studies which were aimed at differentiating effective and ineffective work behaviours. The CIT is a qualitative interview procedure which facilitates the investigation of significant occurrences, events or incidents that are identified by a given respondent as being relevant to relate to the interviewer (Chell, 2004).

The studies undertaken by Flanagan (1954) assumed a "concreteness" regarding reality such that a) the general purpose of the activity being undertaken could be specified, b) the criteria of what constitutes effective or ineffective performance of the activity could be identified, and c) observers could be given explicit criteria for judging/evaluating observed behaviours as reaching the standard or not. The CIT in its original conception by Flanagan (1954) consisted of "a set of procedures from collecting direct observations of human behaviour in such a way to facilitate their potential usefulness in solving practical problems and developing broad psychological principles" (Flanagan, 1954, p.327).

The CIT is an action-orientated tool that should be consulted to guide the conducting of interviews to ascertain the thought process, feelings and frames of reference regarding an incident or set of incidents, which bear meaning to the respondent (Chell, 2004). Although the CIT was originally developed by Flanagan (1954) as a quantitative approach, more recently the technique has been adapted and applied in qualitative research (Gremler, 2004). In this regard, Chell (1998, p.45) suggests that from a qualitative perspective, the critical incident entails:

> "a qualitative interview procedure which facilitates the investigation of
>
> significant occurrences (events, incidents, processes or issues)

identified by the respondent, the way they managed, and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements".

Furthermore, this method can assume the principles of subjective research in that reality is phenomenal and not concrete, that data are subjective, and that knowledge is socially constructed (Chell, 2004; Chell and Pittaway, 1998). Additionally, the CIT is able to assist the researcher in focusing on specific issues and situations. The researcher is able to narrow the type of incidents down while concurrently involving the respondent in the selection of incidents which they think are important.

Hence, an approach of this nature allows important data to emerge according to the values and experiences of the respondent rather than the values of the researcher (Chell, 2004; Chell and Pittaway, 1998). When used qualitatively, the CIT provides more discursive data which can be subjected by the researcher to narrative analysis and can be coded and categorised according to the principles of grounded theory (Strauss and Corbin, 1990). Therefore, such data is coded depending on the aims and objectives of the research and provides significant insights into the cognitive, affective and behavioural influences on the individual in response to an incident.

Additional merits of using the CIT in qualitative research are that it enhances the completeness of data, the incidents are covered in extensive detail, and research participants can be prompted to reveal how they felt about situations and can discuss what the incidents meant to them as individuals (Chell and Pittaway, 1998). In addition to a description of what occurred and how the individual coped with the situation, this depth of data can provide an insight into how the individual acted, the psychological assumptions underpinning their actions and an indication of how their actions affected the outcome of the incident (Chell and Pittaway, 1998).

Based on the abovementioned merits of using the CIT, it was adopted for the current study because it could be used in alignment with the tenets of grounded theory as proposed by Strauss and Corbin (1990). The technique could also aid the researcher in addressing the research goals. In this respect, the technique which focuses on ascertaining incidents was in line with methodological tenets of collecting data from incidents as proposed by Strauss and Corbin (1990). This resonated with the data collection technique adopted in the present study as data was collected and analysed from the incidents illuminated by the Chinese immigrant

entreneurs. Having discussed the interviewing technique (CIT) adopted in the present study, the researcher will present a discussion of the interview guide adopted in the study.

4.9.2 Interview guide

In this study the central research question and the secondary research goals guided the development of the original interview guide. The interview guide was adopted to gather data from critical incidents through interviews with research participants. The Straussian version of grounded theory proposes that a researcher can use literature to derive initial interview questions to ask the research participants. In grounded theory, the questions posed to the respondents are not used as a standardised list for all interviewees. An example of the initial interview guide adopted in the present study is presented below in Figure 4.1.

Figure 4.1 Initial interview guide

Business background
Describe what brought you to South Africa, specifically the Eastern Cape province, to start your business. What opportunities did you perceive that made you want to start-up a business?
How did you start your business? Who supported you during the start-up of your business?
Establishing events
Describe what major critical incidents related to identifying opportunities that you have experienced in your business in the past three years. When did they occur, how and why?
What was the central opportunity? Why was this opportunity regarded as central? Who identified the opportunity? How did they identify the opportunity?
How did you feel about the opportunity? What determined your feelings, actions and behaviour in this incident?
External factors
What factors threatened or enhanced the opportunity? How did you deal with these factors? Who was involved?
Means of achievement
How did you handle the incident with this opportunity? Who was involved in dealing with the opportunity? When were they involved and why? What behaviours and actions were used to handle the opportunity? What was the outcome of these behaviours and actions used to handle the opportunity?
Strategy of accomplishment
How did this opportunity influence the performance of the business in the environment? How did you pursue this opportunity and what were the consequences?
Communication
How was the communication when dealing with the opportunity? Who communicated with whom and why? What was the consequence of this communication?
Leadership and control
Who was actively involved in making decisions pertaining to the opportunity? How were decisions implemented? What kinds of actions were rewarded or punished? How?
Consequences
Describe the consequences and outcomes related to the opportunity. Why were the results like that? What would you recommend to others as a way to achieve successful results?

The original interview guide was used to generate narratives and descriptions of credible and critical situations. The initial interview guide had eight subsections. Although there was no rigid sequence adopted in asking questions in the interview guide, initially the researcher asked questions in the order they were arranged in the initial guide presented. However, as the study progressed the questions in the initial guide evolved from broad questions to more focused and directed questions on specific issues in the follow-up and subsequent interviews. In grounded theory, as the research progresses, the questions posed both in new and follow-up interviews may become more focused and narrow (Strauss and Corbin, 1990).

Throughout the research process questions were continuously revised, replaced and refined to enhance relevance and focus. In addition, there was a deliberate glossing over of data or themes that were seen as confirming the data already collected, thereby allowing more time in the interview for a deeper probing of novel information. The object was to ensure that these focused questions would contribute to the generation of conceptual density and variation of the emerging theory throughout the research process.

In the same light, the continuous revision of questions allowed the researcher to probe for further information which was relevant to the study and not simply be guided by restrictive questions based on preconceived theoretical frameworks. This approach adopted in interviewing allowed interviewees to have an opportunity to elaborate and express meaning of their "lived reality". Examples of questions included later as the study progressed are: "What challenges did you experience in identifying opportunities in the hostile business environment? How was each of these challenges that you experienced managed, and by whom? What was the outcome?"

4.9.3 Sampling and description of research participants

Purposive sampling was initially adopted to select the appropriate research participants, followed by theoretical sampling which was aimed at selecting incident data relevant to the evolving theory (Strauss and Corbin, 1990). The research participants purposively selected by the researcher were Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa. Thus, the research participants in the study included Chinese immigrants who were born in China and had Chinese origin.

Additionally, all the Chinese immigrant entrepreneurs selected in the present study had owned and operated their small retail businesses for a period of more than three years. Drawing from the advice from Stones (1998), research participants in a study should be individuals who have

had experience relating to the phenomenon being investigated. In the current study, it was proposed that operating a small business for a period of more than three years would have allowed the research participants (Chinese immigrant entrepreneurs) to have experienced the process of identifying opportunities in the host business environment (Willemse, 2013). The biographical characteristics of the research participants are presented below in Table 4.2

Table 4.2 Biographical characteristics of interviewees.

Biographical characteristic	Number of interviewees
Age: 20 – 30 years 30 - 40 years 40 years >	 0 1 40
Gender: Male Female	 37 4
Born: China South Africa	 41 0

Researcher's own construction

In the study, 37 of the Chinese immigrant entrepreneurs interviewed were males, four were females. On average the Chinese immigrant entrepreneurs interviewed were older than 40 years with the exception of one interviewee who was 37 years old. All the interviewees had been residing in South Africa for a period of more than five years and had migrated from China. The small retail businesses owned and operated by the interviewees employed between six and twenty employees. Additionally, these small retail businesses sold retail goods (such as *food products, mobile airtime, appliances, cosmetics and clothing*). All the interviewees had started their small retail businesses through the support and assistance they obtained from their immediate family members. Additionally, all the small retail businesses employed local employees in addition to the human capital support they received from family members. The Chinese immigrant entrepreneurs who were interviewed operated their small retail businesses in towns in the Eastern Cape province of South Africa, namely, East London, Grahamstown, Port Elizabeth, King William's Town, Fort Beaufort and Uitenhage.

In the present study theoretical sampling was adopted after the purposive sampling of the initial research participants. Contrary to positivistic quantitative studies, grounded theory uses theoretical sampling (Glaser and Strauss, 1967; Strauss and Corbin, 1990). The process of theoretical sampling entails the sampling of "events, incidents, and so forth, that are indicative of categories, their properties, and dimensions that can be developed and conceptually be related to one another" (Strauss and Corbin, 1990, p.177). Essentially, the process of theoretical sampling is cumulative, systematic and flexible in nature, progressively increasing both the depth of focus and variation in incidents in order to generate a dense theory.

In the study, the researcher developed concepts from the initial data that was collected, and compared these concepts to produce the initial categories of the study. While the theory was taking shape as the initial categories emerged from the data, purposive sampling of the research participants was superseded by theoretical sampling. Theoretical sampling was focused on defining and collecting incident data (such as places where to collect incidents, from who, and what situation) relevant to the evolving theory to direct the researcher to what data to collect next and from where. Theoretical sampling was also relevant to the researcher as the evolving theory emerged to sharpen the researcher's conceptual understanding. Theoretical sampling ceased once the data categories had been saturated, and when additional data did not add any further valuable insight (Strauss and Corbin, 1990).

Therefore, by faithfully adhering to the tenets of grounded theory by Strauss and Corbin (1990), it is inappropriate to view the interviewees in this study as the sample. Instead, the incidents recalled by the Chinese immigrant entrepreneurs constitute the sample. In the next section, a discussion of the data collection process will be presented.

4.9.4 Data collection

Strauss and Corbin (1990) state that grounded theory does not stipulate what technique should be adopted by the researcher to collect data. Instead, they recommend using a combination of techniques. However, the majority of grounded theory studies use interviews for a significant part of the data collection; these can be described as semi-structured or unstructured, formal or informal interviews (Strauss and Corbin, 1990).

In this study, in-depth, face-to-face, semi-structured interviews were the main source of data during data collection. Qualitative interviewing techniques formed the basis of the interview style adopted during data collection. A qualitative research interview is defined as an interview whose purpose is to gather descriptions of the life-world of the interviewee with respect to

interpretation of the meaning of the described phenomena (Klave, 1996). In a qualitative research interview, the interviewee is perceived as

> "actively shaping the course of the interview rather than passively responding to the interviewer's pre-set questions. The object of a qualitative research interview is to perceive the investigated phenomenon from the viewpoint of the interviewees, and to comprehend how and why they come to have these particular viewpoints" (King, 2004, p.11).

Strauss and Corbin (1990) suggest moving from broad questions to questions that are more specific as the research progresses.

However, a reliance on interview data could be perceived as a limitation of the present study. The absence of additional data such as observational data, limited the theory that developed in the study to be based upon data collected through imperfect recollections of lived experiences of interviewees. Mindful of this important limitation of the study, the researcher drew from his own experience, educational background and advice from Strauss and Corbin (1990) to work with the data to construct a theory which is empirically induced and grounded in data.

To ensure rigour in the data collection, data was collected through recoding the interviews on audiotape. The interviews followed a semi-structured format to guide the researcher in obtaining relevant data. The CIT developed by Flanagan (1954) was adopted to guide the interviews. This technique was used to identify and explore the critical incidents relating to the phenomenon under investigation. As is typical of grounded theory research, data collection and data analysis occurred in an iterative manner in the research until the theory emerged.

In the present study, individual interviews took place at the participant's business premise between the period of November 2014 to August 2016. The researcher ensured that the time specifics of the interviews were arranged at the convenience of the participants. The emphasis in the Straussian version of grounded theory on collecting *contextual* data motivated the researcher to strive to meet with the participants at their business premises. The maximum interview duration was approximately one hour and thirty minutes, with the majority of interviews averaging one hour in length.

Periodic contact between the researcher and the research participants extended the researcher's collaboration with participants in the form of follow-up interviews. In the follow-up interview, the researcher probed for clarification of those critical issues raised in the first interview. These

additional follow-up interviews provided valuable deeper insight into specific aspects pertaining to the processes and interactions involved in the identification of opportunities in the business environment.

As part of follow-up interviews and feedback, the researcher presented the emerging theory to the interviewees as it progressively evolved and took shape. The follow-up interviews gave the interviewees an opportunity to verify, disconfirm, comment or elaborate on the emerging theory. This ongoing "member check" throughout the study was based on the progressive nature of "constant comparative analysis" which informed the future theoretical sampling and data collection. The researcher moved back and forth with interviewees and also moved on to other different interviewees to see if the emerging findings represented their experiences. This allowed for variation and richness in the interview data.

During the interview process, the researcher made handwritten notes in the form of memos and later transcribed them. Additionally, the transcription of the initial interviews was verbatim to allow for line-by-line analysis. In the Straussian version of grounded theory, selective transcribing of interview material is recommended, with the initial interviews being transcribed in their entirety to allow line-by-line analysis (Strauss and Corbin, 1990). As the research progresses, the emerging theory from the data collection and analysis should guide the researcher in knowing which further parts of the interview need to be transcribed for a more detailed analysis (Strauss and Corbin, 1990). Consequently, in transcribing later interviews, the researcher adopted this suggestion. The material of initial interviews was summarised, with relevant extracts from the interviews transcribed using appropriate analysis procedures described in detail in section 4.9.5.

Chinese immigrant entrepreneurs were interviewed individually until there was evidence of redundancy in the data they provided in their responses. This redundancy is termed "theoretical saturation" (Glaser and Strauss, 1967; Strauss and Corbin, 1990) which is a stage of sampling when no new or relevant data is emerging pertaining to the categories. This is technically when the categories are dense. In the present study the researcher was progressively guided by the emerging theory to direct sampling of incidents to obtain data that was necessary to integrate categories, validate and further develop categories.

As is characteristic of grounded theory, data collection and analysis occurred iteratively throughout the research process. To analyse the data, the researcher made use of three forms of coding as proposed by Strauss and Corbin (1990), namely open, axial and selective coding. The

researcher will present some of the themes and categories that emerged under these headings in the next section.

In the present study, there was a total of 41 in-depth interviews which gave in excess of 50 hours in interviewing time. With interview data collected that was in excess of 50 hours, there was sufficient variation in data which contributed to the attainment of theoretical saturation (Strauss and Corbin, 1990). Additional interviews and data collection seized when theoretical saturation was achieved in the field. From the 41 in-depth interviews, nine of the early interviews were transcribed in their entirety through line-by-line analysis. These interviews were selected because of the richness of the data presented by the interviewees. Further interviews which were transcribed and coded in their entirety were selected on the basis of the novelty and richness of the data they presented for the emerging theory.

For the other interviews conducted, the content of the interviews was summarised to gain meaning while some portions which were presented as quotations were transcribed word-for-word as extracts. These selected quotations were transcribed in their entirety because of their richness and the essence of rich meaning which was conveyed by the interviewees. Some of these quotations were presented as extracts which were used as descriptive and explanatory quotes in the account of the findings of the present study. The next section presents a discussion of the data analysis employed in the present study.

4.9.5   Data analysis

The data analysis procedures of grounded theory recommended by Strauss and Corbin (1990) were adopted to analyse this study's field data. Creswell (1998) suggests that the approach of grounded theory proposed by Strauss and Corbin (1990) is a multi-step process which consists of open coding, axial coding and selective coding. This entails that the analysis occurs iteratively with further data collection followed by the resultant analysis which guides the ongoing collection. The coding process is aimed at deconstructing the data into convenient chunks that are intended to assist in understanding the phenomenon in question (Cohen, Manion and Morrison, 2007; Goulding, 2002; Locke, 2002; O'Reilly, Paper and Marx, 2012).

In the study, the researcher consistently kept notes of reflections between interviews throughout the data collection process. In the same light, Corbin and Strauss (2008, p.165) recommend the practice of informally inserting notes of reflection within memos to explain analytically what is going on in the data. The respective coding practices adopted in the present study as proposed by Strauss and Corbin (1990) will be discussed in the following section.

4.9.5.1 Open coding

Open coding is the first procedure in data analysis to identify some categories, their properties and dimensional localities. Open coding is "the process of breaking down, examining, comparing, conceptualising, and categorising data" (Strauss and Corbin, 1990, p.61). In the research process, the analysis of data occurs in a sequential manner. The conceptualisation of the data is the first step. Conceptualisation involves taking apart a sentence, a paragraph and giving each discrete incident, idea, or event, a name that represents a phenomenon (Strauss and Corbin, 1990). In a grounded theory study, the naming of phenomena was undertaken by making use of two analytical procedures: first, asking questions about each incident and second, making comparisons for similarities, differences and degree of consistency of meaning, in order to generate the phenomena. Glaser and Strauss (1967, p.101) refer to the coding process as "the constant comparative method of analysis".

Creswell (2009) adds that once a researcher has identified particular phenomenon in the data, the process of categorising the data occurs with concepts grouped according to similarities and differences, using the constant comparative method. In using open coding in the study, the researcher began with a process of labelling or coding the data from the interview transcripts. During the open coding process, the researcher wrote down each concept on the interview script and made a description of what the data entailed in the form of a memo.

Memo writing by the researcher occurred throughout the data collection and analysis process in the study. The process of open coding in the study required the use of a variety of analytical techniques including repetitions, theory-related material, metaphors and similes, indigenous categories, looking at language, similarities, differences and looking at emotions (Ryan and Bernard, 2003). The following sections illustrate the use of analytical techniques used in open coding by providing interview data to illustrate the technique.

Ryan and Bernard (2003, p.90) propose that "people often represent their thoughts, behaviours and experiences using analogies and metaphors". In this study the researcher searched for metaphors and analogies in the data to identify underlining themes. Themes arising from repetition are also among the easiest to recognise because the same idea occurs recurrently in a text (Ryan and Bernard, 2003). For example, one of the research participants repeatedly spoke of "relatives":

> "But many of them are our _relatives_. People from Fuqing [a part of the
> Fujian Province] are accustomed to _relatives_ bringing out their relatives

from back home. But people from many other parts of China are the same ...
for us Chinese people, in the beginning it is usually relatives or friends who
assist".

From another Chinese immigrant entrepreneur, the following repetitions were highlighted:

"If you are to survive outside of your own country, you must be able to work
harder than most people, and endure extreme hardships. If you are lazy, you
might as well have stayed at home. But Chinese people generally have this
hardship-endurance spirit".

In analysing the data, the researcher made use of *linguistic connectors* to help with identifying themes. Linguistic connectors are words and phrases which are associated with being significant indicators of causal conditions. These include words such as "because", "since", "as a result", "while", "if", "then", and "instead of", which point towards conditional relations. On the other hand, time-orientated indicators include words such as "before", "after", and "then" while the typology categories are represented by the phrase "is a" (Ryan and Bernard, 2003, pp.91–92). For example, from the interview with one of the Chinese immigrant entrepreneurs, the researcher found certain *linguistic connectors* and extracted the underling themes:

"I must say that I would never have imagined that I would achieve this level
of success before I came here. So I would say that as long as you are willing
to put in the hard work, then you can succeed financially. After three years,
maybe ten. But hard work is essential if you want to become a millionaire
from nothing".

Another Chinese immigrant entrepreneur stated:

Now insurance has become necessary, because I have been robbed many times
while I was transporting stock. After being robbed I had to make sure that I got
insurance because the roads in this country are not very safe".

During the process of open coding, the researcher generated many open codes or concepts which were gradually developed into categories through constant comparison and theoretical sensitivity. Concepts are described as discrete happenings, events and other instances of the phenomenon, whereas a category is described as a classification of concepts whereby concepts are grouped together under a higher order, more abstract concept called "category" (Strauss and Corbin, 1990). In this light, Boychuk-Duchscher and Morgan (2004) argue that constant

comparison is the main data analysis strategy in grounded theory regardless of the researcher's philosophical or research orientation. Constant comparison forms the pillar of grounded theory.

Boychuk-Duchscher and Morgan (2004) stress that constant comparison is one of the few tenets of grounded theory were the founders of grounded theory concurred hence it is fundamental to the method. It presents an absolute adherence to the inductive nature of the analytical process in grounded theory method (Boychuk-Duchscher and Morgan, 2004; Charmaz, 2006). This supports the assertions by Strauss and Corbin (1990) that constant comparison forms the foundation of the coding process. In addition to constant comparison, the researcher used theoretical sensitivity to assist with the process of probing the data to generate categories. Strauss and Corbin (1990) suggest that theoretical sensitivity assists the researcher to gain some level of theoretical understanding of the data during the data analysis process. Pre-understanding – which entails being aware of the accumulated knowledge, research results of others, preconceptions, assumptions and biases – is useful in a study. It can act as a deterrent against premature pragmatism of everyday understanding of phenomena (Selden, 2005). In the grounded theory method, Strauss and Corbin (1990) emphasise the value of some level of theoretical understanding to support data analysis. Moreover, as data analysis progresses, the level of theoretical sensitivity of a researcher increases (Strauss and Corbin, 1990).

In addition to constant comparison and theoretical sampling, the researcher probed the data by asking questions following the advice of Strauss and Corbin (1990) who recommend asking questions of the data to assist with the discovery of categories. The researcher adopted the questioning technique of asking "Who? When? Where? What? How? How much? Why?" (Strauss and Corbin, 1990, p.77). For example, an illustration of the questioning technique adopted by the researcher is presented below in Figure 4.2.

Figure 4.2 Illustration using the questioning technique

Interview extract	Initial concept
Customers always want certain products. I look at them when they are buying products and when they are paying I ask them why they like this product. If I see customers not coming back I ask other customers what they want and what they think will sell.	Relationships (who) Serving (why, who) Responsiveness to customers (when, how) Adaptability (when, why)

Researcher's own construction

During the process of open coding the researcher made use of theoretical sampling as data collection and analysis progressed. Strauss and Corbin (1990) advise that the focus of theoretical sampling varies according to the type of coding being undertaken. In open coding

the researcher focused on uncovering as many categories as possible with their associated properties and dimensions relating to the phenomenon under investigation.

Development of categories

In grounded theory method, the process of open coding is the first procedure in the data analysis to identify some categories, their properties and dimensional localities (Strauss and Corbin, 1990). The general titles of the categories were the theoretical themes proposed by the researcher. During the process of data analysis, the researcher generated a large number of open codes, and through the constant comparative method and theoretical sampling, the researcher started to develop open codes and concepts thereafter followed by categories. These categories pertained to the open codes that seemed to be related to the same event (Strauss and Corbin, 1990). For example, in developing the category of *practices of executing business values*, the initial coding of data, as shown in Figure 4.3, indicated events related to determination, resilience, hard work and discipline. In identifying the characteristics of *practices of executing business values*, the researcher was able to group these open codes into categories.

Figure 4.3 Practices of executing business values

Category	Codes
Practices of executing business values	- Determination - Resilience - Hard work - Discipline

Source: Researcher's own construction

During the stage of developing categories, the researcher initially generated eight categories from the data, namely *networking practices, wellbeing of the family, business values, business survival, engaging with customers, practices of leadership, tolerant relationships*, and *harmonisation of stakeholders*. However, as the data analysis progressed, these categories were continuously relabelled, condensed and integrated. During the process of developing categories, the researcher continuously posed questions to further develop the categories and their properties and dimensions.

In using the questioning technique, certain questions can be raised about the data and each question can stimulate a series of more specific and related questions. For example, during the analysis of data the researcher posed questions such as: "How were opportunities identified? When were the opportunities identified? Who interacted in this process of identifying opportunities? What form of relationships existed in the business? How were these relationships

established and why were they established? Who performed the various tasks in the business and why?"

The questions posed by the researcher provided a clearer understanding of the phenomenon under investigation and influenced the development of the emergent theory. As data analysis progressed in the study, the initial eight categories generated by the researcher fell away or were assimilated into other categories. The researcher began to develop the categories in terms of properties and dimensions. "Properties are attributes or characteristics pertaining to a category whereas dimensions relate to the location of properties along a continuum" (Strauss and Corbin, 1990, p.61).

According to Strauss and Corbin (1990) open coding is the first procedure in data analysis followed by axial coding, which will be the focus of the next section. A discussion of the main categories developed in the study will be done in Chapters 4 and 5. The next section will present a discussion of axial coding in grounded theory which takes place after open coding.

4.9.5.2 Axial coding

According to Strauss and Corbin (1990, p.96) axial coding is "a set of procedures whereby data is put back together in new ways after open coding, by making connections between categories". The process of axial coding requires the researcher to use a paradigm model to identify a central phenomenon of the study followed by the interrelationships of categories to the phenomena (Douglas, 2003; Strauss and Corbin, 1990). In this light, the object of axial coding is describing a category in terms of the conditions that lead to its development, the context within which the phenomenon is located, the action/interaction strategies that are used to manage performance or response to the phenomenon in the context, and the consequences of the actions undertaken (Strauss and Corbin, 1990).

It should be noted that this process of axial coding is at the core of the divergence between the views of grounded theory method proposed by Glaser and Strauss (1967). Glaser (1992) critiques this stage of data analysis in grounded theory method by purporting that axial coding, which uses a paradigm model, forces a full conceptual description of data rather than articulating the emergent theory. It forces data and does not allow the theory to naturally emerge from the data and be grounded in the data.

However, Strauss and Corbin (1990) advocate for the use of the paradigm model in axial coding because it assists in locating the core category by focusing the analysis on one category at a time so that its relationships to other categories and subcategories are clearly identified and

understood. This entails an application of the codes and categories that emerged from the process of open coding to a coding paradigm. The process of axial coding uses the paradigm model to relate and develop categories. The paradigm model, used to further analyse the data in this study, entails causal conditions, phenomenon, context, action/interactional strategies, and consequences (Strauss and Corbin, 1990).

Causal conditions

These refer to incidents or events that lead to the occurrence or development of a phenomenon.

Central phenomenon

This refers to the central idea, event, happening, about which a set of actions/interactions is directed at managing or handling, or to which the set is related. The central phenomenon of a study pertains to the questions: "What is going on here? What is this data referring to?" and "What is the action/interaction all about?" (Strauss and Corbin, 1990).

Context

The context represents the particular set of conditions within which the action/interaction strategies are taken to manage, handle, carry out, and respond to a specific phenomenon (Strauss and Corbin, 1990).

Intervening conditions

These are the broad and general conditions bearing upon the action/interactional strategies. These conditions act to either facilitate or constrain the action/interactional strategies taken within a specific context (Strauss and Corbin, 1990).

Actions/interaction strategies

These refer to the strategies devised to manage, handle, carry out, or respond to a phenomenon under a specific set of perceived conditions. The actions/interactions strategies examined by the questions "How?" and "By whom?" are strategic or routine reactions made by groups or persons to happenings, events, problems or issues that occur under certain conditions. The strategic actions represent purposeful or deliberate activities to solve problems (Strauss and Corbin, 1990). An illustration of the relationships espoused by the paradigm model is provided in Figure 4.4 below.

Figure 4.4 Paradigm model

```
(A) Causal Conditions > B) Phenomenon > (C) Context >
(D) Interviewing condition > (E) Action/Interaction strategies >
(F) Consequences
```
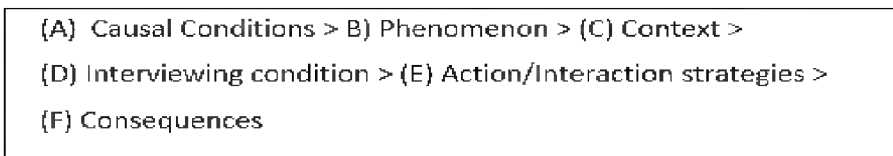
Source: Strauss and Corbin (1990, p.99)

Although open and axial coding are distinct analytical procedures of data analysis, when the researcher is engaged in analysis, they alternate between the two modes (Strauss and Corbin, 1990). In this respect, when using the paradigm model the researcher engages in four related activities. These are a) hypothetical relating of subcategories to a category, b) verification of these hypotheses against data, c) further development of properties and dimensions of categories and subcategories, and d) discovering variations of phenomena within data.

During the application of the paradigm model, the researcher iteratively engaged in the four abovementioned activities which was an active process. As the researcher continuously engaged in these activities, several attempts and revisions of the paradigm model framework were made. Table 4.3 is an example of one of the early attempts of the paradigm model during axial coding.

Table 4.3 Early attempt of paradigm model

Causal condition (s)	Business survival
Phenomenon	Harmonisation of stakeholders
Context	South Africa's business environment (hostile or friendly)
Intervening conditions	Ethnic relations Community relations Immigrant entrepreneur's characteristics
Action/strategies	Visibility in business
Consequences	Strengthen/weaken business Business gains/loss Wellbeing of relations

Source: Research's own construction

During the process of axial coding, the researcher continuously used the questioning technique to assist in further developing the categories. Through this process the researcher was able to develop other new categories. The initial attempt of axial coding which is provided above (in Table 4.3) went through several revisions before the final framework was developed by the researcher. Table 4.4 below provides an example of the final axial coding framework, which is further discussed in Chapter 7.

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Table 4.4 Final axial coding framework

Causal condition (s)	Gaining customer insight of opportunity Leveraging on organisational members
Phenomenon	Differentiating engagement of opportunity identification
Context	South African business environment
Intervening conditions	Practices of executing business values
Action/strategies	Actions of delegation in business Practices to deal with hostilities Configuring of customer relations (Hostile/favourable)
Consequence	Sales opportunities Start-up opportunities Relational opportunities Operational opportunities

Source: Researcher own construction

After axial coding the next and final step of the data analysis process was selective coding. A discussion of the activities undertaken by the researcher during this step will be provided in the next section.

4.9.5.3 Selective coding

Selective coding is "the process of selecting the core category and systematically relating it to other categories, validating those relationships, and filling in categories that need further refinements and development" (Strauss and Corbin, 1990, p.116). Therefore, selective coding requires the selection of the categories derived from the axial coding process and relating them to the core category. These categories represent the causal conditions, intervening conditions, context, action/interaction strategies and consequences. The core category in selective coding is the central phenomenon and event around which other categories are coalesced and pulled together to form a grounded theory (Strauss and Corbin, 1990).

Strauss and Corbin (1990) add that the main object of selective coding is to integrate the categories along dimensional levels to form a theory, validate the integrative statements of relationships and fill in any category that needs further development to reach saturation. In addition, selective coding entails identifying and explaining a "storyline" which integrates the different categories explicated by the "paradigm model" into describing the central phenomenon. The "storyline is a descriptive narrative about the central phenomenon of the study" (Strauss and Corbin, 1990, p.116)

During the process of axial coding, the researcher made use of the conditional matrix which was developed by Strauss and Corbin (1990). The conditional matrix can be used to trace an event, happening, or incident from action/interaction through the various outer levels of the

matrix and further into the broader context. It allows a researcher to examine a wide range of conditions which are closely or remotely related to the main phenomenon under investigation (Strauss and Corbin, 1990).

According to Strauss and Corbin (1990), the levels of the conditional matrix reflect the following dimensions: action pertaining to a phenomenon, interaction, group collective, sub-organisational or sub-institutional level, organisational or institutional level, community, national, and international. In the present study the researcher used the conditional matrix at the interaction, group-collective, sub-organisational and organisational levels to understand the interactions of the immigrant entrepreneurs with their stakeholders (such as family, local employees, local community, and customers). In this respect, the researcher noted any changes in these interactions as "the Chinese immigrant entrepreneurs identified opportunities", and "under what conditions in the business environment", and "who was involved in these activities".

In addition, the researcher used the conditional matrix at the organisational, community, national and international level. These levels were: 1) the organisational structure of the business and decision-making; 2) the impact of competitors to the business; 3) the impact and nature of community relations to the business such as hostile behaviour; 4) the influence of the national economy (such as inflation), legislations (for instance Home Affairs immigration permits, business regulations and permits), socio-political issues (such as xenophobic sentiments, and service delivery protests); and 5) the international level (for example globalisation, China's geo-political expansion, and global recession).

During the process of selective coding, the initial core category to emerge from the data was *"harmonisation of stakeholders"*. This initial core category was about the activities and interactions of the Chinese immigrant entrepreneurs of identifying opportunities by building relationships through interactions with stakeholders in the business environment.

It was apparent in the analysis that the Chinese immigrant entrepreneurs interacted at varying levels with different stakeholders under a variety of business conditions. The researcher began attempting to address this observation and understand why the Chinese immigrant entrepreneurs were identifying opportunities and operating their businesses in this manner. The researcher purposely engaged in theoretical sampling to further explore and understand the rationale behind these actions exhibited by the interviewees. Thereafter, the focus during theoretical sampling was on ascertaining the relationship between the different interactions and

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the sources of resources and value drawn by the Chinese immigrant entrepreneurs when identifying opportunities under different conditions.

The researcher consistently looked for confirmatory data to verify any identified relationships and at the same time looked for data that disconfirmed these relationships. In addition, the questioning technique was employed by the researcher to probe the data and fill in categories that needed further refinement in relation to the emerging core category.

As the researcher engaged in several additional series of theoretical sampling, the final core category (*differentiating engagement of opportunity identification*) began to emerge and this gave more conceptual clarity in explaining the activities and interactions of the interviewees. The researcher observed that a pattern of drawing resources was influenced by interplay of several interactions which were consequently highlighted in the emergent categories of *gaining customer insight of opportunity, leveraging on organisational members* and *actions of delegation in business* which contributed to the phenomenon (core category) in varying business conditions. A more detailed discussion of the core category is presented in Chapter 7.

From the observed interactions, and highlighting the identified activities and relationships manifested in those interactions, the researcher gradually began to develop the emerging theory as a whole. This was in light of the importance placed upon grounded theories to represent a basic social process (Goulding, 2002). Furthermore, the researcher presented the final interviewees with the emerging theory to obtain their comments and assessments. The final interviewees were asked to comment on the theory in terms of its depiction and description of their actions and activities. They were further asked to comment on the usefulness of this emergent theory.

In conclusion, as part of selective coding from the advice from Strauss and Corbin (1990), a grounded theory researcher should provide a storyline of the central phenomenon under investigation. The emerging storyline from the current research is presented.

Storyline

The main story is about how Chinese immigrant entrepreneurs who own and operate small retail businesses identify opportunities in the business environment through their interactions and relationships with different stakeholders who include family members, local employees and customers. In their interactions with different stakeholders, Chinese immigrant entrepreneurs displayed two interactional processes, namely *engaging* in and *disengaging* from interactions with stakeholders. The object of these interactional processes was to

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identify opportunities in the host community and operate the small business. Central to the interactional processes displayed by the Chinese immigrant entrepreneurs, assumptions were held about the interactions and relationships with stakeholders within the host community. Thus, *engaging* in interactions with stakeholders enabled the identification of various opportunities in the host community. Whereas, in some conditions the Chinese immigrant entrepreneurs would *disengage* from interactions with stakeholders. The interactional practices displayed by the Chinese immigrant entrepreneurs with different stakeholders highlighted the evolving nature of relationships and business practices in the business environment. Thus, under different conditions, the interactions and engagement by the Chinese immigrant entrepreneurs with different stakeholders varied in prominence.

The Chinese immigrant would *engage* in interactions with customers which were perceived as favourable (approachable) and *disengage* from interactions with the customers who were perceived as hostile (unapproachable). Consequently, the Chinese immigrant entrepreneurs would delegate their local employees to interact with hostile (unapproachable) customers. Similarly, *engaging* with local employees enabled the Chinese immigrant entrepreneurs to gain local insight of opportunities in the host community. Whereas, to identify some opportunities the Chinese immigrant entrepreneurs would *disengage* from interactions with local employees and *engage* in interactions with other stakeholders. On the other hand, for the Chinese immigrant entrepreneurs family members were key to the operations of the small business and enabled the identification of various opportunities. The Chinese immigrant entrepreneurs would occasionally *engage* or *disengage* from interactions with some family members to identify some opportunities in the business environment. Essentially, the interactions with different stakeholders which were characterised by dynamic practices of *engaging* and *disengaging* enabled the Chinese immigrant entrepreneurs to identify opportunities in the business environment and operate their small retail businesses.

By continuously refining and adapting the categories, the categories relating to the operations of the small business (*actions of delegation, practices to deal with hostilities* and *practices of executing business values*) which contributed to the core category (phenomenon) were identified (presented in Chapter 6). These categories were used together with the categories relating to the identification of opportunities (*leveraging on organisational members, gaining customer insight of opportunity* and *configuring customer relations*) which were identified in the study (presented in Chapter 5), to generate the emergent grounded theory presented in

Chapter 7. Having discussed the storyline in axial coding, it is now appropriate to discuss the use of memos and diagrams used during selective coding.

Memos and diagrams

During the axial coding phase, the researcher used memos to fully capture the evolving theory. In this respect, a storytelling memo was presented and used to describe the core category (central phenomenon) and to integrate other categories with this core category. An example of a memo during the process of selective coding is the storyline presented in the previous section (4.9.5.3).

Memos represent the written forms of abstract thinking about data, whereas diagrams present the graphic representations or visual images of the relationships between concepts (Strauss and Corbin, 1990). Memos and diagrams evolve and grow conceptually in complexity, density, clarity, and accuracy as the research and analysis progresses. The later memos and diagrams may negate, amend, support, extend, and clarify earlier memos and diagrams. In this regard, data accumulates and grows theoretically, while maintaining its grounding in empirical reality (Bryman et al., 2014; Strauss and Corbin, 1990).

Memos and diagrams are important elements of analysis and should never be omitted or overlooked, regardless of how pressed the analyst might be for time. The process of writing memos and drawing diagrams commences at the inception of the research project and continues until the final writing. Memos and diagrams help the researcher to gain analytical distance from the data. In this respect, they assist the researcher to move away from the data towards abstract thinking, thereafter returning to the data to ground these abstractions in reality (Bryman et al., 2014; Glaser and Strauss, 1967; Strauss and Corbin, 1990).

In the present study, following the advice of Strauss and Corbin (1990), the procedures of writing memos and diagramming enabled the researcher to maintain a record of the analysis and assisted the researcher in identifying gaps in the emergent theory which informed further theoretical sampling. Furthermore, the use of memos allowed the researcher to use free association which was evident in one idea stimulating another without the constraints of attempting to rigidly conform to logic.

Writing memos assisted the researcher to stimulate creativity in the study and point out where the gaps were in his thinking. In this vein, the researcher identified categories that were not fully developed in terms of the paradigm features, or whose relationships were not logical or firmly established. When stimulated by an idea during the coding process, the researcher would

regularly stop what he was doing and write down the idea. In this respect, the researcher attempted to avoid losing important thoughts, insights and ideas.

In the present study, the researcher also used memos as a way of noting and recording his own feelings, thoughts, observations and insights from interactions with the research participants. Furthermore, in the memos the researcher frequently wrote down the interactions he observed in the environmental setting of the immigrant entrepreneurs and how the different stakeholders responded to those interactions. Thus, memos allowed the researcher to gain multiple viewpoints and interpretations of the participants in the events under study. The researcher occasionally wrote memos from other earlier memos because the process of writing or reading some of the memos stimulated more thought about the same or other related ideas. During open coding, the initial categories were analysed using properties and dimensions and resulted in *code notes*. An example of a code note that developed during open coding is presented below in Figure 4.5.

Figure 4.5 Example of a code note

Date: 21/01/2015
Code Note: The dimensions of the property "drawing on ethnic relations in business" The property of "drawing on ethnic relations in business" emerged from the interviews I analysed. For example, one of the Chinese immigrant entrepreneurs shared: "My brother who is in the same business as me, advised me to open a shop here in Grahamstown. He introduced me to the wholesalers who trust him. They sell stock at cheaper prices. And they allow you to buy stock on credit. So you do not need to pay upfront. So that is an advantage". The property "drawing on ethnic relations in business" has general sub-properties and possible dimensions presented as follows: **Property** Drawing on ethnic relations in business

Sub-properties	**Dimensions**	
Dependability of family	High level of dependability	Low level of dependability

Source: Researcher's own construction

Having discussed the final stage in data analysis (selective coding), the researcher will conclude the chapter by discussing the ethical considerations in the study.

4.9.6 Ethical considerations of the research

The present study proceeded with respect to all ethical considerations relevant to qualitative research (Bryman et al., 2014; Berg, 2007; Creswell, 2007). Throughout the data collection and analysis, ethical considerations were accounted for by the researcher and acted as a set of moral principles governing the study. Essentially, the ethical considerations adhered by the researcher

entailed informed consent, confidentiality, risk of harm, benefit of the research to the research participants, and data interpretation.

To ensure that the research process adhered to sound ethical principles, the following documents were prepared by the researcher prior to data collection namely, *invitation to participate letter, informed consent for*m and the *interview guide*. Mindful that some of the research participants (Chinese immigrant entrepreneurs) were not very proficient in English, the ethics documents were prepared in both English and Mandarin (see Appendix A, B and C).

Prior to data collection, the beginning of each interview process, the respective participant was provided with the *invitation to participate letter* as well as the *informed consent for*m for their consideration. Furthermore, the researcher clearly informed all participants about the nature and aims of study and that the research was part of the researcher's PhD study. In this study, nine of the research participants were willing to sign the informed consent form while the other participants were willing to give verbal informed consent. The unwillingness to write their names or sign any forms is largely due to the cultural sensitivity in conducting research with Chinese as well as not wanting their identity disclosed. Thus, gaining informed consent from all the research participants ensured that voluntary participation in the study was achieved by the researcher.

After the research participants gave informed consent either in writing or verbally, the researcher sought for permission to record the interviews. Throughout the data collection process the researcher did not coerce any research participants or deceive them into participating in the study. Some selected research participants who had been approached by the researcher declined to participate in the study and the researcher was respectful of their decision. On the other hand, during the course of the interviews when research participants who had given informed consent decided to withdraw from the interview process, the researcher respected that decision. In this respect, the researcher made a concerted effort to respect the rights and dignity of the research participants who were willing to participate in the study.

After collecting data and transcribing the interviews, the researcher stored the transcribed interviews in a password protected file. The researcher ensured that no one else had access to the raw data in the study. Moreover, the researcher assured the research participants that all the data collected in the study was going to be used only for research purposes. On the other hand, during the process of data analysis and reporting on the research results, the researcher maintained confidentiality and anonymity by not presenting any information or cues which

could disclose the identity of the participants. Mindful that the participants were immigrants in a host community, the researcher ensured that the research benefitted the participants and did not pose any risk to them during or after the study.

Because the researcher is the central research instrument in grounded theory, there is need for guarding against any potential research biases in interpretation and meaning-making by the researcher. To reduce any potential bias, the researcher adopted several strategies in the study. These were: a) member checks by participants in the form of viewing transcripts for verification and b) presenting the emerging findings to participants through follow-up interviews. The researcher's research protocol, as outlined above and in the explanation of how the Straussian version of grounded theory was applied, adhered to all the ethical requirements stipulated in the Rhodes University Ethics Standards Handbook. The Rhodes University Commerce Higher Degrees committee approved the proposed research ethics whilst the application to collect data was approved at an advanced level by the Department of Management Human Ethics Research Committee.

4.10 SUMMARY

This chapter discussed the notion of paradigms in research and the nature of qualitative research. Thereafter, the chapter critically discussed grounded theory and moved on to providing a justification of the Straussian version of grounded theory as a method that would be able to meet the aims of the study. Specifically, a justification for selecting the Straussian version of grounded theory in answering the research question was presented. The researcher explained the research process in detail, to provide the reader with sufficient information to judge the quality of the research process. In this manner, the researcher sought to ensure that a sufficient audit trail was presented.

In the chapter, the use of examples in detailing the research process was adopted by the researcher to aid the reader in understanding the implementation of grounded theory in the present study. The use of examples and various illustrations in the chapter was done to ensure that the reader could understand how the emergent theory was generated in the study. Additionally, the researcher presented a rigorous discussion of the data collection and analysis in adherence to Strauss and Corbin (1990) which was adopted in the study.

Aspects of judging the quality of a grounded theory were presented by the researcher. The main criteria for judging quality in accordance with Strauss and Corbin (1990) are a) judgements

regarding the credibility of data, b) research process, and c) empirical grounding of the findings. Additionally, in presenting the theory, the researcher was mindful of the criteria which Strauss and Corbin (1990) used to ascertain that a grounded theory is well constructed and is applicable to the phenomenon under investigation (namely fit, understanding, generality, and control). In meeting the criteria of fit and control, the presentation of the theory depicts the multidimensional, complex everyday reality of diverse Chinese immigrant entrepreneurs. This is illustrated through the extensive use of quotations which are presented in Chapters 5 and 6 (the descriptive chapters of the grounded theory). These chapters are the building blocks towards the theory which is conceptually integrated and presented in Chapter 7.

The complexity and generality of the theory (Strauss and Corbin, 1990) is captured in the conceptual analysis given to the grounded theory which will be presented in Chapter 7. In meeting the criteria of fit and understanding throughout the research, the target audience of practitioners was kept in mind by the researcher. This theory is presented primarily in a manner in which the practitioners who are the Chinese immigrant entrepreneurs can understand and identify with the theory. The chapter concluded with an overview of the ethical considerations adopted in the present study. The researcher was mindful that in the study, sound ethical considerations needed to be adhered to owing to the nature of the study. The next Chapters present the research findings of the study (namely, Chapter 5 and 6).

CHAPTER 5

CHINESE PRACTICES IN IDENTIFYING OPPORTUNITIES

"One cannot build on weaknesses. To achieve results, one has to use all the available strengths .... These strengths are the true opportunities" (Drucker, 1967)

5.1 INTRODUCTION

As the study progressed, the researcher was confronted with the question of understanding what activities and practices the Chinese immigrant entrepreneurs engaged in order to identify various opportunities. Chapter 5 explores the various actions and practices of the Chinese immigrant entrepreneurs when identifying opportunities. This is in line with the research objectives detailed under section 1.7 of the thesis, namely a) to investigate the activities and process engaged by Chinese immigrant entrepreneurs when identifying opportunities, b) to describe and understand the factors influencing this process of identifying opportunities by the Chinese immigrant entrepreneurs, and c) to describe the nature of the opportunities identified by the Chinese immigrant entrepreneurs.

The categories pertaining to the practices by the Chinese immigrant entrepreneurs of a) *leveraging on organisational members,* b) *gaining customer insight of opportunity,* and c) *configuring of customer relations* were identified as vital in identifying opportunities. The categories discussed in this chapter, which emerged from the open coding process in the grounded theory method, needed to be further developed in terms of properties and dimensions. It is important to describe the properties and dimensions because it is the dimensions that provide the variations that the theory needs to capture in order to be rich and relevant (Strauss and Corbin, 1990). In light of this, from the category description, the relationships between categories in the emergent theory can be established (Strauss and Corbin, 1990). Each of these categories, pertaining to the practices of the Chinese immigrant entrepreneurs in identifying opportunities, and the associated properties and dimensions, as summarised in Table 5.1, will subsequently be discussed in this chapter.

The present chapter begins by presenting the practice of *leveraging on organisational members* followed by *gaining customer insight of opportunity;* thereafter *configuring of customer relations* will be presented.

Table 5.1 Chinese practices in the identification of opportunities

Categories	Properties
Leveraging on organisational members	Drawing on ethnic relations in business Local employees as business connectors Motivation of organisational members
Gaining customer insight of opportunity	Validation of business ideas Co-identification of needs
Configuring of customer relations	Type of customer service

Source: Researcher's own construction

5.2 LEVERAGING ON ORGANISATIONAL MEMBERS

Leveraging on organisational members involved the practice and nature of interactions the Chinese immigrant entrepreneurs had with two types of organisational members, namely local employees and family members who were key stakeholders in identifying opportunities for the small business. From these interactions, knowledge about opportunities in the community was cascaded from the organisational members to the Chinese immigrant entrepreneurs. Additionally, the organisational members supported the small business in the form of *human and financial capital*. The category of *leveraging on organisational members* had three properties, namely a) *drawing on ethnic relations in business*, b) *local employees as business connectors*, and c) *motivation of organisational members*. An overview of the properties and sub-properties of *leveraging on organisational members* is presented in Table 5.2.

Table 5.2 Leveraging on organisational members

Category: Leveraging on organisational members	
Properties	**Sub-properties**
Drawing on ethnic relations in business	Degree of dependability of family
Local employees as business connectors	Business communication catalysers Legitimisers of business in the community
Motivation of organisational members	Fostering feelings of employee inspiration

Source: Researcher's own construction

The focus of the next section will be to discuss the property *drawing on ethnic relations in business.*

5.2.1   Drawing on ethnic relations in business

As a property of the category *leveraging on organisational members*, Chinese immigrant entrepreneurs were *drawing on ethnic relations in business* to identify opportunities in the host community. *Drawing on ethnic relations in business* manifested from the relationships and interactions the Chinese immigrant entrepreneurs had with their immediate and extended family

members. These relations were committed to providing support for the small business. The Chinese immigrants drew on the information, connections and counsel that they received from family members to gather and validate a variety of information on different types of market and operational opportunities. Essentially, for the Chinese immigrant entrepreneurs family members (*children, wife, relatives, and siblings*) were perceived as being an integral part of the small business and key stakeholders in the identification of opportunities. The sub-property of *drawing on ethnic relations in business* was *degree of dependability of family* which will be discussed in the next section. An overview of the property *drawing on ethnic relations in business* is provided below in Table 5.3.

Table 5.3 Drawing on ethnic relations in business

Property: Drawing on ethnic relations in business		
Sub-Property	**Dimensions of sub-properties**	
Degree of dependability of family	High level of dependability	How level of dependability

Source: Researcher's own construction

5.2.1.1 Dependability of family

The sub-property *dependability of family* involved reliance on family members to support the small business. The dimensions of the sub-property were a) *high level of dependability* and b) *low level of dependability.*

a) High level of dependability

Family members were perceived as being a dependable source of support and resources for the small business. For example, there was consensus among the Chinese immigrant entrepreneurs that family members assisted them in finding opportunities to start up their small businesses in the host communities. For the Chinese immigrant entrepreneurs, identifying and pursing the opportunity to start-up (start-up opportunities) a small business in the South African business environment was enabled by trusting the advice, encouragement and support given by family members. Notably, in terms of the nature of opportunities, several Chinese immigrant entrepreneurs were supported and guided by their family members and relatives who defined opportunities as the possibilities to make money in a host environment. In this respect, family members and relatives provided clarity on where to go in order to make money. Thus, an opportunity was generally perceived in terms of *reduced uncertainty, reduced difficulties in identifying what would sell* and *reduced start-up challenges* due to the availability of dependable ethnic relations.

"After all, my brothers who I trust encouraged me to open a business here and they were here to help me set up. They knew the area and what would sell here. With us, we tend to do things in families, so we all came up to South Africa one by one and we helped each other in starting up our businesses.

"My brother came first to South Africa and I followed. If that was not the case, then things would have been a lot more difficult. He showed me where to start a business and what to sell".

In this vein, the process of identifying opportunities (start-up opportunities) for economic gains and profits by the Chinese immigrant entrepreneurs was intrinsically rooted in the support and guidance provided by family members and relatives. Notably, family networks served as essential tools in identifying start-up opportunities through addressing questions such as 1) what sells? 2) where to sell? 3) who to sell to? and 3) when to sell?. In this manner, the meaning of opportunity reflected a type of unmet need at a customer level in a specific geographic area. Several of the Chinese immigrant entrepreneurs explained how family members assisted them in identifying opportunities (*such as knowing which products are needed by a community*) drawing from their prior experience and knowledge of operating a small business within the host community:

"In the beginning, I asked my brother to help me in the shop. He was here before me, and had been operating his store for some time. I asked him to help me set up the business".

"We have numerous – four or five – shops, which are owned by various people in our family. One person who is my brother is responsible for buying stock for all the shops. He is based in Port Elizabeth, where most of the shops are, and he is very experienced".

It can be observed that experienced family members used their prior experiential knowledge to offer relevant and rich advice that enabled the identification of opportunities in the host community. In this respect, the Chinese immigrant entrepreneurs displayed practices of engaging with family members to identify start-up opportunities in the host communities. Additionally, the Chinese immigrant entrepreneurs were mindful of how the relationship between the resources invested and returns from a start-up opportunity was key in evaluating the level of riskiness and attractiveness of an opportunity. One of the Chinese immigrant

entrepreneurs reiterated how his relatives encouraged him to open a supermarket store because it was perceived as being more profitable:

> *"My relatives told me once I had enough money, I should open a supermarket, which is more profitable. So I opened a small supermarket in the township. I have had it until now, which is almost four years".*

Additionally, family members would assist the Chinese immigrant entrepreneurs in identifying operational and relational opportunities, such as accessing flexible suppliers. Therefore, for several Chinese immigrant entrepreneurs to establish relationships with suppliers, highly dependable interactions with family members played a key role. Some of the Chinese immigrant entrepreneurs elaborated on how interactions with family members led to the family members introducing them to suppliers within the host community. For example, the operational opportunity of getting cheaper stock with favourable payment terms was surmised by several Chinese immigrant entrepreneurs:

> *"My brother who is in the same business as me, advised me to open a shop here in Grahamstown. He introduced me to the wholesalers who trust him. They sell stock at cheaper prices. And they allow you to buy stock on credit. So you do not need to pay up front. So that is an advantage."*

> *"In the beginning family helped me in finding wholesalers. They also helped with funding for me to buy from the wholesalers".*

In the present study, it was evident that several banks within the host community had stringent bank requirement regarding giving loans or debt financing to foreign nationals. In response to these financing challenges during both the start-up and growth stages of the small business, family members were the main vehicle for providing financial support for the Chinese immigrant entrepreneurs. Family members as a vehicle of internal financing provided opportunities for both short and long term loans to support the operations of the small business. One Chinese immigrant entrepreneur who was operating a small business in a small town with a university highlighted the opportunity for short-term financial support rendered to his small business by other family members as follows:

> *"I have been operating my business now for several years and I say if your business is having financial difficulties, family help you out. For example, during the months when the students are on holiday, you do*

not have a lot of business. But you must still prepare the stock. You might not have enough money, so they can lend you money just for that period".

The Chinese immigrant entrepreneurs stressed that the operations of the small business were reinforced by the close interactions between the family and the small business. The existence of the small business was typically interwoven with the family. To highlight the centrality of family members within the small business, during business conditions perceived as favourable (when there were minimal hostilities such as crime, protests or customer conflicts), the Chinese immigrant entrepreneurs developed an inclination to discourage non-family outsiders from making contributions when family members could offer insight and knowledge into potential prospects for the small business. There was a greater level of trusting family members in contrast to trusting non-family organisational members. In this vein, the interactions and relationships established by the Chinese immigrant entrepreneurs with their non-family organisational members (local employees) were more transactional.

The depth of interactions between the Chinese immigrant entrepreneurs and different types of organisational members varied according to the circumstances of the business environment (favourable/unfavourable) and the position of an organisational member in the social hierarchy and ladder of trust in the small business. Thus, the Chinese immigrant entrepreneurs interacted with non-family employees in a transactional manner due to the lack of fully trusting non-family employees. In this respect, the Chinese immigrant entrepreneurs were displaying a greater reliance on family members when making significant decisions:

"Generally, before we make decisions in the business we talk as a family. We look at whose solution is the best, and we stick to it. At the end of the day, the purpose of the business is profit for the family, so the best solution for the business will be adopted .... At times it is difficult to trust local employees in business because they might steal your ideas".

However, pertaining to some business decisions during unfavourable conditions (such as interacting with *hostile customers, xenophobia in the community*), the Chinese immigrant entrepreneurs rationalised that the local employees could contribute to the functioning and wellbeing of the small business. Therefore, there was a greater level of dependability on these organisational members who were used to assist and buffer the small business from hostilities.

Hence, interactions with local employees (non-family members) would occasionally and temporarily then become more relational.

b) Low level of dependability

Notably, while the process of identifying opportunities in the business environment was largely consultative and involved family members, the degree of dependability attached to different family members varied. Some of the Chinese immigrant entrepreneurs stressed that occasionally family members would become less dependable as a result of family-related disagreements. These disagreements, which usually resulted in some level of tension between family members, were mainly related to the use of business resources by the family. For example, the use of the financial resources generated by the small business to meet familial expenses (such as *food*, or *rental*) often resulted in disagreements. These family differences were mainly noted by the Chinese immigrant entrepreneurs as being adverse for the small business. In order to minimise conflicts or differences, there was an emphasis on being tolerant of the differences between family members, and valuing the significance of the family for the small business to function in the host community. One Chinese immigrant entrepreneur highlighted that disagreements between family members were inevitable and there was a need for being amicable and tolerant towards other family members:

> *"Disagreements with [family members] are unavoidable at times. These can be about money and how we use it. But we [are] all family, and it is important to [tolerate] each other as much as possible".*

Another Chinese immigrant entrepreneur described how younger inexperienced family members were perceived as being less dependable for giving substantial business input and advice to identify opportunities for the small business. Generally, the level of dependability of family members was related to their level of business experience and exposure. The older male family members were perceived as being wise and experienced in operating a business. One Chinese immigrant entrepreneur commented that during the start-up of the small business, mainly older male family members were consulted in making decisions that were related to identifying and pursuing opportunities in the business environment. However, as the small business grew there was a greater level of dependency and consultation with other family members who contributed in identifying opportunities for the small business.

Having discussed the property *drawing on ethnic relations in business* and its sub-properties, the focus of the next section of this thesis will be on the next property which is *local employees as business connectors.*

5.2.2 Local employees as business connectors

The property *local employees as business connectors* referred to the role of local employees of serving the function of connecting and bridging the gap between the small business and the business opportunities in the local community. Market information that would allow the small business to penetrate into the local market and access desirable opportunities was disseminated by the local employees to the Chinese immigrant entrepreneurs. Hence, market information from local employees conveyed to the Chinese immigrant entrepreneurs was useful for identifying, evaluating and accessing opportunities in the host community. The property of *local employees as business connectors* had two sub-properties, namely a) *business communication catalysers* and b) *legitimisers of business in the community.* Table 5.4 provides an overview of this property and its sub-properties.

Table 5.4 Local employees as business connectors

Property: Local employees as business connectors		
Sub-Properties	**Dimensions of sub-properties**	
Business communication catalysers	Active communication catalysers	Inactive communication catalysers
Legitimisers of business in the community	Legitimising the business	Delegitimising the business

Source: Researcher's own construction

5.2.2.1 Business communication catalysers

The sub-property, *business communication catalysers* involved the role played by local employees in facilitating an iterative flow of information about various opportunities and occurrences (such as service delivery protests) in the local community that affected the functioning of the small business. As *business communication catalysers,* local employees would enable an iterative flow of business-related communication which would meaningfully link the small business to opportunities (such as, sales opportunities) in the host community. Additionally, the role of being *business communication catalyser* was enabled by the fact that local employees belonged to the local community and were able to speak the local language (*isiXhosa*) spoken in the host community. As a means of overcoming language barriers with local isiXhosa speaking customers, the Chinese immigrant entrepreneurs depended on their local isiXhosa speaking employees to initiate purposeful conversations with customers to gain

an understanding of the needs of the community that could be best met by the small business. The dimensions of this sub-property were a) *active communication catalysers*, and b) *inactive communication catalysers*.

a) Active communication catalysers

Some local employees were willing to share local information about products consumed and sought by the community. Generally, the cultural and language differences between the Chinese immigrant entrepreneurs and the local community made it more difficult for rapport to be established during interactions. Instead, the Chinese immigrant entrepreneurs would display practices of regularly asking local employees about what products to buy and what sales opportunities to pursue. In this respect, the Chinese immigrant entrepreneurs would engage in interactions with local employees to identify opportunities in the host community. For example, in a specific incident, the local employees enabled one Chinese immigrant entrepreneur to gain an understanding of the local food consumption habits of the community and thereby identify an opportunity to sell a specific type of sachets of soup to the community:

> *"We learn about the people's food here from our local [worker]. We do*
> *not know about them, so we rely on the [worker] to tell us what local*
> *food people like, for example there was another time when my [worker]*
> *told me to sell satchels of this type of soup... . It is something that I have*
> *just started, so we will see if it goes well".*

Similarly, another Chinese immigrant entrepreneur described how his interaction with local employees enabled him to identify the opportunity of selling a specific type of local mince:

> *"Well, for example, I would not have thought of buying this [mince], if*
> *it were not for my staff. They told me to buy this for the shop, but I did*
> *not understand it, so they wrote down the name".*

The Chinese immigrant entrepreneurs were aware that, based on their communication with local employees, they would be able to gain information regarding the product needs and opportunities in the community. In this respect, the Chinese immigrant entrepreneurs displayed practices of engaging in interactions with local employees to identify opportunities in the host environment.

b) Inactive communication catalysers

Some Chinese immigrant entrepreneurs commented that some of their local employees were not willing to actively assist them in identifying opportunities by furnishing them with local insight about the local market. The Chinese immigrant entrepreneurs were mindful that occasionally their local employees did not play a catalyst role for the small business because they wanted the small business to be dependent on them. In this respect, the local employees would be unwilling to voluntarily divulge information related to opportunities to the Chinese immigrant entrepreneurs because they feared that they would become obsolete in the small business.

> *"It would be ideal if [they] told us more about things like popular products, and other things that we do not know because of the cultural barrier, But the problem is that a lot of [them] are not willing to tell us these things ... [they] think that if they tell us too much we will not need them and we will know too much. So, from our side we are content if [they] can at least do their job, and we then try to gain information by [ourselves]".*

> *"I think at times the local employees do not want us to know too much and give us too much information, because they think that we might not need them when we have a lot of knowledge".*

However, in instances where the local employees were not willing to offer information pertaining to the unique local tastes, products and needs of the market, the Chinese immigrant entrepreneurs were less reliant on local employees for gaining an understanding of the local market. In this respect, the Chinese immigrant entrepreneurs would disengage from interactions with their local employees and instead gain market-related information by actively interacting with other local small retail businesses in the community.

> *"As I said, when local workers are not very helpful, occasionally we would hear from other store-owners in this area about products which are needed here".*

It was evident that the Chinese immigrant entrepreneurs and some local employees had competing and incompatible views on sharing business information related to opportunities. While the Chinese immigrant entrepreneurs were primarily focused on identifying opportunities to make sales and profits, some of their local employees were primarily concerned

with their own self-interest in terms of job security. These divergent foci affected not just the quality of information on opportunities shared, but also the level of the willingness of local employees to initiate or respond to issues pertaining to opportunities in the host community.

Notably, the Chinese immigrant entrepreneurs described certain incidents where local employees occasionally did not assist them when they needed certain words to be translated from the local *isiXhosa* language. On those occasions, it was assumed by the Chinese immigrant entrepreneurs that the local employees did not give them accurate translations of words because they feared becoming redundant in the small business:

> *"The truth is, a lot of the times, when you ask them what a phrase means,*
> *they will not tell you its real meaning. They fear that if we knew too*
> *much, then they will become redundant".*

As a response to this subtle and unsupportive behaviour by some local employees, some Chinese immigrant entrepreneurs reacted by giving incentives such as discounts to those local employees who communicated and shared information:

> *"We tend to give discounts to our local employees who assist us by*
> *telling us what is needed in the community and also bring customers to*
> *the business".*

It can be noted that the practices of communicating and sharing information by the local employees varied. However, these practices were noted as essential in understanding market needs and identifying opportunities in the host community.

5.2.2.2 Legitimisers of business in the community

The other sub-property of the property *local employees as business connectors* is local employees as *legitimisers of business in the community*. Local employees were key in promoting a favourable or unfavourable attitude towards the small business in the community through their viewpoints about the small business which they shared with community members. In this respect, the Chinese immigrant entrepreneurs were identifying the opportunity for sales emanating from the networks of the local employees in the host community. Some of the local employees were attracting local customers who initially had doubts or distrust about the quality of the products sold at the small businesses. In this respect, the quality of the relationships between the Chinese immigrant entrepreneurs and their local employees were key in positioning the local employees as legitimisers of the small businesses in the host community.

The dimensions of this sub-property are a) *legitimising the business* and b) *delegitimising the business.*

a) Legitimising the business

Local employees acted as active legitimisers of the small business in the community when they spoke favourably about the small business to the broader community. In this respect, they created a positive attitude, community acceptance and sales relationships between the small business and the local community members. The goodwill by the local employees of being community members was leveraged to legitimise the small business, as highlighted in the following quotations:

> *"You will see many times when the customers do not accept our words,*
> *but they will be easily persuaded when they hear it from the shop*
> *assistant because they speak the same language."*

> *"We rely on the employee, because the customers trust the words from*
> *someone of the same background more".*

Furthermore, local employees played a key role in enabling the community members to find it acceptable to give patronage to products from the small businesses owned and operated by the Chinese immigrant entrepreneurs. Thus, there were opportunities to gain sales by convincing undecided and sceptical local customers to develop sales relationships with the Chinese owned small businesses through assurances from fellow local community members who were serving as employees. Notably, the legitimising of the small business in the community by local employees was essential for the small business in both unfavourable and favourable contexts. For example, in an unfavourable context such as heightened levels of conflicts or xenophobic sentiments expressed by the local community, the local employees were encouraged to interact and engage with the customers. Conversely, the Chinese immigrant entrepreneur would disengage and lessen their interactions with the local customers and the broader community. Occasionally in the community there was a heightened level of scepticism towards foreigners by locals. In this respect, local employees were used to pacify and legitimise the small business in the community:

> *"During xenophobia, yes, the attitude of the community changes and*
> *they are suspicious, so the reason for having a local employee is that if*
> *I, as a Chinese person, tell customers that a certain product is good,*

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they will probably not believe. However, they are more likely to trust a
local employee who tells them the same thing, because he is a local".

Similarly, in a specific incident which was perceived as hostile, a local employee legitimised the small business. This incident involved an angry customer who threatened to become violent at the business premises if his requests were not met. In this incident, the Chinese immigrant entrepreneur disengaged from interacting with the customer and instead the local employee engaged with the customer and asked the customer to be more understanding. The local employee eventually convinced the customer to be more reasonable and understanding by highlighting her legitimate fears of losing her own job if the dispute was not resolved:

"We often cannot understand what customers are saying when they are
arguing, so we ask the worker to go and talk to them. There was even a
time when one of the customers threatened to become violent during an
argument towards the worker. So she explained that she was merely
talking on our behalf, which is her job, and that if she did not do so she
would lose her job. After that, the customer was calm and
understanding".

From this interaction between the local employee and the disgruntled customer, the resultant relationship which was established was less hostile. Hence, the Chinese immigrant entrepreneurs occasionally assigned their local employees with the key responsibility of identifying and pursuing community relational opportunities for the small business and avoid open conflict. In the same light, another Chinese immigrant entrepreneur described how local employees acted as legitimisers for the small business during hostilities such as interactions with immigration officers:

"I remember a time when an immigration officer came, and was being
difficult with us. I think they were looking for bribes. Eventually, one of
the workers started speaking on our behalf. He was really passionate as
well, and he basically started arguing with the official. In the end, the
officer left us alone".

One of the Chinese immigrant entrepreneurs highlighted that for the local employees to act as legitimisers of the small business, there was a need for a good relationship to exist between the Chinese immigrant entrepreneur and the local employees. Additionally, as legitimisers of the small business in the community, the local employees would bring their friends and family

members to the small business to purchase products. In this respect, local employees assisted the Chinese immigrant entrepreneurs in identifying new sources of sales opportunities through their interactions and relations with different types of community members.

> *"I try to make sure we have good relationships, which is important, because the workers will frequently bring their families and friends to buy from the business .... The local employees are also familiar with the language, which is a big help".*

Notably, legitimising of the small business in the community by the local employees was essential in various ways, such as, 1) the identification of various sales and relational opportunities from the networks of local employees and 2) the resolution of conflicts and hostilities with community members.

b) Delegitimising the business

When poor relationships existed between the Chinese immigrant entrepreneurs and the local employees, the local employees would delegitimise the small business within the community and inhibit the identification and pursuit of opportunities. For example, during hostilities such as interactions with disgruntled customers or visits by government inspectors, the local employees would usually legitimise the small business by defending it if favourable relationships existed between them and the Chinese immigrant entrepreneurs. However, if there were poor relationships between the Chinese immigrant entrepreneurs and the local employees, the local employees would speak unfavourably about the small business to the government inspectors. A Chinese immigrant entrepreneur commented on this practice of delegitimising the small business by some local employees:

> *"There are often inspections from government officials. If your relationship with the workers is good, they will speak on your behalf and in your favour. But if they dislike you, they will say bad things about you, and you would not even know what they are saying".*

On the other hand, some Chinese immigrant entrepreneurs found that some of their local employees delegitimised the small business because they perceived their jobs as being menial and did not take their jobs seriously. These local employees assumed that the Chinese immigrant entrepreneurs were reliant on them to operate the small business and gain acceptance in the community. Therefore they assumed that if they did not commit any form of misconduct, they would not lose their jobs. Hence they were casual and lacked the initiative to legitimise

the small business to the community and enable the identification of opportunities and growth of the small business.

> *"For a lot of the employees, they do not really think that this is a valuable job, so they are not willing to improve. We tell them what the best way to introduce a certain product would be. For example, we can tell them about all the functions in a new product. It depends on them to remember it the next time when a customer is interested. But they rarely do. You do not see them trying their best to improve sales. There is a mentality of just trying to get by, day by day. Because their thinking is that in such a store, you are always going to employ someone, even when the business is not doing well. So [they would think] 'as long as I do not commit any major misconduct, I will not be fired'. So they feel secure in their job. They do not really have any reason to put in extra effort either, because they do not stand much to lose".*

While the Chinese immigrant entrepreneurs were pursuing opportunities for both small and large sales, local employees were pivotal in identifying and pursuing these sales opportunities for the small business. In this respect, the Chinese immigrant entrepreneurs displayed practices of engaging or disengaging from interactions with local employees to identify opportunities in the host community. However, the engagement between local employees and the Chinese immigrant entrepreneurs did not always yield favourable outcomes. Some local employees would engage in practices of delegitimising the small business in the host community. The focus of the next section is to present the property *motivation of organisational members*.

5.2.3 Motivation of organisational members

The *motivation of organisational members* involved the activities engaged by the Chinese immigrant entrepreneurs of motivating organisational members (specifically, *local employees*) to consciously identify sales opportunities for the small business of what to sell and where. Notably, different types of incentives were used by the Chinese immigrant entrepreneurs to encourage local employees to identify sales opportunities for the small business. In this respect, the sub-property of *motivation of organisational members* included *fostering feelings of employee inspiration*, as shown in Table 5.5.

Table 5.5: Motivation of organisational members

Property: Motivation of organisational members		
Sub-property	**Dimensions of properties**	
Fostering feelings of inspiration	Using intrinsic motivators	Using extrinsic motivators

Source: Researcher's own construction

5.2.3.1 Fostering feelings of employee inspiration

Fostering feelings of inspiration involved the exercise by Chinese immigrant entrepreneurs of seeking to create feelings of enthusiasm and drive among local employees which compelled and incentivised the local employees to identify opportunities in the community. The property of *fostering feelings of inspiration* had two dimensions, namely *a) using intrinsic motivators* and *b) using extrinsic motivators*, which will now be presented.

a) Using intrinsic motivators

A greater level of authorisation of employee behaviour by the Chinese immigrant entrepreneurs occasionally took place in the form of allowing employees to make contributions to the business. In authorising the behaviour of employees, there was an emphasis on promoting teamwork in the small business which enabled organisational members to feel a sense of collective stake in the business. Employees who were authorised to participate in decision-making through a sense of teamwork, contributed positively in identifying sales opportunities of desired products in the market. A Chinese immigrant entrepreneur elaborated on the importance of working collectively as a team to ensure that the small business survives in the relatively hostile environment and identifies sales opportunities:

> *"I believe in business you need people to work with. You need a good team of workers which you share ideas with. As Chinese people we believe in team work. If you do not have a good team of workers which supports you then in business you will not achieve much. And now when you are in a foreign place like this with crime and xenophobia, teamwork even becomes more important for you to survive. Also I think you need to respect your workers and they will also respect you because they feel valued. The workers can tell you what to sell and what not to sell".*

Commonly, the Chinese immigrant entrepreneurs would engage in behaviours that highlighted collectiveness by showing respect, solidarity and oneness when they encouraged organisational

members to actively express their views. In this vein, the Chinese immigrant entrepreneurs were creating supportive relationships and integration with local employees to create conducive conditions for getting information from local employees as team members who would positively contribute in the identification of opportunities for the small business.

b) Using extrinsic motivators

Mindful that their local employees were mainly coming from marginalised township communities, some Chinese immigrant entrepreneurs offered support and external incentives to their local employees. These external incentives were perceived as extrinsically motivating the behaviour of local employees towards supporting the operations of the small business and identifying opportunities in the host community. One Chinese immigrant entrepreneur recalled his propensity to inspire his local employees by giving them incentives such as food packages and bonuses:

> *"We generally treat our workers well. I believe for employees to work well they need to be happy with you. I always give them a bonus on their birthdays and on Christmas. ... I would give my workers a package with meat, food, as well as a money bonus".*

Thus, by supporting and showing a genuine concern for local employees materially, the Chinese immigrant entrepreneurs anticipated that local employees would be committed to the small business and assist the business in identifying opportunities in the host community. Moreover, as a way of fostering feelings of employee inspiration, non-coercive empathetic behaviour using extrinsic motivators was displayed by the Chinese immigrant entrepreneurs. An example of this was when one of the Chinese immigrant entrepreneurs continued to pay (an extrinsic motivators) his local employees even though the small business was being opened for shorter hours as a result of violence and service delivery protests in the host community. This behaviour by the Chinese immigrant entrepreneur was construed as creating a sense of togetherness by local employees. Additionally, through the use of extrinsic motivators such as *bonuses*, some Chinese immigrant entrepreneurs encouraged their local employees to give them advice on products that are in demand in the market: *"We tell the workers that if the advice that they gave us is good, and if the product sells well, we will give them a bonus".* In this respect, the incentives given to local employees enabled the local employees to assist the Chinese immigrant entrepreneurs in identifying opportunities for sales in the host community.

Similarly, to inspire local employees, some Chinese immigrant entrepreneurs gave commissions to local employees who made big sales. As one Chinese immigrant entrepreneur commented, *"We also give them a commission when they make a large sale"*. In this respect, extrinsic motivators (such as, *commissions, bonuses*) were used to inspire local employees and encourage them to assist the Chinese immigrant entrepreneurs in identifying opportunities for sales in the host community. Having presented the category *leveraging on organisational members*, the focus of next section will be on the category *gaining customer insight of opportunity*.

5.3 GAINING CUSTOMER INSIGHT OF OPPORTUNITY

Gaining customer insight of opportunity is a phenomenon which emerged to reflect the various practices of how Chinese immigrant entrepreneurs were identifying opportunities through their interactions with customers in the business environment. The practice by Chinese immigrant entrepreneurs of engaging with the different customers who entered the small business and gauging the appropriate interactional practices to engage with these customers to identify opportunities for the small business was manifested through the category of "gaining customer insight of opportunity".

Gaining customer insight of opportunity had the properties of *validation of business ideas* and *co-identification of needs*. In the next section these properties and their subsequent sub-properties, as shown in Table 5.6 will be presented.

Table 5.6 Gaining customer insight of opportunity

Category: Gaining customer insight of opportunity	
Properties	**Sub-properties**
Validation of business ideas	Nature of corroboration with customers
Co-identification of needs	Forms of interactions

Source: Researcher's own construction

5.3.1   Validation of business ideas

The property *validation of business ideas* involved anticipating, and asking questions to unearth and validate an understanding of unmet needs (opportunities) and concerns of customers. In this respect, the Chinese immigrant entrepreneurs were able to identify and validate opportunities from their interactions with customers. The process of opportunity identification was characterised by a consultative approach which relied on multiple critical views from customers. Thus, a variety of views or evidence was considered as key in identifying the nature of opportunities and their facets (such as attractiveness, durability, timeliness, value in what

will be offered or future possibilities that are feasible and desirable). The customer's views were considered as having validation powers of desirable opportunities in the community. The sub-property *nature of corroboration with customers* and its associated dimensions, as shown in Table 5.7, will be presented in the next section.

Table 5.7 Validation of business ideas

Property: Validation of business ideas		
Sub-property	**Dimensions of sub-property**	
Nature of corroboration with customers	Gaining deep knowledge	Gaining shallow knowledge

Source: Researcher's own construction

5.3.1.1 Nature of corroboration with customers

Corroboration with customers involved the practice by Chinese immigrant entrepreneurs of interacting with customers to confirm and substantiate the customer's desire for services and products before making a purchase decision. In some instances the corroboration of business ideas with customers was about the convergence of ideas raised by customers. Notably, there were also ideas for new offerings or new ways of doing business hatched by local employees, family members and the Chinese immigrant entrepreneurs which were equally corroborated with local customers before operationalising them.

Moreover, by corroborating ideas on potential opportunities, Chinese immigrant entrepreneurs were grappling to gain knowledge and clarity on several aspects of the nature of potential opportunities, in terms of 1) attractiveness of opportunity to customers and 2) riskiness of opportunity (such as, non-customer purchase despite expressed intent). Furthermore, the activity of corroboration with customers reflected additional confirmatory evidence for the Chinese immigrant entrepreneurs in the identification of opportunities. The dimensions of this particular sub-property, namely a) *gaining deep knowledge* and b) *gaining shallow knowledge* will be presented below.

    a)   Gaining deep knowledge

The corroboration of ideas with customers who were approachable and interactive regularly led to the attainment of deep knowledge regarding market needs and the nature of opportunities (such as attractiveness, durability, timeliness, riskiness and feasibility). In this respect, the Chinese immigrant entrepreneurs would observe customers and make a situational judgement on whether to engage with a customer to gain an understanding of opportunities in the host community. The Chinese immigrant entrepreneurs approached several customers to validate

opportunities and gain multiple perspectives of opportunities in the host community. The triangulation of insights from varying customers (old, young, males, females, new customers, repeat customers) yielded deep knowledge of opportunities (attractiveness, durability, timeliness, riskiness and feasibility of opportunity).

Nonetheless, the Chinese immigrant entrepreneurs highlighted that they gained deep knowledge from their repeat customers who were noted as being more friendly and approachable. In this respect, through engaging in interactions with repeat customers the Chinese immigrant entrepreneurs managed to identify several opportunities in the host community. This is highlighted in the following quotation from one of the Chinese immigrant entrepreneurs:

> *"When I get some ideas about certain products from workers or just from talking with friends and family, I would also ask the regular customers if a certain product is something that they would buy .... Occasionally, the regular customers do come with some suggestions and ideas which we do consider".*

One of the Chinese immigrant entrepreneurs recalled an incident in which engaging in interactions with frequent and approachable customers enabled the identification and validation of an opportunity to sell a particular product (called "Refresh") in the market:

> *"Even if you have money, you cannot open a shop. You do not know the basics of operation yet. For example, operating a business in PE is very different from operating a business in Johannesburg. A product that will sell well there will not necessarily sell well here. You must look at your local area and get to know it. So take the cool drink example again. Twizza does not sell well in Grahamstown. It appeals more to certain people. So here, Refresh would sell more. So it is important to understand the taste in your town. And that also comes from communicating with your frequent customers. So you would ask, 'Why do you prefer this drink over another?' So communication is very important. And when you are given an idea you need to keep asking other customers to get their opinion of the idea".*

From this quotation it can be noted that some Chinese immigrant entrepreneurs, while being mindful of corroborating with customers, were also cognisant of the fact that their customer's needs and demands were dependant on their geographical areas. Different areas usually had

unique needs and opportunities. It was vital for Chinese immigrant entrepreneurs to understand these dynamics pertaining to customer needs and nature of opportunities. Hence, the interactions and engagement with customers in a consultative manner led to the identification of opportunities in the host community.

b) Gaining shallow knowledge

The corroboration of ideas with customers sometimes also resulted in the acquisition of shallow knowledge which led to unfavourable outcomes and an inability to identify and realise credible opportunities. There were some incidents in which the Chinese immigrant entrepreneurs noted that some customers would affirm business ideas which turned out to be unfavourable for the small business and consequently unrealised opportunities for sales, as highlighted in the following quotation:

> "There was a time when I consulted with a customer if a certain sauce would sell. She told me that people would buy it but when I stocked it, no one bought the sauce. Now, usually the customers that I ask for advice are those customers I know well and who regularly buy at the business ... [They] are the ones who are more willing to genuinely give you good advice when you ask then about what would sell and what is not in the market. [They] are more willing to assist you".

Hence, the outcomes of the corroboration of ideas on opportunities substantially differed based on who was consulted. The Chinese immigrant entrepreneurs would then have a greater tendency to rely on and interact with regular repeat customers to validate business ideas because these were perceived as more dependable. From the interactions with less interactive or unapproachable customers, shallow knowledge was gained by the Chinese immigrant entrepreneurs.

In response to situations in which corroborating with customers resulted in poor advice, one of the Chinese immigrant entrepreneurs cited that he would also refer to the sales recorded in his financial books. From these sales records, the Chinese immigrant entrepreneur would gain a clearer comprehension of what stock to purchase and the buying patterns of the customers, as highlighted in the following quotation:

> "We will frequently ask the customers on what they like or dislike. Based on the opinions, we decide how much stock to buy. But we also look at the books, to see what has been sold the most. This is because the

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customers' opinions do not always represent everyone. So the number of stock on hand is the most reliable indicator".

Some Chinese immigrant entrepreneurs reported how they often lost business through incidents of miscommunication of opportunities by some customers. To ensure accuracy in identifying opportunities for new products and also mitigate losses from unrealised opportunities, some of the Chinese immigrant entrepreneurs would ask the customers to write the names of the products they desired. Thereafter, they would go to the suppliers with the names of those products when purchasing stock. As one Chinese immigrant entrepreneur commented, *"I ask them to write on a paper what products they want and I then take the name to the suppliers".* Alternatively, some of the Chinese immigrant entrepreneurs would ask their local employees to interact with the customers in the local language (*isiXhosa*) to clearly ascertain the customers' unmet needs which consequently represented opportunities for the small business. Evidently, the Chinese immigrant entrepreneurs had to regularly adapt to missed opportunities and setbacks (such as *miscommunication from language barriers*) experienced during the process of validation of business ideas.

On the other hand, in instances of limited corroboration of ideas or shallow knowledge of opportunity, some of the Chinese immigrant responded by adopting a *calculated trial and experiment* approach which was intended to ascertain if there was a real desire and demand for the recommended products. This can be illustrated by one of the Chinese immigrant entrepreneurs who described how he initially bought a small amount of stock after receiving advice from customers to gauge the level of demand prior to buying a huge amount of stock.

> *"Usually, when a customer tells me that they need something and I should stock it, I do listen to their advice but I buy a little amount first, and if they sell well, then we would buy more. So even if we buy something that did not sell well, it would not be disastrous. Regardless of which customers gave us the advice, we will always try with a small quantity first".*

Additionally, there were other forms of negative consequences resulting from shallow interactions with some customers. For example, some Chinese immigrant entrepreneurs noted how customers would advise them to purchase certain products, and thereafter not come to buy the products when they were stocked:

"A lot of time [they] will tell you that they want to buy a large quantity of a certain product. So you go and buy these from the suppliers. But then the customers do not actually come and buy after you have already bought the items. So we have to be careful .... We now ask for a deposit if a customer wants to order something. If they are not willing to pay the deposit, it shows that they were not actually going to buy the products".

To avoid such negative outcomes which were in the form unrealised sales opportunities, some of the Chinese immigrant entrepreneurs would ask customers to first give some form surety in the form of a monetary deposit. In this respect, if a customer placed an order and did not come to purchase the products when they were in stock, the Chinese immigrant entrepreneur would retain the deposit.

As a social and interactive activity corroboration with customers involved confirming and substantiating the customer's desire for services and products which led to two possible outcomes, namely, a) deep knowledge of customer needs and b) shallow knowledge of customer needs, which both had implications on opportunity identification.

Having presented the property *validation of business ideas*, the focus of the next section will be to present the next property which is *co-identification of needs*.

5.3.2 Co-identification of needs

The property identified as *co-identification of needs* involved the practice by Chinese immigrant entrepreneurs of interacting with customers to co-identify the customer's unmet needs. When different customers walked into the small business, the Chinese immigrant entrepreneurs adopted varying interactional strategies to interact with the customers and co-identify their needs. In the *co-identification of needs*, the sub-property of *forms of customer interactions* was identified based on the extent to which the interaction was *verbal and proactive* versus *non-verbal and reactive*. This sub-property *form of customer interactions* and its dimensions, as shown in Table 5.8, will be presented in the next section.

Table 5.8 Co-identification of needs

Property: Co-identification of needs		
Sub-property	**Dimensions of sub-property**	
Forms of customer interactions	Verbal and proactive interactions	Non-verbal and reactive interactions

Source: Researcher's own construction

5.3.2.1 Forms of customer interactions

Forms of customer interactions involved the different practices and approaches adopted by the Chinese immigrant entrepreneurs in interacting with customers. From these forms of customer interactions, the Chinese immigrant entrepreneurs managed to identify opportunities to serve unmet customer needs. In this respect, the dimensions of *forms of customer interactions* reflected two types of interactions which were being displayed by the Chinese immigrant, namely a) *verbal and proactive* and b) *nonverbal and reactive* interactions with customers.

a) Verbal and proactive interactions

Verbal and proactive interactions were reflected in incidents when the Chinese immigrant entrepreneurs were proactive and willing to approach customers who were buying products. In this regard, the Chinese immigrant entrepreneurs would approach and ask the customers why they were purchasing certain products relative to other products. In most instances, those customers who were noted as more willing to interact and give suggestions to the Chinese immigrant entrepreneurs, were usually older female customers. Older female customers were noted as being more friendly and willing to interact and give advice on which products to stock. Therefore when older female customers walked into the small business, the Chinese immigrant entrepreneurs were more willing and prepared to engage in interactions with them. Hence the interactions with these customers were generally perceived as being favourable and enabling the identification of opportunities in the host community.

Several Chinese immigrant entrepreneurs commented on how they not only probed interactive customers and repeat customers (such as *older female customers*) on a variety of issues regarding their choices of products, but also proactively guided the customers to alternative offerings:

> *"I talk to customers when I see them liking certain products. I want to understand why they choose those products. Occasionally, when a frequent customer comes in and looks, I will go and assist them personally, by pointing on any new stock."*

Commonly, interactions with customers were associated with the Chinese immigrant entrepreneurs being physically present at the business premise and engaging with the customers to try to influence their purchase decisions as well as gain as much insight as possible of opportunities to serve their needs better. A co-identification of needs with customers was vital in the process of identifying sales opportunities for the small business. For example, one

Chinese immigrant entrepreneur described how he engaged in interactions with customers and also listened to their requests at the small business. In this respect, he managed to co-identify the opportunity to sell a specific product ("Nik Naks") by interacting, engaging and listening to several customers who requested the product:

> *"We talk to customers and listen to how often a particular product is requested by the customers, and decide whether to sell it or not ... Like with a product like Nik Naks, a lot of people asked for it, but I did not know what it is. Eventually I asked a local customer about it, and he told me. So I stocked up and they are now selling well".*

b) Non-verbal and reactive interactions

Chinese immigrant entrepreneurs also mentioned that some of the customers who were purchasing products at the small business were less interactive, hostile and not willing to interact or engage with them when purchasing products. These customers were generally perceived as unfriendly and unapproachable. The "talk, listen and identify" type of interaction to engage customers was not applicable in such situations. For example, some of the Chinese immigrant entrepreneurs suggested that the customers who were less interactive were usually male customers or younger customers. As one Chinese immigrant entrepreneur noted, *"the male customers are less talkative and more difficult to talk to when purchasing products"*.

In response to interactions with less interactive customers, the Chinese immigrant entrepreneurs would either delegate local employees to interact with these customers, or they would rely on simply observing and monitoring the customers. In such circumstances, the Chinese immigrant entrepreneurs would silently observe and make inferences of consumer preferences. These forms of non-verbal interactions, behaviour and response by the Chinese immigrant entrepreneurs were a different form of engaging with a customer. The non-verbal interactions were intended to gain insight of the unmet needs of those less interactive and unapproachable customers (typically *male customers, young customers*). For example, one Chinese entrepreneur illustrated how he also used an "observe and decide" technique to identify opportunities and respond to customer needs:

> *"Well, when you are at the business some customers are willing to talk with you while others are not willing to talk. A lot of the times when I see a customer who does not want to talk I simply look at what they are*

buying and taking from the shelves. I then try to buy more of that. I must say, I think it works because they will keep buying".

On the other hand, some of the Chinese immigrant entrepreneurs were mindful that some of their non-verbal interactions with customers resulted in the purchase of products that turned out not to be desired or demanded by the market. This reveals how the Chinese immigrant entrepreneurs were pre-occupied with distinguishing assumed customer purchase intentions from actual customer purchases which was crucial in having end results of realised rather than unrealised sales opportunities in the small business. To mitigate uncertainty and reduce unfavourable outcomes of unrealised sales opportunities, the Chinese immigrant entrepreneurs would initially purchase small amounts of the products. Thereafter if the products sold and were in demand from the consumers, the Chinese immigrant entrepreneurs would then buy more of those products and stock them.

In conclusion, *gaining customer insight of opportunity* using various strategies emerged as a key practice by Chinese immigrant entrepreneurs to *validate business ideas* and *co-identify needs with customers*. In this respect, the Chinese immigrant entrepreneurs managed to identify various opportunities in the host environment. Additionally, it can be noted that the opportunities which the Chinese immigrant entrepreneurs were identifying varied in terms of attractiveness, levels of uncertainty (risk) and timeliness as they were based on varying interactions with customers in the host community. Having discussed the category *gaining customer insight of opportunity*, the researcher will move on to discuss the category *configuring of customer relations*.

5.4 CONFIGURING OF CUSTOMER RELATIONS

The category *configuring of customer relations* involved the practice by Chinese immigrant entrepreneurs of interacting with customers and configuring relationships with customers to generate various sales opportunities. From these interactions with customers either *favourable* or *unfavourable* resultant relationships emerged. Consequently, the category *configuring of customer relations* was manifested in the form of a property referred to as *types of customer service* with its associated dimensions of *high customer service* and *low customer service*, as shown in Table 5.9. A discussion of *types of customer service* will be the focus of the next section.

Table 5.9 Configuring of customer relations

Category: Configuring of customer relations		
Property	**Dimensions of property**	
Types of customer service	High customer service	Low customer service

Source: Researcher's own construction

5.4.1 Customer service

Customer service involved the service and relations which the Chinese immigrant entrepreneurs established with customers before, during, and after purchasing products at the small business. The Chinese immigrant entrepreneurs concurred that to be successful, the operating practices of their small businesses were purposefully structured to understand – but more importantly – to respond to and serve the customers. The service and relations established with customers facilitated the continuous identification of opportunities for sales in the host community. There were two dimensions of the property *customer service* which reflected levels of *customer service* as either a) *high customer service* or b) *low customer service*.

a) High customer service

A high level of customer service was evidenced by the favourable relations which were established during and after the interactions between the Chinese immigrant entrepreneurs and the customers. Several Chinese immigrant entrepreneurs attempted to maintain a high level of customer service through various strategies. Some of these strategies included offering attractive credit policies that permit customers to return malfunctioning purchased products. As one of the Chinese immigrant entrepreneurs explained, he provided a high level of customer service to customers through a good returns policy which left customers satisfied:

> *"My products are more upscale, and the shopping environment is much more comfortable. Our services are also excellent, because we have a good return policy. The return policy also minimises conflicts with customers and they are usually happy with our service".*

Several Chinese immigrant entrepreneurs reiterated that a strategy for fostering a high level of customer service and creating favourable relations with customers was to give discounts to long-term (repeat) customers who, in response, would make referrals for the small business to their friends and family members. In this respect, the search for opportunities for "referral sales" was a key aspect of how the Chinese immigrant entrepreneurs were seeking various and creative prospects for generating sales to new customers.

> *"Long-term customers will bring their friends and families to us. A lot of customers came in this way. Initially we would give a customer discounts to try and build a good relationship. A few days later, the customer would bring someone else, and tell us that this is her friend so we should give them the same good service."*

> *"If another customer who is not a regular customer asks for a small discount, I might consider it too. But I am more likely to give discounts to repeat customers".*

In this respect, the repeat customers represented customers who had favourable relationships with the Chinese immigrant entrepreneurs and who also played a role in identifying sales opportunities and supporting the small business (for example, through *giving advice* or *making referrals*). Giving discounts to such customers was used as a strategy to further strengthen good relations with the customers.

Communicating with customers in a favourable and friendly manner was another strategy to understand and deliver the type of *customer service* desired by the respective customers. One of the Chinese immigrant entrepreneurs exemplified some of the components of good customer service with locals which included friendly communication with customers. From these friendly interactions, the customers would be more willing to impart good advice to the Chinese immigrant entrepreneur and enable the identification of opportunities:

> *"The local people's support is very important. There are some very good people here. You meet them and you make friends. And they would give you good advice, like what sells well and does not .... The most important thing when interacting with customers though is to remain friendly .... But I would say that communication is important, to find out what they like. It also means that you must treat your customers as friendly as possible. Even though our English is not fluent, but we all know how to smile. A simple 'Morning!' and friendly body language makes them feel at ease".*

b) Low customer service

Low customer service was displayed by the hostile (unfavourable) relations which were established during and after the interactions between the Chinese immigrant entrepreneurs and some customers. In this respect, low customer service was a conscious and subtle way of

tactfully dealing with unwanted customers so that attention would be adequately directed to activities that generate sales. For example, when customers who were known to have caused prior problems within the small business (such as *stealing* and *arguing*) entered the small business, they were given a low level of customer service. In this respect, customers who had previously stolen from the small business were perceived as unfavourable (hostile). One Chinese immigrant entrepreneur commented how he would discourage customers perceived as thieves from staying in the business by rushing them:

> *"If you can identify him as a thief, then you have to watch him carefully. And then you have to rush him, so that he would leave as quickly as possible. You would keep asking him what he is looking for. If he asks for the price of an item, you would say a higher-than-normal price to discourage him from staying in the shop. Normally they would leave soon afterwards".*

Another Chinese immigrant entrepreneur described how he disallowed customers who had previously stolen from the small business from re-entering the business premises. If such customers entered the small business, they would be closely monitored by the Chinese immigrant entrepreneur or followed around by the local employees, as highlighted in the following quotation:

> *"If I spotted the person before he entered, I would normally refuse to let him in. But if he was already inside, then I will not chase him out either. I will just make sure we keep a vigilant eye on him".*

Similarly, another Chinese immigrant entrepreneur described how he discouraged customers suspected as thieves from walking around the small business. In this respect, the Chinese immigrant entrepreneur would ask them what particular products they are looking for and then afterwards misinform them by telling them that they do not stock those products, as highlighted in the following quotation:

> *"You ask them what they are looking for. And then when they reply, you tell them that you do not stock that item. But otherwise if you keep watching them, they will know that they do not have any opportunity to steal, so they will eventually leave".*

Therefore, the resultant relations established with unfavourable customers were usually hostile relations between the Chinese immigrant entrepreneurs and the individuals. Although Chinese

immigrant entrepreneurs were striving for a satisfactory level of customer service with most customers, a low level of customer service would also manifest when Chinese immigrant entrepreneurs were in disagreements with customers. For example, one Chinese immigrant entrepreneur described how he did not give in to the requests made by hostile and argumentative customers at his small business. In such situations, he would draw on the local employees or call the police to take out the customer and this often led to the removal of the customer from the small business. The Chinese immigrant entrepreneur rationalised that if he gave in to all the demands made by the customers, he faced the risk of being cheated and being taken advantage of:

> *"Usually when there is a dispute with a customer, we will call the police. We cannot just submit to the customers' demands whenever there is an argument, or we will appear too weak and people will take advantage of it".*

Consequently, in such hostile (unfavourable) contexts, calling on the police or the local employees was a strategy adopted by the Chinese immigrant entrepreneurs to pacify the unfavourable customer interactions. This typified how the Chinese immigrant entrepreneurs would disengage and lessen interactions (such as *corroboration of ideas*) during hostile interactions with customers.

5.5 SUMMARY

In this chapter it was noted that categories *leveraging on organisational members, gaining customer insight of opportunity,* and *configuring of customer relations* by Chinese immigrant entrepreneurs represented the actions and interactions with stakeholders that were displayed by the Chinese immigrant entrepreneurs that facilitated the identification of various opportunities. The Chinese immigrant entrepreneurs actively engaged in interactions with various stakeholders such as customers, family members and local employees to identify different types of opportunities (such as sales opportunities, start-up opportunities, relational opportunities, operational opportunities). From their interactions with different stakeholders this chapter highlighted how the Chinese immigrant entrepreneurs were grappling to unravel the nature of opportunities in terms of, 1) attractiveness of the opportunity, 2) risk as an inherent part of opportunity, 3) level of uncertainty in the opportunity reducible by depth of insight gained, and 4) timeliness of the opportunity. This chapter also revealed the significance of family as a strong

unit of support and solidarity in making opportunities for internal financing (operational) and business advice available to the Chinese immigrant entrepreneurs.

More importantly, this chapter has underscored the dynamic interdependence between the Chinese immigrant entrepreneurs, family members, local employees and customers in the host community as part of a participatory social activity in opportunity identification. The chapter also detailed the manner in which the nature (engaging/disengaging) of the relationships and interactions with different stakeholders changed in functionality depending on business conditions and opportunities.

Having presented the results on how the Chinese immigrant entrepreneurs were interacting with a variety of stakeholders to identify different opportunities, the next chapter presents the findings regarding how the Chinese immigrant entrepreneurs operated their small businesses in the host community of the Eastern Cape province of South Africa.

CHAPTER 6

CHINESE PRACTICES IN OPERATING BUSINESS

"What a man thinks of himself, that is what determines, or rather, indicates his fate"

(Thoreau)

6.1 INTRODUCTION

The purpose of this chapter is to present the practices adopted by the Chinese immigrant entrepreneurs in operating their small businesses within the host community. This is in line with the research objective "to describe the activities engaged by the Chinese immigrant entrepreneurs when operating their small businesses". The identified practices adopted by Chinese immigrant entrepreneurs in operating their small businesses were: *actions of delegation in business, practices to deal with hostilities* and *practices of executing business values. Actions of delegation in business* represented the practices of delegating and co-ordinating tasks in the small business, whereas *practices to deal with hostilities* represented the activities that were displayed by the Chinese immigrant entrepreneurs in managing threats and hostilities affecting the operations of the small business in the host community. Finally, the *practices of executing business values* represented the values which were displayed by the Chinese immigrant entrepreneurs as they operated their small businesses.

This chapter will first focus on presenting the category *actions of delegation in business* and its subsequent properties. Thereafter *practices to deal with hostilities* and *practices of executing business values* and the relevant properties will be presented. Table 6.1 below presents an overview of the main practices (categories) and properties that will be discussed in the present chapter.

Table 6.1 Chinese practices in operating business

Category	Properties
Actions of delegation in business	Task assignment Staffing practices
Practices to deal with hostilities	Conflict avoidance Drawing on authorities
Practices of executing business values	Exercising patience Being hard-working Willingness to learn

Source: Researcher's own construction

6.2 ACTIONS OF DELEGATION IN BUSINESS

Actions of delegation in business involved the actions adopted by the Chinese immigrant entrepreneurs of controlling co-ordinating, and delegating different tasks to organisational members in the small business. Essentially, the organisational members whom the Chinese immigrant entrepreneurs delegated tasks were either *family members* or *local employees*. Commonly, the direction of delegation was downwards and entailed assigning responsibility to employees to perform tasks. The properties for the category *actions of delegation in business* were a) *task assignment*, and b) *staffing practices*. Table 6.2 below provides an overview of the category depicting its properties and sub-properties.

Table 6.2 Actions of delegation in business

Category: Actions of delegation in business			
Properties	**Sub-properties**	**Dimensions of sub-properties**	
Task assignment	Nature of tasks	Routine tasks	Non-routine tasks
Staffing practices	Recruitment of staff	Selecting older experienced staff	Selecting younger inexperienced staff

Source: Researcher's own construction

In the following section, the property *task assignment* will be presented.

6.2.1   Task assignment

The property *task assignment* represents the practices by the Chinese immigrant entrepreneurs of assigning pieces of work to organisational members of the small business. The type and magnitude of the effect of poor performance in a particular task on the small business was a pivotal criterion in determining which tasks (routine or non-routine tasks) were delegated to the different organisational members (family members, local employees). The sub-property of this property was identified as *nature of tasks*.

6.2.1.1 Nature of tasks

The *nature of tasks* involved the nature and attributes of the pieces of work which were performed within the small business and assigned to different organisational members. The *nature of tasks* was key in determining what type of work would be entrusted or assigned to specific organisational members to primarily serve the interests of the Chinese immigrant entrepreneurs and the small business. The identified dimensions of this sub-property were *a) routine tasks* and *b) non-routine tasks*.

a) Routine tasks

Routine tasks involved repetitive and highly structured pieces of work that had a minimal level of variety and did not require a high level of conceptual problem-solving. These pieces of work were perceived by the Chinese immigrant entrepreneurs as not involving high stakes (such as *financial loss*) for the small business if they were not performed optimally. Moreover, any negative consequences from these pieces of work could be rectified. Notably, the local employees were mainly given routine manual tasks such as offloading deliveries from trucks and carrying inventory around the small business. As one Chinese immigrant entrepreneur elaborated on how local employees were regularly assigned tasks that related to performing routine manual tasks in the small business:

> *"When we get deliveries the local employees help us offload and carry*
> *the stock from the delivery trucks. Generally, in the business the local*
> *employees help us move things that need to be moved around the store.*
> *If a local employee then makes a mistake when performing these tasks,*
> *it is not disastrous for the business. It is much easier to solve and remedy*
> *that mistake".*

On the other hand, several Chinese immigrant entrepreneurs described how local employees were assigned routine tasks that included being customer service assistants who would walk around the small business and assist customers. In this respect, local employees were also assigned the task of vigilantly watching customers who were perceived as potential thieves. Moreover, the Chinese immigrant entrepreneurs had a preference of assigning tasks that they could control and monitor to the local employees, as highlighted in the following quotation:

> *"I generally prefer having my local employees walk around the business*
> *and assist customers. At least I can monitor them like that and also if*
> *they are absent from work the business can still function. I can still open*
> *and sell to customers".*

The nature of tasks which the Chinese immigrant entrepreneurs generally afforded to local employees were a reflection of the *calculative trust* afforded to local employees by the Chinese immigrant entrepreneurs. To highlight this nature of *calculative trust* afforded to local employees, one Chinese immigrant entrepreneur recalled an incident, illustrated below, in which he asserted how absenteeism and a poor work ethic of local employees created

uncertainty and frustration which compelled him to rely more on family employees in performing key tasks:

> *"I employ some local employees but I think that the family members are more hard-working. Some of my local employees are very lazy and you cannot rely on them. The local workers do not always have the same level of work ethic like the Chinese. The rate of absenteeism is high, and it is frustrating at times .... It is difficult to trust and do anything with workers who are not dependable I must say".*

b) Non-routine tasks

Commonly, the Chinese immigrant entrepreneurs preferred to personally execute the non-routine tasks which were more conceptual and strategic in nature, such as *planning, negotiating with suppliers* and *budgeting*. In cases were these non-routine tasks were not performed by the Chinese immigrant entrepreneurs, these tasks would then be delegated to family members. Notably, the Chinese immigrant entrepreneurs did not rely on local employees to perform these tasks, as highlighted in the following quotation:

> *"I drive my own truck to the suppliers to buy stock. This gives me an opportunity to negotiate with them. I prefer going personally to buy stock than to depend on someone else to buy the stock for me".*

> *"I do not use local employees to go and buy stock, I think you cannot really trust anyone here except your family. You cannot send someone else with large amounts of money – what if something wrong happens".*

With an emphasis on ensuring tight control, several Chinese immigrant entrepreneurs described how they often personally executed non-routine tasks such as planning within the small business to avoid being wasteful and ensure that operations and finance were opaque to outsiders of the small business:

> *"I believe in business it is important to plan and know how much to buy from suppliers. I think for all the products, I try to plan so that I do not waste money buying too much of something people will not want. You have to do it by yourself, you cannot rely on your workers and trust them to plan for you".*

Another Chinese immigrant entrepreneur stated that he would sometimes be the cashier at the small business or assign his family members to adopt the role of cashier for the small business when the customers were making purchases:

> *"When I am not so busy running around the business I sometimes work on the till to handle all purchases. Otherwise it is usually my wife or my children who work on the till and handle all the cash .... I think with money you need someone who you can trust to handle the money. You should not take any chances with money".*

Overall, the Chinese immigrant entrepreneurs did not fully trust non-family members (local employees) in performing tasks that involved the handling of finances. Some of the Chinese immigrant entrepreneurs highlighted that they had confidence in assigning local employees tasks that involved the handling of finance when it only related to purchases of large items that could be controlled and that were traceable:

> *"And now that I think about it, in some situations I would allow my local workers to handle money. It would be when large items are sold, because we have good control over these items".*

Therefore, the only non-routine tasks which the Chinese immigrant entrepreneurs would generally delegate to local employees were social tasks that involved resolving conflicts or hostilities. In such cases, the local employees would be delegated the social task to interact with the hostile stakeholders (such as *customers, government officials*) to mitigate the hostilities. Nonetheless, even for social tasks assigned to local employees, decision-making powers relating to the small business were always retained by the Chinese immigrant entrepreneurs. Having presented the property *task assignment* together with its sub-property and dimensions, the next section addresses the property of *staffing practices*.

6.2.2 Staffing practices

The property *staffing practices* involved the practices of employing organisational members who were suitable to work in the small business and who were able to manage the varying business demands. The sub-property of *staffing practices* included the *recruitment of staff*.

6.2.2.1 Recruitment of staff

The sub-property labelled *recruitment of staff* involved the criterion adopted by the Chinese immigrant entrepreneurs in recruiting organisational members. Staff was recruited based on

two dimensions, namely *selecting younger inexperienced staff* or *selecting older experienced staff*. Each of these dimensions will subsequently be discussed.

a) Selecting younger inexperienced staff

In recruiting staff, some Chinese immigrant entrepreneurs preferred to hire local employees who were relatively young and who did not possess a substantial amount of work experience. In most cases these young local employees would have been referred to the Chinese immigrant entrepreneurs either by their currently employed local employees or by other family members who operate their own small businesses. Generally, the younger local employees were sought by some Chinese immigrant entrepreneurs because they were perceived as being energetic and proactive, and could be delegated to tasks more easily. The younger employees were perceived as eager, and willing to learn and to prove themselves in the small business. In this respect, it was anticipated that they would support the Chinese immigrant entrepreneurs and actively fulfil their work-related obligations. One Chinese immigrant entrepreneur pointed out how he generally preferred to hire local employees who were young and had just finished school:

> *"I usually avoid local workers who have a lot of previous experiences.*
> *I try and hire people who have just finished high school, and are young.*
> *Their youthful energy works well in this type of setting. When they have*
> *worked a lot elsewhere, they usually know tricks that will allow them to*
> *be lazy, or do other bad things. Inexperienced employees are usually*
> *more innocent, work harder and can tell you what sells and what does*
> *not sell in the community".*

Another Chinese immigrant entrepreneur reiterated that in terms of recruiting local employees, physical ability to do manual labour was an essential criterion: *"The main thing is the physical ability to actually carry out the manual labour"*. In this respect, the younger local employees were perceived as having a greater level of physical strength to engage in manual labour.

b) Selecting older experienced staff

Some Chinese immigrant entrepreneurs described how they had initially preferred to employ younger local employees, but over the years had noted that younger employees were more risk-taking and willing to steal from the small business. In this respect, older employees were found to be more mature and unwavering because they had families and would avoid losing their jobs because of misconduct.

> *"Nowadays I tend to employ older workers. In the beginning, I thought*

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young workers would have more energy and that they would be better
for business. However, I realised that the best people to employ are
those around the age of 40, because they usually have families, and are
more stable. Young people usually do not have families are more likely
to take risks by stealing".

Another key criterion which was employed by other Chinese immigrant entrepreneurs in recruiting local employees was their ability to communicate with disgruntled customers and solve customer concerns. There was an assumption among most Chinese immigrant entrepreneurs that the older employees had more experience in handling arguments and interacting with a wide array of individuals. This ability by the older local employees to communicate with disgruntled customers was essential in pacifying unfavourable interactions with customers, as highlighted in the following quotation from one of the Chinese immigrant entrepreneurs:

"If a customer wants to return an item, and is arguing about it, the
employee has to be able to find out whether it was due to misuse by the
customer or poor quality of the product itself. He must be able to explain
this to the customer, because the return policy depends on it. If he does
not have to ability to deal with such situations, then we cannot employ
him. When we hire an employee, the main thing we are looking for is
whether you can deal with customers' complaints .... Older workers are
generally more capable of interacting with angry customers".

Similarly, another Chinese immigrant entrepreneur described how he relied on an older female employee to pacify argumentative customers seeking refunds:

"I rely on my employees. The old lady who worked for me was very
good, because she would talk to customers on my behalf. She also
advised me to put up a 'no refund' sign in the store, which helped when
people were starting arguments about refunds. She also help me phrase
the terms of lay-buy properly".

Because the Chinese immigrant entrepreneurs were mindful that they were operating in a frequently hostile environment, the ability to interact with disgruntled customers emerged as a key criterion in recruiting local employees. In this respect, some Chinese immigrant

entrepreneurs sought to recruit older local employees because they were assumed to be capable of handling customers' queries.

The next section will focus on the category *practices to deal with hostilities*.

6.3 PRACTICES TO DEAL WITH HOSTILITIES

Practices to deal with hostilities pertained to the practices adopted by the Chinese immigrant entrepreneurs to deal with conflicts and hostilities that affected the small business. These ranged from *disagreements with customers, crime, theft*, and *interacting with government officials*, to *xenophobic sentiments in the community*. The identified properties of *practices to deal with hostilities* were a) *responding to conflict* and b) *managing security risks*. An overview of this category is presented in Table 6.3.

Table 6.3 Practices to deal with hostilities

Category: Practices to deal with hostilities		
Properties	**Dimensions of properties**	
Responding to conflict	High conflict avoidance	Low conflict avoidance
Managing security risks	High quality of security services	Low quality of security services

Source: Researcher's own construction

The following section will examine the first property of *practices to deal with hostilities*, namely *responding to conflict*.

6.3.1   Responding to conflict

Responding to conflict represents the actions and strategies adopted by the Chinese immigrant entrepreneurs to manage conflicts in the host community. In *responding to conflict*, the Chinese immigrant entrepreneurs adopted various strategies to manage the conflicts they regularly experienced in the host community. The dimensions of this property were a) *high conflict avoidance*, and b) *low conflict avoidance*.

  a) High conflict avoidance

During their day-to-day interactions with different stakeholders (such as *customers* or *community members*), the Chinese immigrant entrepreneurs would be confronted with different conflicts (for instance with *argumentative customers, thieves*, or *government officials*). In this respect, several Chinese immigrant entrepreneurs reiterated their preference for adopting a high conflict-avoidance approach when confronted with hostilities. Here is an example from one of the interviewees:

"At the same time, Chinese people do not resort to violence when they are involved in conflicts, so we are less likely to get entangled into troubles. As you know, Chinese people say that 'amiability generates wealth'. We want to just co-exist peacefully".

Another Chinese immigrant entrepreneur noticed how this avoidance approach separated Chinese small businesses operating in the host community from other foreign-owned small businesses such as Somali-owned businesses. Several Chinese immigrant entrepreneurs reiterated how the Somali immigrant entrepreneurs used violence to resolve conflicts with customers – which was an undesirable business approach which exacerbated problems in the community. The Somalian business owners were perceived as being willing to fight and violently beat customers who had stolen from their small businesses, as highlighted in the following quotations:

"I have heard that the Somali businesses own guns, and are not afraid to use violence against people that they have caught stealing in their stores. That has obviously caused a negative reaction among the locals. But, we Chinese people keep a low profile – we do not have a choice. Besides, earning money is already not so easy; we do not want to be constantly involved in conflicts and litigations".

"Look at the Somalian business people here: when they catch a child stealing something, they will beat him to near death. That is why xenophobic attacks happen. Imagine if this happened in China, we would round up any one that assaulted our children as well".

By adopting a high-conflict-avoidance approach, the Chinese immigrant entrepreneurs anticipated that favourable relationships would prevail between their small businesses and the community they served. Interestingly, the Chinese immigrant entrepreneurs also adopted a high-conflict-avoidance approach when they were faced with xenophobic sentiments. The xenophobic sentiments of the broader South African community were attributed to the perceptions held by some locals that foreign nationals caused heightened levels of crime, unemployment and poverty in the country. During early 2015, xenophobic attacks on foreign nationals occurred in South Africa and several Chinese immigrant-owned businesses operating in South Africa were affected.

During the xenophobic attacks, several Chinese immigrant entrepreneurs responded by closing their small businesses and only re-opening when they were guaranteed safety by the local authorities. Another response strategy adopted by some Chinese immigrant entrepreneurs was keeping the level of stock at a minimal level to avoid experiencing loss from looting during xenophobic attacks. As one Chinese immigrant entrepreneur commented, how he would keep his stock at low levels or close his shop when there was a possibility of xenophobic attacks taking place in the community:

> *"The locals loot when they are protesting so I close the business*
> *for a few days. When you are unsure of what is happening in the*
> *community, it is good to always keep a low level of stock in the*
> *shop so that you will not lose if they steal from you".*

Several Chinese immigrant entrepreneurs also described how it was important for them to avoid conflicts by being tolerant to ensure the survival of the small business in the community when they were faced with conflicts (such as *problematic customers*). By being tolerant, the relations with customers or locals would be favourably balanced and maintained with a minimal level of tension. Another area of conflict avoidance was regarding hostilities in the external environment. A Chinese immigrant entrepreneur described how it was important to avoid conflict by being tolerant of the high level of hostility in the form of crime in the business environment:

> *"Crime is high here you just have to tolerate it. What else can you do?*
> *You keep to yourself, and you learn to tolerate it. You have to accept*
> *that theft is always going to be a problem if you are doing business*
> *here".*

In this respect, adopting a tolerant modus operandi was essential to ensure the survival and wellbeing of the small business against conflicts. The Chinese immigrant entrepreneurs described the centrality of avoiding conflicts and being tolerant to ensure that the small business could survive and grow. One of these Chinese immigrant entrepreneurs emphasised how tolerance was a sound response strategy to operate the small business in the environment and to ensure that favourable relations are maintained in the relatively hostile host community.

> *"And then you have to learn to tolerate certain things. When we are at*
> *the store, you see a lot of people outside who will shout racial slurs at*
> *you. Sometimes, even people inside your store will call you 'China,*

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China!' or 'ching-chong' which is actually hurtful. It would not be acceptable for people to go around and call black or coloured people by derogatory terms, but here, no one really cares if it happens to Chinese people. But what can you do when you are in someone else's country? On other occasions, people would come and start arguments or cause troubles. Eventually, they get out of hand, and you have to call authorities. And then they start apologising, but not really in any sincere manner. You just have to accept that as the outcome, and tell them that it is no problem. It is one of the things that you learn to tolerate. If you want to survive in a hostile place, you have to learn to be amiable. If you are also rude or hostile towards them, what can you really achieve? There is no point, and you will have wasted your energy. In general, you will find that Chinese people do not like being involved in troubles. We say, 'A problem less is better than a problem more'".

In enabling this high-conflict-avoidance modus operandi, the Chinese immigrant entrepreneurs would disengage and entrust their local employees to manage some of these hostilities (such as *argumentative customers*). A Chinese immigrant entrepreneur recalled a hostile incident in which a local employee engaged with a hostile customer over a purchase transaction at the small business:

"There was a time when an angry customer bought something on lay-buy, and then wanted to change it to a different item. However, the new item was more expensive than he thought it would be, because he confused two different products. He started an argument in the shop, which eventually involved the police as well. It was our employee who we asked to step in at the time and who explained to the police that, in fact, the fault lies with the customer".

It can be noted that drawing on the help of local employees enabled this approach of high conflict avoidance adopted by the Chinese immigrant entrepreneurs.

b) Low conflict avoidance

Although conflict avoidance was preferred by the Chinese immigrant entrepreneurs, there were some circumstances were conflict was not practically avoidable. A low level of conflict avoidance occurred when the Chinese immigrant entrepreneurs were more willing to confront

the hostilities they experienced in the business environment. For example, in one incident a Chinese immigrant entrepreneur described how he got angry at a customer who attempted to cheat him by claiming undue refunds for products the customer said had expired. Although seeking to maintain amicable relationships with customers in general, the Chinese immigrant entrepreneur responded by defending himself when he sensed that the local customer wanted to cheat him and take advantage:

> *"So for example, if a customer complains that a food product that they bought is bad and is not fresh, then that is obviously my fault. And I will compensate for that. But if I look at the expiry date and it is not in fact bad, then I will obviously not refund them. I will apologise, but there is nothing I can do about it. But if the customer insists on fighting, then they will find that my temper can be bad too. He can bring the police, or his lawyer, it does not matter. If he says one thing, and I say another, then it is a problem that neither of us can solve. So he must bring a third person to judge. But I will not refund, because I know the quality is fine".*

Similarly, another Chinese immigrant entrepreneur stated that a high level of avoiding conflicts could be perceived by some locals as a sign of weakness. In this respect, directly engaging with individuals was essential in those instances when customers tried to cheat or mislead the Chinese immigrant entrepreneurs. This mainly occurred when dealing with young argumentative customers:

> *"You have to show a bit of temper sometimes when you are arguing with a customer. It depends on the customer of course. If it is someone who is old, it is best to just patiently explain the situation. But with a lot of youngsters who are 18 or 19, you cannot back down easily, because they are often just being unreasonable".*

This form of *low conflict avoidance* was usually highlighted by a high level of alertness and vigilance by the Chinese immigrant entrepreneurs when a large group of younger customers walked into the small business. At such times, the Chinese immigrant entrepreneurs generally perceived these groups of customers as threats to the small business and potential troublemakers. The Chinese immigrant entrepreneurs would be more vigilant and encourage their local employees to monitor these customers.

Having presented the property *responding to conflict*, the next section will present the property *managing security risks*.

6.3.2 Managing security risks

The property *managing security risks* involved the interactions which the Chinese immigrant entrepreneurs had with different security authorities in the business environment to ensure their own personal security and that of their small businesses. *Managing security risks* reflects activities of how the Chinese immigrant entrepreneurs were dealing with issues regarding the quality of security services in the host environment. The dimensions of this sub-property were *a) high quality of security services* and *b) low quality of security services.*

a) High quality of security services

As a result of poor and unreliable security services rendered by the police, many Chinese immigrant entrepreneurs were reliant on the services rendered by private security companies to protect their small businesses. Several of the Chinese immigrant entrepreneurs were using private security companies because these companies were perceived as being more reliable and efficient, than the slow and inefficient police.

> *"For example, today, there was a customer who tried to steal something. So we also have hired a security company with security guards that catch customers who try to steal at our business".*

Furthermore, several Chinese immigrant entrepreneurs also cited how they were trying to avoid truck hijackings which were detrimental to the small business's survival and operations. In dealing with this security risk, Chinese immigrant entrepreneurs were consulting private security companies and in turn receiving quality security advice. Drawing from this quality advice, some of the Chinese immigrant entrepreneurs had begun to purchase their stock from the suppliers early in the morning instead of purchasing during the day. They also resorted to the strategy of using different routes and purchasing their inventory on different days to avoid being predictable to potential criminals. While applauding the quality of advice and services rendered by the private security services, one Chinese immigrant entrepreneurs labelled the police as not being very useful.

> *"It is a good idea to go and buy stock early in the morning using different routes to avoid being hijacked. Also you should buy your stock on different days so that criminals cannot know your timetable. Here you should help yourself; the police are not very useful".*

b) Low quality of security services

In the present study, the findings reveal that there were several key aspects noted by the Chinese immigrant entrepreneurs when evaluating the quality of security services. These aspects include a) the speed of responding to crime and b) the prevalence of bribery by security officials. For example, some Chinese immigrant entrepreneurs lamented on how the police were responding slowly to reported crimes. Additionally, police officers were perceived as being corrupt and biased against foreign-owned businesses. In this respect, there were some Chinese immigrant entrepreneurs who opted not to report to the police incidents of their trucks being hijacked. Those Chinese immigrant entrepreneurs who reported incidents of truck hijackings to the police experienced a variety of uncomfortable occurrences (such as, detentions of trucks).

Moreover, the speed of the crime investigations and outcomes from those investigations were disappointing for some of the Chinese immigrant entrepreneurs. It was disheartening to some of the Chinese immigrant entrepreneurs not only to endure economic hardships of operating without their trucks when they were seized by the police for investigations, but only to realise that no arrests were made. In this manner, police procedures were not simply slow, but also an impediment to the functioning of the small business. Additionally, several Chinese immigrant entrepreneurs complained about the propensity of police officers exhorting bribes.

> *"I would say the police are not very satisfactory. The problem is that, and even the locals know this, when you deal with the police officials, a lot of the times they ask you for bribes. So that is very inefficient".*

> *"But now reporting to police is merely a formality, as part of the insurance procedure. It also hurts the business when you report a case to the police, because they detain your vehicle for purposes of investigations. It would take weeks before we can get it back. So that is another problem".*

Consequently, a low quality of security service was evident in the service provided by police officers. It was reiterated by the Chinese immigrant entrepreneurs that interacting with police officers and reporting theft was more of a formality and not a guarantee for quality security service. The following section focuses on the category reflecting *practices of executing business values.*

6.4 PRACTICES OF EXECUTING BUSINESS VALUES

The *business values* displayed by the Chinese immigrant entrepreneurs guided the way in which they operated their small businesses within the business environment. Additionally, these *business values* influenced their actions and interactions with various stakeholders. The category *practices of executing business values* had the properties of a) *exercising patience*, b) *being hard-working*, and c) *willingness to learn*. An overview of this category is presented below in Table 6.6.

Table 6.6 Practices of executing business values

Category: Practices of executing business values		
Properties	**Dimensions of properties**	
Exercising patience	High level of patience	Low level of patience
Being hard-working	Primary reliance on own hard-work	Primary reliance on social connections
Willingness to learn	Learning experiences prior to operating the small business	Learning experiences during operating the small business

Source: Researcher's own construction

The focus of the next section is to present the first property, namely *exercising patience*.

6.4.1 Exercising patience

This sub-property was about Chinese immigrant entrepreneurs being content and willing to wait to have the gains from their small businesses realised in the long-term. For example, the Chinese immigrant entrepreneurs described how they were prepared to slowly wait for the maturation of the effort and resources they put into the small business. This reflected a long-term orientation and delayed gratification towards the gains of business in contrast to a short-term instant gratification orientation. The dimensions of *exercising patience* were a) *high level of patience* and b) *low level of patience*.

   a) High level of patience

The Chinese immigrant entrepreneurs stressed the need for accepting gradual and incremental gains from their concerted efforts in the business environment. For example, when selling products, several Chinese immigrant entrepreneurs reiterated how they were prepared to make small and slow incremental profits in the short-term which were anticipated to grow and be substantial in the future:

> *"We have had to sell at a low price, so we made very little profit on each*
> *sale. A difference of one rand or two rand per sale makes a huge*

difference over time. But it all comes from the slow accumulation of capital."

"I would say it has all been the accumulation of small bits of success. Chinese businesses have always employed the policy of 'less profit, more sales'. So that attracts more customers, but our profits are less. So they build up over time, and you gain the necessary experience to grow".

The Chinese immigrant entrepreneurs described how having slow incremental profits garnered by setting low prices enabled their small businesses to grow. The practice of astute saving also emerged as a key determinant in operating the small business:

"In the beginning, we helped our relatives as their staff hoping to start our own businesses. After two or three years, we accumulated a bit of capital from the salaries. And then we were able to open a very small store. We would invest little by little, and generate profits slowly and slowly, it would grow bigger and bigger. And then at a certain point, you open a bigger store .... I always knew I would open a bigger store".

Mindful that they were operating in a challenging environment, the Chinese immigrant entrepreneurs believed that they needed to be patient to fully achieve financial gains in their small businesses. More importantly, patience did not only relate to time, but also learning and progressively correcting previous mistakes before yielding better results. For example, several Chinese immigrant entrepreneurs described how it took time for them to gain customers, and learn about appropriate pricing before they actually started making profits in the small business:

"I remember when we first started here, and we were not attracting too many customers in the beginning. Only after a while did we learn to adjust the prices correctly, so that more customers come to us. But it took quite a while for this to happen".

Additionally, the Chinese immigrant entrepreneurs highlighted that exercising a high level of patience was essential in interacting with customers during situations when there were language difficulties. Some local customers preferred to communicate in *isiXhosa*, thereby creating communication difficulties. In such cases, the Chinese immigrant entrepreneurs would either request the customers to write the products they desired on a paper, or call on local employees to act as translators. In these situations, a high level of exercising patience was essential.

b) Low level of patience

Some Chinese immigrant entrepreneurs commented that when they started their small businesses, they did not display enough patience in taking time to understand the market. As a consequence, their actions led to unfavourable outcomes evident through poor pricing (e.g. high prices) and lack of market insight. A low level of patience was evident as some Chinese immigrant entrepreneurs did not invest enough time and effort to consider all the possible challenges before starting up their small businesses.

> *"I actually did not consider all this at the time. It was a rushed decision, honestly. I was working in another small business, and the business looked good there. It looked easy. I did not consider all the risks, like the problems that your employees might have, satisfying customers, or if the government officials might give you problems. But once you start operating, you realise it is not so easy".*

By starting up the small business in a rushed manner, the Chinese immigrant entrepreneur did not fully consider all the possible risks that could be faced by the small business such as a) knowing customer's needs and satisfying those needs, b) understanding the work ethic of local employees employed, and b) understanding the nature of interactions with government officials, police officers (for example, *bribes*).

Having presented the property *exercising patience*, the next section will present the property *being hard-working*.

6.4.2 Being hard-working

Being hard-working involved the propensity of the Chinese immigrant entrepreneurs to persevere and apply a concerted amount of effort in performing their tasks in the small business. Several Chinese immigrant entrepreneurs stressed that to identify and pursue the opportunity of starting up a small business in a foreign country required determination and hard-work. Alternatively, the Chinese immigrant entrepreneurs asserted that while hard-work at an individual level was necessary, hardworking social connections were also key in successfully operating the small business. The dimensions of being hard-working were a) *primary reliance on own hard-work* and b) *primary reliance on social connections.*

a) Primary reliance on own hard-work

It was quite common for the Chinese immigrant entrepreneurs to readily accept hardships and perseverance in their business endeavours. The Chinese immigrant entrepreneurs were aware of the importance of hard-work to overcome hostilities and obstacles experienced in the host community. From this mind-set of embracing hard-work at an individual level, the Chinese immigrant entrepreneurs underscored how hard-work at a personal level was a key cardinal aspect to ensure success in a variety of entrepreneurial and work-related circumstances:

> "If you are to survive outside your own country operating a business, you must be able to work harder than most people, and endure extreme hardships. If you are lazy, you might as well have stayed at home. But Chinese people generally have this hardship-endurance spirit. Every day at the business we go out to talk to customers and continuously walk around the business to sell products."

> "Hard work. There is no question about it – as a foreigner, hard work is the most important quality. If you are lacking in some other respect, but you're willing to work hard, you will eventually succeed."

> "I must say that I would never have imagined that I would achieve this level of success before I came here. So I would say that as long as you are willing to put in the hard work, then you can succeed financially. After three years, maybe ten. But hard work is essential if you want to become a millionaire from nothing. Even when I was still in China, I had to work very hard, taking up any kind of job that was available. So for me, enduring hard work is something not to be taken for granted".

Most of the Chinese immigrant entrepreneurs shared the view that their hard-work mind-set shaped how they operated their small businesses in the host community and how they interacted with customers. For example, one Chinese immigrant entrepreneur emphasised that his hard-working orientation was repeatedly grounded in incidents of continuously going out to interact with customers to make sales:

> "I had to work very hard, both when I was employed by my brother-in-law and when I had my own business. When I had the bakery, I had to go out and sell cakes even when the weather was really bad. I had to go out and work long hours every day of the year. I would go to the bus

stations and sell to people. It was tiring and it was hard work, but you must be able to deal with it".

In this respect, exercising a high level of hard-work at a personal level was perceived as being essential by the Chinese immigrant entrepreneurs for them to be able to operate their small businesses in the host communities and meet customer needs.

b) Primary reliance on social connections

Conversely, some Chinese immigrant entrepreneurs believed that *hard-work* at a personal level was not the only key determinant in ensuring the success of the small business. They suggested that having the right social connections was more important than *hard-work*:

> *"Personally, I do not think that hard work is important. Here, your connections are more important than working hard. Business information is vital. Without this, you can work from five in the morning until nine in the evening, but it does not mean that you will succeed."*

Similarly, another Chinese immigrant entrepreneur commented that *guanxi* networks in business were central to the operations of the small business and the acquisition of information for the small business:

> *"I learned that in business, relationships are important. You cannot avoid people. And from your connections, you can receive information. This might make the things that you are doing easier. You need to make use of 'guanxi'. So this requires different friends, who can give you different sources of information, such as your suppliers. For example, they can tell what customers need".*

The right connections and networks provided a broad scope of knowledge beyond the business's existing boundary. A Chinese immigrant entrepreneur described an incident in which his connections with his current landlord enabled him to find suppliers:

> *"Oh, we found this supplier from our landlord, because he is the one that used to operate this place. He is a local. He also told us about the different suppliers we could use in the business and which ones had good trading conditions".*

In this respect, establishing connections and networks resulted in desired gains for the small business. The Chinese immigrant entrepreneurs highlighted that when there is a wide array of

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key business connections (networks) that can assist them, then an emphasis on tirelessly working long hours and seeking to continuously interact with customers was futile. From their networks, key business information could be ascertained to support the small business.

The next property to be presented is that of *willingness to learn.*

6.4.3 Willingness to learn

The property *willingness to learn* involved the desire and propensity by the Chinese immigrant entrepreneurs to learn from their various interactions and experiences in the business environment. Several Chinese immigrant entrepreneurs shared how they were actively keen to learn from other people. A willingness to learn resulted in a repertoire of *knowledge, skills* and *experiences.* The dimensions of *willingness to learn* were a) *learning experiences prior to operating the small business* and b) *learning experiences during operating the small business.*

a) Learning experiences prior to operating the small business

Generally, those family members who were more experienced in operating their own small businesses for a longer period of time in South Africa were perceived as coaches, mentors and guides for the younger, less experienced Chinese immigrant entrepreneurs. The Chinese immigrant entrepreneurs emphasised that the business attributes of *knowledge* and *skills* that many of them possessed had been gained by working with and learning from family members who had migrated earlier. Several Chinese immigrant entrepreneurs described how they had successfully learnt to operate a small business by observing and interacting with more experienced relatives:

> *"I learned the tricks of the trade as I worked under my relative who came here earlier before me. I watched and learned from him how he operated his business and that was necessary. My relative had a bar, a clothing store and the supermarket".*

Additionally, several of the Chinese immigrant entrepreneurs revealed that their experience and ability to operate the small business was acquired through learning from other individuals such as friends who operated businesses:

> *"I learned how to do business when I worked for others …. After an initial period, I worked for another person, who was only a friend. So there, I learned about the operation of the business. From the front of*

the business to the back, you watch it and you learn. Once you know that
you can operate your own."

"I have a friend who was in business, and was good at it. Before I
started my business I watched the way he did business, and learned".

From this it can be noted that several Chinese immigrants were able to acquire certain skills through learning from other family members or friends who informally incubated and guided them.

b) Learning experiences during operating the small business

Experiential learning while operating the small business was highlighted as important by some of the Chinese immigrant entrepreneurs. In this vein, they emphasised the notion of "on the job learning" from experiences and experimentation. Several Chinese immigrant entrepreneurs described the experiential process of "on-the-job learning" through trial and error in operating the small business:

"Well, the pricing. When you operate in different locations, the prices
must be considered. For example, before having this business, I had a
business in Port Alfred, and I set my prices incorrectly. This caused the
business to fail. So when I moved here, I reset them".

"This is something that you can only know once you have started
operating. When you buy stock from different places, they give you
different prices. You cannot compare the price here to the same thing in
East London, because they buy stock at a cheaper price. You are further
away, and so you pay more for petrol when you transport goods. This
must be reflected in the price. The wages that you pay to your workers
are also different. So if you charge the same price, your profit will be
too little. So in the beginning, you cannot tell what the price margin
must be. But as you carry on, you can learn and figure it out from the
books. I did not get this right the first time".

Another Chinese immigrant entrepreneur commented that when he started his small business he made losses during the first months of operating the small business. Thereafter, by learning and gaining insight of the market he was able to successfully operate the small business:

"I think the most effective way is to learn as you are doing business. When we started this business, we were making losses for the first couple of months. We did not know what will sell and what would not, and what would sell more quickly than others. You have to learn these things slowly as you are operating your business ... the second time we knew a bit more, and then even a bit more the next time".

Another form of experimental learning was evident in the manner the Chinese immigrant entrepreneurs handled situations in which they interacted with different stakeholders. For example, the practice of adopting a conflict avoidance approach in business towards customers was acquired and learned from previous business experiences in the host community.

"There is the conflict between foreign businesses and customers. You look at how Somalian business people would fight with their customers. But for us Chinese people, we tend to be more friendly when it comes to conflicts. You learn that here to be successful in business there is no point in fighting customers".

In this respect, experiential learning influenced the resultant behaviour and actions adopted by the Chinese immigrant entrepreneurs as they interacted with stakeholders.

6.5 SUMMARY

This chapter has highlighted how the Chinese immigrant entrepreneurs operated their small businesses in the business environment by displaying *actions of delegation in business, practices to deal with hostilities* and *practices of executing business values*. During the *actions of delegation in business*, the Chinese immigrant entrepreneurs actively delegated specific tasks to organisational members. This allowed the Chinese immigrant entrepreneurs to gain control of organisational outcomes. Local employees were delegated with the responsibility of responding to hostilities or conflicts that resulted from the interactions with hostile stakeholders such as *disgruntled customers or government officials*. Additionally, local employees were delegated routine tasks, whilst family member were delegated tasks that were more strategic in nature.

On the other hand, the Chinese immigrant entrepreneurs displayed *practices of dealing with hostilities* when they responded to the hostilities and conflicts they experienced in the business environment. In this respect, they adopted various strategies such as *conflict avoidance* and drawing from *security services* to manage the hostilities and conflicts they regularly

experienced in the host community. Additionally, in operating their small businesses the Chinese immigrant entrepreneurs displayed various *business values* (*patience, hard-work, willingness to learn*) which shaped their business activities and interactions in the business environment.

In the following chapter, the emergent theory – which has been induced from the findings in Chapters 5 and 6 – is conceptually presented.

CHAPTER 7

DIFFERENTIATING ENGAGEMENT OF OPPORTUNITY IDENTIFICATION

"What lies behind us and what lies before us are tiny matters compared to what lies within us" (William Morrow)

7.1 INTRODUCTION

The purpose of this research was to develop a substantive grounded theory describing the process of how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities. The grounded theory developed in the present study is labelled *differentiating engagement of opportunity identification*. This substantive grounded theory is induced from a variety of experiences recollected by Chinese immigrant entrepreneurs with more than three years' experience of operating small retail businesses in the Eastern Cape province of South Africa. This substantive theory describes the processes, social interactional practices and activities engaged by the Chinese immigrant entrepreneurs as they interacted with various stakeholders such as family members, local employees and customers to identify various opportunities for their small business in the Eastern Cape province of South Africa. It was found in the study that the categories *a) leveraging on organisational members, b) gaining customer insight of opportunity, c) configuring of customer relations, d) actions of delegation in business, e) practices to deal with hostilities* and *f) practices of executing business values* were identified as vital in the process of identifying opportunities and operating the small business in the host community.

In this chapter, the focus will turn to presenting the emergent theory. This chapter is more conceptual than the preceding descriptive findings (Chapters 5 and 6) which were building blocks for the emergent grounded theory as discussed in this chapter. The descriptive findings of Chapters 5 and 6 have been conceptually integrated into the emergent grounded theory in this chapter. This chapter commences by presenting a discussion of the integration of the different categories that emerged in this study using the paradigm model (Strauss and Corbin, 1990). These categories were noted as contributing towards the phenomenon in the present study.

7.2 DESCRIPTION OF THE THEORY THROUGH THE PARADIGM MODEL

In grounded theory analysis as proposed by Strauss and Corbin (1990), a significant step is selective coding analysis. During the initial stage of grounded theory analysis (namely open coding and axial coding), the researcher developed categories from the data which had theoretical richness. The categories presented in Chapters 5 and 6 were well framed in terms of their properties, sub-properties and dimensions, hence providing variation on the core category, and increasing its explanatory power of the phenomenon (Strauss and Corbin, 1990). The final paradigm model constructed in this study was presented in Chapter 4 (see Table 4.3). Thus, *differentiating engagement of opportunity identification* emerged as the central phenomenon from the components that were dimensioned under the five categories identified by Strauss and Corbin (1990, p.99) as "causal conditions, action/interaction strategies, intervening conditions, context and consequences".

Figure 7.1 below displays the interrelationships of the five categories and the central category (phenomenon).

Figure 7.1: Paradigm model depiction of the emergent theory
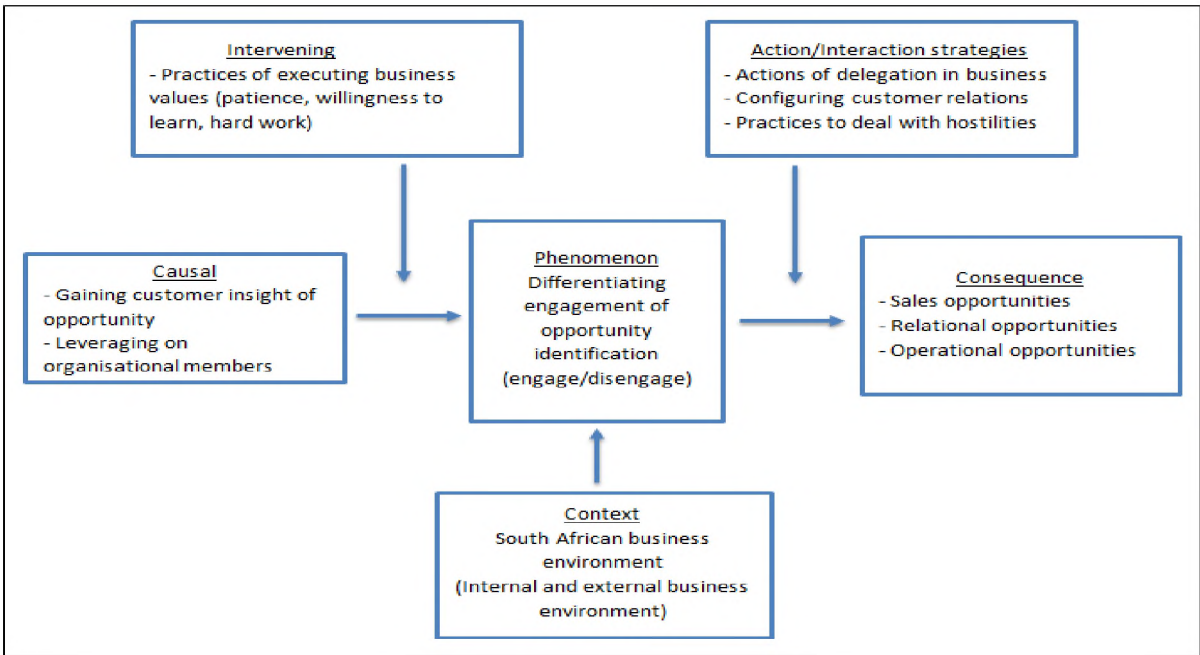
Source: Researcher's own construction

Essentially, the intervening conditions influence the causal condition to give rise to the phenomenon. The intervening conditions relate to the situations in which the causal condition may be enabled or disabled. The action/interaction strategies evolve during varying conditions and relate to the Chinese immigrant entrepreneurs' responses to the phenomenon (Strauss and

Corbin, 1990). On the other hand, the context relates to the conditions within which action/interaction strategies occur and the specific environment in which the research participants respond (Strauss and Corbin, 1990). The consequences primarily entail the outcomes of the distinctive strategies used to implement the phenomenon (Strauss and Corbin, 1990).

The phenomenon represents the theoretical idea which the research attempts to describe and explain. In the study, the phenomenon involved the central idea around which all the other categories developed and were integrated. In integrating the other categories, selective analysis worked towards the formulation of the broader "conceptual idea" (Strauss and Corbin, 1990).

In this section, a conceptual discussion will follow concerning the application of the paradigm model to the categories that were derived from the data in the study. The paradigm model which was generated in this study (see Chapter 4) will aid in conceptually discussing the emergent theory. The application of the paradigm model to the categories that emerged from the data, together with the "conceptual insight" gained from the study, will be presented.

7.2.1 Causal conditions

In this study, the causal conditions of the phenomenon include the practices of *gaining customer insight of opportunity* and *leveraging on organisational members*. The properties and dimensions of *gaining customer insight of opportunity* and *leveraging on organisational members* are presented in Chapter 5. These practices (*gaining customer insight of opportunity, leveraging on organisational members*) represented the social interactions that the Chinese immigrant entrepreneurs had with different stakeholders which included customers, family members and local employees. From these interactions with their stakeholders, the Chinese immigrant entrepreneurs sought to gain information and knowledge relating to opportunities in the host community. From the interactions with different stakeholders in the host community, different opportunities were identified (such as sales opportunities, start-up opportunities, relational opportunities, and operational opportunities).

Through their interactions with customers, the Chinese immigrant entrepreneurs regularly sought to *gain customer insight* which enabled the identification of opportunities in the host community. Thus, a customer-centric approach was adopted in identifying opportunities in the business environment. However, various customers who entered into the small business influenced different consequent responses from the Chinese immigrant entrepreneurs.

Customers were perceived as either *favourable* (approachable) or *unfavourable* (unapproachable) based on characteristics such as *being repeat customers, age* and *gender*.

On the other hand, the Chinese immigrant entrepreneurs engaged in practices of *leveraging on organisational members* in which they identified opportunities through their interactions with family members and local employees. From their interactions with family members, the Chinese immigrant entrepreneurs managed to identify sales opportunities (such as desired products) and operational opportunities (such as start-up, suppliers). Similarly, from their interactions with local employees the Chinese immigrant entrepreneurs managed to identify sales opportunities (such as local indigenous products/tastes) and relational opportunities (local legitimisation in the community). Additionally, different local employees (females, males, younger, older) influenced different interactional and consequent responses from the Chinese immigrant entrepreneurs.

7.2.2 Phenomenon

The phenomenon of the present study is *differentiating engagement of opportunity identification*. The property of *differentiating engagement of opportunity identification* is, *nature of interaction with stakeholder*. Table 7.1 below presents an overview of *differentiating engagement of opportunity identification* depicting its property and subsequent dimensions.

Table 7.1 Differentiating engagement of opportunity identification

Phenomenon: Differentiating engagement of opportunity identification		
Property	**Dimensions of property**	
Nature of interaction with stakeholder	Engaging (*high level of contact*)	Disengaging (*low level of contact*)

Source: Researcher's own construction

It can be noted that *differentiating engagement of opportunity identification* represents the actions which were displayed by the Chinese immigrant entrepreneurs which entailed *engaging* in or *disengaging* from interactions with stakeholders to identify opportunities. *Engaging* in interactions involved a *high level of contact* and interaction with stakeholders. Whereas, *disengaging* from interactions involved a *low level of contact* and interaction with stakeholders. The Chinese immigrant entrepreneurs displayed iterative actions of differentiating engagement (*engaging/disengaging*) with different stakeholders to identify various opportunities in the host community.

The central feature of *differentiating engagement of opportunity identification* entailed the interplay of value-laden social interactions and relationships established by the Chinese immigrant entrepreneurs with different stakeholders (family, local employees, customers) which enabled the identification of various opportunities in the host community. For example, one of the Chinese immigrant entrepreneurs highlighted how he *engaged* in interactions with customers to identify opportunities in the host community:

> *"Customers always want certain products. I look at them when they are buying products and when they are paying I ask them why they like those products. If I see customers not coming back, I ask other customers what they want and what they think will sell".*

Evidently, the Chinese immigrant entrepreneurs were mindful of the relational nature of the small business, in that dynamic interactions (*engaging/disengaging*) with different stakeholders facilitated the identification of various opportunities in the host community. To identify opportunities and operate the small business in the host environment, the Chinese immigrant entrepreneurs displayed evolving interactions and relationships with different stakeholders.

In seeking to identify opportunities and operate their small businesses, the Chinese immigrant entrepreneurs continuously appraised the nature of their stakeholders. For example, different customers were perceived as either unfavourable (unapproachable) or favourable (approachable) by the Chinese immigrant entrepreneurs, as one Chinese immigrant entrepreneur reiterated: *"Usually older female customers tend to be more interactive and are more likely to share their ideas"*. In situations when a customer was perceived as favourable, the Chinese immigrant entrepreneurs would *engage* in interactions with the customer to identify opportunities. In situations when customers were perceived as unfavourable (hostile), the Chinese immigrant entrepreneurs would *disengage* from interacting with the customer.

Similarly, in some situations the Chinese immigrant entrepreneurs would *engage* in or *disengage* from interactions with family members or local employees to identify opportunities. In the start-up phases of the small business the Chinese immigrant entrepreneurs would *engage* more with family members to identify various sales opportunities (such as, products) and operational opportunities (such as, suppliers and start-up capital). Additionally, family members enabled the identification of start-up opportunities in the host environment. Later, when the small business was more established in the host community, the Chinese immigrant entrepreneurs would *disengage* from interactions with family members with respect to

identifying opportunities that related to local products (insights) that represented local indigenous tastes. In this respect, the Chinese immigrant entrepreneurs would *engage* in interactions with their local employees to gain an understanding of local tastes to identify opportunities.

> *"We are not used to the culture and lifestyle in South Africa, so we do*
> *not always know the products that people want. So we have to talk to*
> *the local employees and listen to them to know what kinds of products*
> *will sell in the community".*

7.2.3 Context

In this study, the context of the phenomenon is the *South African business environment* in which the Chinese immigrant entrepreneurs interacted with different stakeholders. Within the context, the Chinese immigrant entrepreneurs operated their small businesses and continuously sought to identify opportunities. Additionally, the context describes the characteristics of the business environment in terms of the internal (*task*) organisational environment (*interactions at the business premises*) and the external organisational environment (*socio-political, economic, legal, xenophobic sentiments in the community*). Hence, the variations which took place in these environments influenced the decisions and actions undertaken by the Chinese immigrant entrepreneurs in the process of identifying opportunities and operating their small businesses.

7.2.4 Intervening conditions

Practices of executing business values emerged as intervening conditions in the present study. The properties and dimensions of *practices of executing business values* are presented in Chapter 6. *Practices of executing business values* represent the practices adopted by the Chinese immigrant entrepreneurs of exercising values such as *patience, willingness to learn* and *hard work* (effort) in their interactions with stakeholders. Exercising these business values enabled or disenabled the causal condition to give rise to the phenomenon.

7.2.5 Actions/interaction strategies

Actions of delegation in business, configuring customer relations and *practices to deal with hostilities* emerged as the actions/interaction strategies adopted by the Chinese immigrant entrepreneurs in the present study. The properties and dimensions of *actions of delegation in business* and *practices to deal with hostilities* are presented in Chapter 6. Whereas, the properties and dimensions of *configuring customer relations* are presented in Chapter 5. It can be noted that, *actions of delegation in business* is a manifestation of the interactions between

the Chinese immigrant entrepreneurs and organisational members, or the structural aspects of the relationships with organisational members, which addresses the following questions: "Who are the organisational members?", "Which tasks do the Chinese immigrant entrepreneurs delegate to organisational members?", "Which organisational members are delegated the task to interact with specific stakeholders (*such as disgruntled unapproachable customers*) and under what circumstances are they delegated those tasks to interact with the stakeholders?", "How do the Chinese immigrant entrepreneurs communicate with the organisational members?" and "What is the nature of trust and intimacy afforded to the organisational members?".

Evidently, *actions of delegation in business* are influenced by the trust afforded to organisational members – which varies between being *calculative* and *affective trust*. In this respect, the nature of relationships that influence a*ctions of delegation in business* vary from being *relational* to *transactional* (task-orientated). In essence, a*ctions of delegation in business* are reflected in patterns of interaction, trust and forms of relationships that facilitate the operations of the small business and the identification of opportunities in the host community.

On the other hand, *configuring of customer relations* represented the relationships which the Chinese immigrant entrepreneurs were configuring and establishing with customers to generate sales opportunities. *Customer service* emerged as a property of *configuring of customer relations* which typified the service and nature of relations which the Chinese immigrant entrepreneurs were establishing with customers in the host community. *Customer service* was in the form of being either being high or low *customer service*. In cases where there was a low level of *customer service,* the resultant nature of the relationship would be *hostile (unfavourable) relations.* Conversely, the resultant nature of relationships with customers in incidents were there was a high level *of customer service* were *favourable relations.* Moreover, *favourable relations* with customers manifested in interactions during business conditions which were perceived as favourable and which included *repeat buyers, customers corroborating ideas* and *customers advising the Chinese immigrant entrepreneurs about opportunities in the host community.* Thus, favourable relations enabled the identification of opportunities by the Chinese immigrant entrepreneurs. On the other hand, the *hostile (unfavourable) customer relations* were manifested in incidents in which the business conditions were perceived as hostile (*unfavourable*) and were there was customer-related hostility (such as *conflict, arguments, aggression, theft*). Additionally, to mitigate hostilities in

the business environment, the Chinese immigrant entrepreneurs displayed *practices to deal with hostilities* (such as *conflict avoidance, drawing on authorities*).

7.2.6 Consequences

From the analysis, it was noted that there were consequences from the actions and strategies adopted by the Chinese immigrant entrepreneurs as they interacted with their stakeholders in the process of identifying opportunities. The varying actions and interactions with different stakeholders enabled the identification of various opportunities (such as *sales opportunities, start-up opportunities, relational opportunities, operational opportunities*) in the business environment. On the other hand, as interactional outcomes, the strengthening or weakening of relationships was manifested through social outcomes (*family relations, customer relations, employee relations, community sentiments*) and economic/financial outcomes (*realised opportunities, unrealised opportunities, profit, loss*).

From the interactions between the Chinese immigrant entrepreneurs and organisational members, *social outcomes* were evidenced in incidents where local employees were authorised and delegated with responsibilities of interacting with customers. This form of delegation allowed local employees to feel acknowledged and relevant within the small business. Authorised local employees would actively participate in decision-making in the small business and aid in identifying opportunities in the host community (*active communication catalysers*). Furthermore, local employees who acted as *active communication catalysers* would also legitimise the small business in the host community. Consequently, this pronounced the social integration of the small business with the host community.

The next section presents a discussion of the overview of the theory that emerged from the present study.

7.3 OVERVIEW OF THE EMERGENT THEORY

In Figure 7.2 the theory of *differentiating engagement of opportunity identification* is displayed, in which the iterative practices of *engaging* or *disengaging* with stakeholders to identify opportunities in the business environment are presented. The theory highlights the centrality of interactions and relationships in identifying opportunities.

Figure 7.2 Differentiating engagement of opportunity identification
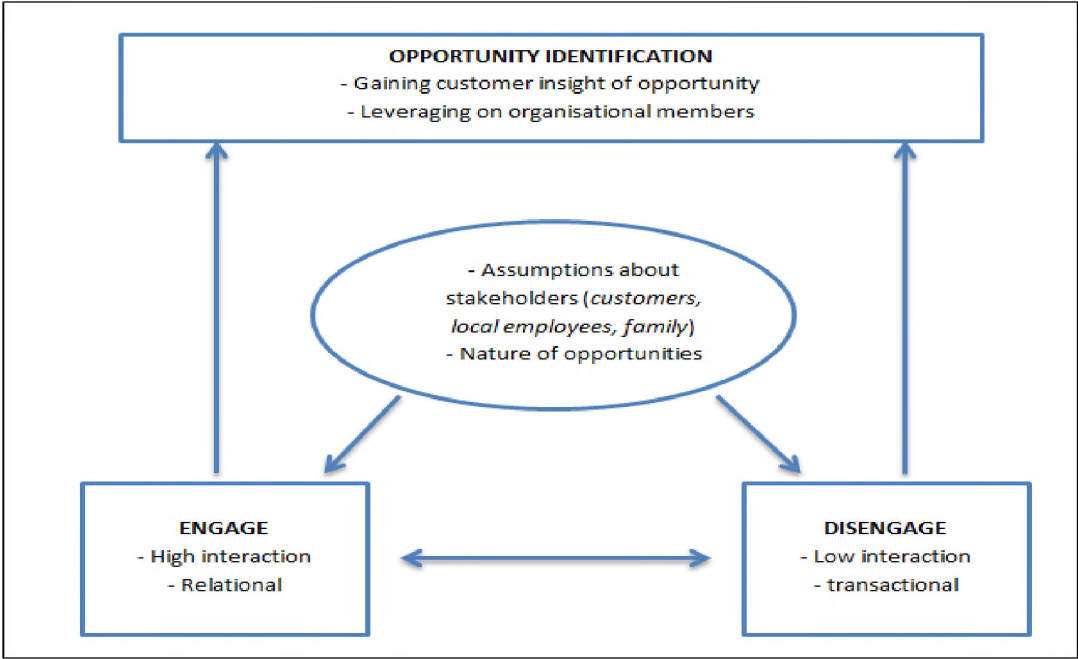
Source: Researcher's own construction

The Chinese immigrant entrepreneurs who own and operate small retail businesses identify opportunities from the information and knowledge they gain from their iterative interactions with different stakeholders who include *family members, local employees* and *customers*. In this respect, the Chinese immigrant entrepreneurs display practices of differentiating engagement of opportunity identification through *gaining customer insight of opportunity* and *leveraging on organisational members*.

The Chinese immigrant entrepreneurs *engage* with different family members to identify various opportunities (such as, *sales opportunities, start-up opportunities, operational opportunities*) in the host business environment. However, the level of *engaging* with family members to identify opportunities in the host environment is based on various factors (such as, age of family member, years of experience of family member in operating a business in the host community). In the process of identifying opportunities, the Chinese immigrant entrepreneurs had a tendency of *engaging* more with family members who were older and who had more experience in operating a business in the host community, whereas they would *disengage* from interacting with younger family members who had less experience in operating a business in the host community. Additionally, the Chinese immigrant entrepreneurs would *disengage* from interactions with family members in relation to identifying opportunities that required local indigenous insight. Instead, the Chinese immigrant entrepreneurs would *engage* in interactions

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with their local employees to identify the opportunities that required local indigenous insight. Evidently, *engaging* in interactions with some stakeholders whilst concurrently *disengaging* from interactions with other stakeholders enabled the identification of opportunities.

In terms of interacting with stakeholders such as customers, the Chinese immigrant entrepreneurs displayed practices of deciphering how to interact with customers when the customers entered the small business. This act of deciphering and evaluating how to interact with the customers was driven by implicit assumptions about the nature of different types of customers. These implicit assumptions were characterised by the expected form of customer behaviour which was informed by the customer's characteristics (such as *repeat customers, age, gender, prior theft by customer*). From this process of deciphering and evaluating customers according to their characteristics, the customers were perceived as either being a) favourable (approachable) customers or b) unfavourable (unapproachable) customers.

After evaluating the customers, the Chinese immigrant entrepreneurs would decide how to interact with the customers. When a customer who was perceived as favourable (approachable) entered the small business the Chinese immigrant entrepreneurs would *engage* with the customer (*gaining customer insight of opportunity*). This form of engagement enabled the identification of opportunities by the Chinese immigrant entrepreneurs. The nature of the interactions and relationships with customers perceived as favourable would be *relational*. On the other hand, when a customer who was perceived as unfavourable (unapproachable) or hostile entered the small business, the Chinese immigrant entrepreneurs would *disengage* and delegate the responsibility of interacting with the customer to local employees (*leveraging on organisational members*). The nature of the interaction and relationship with customers perceived as unfavourable would be *transactional*. In the recruitment practices adopted by the Chinese immigrant entrepreneurs, an essential criterion in the recruitment of local employees was their ability to interact with different customers.

On the other hand, implicit assumptions held by the Chinese immigrant entrepreneurs about the nature of local employees influenced the nature of their interactions and relationships with local employees. Thus, the Chinese immigrant entrepreneurs would adjust the nature of their interactions and relationships with local employees to meet organisational needs such as identifying opportunities or meeting operational requirements. In this respect, the interactions and relationships between the Chinese immigrant entrepreneurs and their local employees would be either *transactional* or *relational* based on the business environment and intended business outcomes. When the interactions and relationships with local employees were more

relational, the Chinese immigrant entrepreneurs would *engage* in interactions with local employees that were intended at identifying opportunities in the business environment (*local employees as business connectors*). When the interactions and relationships with local employees were *transactional*, the Chinese immigrant entrepreneurs would *disengage* from interactions and *engage* in interactions with other stakeholders to identify opportunities in the host community.

Having presented an overview of the emergent theory, it is appropriate to discuss the different relationships and interactions with various stakeholders that underpinned the processes in the emergent theory.

7.3.1 Relationships with stakeholders

From the study it is observed that the Chinese immigrant entrepreneurs established and sustained different relationships with different stakeholders (namely, *customers, local employees and family*) in the host community. From these varying relationships and interactions, a *relational context* was created within which the Chinese immigrant entrepreneurs identified opportunities in the business environment. From this *relational context* the Chinese immigrant entrepreneurs would *engage* in or *disengage* from interactions with different stakeholders in the process of identifying opportunities.

The relationships established by the Chinese immigrant entrepreneurs enabled the flow of various resources (such as *information, knowledge*) that facilitated the identification of various opportunities in the host community. The different interactions and relationships with the stakeholders underpinned the processes in the emergent grounded theory (*differentiating engagement of opportunity identification*). A discussion of these relationships and interactions with stakeholders will be presented below.

7.3.1.1 Customers

The relationships which the Chinese immigrant entrepreneurs established with customers were noted as favourable when the customers were perceived as friendly/approachable. Customers such as *repeat customers* and *older female customers* were mainly perceived as friendly/approachable when they entered the small business. From these customers, the relationships and interactions established were more *relational* in nature. Therefore, the nature of the trust the Chinese immigrant entrepreneurs leveraged to those customers was more *affective* in nature. Consequently, favourable relationships with customers enabled the Chinese

immigrant entrepreneurs to *engage* with them and identify opportunities in the business environment.

On the other hand, unfavourable and hostile relationships were established during interactions with unfavourable customers. *Argumentative customers* or *younger male customers* were noted and assumed to be unfavourable and hostile by the Chinese immigrant entrepreneurs. In this respect, when these unfavourable (hostile) customers entered the small business, relationships became more *transactional* and less *relational*. In this light, the nature of trust afforded to the perceived hostile customers was more *calculative* in nature and the Chinese immigrant entrepreneurs would *disengage* from interactions with the customers.

Moreover, the Chinese immigrant entrepreneurs perceived the broader South African community as generally possessing negative perceptions of immigrants. These included perceiving immigrants as individuals stealing jobs and business opportunities from locals and creating economic competition in the South African business environment. Furthermore, the Chinese immigrant entrepreneurs perceived the South African business environment as having high levels of crime (such as *hijacking* and *theft*), giving rise to safety concerns.

7.3.1.2 Local employees

Similarly, relationships with local employees varied and were either *relational* or *transactional*. The Chinese immigrant entrepreneurs generally perceived local employees as lazy and unwilling to commit to their work. This was evidenced by the *calculative* nature of trust which the Chinese immigrant entrepreneurs generally afforded to the local employees. However, in situations where the Chinese immigrant entrepreneurs needed to gain local insight of indigenous products they would *engage* in interactions with local employees. Relationships with local employees were perceived by the Chinese immigrant entrepreneurs as being key for identifying opportunities in the business environment.

Similarly, when the Chinese immigrant entrepreneurs were confronted with hostilities in the business environment, they would instead delegate to their local employees the responsibility of managing the hostilities (*actions of delegation in business*). A form of *conflict avoidance* was evidenced by the actions of the Chinese immigrant entrepreneurs in which the trust afforded to local employees would temporarily become more *affective* in nature. In this respect, during hostile conditions, the Chinese immigrant entrepreneurs would be more willing to *authorise* the behaviour of the local employees.

7.3.1.3 Family

For the Chinese immigrant entrepreneurs, family was central to the existence and operation of the small business. Family members provided *social* and *economic resources* which were leveraged by the Chinese immigrant entrepreneurs. For instance, family members supported the Chinese immigrant entrepreneurs in identifying opportunities for their small businesses in the host community. Additionally, family members were perceived as trustworthy and a reliable support for the small business within the host community. Family members were perceived as having genuine and favourable interests in the small business.

7.4 SUMMARY

In this chapter, the theory of *differentiating engagement of opportunity identification* was presented. The theory highlighted the centrality of social relationships and interactions with different stakeholders in the business environment. These social relationships and interactions enabled the Chinese immigrant entrepreneurs to identify opportunities and operate their small businesses in the host environment. This theory highlighted how the interactions with different stakeholders such as, customers, family members and local employees were key in identifying opportunities in the host community.

Additionally, two interactional processes of the theory *differentiating engagement of opportunity identification* were highlighted, namely *engaging* in and *disengaging* from interactions with different stakeholders in the business context for purposes of identifying opportunities and operating the small business. Central to the interactional processes of the theory were the assumptions held about interactions and relationships with different stakeholders within the host community. Thus, the interactional processes of *engaging* in and *disengaging* from interactions with different stakeholders were iterative processes which enabled the identification of various opportunities in the host community.

Chinese immigrant entrepreneurs' narrations of their interactional practices in the form of either *engaging* or *disengaging* suggested a resetting or adjustment of the combination of their business practices with their stakeholders. The analysis revealed that under varying conditions, the interactions and engagement with stakeholders varied in prominence. Hence, the nature of interactions and relationships with stakeholders was far from being static, and was instead dynamic. In maintaining and balancing interactions, circles of social relationships and interactions were established which were ever-changing in the business environment.

Having conceptually discussed the emergent theory, the next chapter discusses the theory of *differentiating engagement of opportunity identification* in the light of extant literature. This is in adherence to the tenets of the grounded theory (Strauss and Corbin, 1990) which postulate that a grounded theory needs to be related to extant literature and located within the existing body of knowledge.

CHAPTER 8

DISCUSSION

"Study without reflection is a waste of time, reflection without study is dangerous"
(Chinese proverb)

8.1 INTRODUCTION

The present study responded to the limited body of knowledge pertaining to Chinese immigrant entrepreneurship in the South African context, and by using Strauss and Corbin's (1990) grounded theory method, a substantive theory describing the process of how Chinese immigrant entrepreneurs identify opportunities was developed. In Chapters 5 and 6 the categories that emerged from the study were discussed. By integrating the different categories and seeking to ascertain the interrelations of the categories in Chapter 7, the emergent substantive theory was presented as *differentiating engagement of opportunity identification*. Thus, in Chapter 7 the descriptive accounts drawn from Chapters 5 and 6 were developed into a more theoretical and conceptual integration.

This penultimate chapter seeks to fulfil the last precept of a grounded theory study. According to Strauss and Corbin (1990), theories are not produced to stand in isolation from the extant body of theoretical knowledge. Instead, theory needs to relate to the existing body of knowledge, revealing what is generated and extending current understanding of the substantive area under study (Strauss and Corbin, 1990). In this vein, this chapter presents a discussion of the substantive grounded theory developed in this study as it relates to existing theories and eventually locates it within the extant literature.

8.2 RELEVANT LITERATURE

The substantive theory generated in the present study emerged from an inductive process of analysis, in which the researcher analysed the data collected from interviews with the interviewees. Drawing from the advice of Strauss and Corbin (1990), the researcher is mindful of the role of extant theories in illuminating complementary or competing explanations of how Chinese immigrant entrepreneurs who own and operate small retail businesses identify opportunities in the business environment. Adhering to the tenets of grounded theory proposed by Strauss and Corbin (1990) in Chapter 2 and 3, the preliminary literature review which was presented was aimed at stimulating research and identifying possible areas which needed further research or new approaches towards understanding the phenomenon.

Thus, the literature reviewed, in those chapters, was generally about "opportunities", and the "theoretical perspectives of immigrant entrepreneurship". Thus, the limited preliminary literature served to familiarise the researcher with the phenomenon under investigation rather than to create preconceptions for the researcher. The grounded theory analysis adopted by the researcher generated a theory that described the process of iterative and dynamic interactions engaged by the Chinese immigrant entrepreneurs which enabled the identification of opportunities in the business environment.

After generating the substantive grounded theory, it was clear that literature previously reviewed by the researcher was insufficient and less relevant to the substantive theory generated. Additionally, the literature on immigrant entrepreneurship that was reviewed in Chapter 2 was more general and did not delve into the management of different types of interactions and relationships with different stakeholders in the identification of opportunities. It is on this basis of relevancy to the theory generated in the present study, that literature on relationships and organisational interactions will be explored further. Notably, the findings of this study are discussed in the context of the research aims, objectives and other relevant extant theories that were not reviewed in the early chapters of the study (Strauss and Corbin, 1990). In this respect, the social capital theory, social exchange theory and literature on Chinese cultural Confucius practices in business will serve to further illuminate the findings of the study and elucidate the substantive grounded theory generated. An exploration of this extant literature will be the focus of the following sections.

8.3 SOCIAL CAPITAL

The findings of the study are discussed in the light of the literature concerning resources that are drawn from social networks and relationships with stakeholders. Consequently, literature on internal and external organisation social capital will be used to illuminate the findings. It can be noted that the *social capital theory* has its roots traceable to the field of Sociology and that it is increasingly gaining scholarly currency in different fields, including the field of Management (Lee, 2009).

In the present study, the Chinese immigrant entrepreneurs were interacting with different stakeholders (such as *family members, local employees* and *customers*) to identify opportunities and operate their small businesses. The dynamic and iterative interactions (*engaging* or *disengaging*) that shape and influence collective support from relationships can be understood and examined through literature on organisational social capital.

The concept of social capital has its roots traceable to the work by Pierre Bourdieu who was French, and James Coleman and Robert Putnam who were from the USA (Castiglione, 2008). These three originating theorist of social capital contributed towards the current understanding of the concept and had varying approaches to the concept. Bourdieu's work was influenced by the theory of social stratification and its demarcations of social ties and elite networks that produce privileged status. Essentially, Bourdieu's work drew from traditional Anthropology and Sociology (Castiglione, 2008).

The work by Bourdieu (1986) was concerned with the dynamics of power and the subtle manner in which power is transferred and social order maintained in society. Thus, Bourdieu (1986) defined social capital as the sum of resources, actual or virtual, that accrue to an individual or a group of people by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition. The definition proposed by Bourdieu (1986) places more emphasis on the individual within the context of a group, and suggests that relationships within a group are, unconsciously or consciously, either founded for reciprocity, or that the "glue" for these relationships is based on mutual gain, associated with obligation (Vermaak, 2009).

Additionally, in Bourdieu's conceptualisation, social capital consists of two main dimensions. First, social capital refers to the relationships that are formed between people. Second, social capital entails resources and the benefits that are gained through those relationships. Thus, the two-sided conceptualisation of social capital has both the utility gained from the relationships, and the construction of those relationships (Portes, 1998; Portes and Landolt, 2000; Vermaak, 2009).

Bourdieu (1986) explains that social capital is one of several forms of capital which determines an actor's position in society and the consequential returns they may experience. Social capital bears cultural or symbolic capital which possesses economic value, and with intentional effort, it can be harnessed to bear desired benefits. Essentially, Bourdieu (1986) conceptualises social capital in the form of an actor's membership to specific networks and relationships which influence the actor's choices, affiliations, reputation and social stature to garner social and economic value. Thus, an actor's social capital can be measured by the strength of the actor's relationships, the number of connections, and the amount of economic and social value that can be attained through the mobilisation of such connections (Bourdieu, 1986).

With a different emphasis and a background in Sociology and Political Science, Coleman (1990, p.302) proposes that

> "Social capital is defined by its function. It is not a single entity but a variety of different entities, with two characteristics in common; they all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible".

In this conceptualisation of social capital, Coleman (1990) understands social capital as a distributed resource that exists at different levels of social organisation and goes beyond an individual. Furthermore, Coleman highlights specific types of social capital such as family and nation, in his conception of social capital (Field, 2003).

Coleman's 1988 and 1990 work on social capital aligns with Bourdieu's (1986) conceptualisation of social capital in that Coleman (1988) emphasises social networks and relationships as a form and facilitator of social capital. As a social phenomenon, social capital inherently lies in the relationships between and within actors operating in a specific context. Thus, in his seminal work on high school dropouts, Coleman (1988) illustrates social capital's fundamental contribution in harnessing social conditions and informal institutions that create human capital among the youth.

In contrast to Bourdieu's (1986) assertions of social capital, Coleman's (1988) work challenges the fundamental assumption of neo-classical Economics that human beings are merely driven by self-interest (Castiglione, 2008). Thus, Coleman (1988, 1990) introduces the phenomenon into a "rational action paradigm" built on governing actor's decisions which are not merely driven by individualistic motives. Beyond the tangible resources accrued through social capital, the phenomenon is also manifested in the intangible forms of expectations, obligations, social norms and sanctions. Consequently, these are rationalised products of relationships that influence individuals' actions. Relationships primarily present norms of appropriate behaviour, formalising codes of conduct among actors and guiding economic behaviour (Coleman, 1990).

Simply stated, the contribution by Coleman (1988, 1990) broadened the definition of social capital. However, despite the scholarly attention given to social capital, the broad definition of the phenomenon remained controversial and contested across various disciplines which accused

the concept of having minimal theoretical substance. Essentially, social capital was noted as simply referring to everything and hence in turn, nothing at all (Woolcok, 2002).

On the other hand, Putnam as a political scientist focuses on social networks, norms of reciprocity and trustworthiness that arise in connections and relationships between individuals in his conceptualisation of social capital. Thus, Putnam (1993, p.398) proposes that "social capital refers to features of social organisation, such as networks, relationships, norms, and trust that facilitate the co-ordination and co-operation for mutual benefit". Essentially, Putnam refers to "networked" relationships, suggesting "equal footing" rather than hierarchical relationships (Vermaak, 2009).

Putnam (1993) highlights the role of community associations and related support groups to promote civility in a society. Putnam's work can be traced to his study which entailed a comparative analysis of institutional performance across different regions in Italy which had varying levels of development. In his investigation, he sought to understand the causes of the variation in levels of performance. Putnam (1993) found that the reason for the variance in the level of performance by institutions was the degree of social capital within the respective regions. Similar to the work by Coleman (1988), the conception of social capital in Putnam's study illuminates a connotation of values and meanings driven by close relationships and ties in typical community life (Castiglione, 2008; Vermaak, 2009).

The work by Putnam (1993) exemplifies how social capital also reflects an undertone of the power of formal associations in shaping institutions. Essentially, Putnam illustrated that in different regions in Italy, the degree of social capital was facilitated by democratic institutions and enabled by environmental conditions conducive to social and economic value creation (Castiglione, 2008). However, according to Frane and Roncevic (2003), the definition of social capital proposed by Putnam is idealistic and implies a context in which there is absolute democracy and development.

It can be noted that the definition of social capital proposed by Putman suggests mutual benefits, institutional networks and trust among social actors. In this respect, social actors draw from social capital as a useful resource to "get by" as well as "get ahead". Hence, social capital is characterised by reciprocity and shared norms among members of networks. It is embedded in resources gathered from social interactions, relationships and networks within governed institutions (Adler and Kwon, 2014; Portes and Landolt, 2000; Portes, 1998; Vermaak, 2009).

Conversely, from an organisational perspective, Leana and van Buuren (1999, p.538) define organisational social capital as a "resource reflecting the character of social relations within the firm … realised through members' level of collective goals orientation and shared trust, which create value by facilitating successful collective action".

It is clear that in the present study, social capital has relevancy at the individual, group and organisational level. At these levels the Chinese immigrant entrepreneurs *engage in* or *disengage from* interactions with different stakeholders under varying conditions to identify opportunities in the host community. Furthermore, in light of the substantive grounded theory that was generated, with relations and interactions being central to it, the focus on social capital is broad and focuses on both internal and external social capital. Additionally, this is in the context of Chinese immigrant entrepreneurs identifying opportunities and operating their small businesses facilitated by their interactions with stakeholders inside and outside of the small business. Thus, organisational social capital entails the ties an actor collectively maintains within and outside of an organisation (Alder and Kwon, 2002; Leana and van Buuren, 1999).

Following this conceptualisation of the notion of "social capital", the next section will explore the dimensions of "social capital".

8.3.1.1 Dimensions of social capital

Adler and Kwon (2002, 2014) highlight several dimensions of social capital. First, these scholars suggest that social capital can be invested by actors to derive a flow of benefits. Second, social capital can be garnered for various purposes such as obtaining information from ties. Third, Adler and Kwon (2002, 2014) note that social capital needs to be conserved and maintained, which is a process which requires renewal of social ties and reciprocation of favours, obligations and trust.

Finally, social capital is not private but is instead a collective good which is not diminished by the use of one person at the expense of other individuals (Adler and Kwon, 2002, 2014). Essentially, it is a collective good embedded in the relationships between actors rather than in the actors themselves. Hence, it is jointly owned by the organisation and its members and offers utility extrinsically or intrinsically from its existence (Leana and Van Buren, 1999).

In the present study, these attributes of social capital illuminate important insights for the application of the actions and practices of the Chinese immigrant entrepreneurs. Thus, a Chinese immigrant entrepreneur needs to have invested in the small business's social capital before being able to garner any benefits, or use social capital for other ends (such as identifying

opportunities, managing hostilities). Additionally, the Chinese immigrant entrepreneurs need to continuously engage in an ongoing investment in stakeholders to maintain and leverage from their social capital. Interactions which can be perceived as relational represent this ongoing investment.

On the other hand, Nahapiet and Ghoshal (1998, p.243) suggest that there are three dimensions of social capital, namely "*structural, relational* and *cognitive*". These dimensions of social capital are rooted in relationships and interactions amongst actors. Nahapiet and Ghoshal (1998) propose that the *structural* dimension of social capital has significance in that it pertains to the network of relations between actors, and between actors and institutions. Additionally, it relates to patterns of linkages with respect to connectivity, who is reached and how, hierarchy, and the density of connections between different actors. In the present study, the *structural* dimensions of social capital included social patterns of interactions and relationships, the location of Chinese immigrant entrepreneurs' contacts in the social structure and the configuration of the Chinese immigrant entrepreneurs' networks (family and ethnic-based networks, friends, customers). In this respect, the Chinese immigrant entrepreneurs would *engage* in or *disengage* from interactions with the different stakeholders to identify opportunities in the host community.

Thus, the *structural* components of organisational social capital are manifested in the existence or absence of patterns of relationships and network ties which leverage organisational resources. In the present study, the *structural* aspects of social capital pertained to the patterns of linkages in relation to connectivity, hierarchy and density of connections possessed by both the Chinese immigrant entrepreneurs and their stakeholders in the host community (Nahapiet and Ghoshal, 1998).

On the other hand, the *relational* dimensions of social capital relate to the personal relationships or emotional attachments people have developed over time between each other (such as trust, respect, and friendship). These personal relationships are harnessed when individuals collaborate in a specific field of activity. A central aspect of those relationships between actors is mutual trust, which allows benefits to be gained through relationships. For example, in the present study, when customers perceived as favourable (such as repeat customers) entered the small business, the Chinese immigrant entrepreneurs would *engage* in interactions with the customers. From these interactions the Chinese immigrant entrepreneurs would corroborate ideas with customers and identify opportunities in the host community. Mutual trust existed between the Chinese immigrant entrepreneurs and customers perceived as favourable.

From another perspective, Rousseau et al. (1998, p.398) suggest that "the degree of trust varies with relational context and time, for instance, from a relationship of economic loss or gain, to emotional relationships built over time". For Chinese immigrant entrepreneurs, it is evident that the full spectrum of trust is an essential component of their social capital, where interpersonal relationships with different stakeholders vary. Consequently, the nature of the trust with stakeholders varies between being calculative to affective during different business conditions. Thus, in the host community, trust is central for the relationships between the Chinese immigrant entrepreneurs and their social ties and networks in order to identify opportunities and operate their small businesses.

Finally, Nahapiet and Ghoshal (1998, p. 244) propose that the third dimension of social capital is the *cognitive* dimension. This dimension refers "to the shared understanding of interpretations, social codes of conduct and systems of meaning within the network". Context is central to this dimension as it pertains to shared understanding between actors either within a specific network or between networks, shared goals, and forms of behaving in a social or organisational context.

In the present study this is evident, in the shared meaning established and maintained within the Chinese immigrant-owned small businesses. This shared meaning exists among the organisational members (family employees and local employees) and is created, maintained and guided through the various business practices adopted by the Chinese immigrant entrepreneurs such as *leveraging on organisational members, actions of delegation in business* and *practices to deal with hostilities*. These practices exemplified the shared understanding of interpretations and social codes of conduct within the small business.

On the other hand, there are several limitations of the dimensions of social capital highlighted by several scholars such as Fukuyama (2002), Portes (1998) and Vermaak (2009). These scholars suggest that social capital can be observed to deter positive collective outcomes and instead disintegrate or destroy a sense of togetherness and cohesiveness among actors. Thus, enhanced and strong solidarity within a group can adversely result in an exclusionary social structure. Many different groups with tight solidarities co-existing in the same social space can create a community atmosphere which is characterised by division and tension (Fukuyama, 2002; Portes, 1998).

Essentially, the multiplicity of strong and dense groups of varying interests can cause conflict, instability and impede economic growth (Fukuyama, 2002; Portes, 1998). In the present study,

it was noted that there were various groups in the environment seeking to achieve different social and economic ends. These groups included members of the community, and a substantial number of individuals in the community in which the businesses of the Chinese immigrant entrepreneurs operated were unemployed and lacked economic stability. Hence, as economic conditions in the broader economy deteriorated, the disfranchised groups turned to theft, protests and crime to meet their economic needs. In this vein, Chinese immigrant-owned businesses were targeted, looted and robbed.

Social capital can also be seen to act as an obstacle to new ideas and innovations. Groups that perceive change as a threat to their existence and relevance, form a collective that counters change in distribution, advancement or development at all cost. Furthermore, such social capital can be based upon ethnicity. In the current study it was evident that the Chinese immigrant entrepreneurs were mindful of being perceived as a threat to the growth and existence of local businesses by the local community.

Having explored the dimensions of social capital, it is sound for the researcher to present an in-depth discussion of the sources of social capital.

8.3.2 Sources of social capital

Kwon and Adler (2014) suggest that social capital is dynamic and is influenced by various contextual and relational demands which affect its formation and maintenance. The existence of individual social ties and relationships provides the prospect for actors to engage in social capital exchanges. The quality of these ties is reflected in features such as frequency, intensity and the multiplicity of interactions among actors which impact the manner in which social capital is cultivated (Kwon and Adler, 2014). Additionally, the degree to which the ties and relationships of an actor connect the actor to other actors determines the extent of internal social capital (Coleman, 1988). Leana and van Buuren (1999) suggest that "collectiveness" and "trust" are key determinants of social capital, while Adler and Kwon (2002, 2014) add "ability" as another key determinant of social capital. The next section will explore the determinants of social capital, namely, *collectiveness, trust* and *ability.*

8.3.2.1 Collectiveness

Collectiveness is the willingness and ability of actors to engage in collective action towards a mutually beneficial outcome (Leana and van Buuren, 1999). To reaffirm the collectivist nature of the social capital of social actors, there is a need for repeated exchanges that reinforce mutual gains (Blackshaw and Long, 1998; Burt, 2005; Leana and van Buuren, 1999; Lee, 2009; Lin,

2001). In the present study, the Chinese immigrant entrepreneurs engaged in dynamic, repetitive and iterative interactions with different stakeholders. In this respect, repeated exchanges ensued which facilitated and reinforced mutual gains that resulted in social capital which was key for the identification of opportunities in the host community. For example, the Chinese immigrant entrepreneurs regularly *engaged* in or *disengaged* from interactions with different stakeholders (customers, local employees and family members) in the host community. From these dynamic interactions with stakeholders the Chinese immigrant entrepreneurs were able to identify various opportunities (such as sales, start-up, operational, relational) in the host community.

An attribute of collectiveness is the strength of relational ties which can be measured in terms of the emotions, time and affection mutually invested in relationships by actors. Furthermore, strong ties are noted to fragment more easily than weak ties (Blackshaw and Long, 1998; Burt, 2005; Leana and van Buuren, 1999). Thus, weak ties are perceived as being more generative and indispensable for an actor's opportunities and to the integration of actors in communities. Because strong ties breed cohesion – which may lead to fragmentation and alienation – in the present study, the interactions and relationships of the Chinese immigrant entrepreneurs with their stakeholders (such as, customers and local employees) instead, occasionally represented weak ties, which, according to Blackshaw and Long's (1998), afforded opportunities to the Chinese immigrant entrepreneurs.

Blackshaw and Long's (1998) observations pertaining to ties raise questions regarding the interactions between the Chinese immigrant entrepreneurs and stakeholders, and the perceived importance of those relationships or ties. Firstly, is the question of how strong the ties must be between the Chinese immigrant entrepreneurs and their stakeholders? If Blackshaw and Long (1998) are accurate, then getting too close to stakeholders in the business context could ultimately begin to alienate the Chinese immigrant entrepreneurs. Conversely, the Chinese immigrant entrepreneurs need to have ties which are strong enough to mobilise the social capital to be able to identify opportunities and operate within the host community. Secondly, the strength of ties between Chinese immigrant entrepreneurs and different stakeholders within the host community needs to be considered. Strong ties with stakeholders could gradually alienate the Chinese immigrant entrepreneurs from gaining desirable information and resources that enable the identification of some opportunities in the host community.

If Blackshaw and Long's (1998) contention regarding strong ties is credible, then how strong should the ties be between Chinese immigrant entrepreneurs and the different stakeholders?

And are Chinese immigrant entrepreneurs' not investing energy and resources in something that will invariably disintegrate? On the other hand, if strong ties are desired, what causes them to fragment, and what can Chinese immigrant entrepreneurs do to repair and maintain them? Instinctively, it should be desirable to cultivate strong ties rather than weak ties between Chinese immigrant entrepreneurs and their stakeholders. Therefore it can be noted that the contextual application of Blackshaw and Long's (1998) argument does not fully hold and may need to be further researched.

8.3.2.2 Trust

According to Leana and van Buuren (1999), trust is a key determinant of social capital. Trust needs to be resilient to enhance social capital between multiplicities of ties. Trust which generates social capital is not calculative in nature, but instead is based upon favourable experiences with social actors, based on beliefs of sound moral standing (Leana and Van Buren, 1999; Lee, 2009). Communities where trust is shared have strong values and norms that are supportive of its progress. Valuing and rewarding trust, setting an example of trustworthiness and showing trust in others builds the resilience of the trust. Evidently, to operate the small business and identify opportunities in the host community, the Chinese immigrant entrepreneurs afforded varying degrees of trust to their stakeholders. In this respect, the Chinese immigrant entrepreneurs would *engage* in or *disengage* from interactions iteratively with different stakeholders. For example, the trust which was afforded to local employees was more *affective* during hostile conditions, while the trust which was afforded to hostile customers became *calculative* in nature. In this respect, the Chinese immigrant entrepreneurs were displaying *practices to deal with hostilities.* Additionally, to identify opportunities that needed local indigenous insight, the trust which was afforded to some local employees was *affective* in nature (*local employees as business connectors*).

Thus, a common challenge encountered by the Chinese immigrant entrepreneurs when operating their small businesses in the host community was that the quality of interactions and trust afforded to stakeholders regularly varied. For example, the working practices and expectations of local employees differed from the expectations of the Chinese immigrant entrepreneurs, who perceived the local employees as organisational members who were lazy and had a poor work ethic. However, at the same time the Chinese immigrant entrepreneurs needed all organisational members of the small business in order for the business to function and to identify opportunities. Therefore, the Chinese immigrant entrepreneurs grappled with the lack of commitment and drive from their local employees. In response to this situation, the

Chinese immigrant entrepreneurs varied their recruitment practices as either "employing less experienced, younger employees" or "employing more experienced, older employees". Furthermore, under different business conditions, the reliance on local employees varied and consequently the levels of trust afforded to local employees varied.

Consequently, the Chinese immigrant entrepreneurs' configuration of activities (*actions of delegation in business*) would occasionally diminish the nature of trust if the perceived benefits were overshadowed by the perceived costs. On the other hand, relationship-building activities (such as *fostering feelings of employee inspiration*) would enhance the nature of the trust when the perceived benefits anticipated by the Chinese immigrant entrepreneurs surpassed any costs involved in the relationship. Thus, trust was a key determinant of social capital for the Chinese immigrant entrepreneurs.

Additionally, the development of social capital can be enhanced by encouraging actors to continuously create relationships and make connections, thereby enabling trust and promoting co-operation in a constructive manner (Leana and Van Buren, 1999; Lee, 2009; Prusak and Cohen, 2001; Portes, 1998). Hence, creating connections and relationships includes making time and space for actors to bond at a personal level and nurture trust. In the present study, these were the activities associated with building relationships (such as, *leveraging on organisational members, gaining customer insight of opportunity, configuring customer relations*) that were adopted by Chinese immigrant entrepreneurs that enabled the operation of the small business in the host community and the identification of opportunities. Furthermore, trust is enhanced through valuing and rewarding trust and showing trust to others. On the other hand, these activities are also associated with *actions of delegation in business* and *leveraging on organisational members*. Essentially, Chinese immigrant entrepreneurs displayed trust in other actors when they adopted the various interactional practices within the host community.

8.3.2.3 Ability

According to Kwon and Adler (2004, 2014), ability is defined as the competencies and resources at the nodes of networks. However, there is much contention among scholars pertaining to the inclusion of ability as a source of social capital. Essentially, the contention lies in defining whether social capital resides on the nodes of networks, or whether it lies holistically within the overall network. In the present study it can be noted that social capital resided on the nodes of the networks that were established with different stakeholders. Chinese immigrant entrepreneurs recognised that identifying opportunities required stakeholders such as

organisational members (*family members and local employees*) to be driven towards achieving desirable gains for the small business. This was particularly important for local employees. Consequently, the Chinese immigrant entrepreneurs introduced systems and practices to promote and inspire the desired abilities and attributes. This manifested in practices such as *motivation of organisational members.* Adler and Kwon (2014) suggest that the interactions that foster social capital can be attributed to shared norms such as generalised reciprocity. In the present study, a key driver of the behaviour of the Chinese immigrant entrepreneurs that enabled their ability to identify opportunities was their behavioural orientation to build and sustain relationships and networks.

In summary, when exploring the sources of social capital it was observed that the actions and practices adopted by Chinese immigrant entrepreneurs were key in creating social capital for their small businesses in the host community. It was also noted that the Chinese immigrant entrepreneurs relied on this social capital to operate their small businesses and identify opportunities in the host community.

In the next section, the researcher will engage in a discussion of how resources are managed to create social capital.

8.3.3   Management of resources to create social capital

This section seeks to address how resources are managed to create social capital. The framework created by Sirmon and Hitt (2003) – pertaining to the process of how resources are managed in family businesses including social capital – will be used to examine the activities adopted by the Chinese immigrant entrepreneurs. While recognising the differences in the organisational context and purpose between small businesses and family businesses, the resource management process described by these scholars provides a useful framework to look at the management and social capital of small businesses. The process consists of three interdependent components, namely *resource inventory, resource bundling* and *resource leveraging.* A discussion of these components will be presented.

8.3.3.1 Resource inventory

The resource inventory consists of three continuous and interdependent phases: *resource evaluation, resource shedding,* and *adding resources.* Resource evaluation involves ascertaining the current levels of social capital and acknowledging people's ability to learn and develop new capabilities. The value of social capital lies in its capacity for knowledge creation, flexibility and the exchange of information (Sirmon and Hitt, 2003). The current study showed

evidence of Chinese immigrant entrepreneurs appraising the capacity of their stakeholders to apply and develop the capabilities that were required to successfully contribute to the operations of the small business.

The second stage in the resource inventory component is resource shedding. Considering the opportunity costs of maintaining and leveraging resources, it is sound to shed resources of low value that do not add to the organisation's competitive advantage (Sirmon and Hitt, 2003). During interactions with favourable customers and family members, the Chinese immigrant entrepreneurs generally adopted transactional relationships with their local employees. In this manner, they shed down the resources they invested in those relationships.

The third stage in the resource inventory component entails adding resources that can be integrated to create mixes of resources that are valuable, unique and difficult to imitate and which can be cultivated by a strategy (Sirmon and Hitt, 2003). Firms which employ family members have shortcomings in their human capital that need to be addressed. There are various options that can be adopted to address these human capital related deficiencies, such as a) recruiting heterogeneous human capital from outside the firm and drawing from existing social capital to enhance this integration, b) creating alliances, c) cultivating internal resources, and d) drawing lessons from failure (Sirmon and Hitt, 2003).

The Chinese immigrant entrepreneurs employed both family members and local employees in their small businesses which made their human capital unique and valuable. For example, in some situations local employees were used to communicate with customers in the local language (*isiXhosa*) and establish rapport. Furthermore, the local employees were a key resource in conflict resolution with disgruntled customers or government officials. Hence, the small businesses gained social capital in the form of human capital leveraged through hiring local employees to support the small business.

8.3.3.2 Resource bundling

Resource bundling entails configuring resources into bundles and using these bundles to formulate a strategy that exploits opportunities and creates a competitive advantage (Hitt and Ireland, 2002; Sirmon and Hitt, 2003). For instance, the Chinese immigrant entrepreneurs engaged in various practices (*actions of delegation in business, leveraging on organisational members*) to configure the social capital resources of the small business to identify and pursue opportunities in the host community.

8.3.3.3 Leveraging resources

The process of leveraging resources entails using bundled resources to pursue strategic ends desired by the business. The value of social capital is dependent on contextual factors such as the symbolic and task demands extended on the key actors and the accessibility of supporting resources (Adler and Kwon, 2002; Sirmon and Hitt, 2003). For instance, the Chinese immigrant entrepreneurs engaged in varying practices to ensure that social capital contributed towards symbolic and task demands of the small business by interacting with stakeholders such as customers and local employees to ensure that their needs were met (*symbolic demands*), and in the process of reaching these ends, they proactively managed the internal activities of the small business (*task demands*).

Having discussed how resources are managed to create social capital in the section above, from the findings in the study it is imperative to discuss social capital in the context of social networks.

8.3.3.4 Social networks

Within an interactional context, social networks provide social actors with an array of social and economic resources (Kwon and Adler, 2014; Santarelli and Tran, 2013; Smith-Doerr and Powell, 2005). In this respect, social actors gain social capital from their social networks which vary in size and strength (Burt, 2005, Kwon and Adler, 2014; Davern, 1997). Kristiansen's (2004) suggests that a change in the arrangement or type of actors within a social network will influence the relationships, and, the resources transferred and exchanged. The variability of these structural configurations is presumed to result in different outcomes of both economic and social value. It is assumed that the larger an actor's network is with respect to contacts, the more benefits and resources the actor will gain. Kristiansen (2004) adds that relationships embedded in networks allow actors to be economic and social actors who have access to different types of information and opportunities.

Granovetter's (1973) seminal work concerning the strength of weak ties illustrates the power of networks in the transfer of contributions and information to actors for economic advancement. He suggests that weak ties diversify and diffuse information more efficiently than strong ties in an actor's network. Strong ties entail intimate connections which enhance and solidify group social cohesion, sense of belonging and identity, whereas weak ties entail less personal contacts which integrate a community of actors into the broader social system. Thus,

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Granovetter (1973) argues that weak ties are garnered from an array of circles and offer a diverse plethora of information in a more cost-effective manner than strong ties.

In his seminal work on individuals seeking employment, Granovetter (1973) found that most individuals obtained jobs through weak ties rather than strong ties. The study conducted by Uzzi (1997) on the New York garment manufacturers extends Granovetter's (1973) assertions. The study found that those businesses which were successful had a sound balance of strong ties drawn from their close circles, and weak ties which they had with short-term contracts. In the current study, the Chinese immigrant entrepreneurs drew varying resources from different ties. The Chinese immigrant entrepreneurs would occasionally *engage* in or *disengage* from interactions with customers who, according to Granovetter (1973), are perceived as weak ties. On the other hand, close family members in the current study, according to Granovetter (1973), can be perceived as strong ties.

From their interactions with customers (*weak ties*), Chinese immigrant entrepreneurs were able to obtain market-related information and identify opportunities which possibly could not be identified solely from their close family members (*strong ties*). Whereas, to identify some opportunities (such as operational, relational), the Chinese immigrant entrepreneurs needed to *disengage* from interactions with customers or local employees and *engage* in interactions with close family members. In this respect, it is evident that the Chinese immigrant entrepreneurs attempted to balance their interactions between strong ties and weak ties. Furthermore, relationships with customers or local employees (*weak ties*) varied and could be perceived as dynamic, while the relationships with close family members (*strong ties*) were more long-term orientated and stable.

Kristiansen (2004) highlights the dynamics of networks as a key element of the quality of social networks. From the empirical work by Granovetter (1995), the work illustrates the evolving and dynamic nature of networks in positioning actors to access knowledge and ideas. Granovetter (1973, 1995) explains how actors starting small businesses, in the early stages of its existence, gather desired resources from their immediate family. The familial relationships assist in providing support and guidance. These resources serve as a basis for the growth of the business overtime as the business gets connected with more contacts in the broader community. In the present study, during the early days of their settlement, the Chinese immigrant entrepreneurs were financially supported by their immediate families who additionally provided labour for the small business. As the small business became established, the Chinese immigrant entrepreneurs interacted with more stakeholders in the community stretching beyond

their immediate family. In this way, they engaged in varying interactions and business practices (such as *gaining customer insight of opportunity*) to gain more access to information and opportunities in the business environment.

Having discussed the function of social networks in enabling social actors to gain social capital, the next section will discuss the concept of "structural holes in networks".

8.3.3.5 Structural holes in networks

In the pursuit of understanding the nature of networks in firms, Ronald Burt (1992, 2005), a structural theorist, explored relations within and beyond firms. This entailed an understanding of inter and intra-firm relations in an economic context. Burt (1992, 2005) sought to examine how gaps between "non-redundant contacts" or actors from different circles have access to different types of information and add inimitable value to one's network. These structural holes or gaps present worthy opportunities of entrepreneurial advantage to the actor who can bridge these separated streams or circles. In bridging these different groups, the individual has the control to fuse diverse ideas and propositions together, thereby enabling unprecedented creativity from which all parties will benefit.

Based on Burt's (1992) empirical analysis of managers in private firms, he concluded that those individuals who had access to diverse networks and managed to actively bridge those networks were more likely to advance in their careers and be promoted than those managers who did not have access to bridging diverse networks. Essentially, networks provide actors with access, connecting them to circles and groups from which they are able to source valued opportunities and resources (Burt, 1992, 2005).

In the present study, from the information the Chinese immigrant entrepreneurs managed to solicit from their diverse relationships and networks with different stakeholders, they were able to identify opportunities in the host community. Additionally, relationships and networks facilitated the referrals of the Chinese immigrant entrepreneurs, allowing them to cultivate more ties beyond their familial circles.

The "structural hole argument" proposed by Burt (1992) is a more holistic approach which explores both inter and intra-firm relations in contrast to the intra-network approach adopted by Nahapiet and Ghoshal (1998). The "structural hole argument" has relevance to Chinese immigrant-owned small businesses, where relationships exist between organisational members (intra-network relations) as well as with other stakeholders (such as customers) in the environment (inter-network relations).

In the "structural hole argument", Burt (1992) suggests that weaker network connections result in holes in the network, which allow the individuals within the networks to expand their reach to other groups, thereby increasing the flow of information between networks, while simultaneously increasing the "control role" to the individual who is brokering the information. Thus, this benefit may create individualism within a network, thereby further weakening the networks in a group.

Consequently, Burt (1992, 2005) proposes the advantages and shortcomings of structural holes, mindful of Coleman's (1988, 1990) "closure" argument in which it is contended that strong networks which contain closed networks result in greater trust and willingness to share. Burt (2005) argues to the contrary, suggesting that links across "structural holes" and between networks add value by enabling a broader perspective and consequently improving performance.

However, Burt (1992) acknowledges that closure can be critical in realising the value buried in the structural holes, and agrees that closed networks improve communication and co-ordination within a group. Burt (1992) suggests that strong leadership of a group can improve communication and co-ordination, regardless of structural holes that may emerge as a result of weaknesses within a network.

On the other hand, other scholars (such as Keseljevic, 2007; Leana and Van Buren, 1999; Woolcock and Narayan) concur with Burt's (1992, 2005) argument and warn of the potential negative effects of strong networks on social capital within groups, noting resistance to change which adversely affects organisational flexibility and innovation. Adler and Kwon (2002) agree with this viewpoint and add that strong networks can result in diminished innovation and free-riding thereby deterring entrepreneurship and creativity. Although strong networks may strengthen solidarity in an organisational context, conversely, they may also break groups, resulting in factions and social cleavages.

Xiao and Tsui (2007) explore the contextual differences in the application and relevance of Burt's (1992) structural hole argument. In this respect, they apply the theory to different cultural contexts by comparing western countries and eastern countries. They found that, as a result of the collectivistic culture of the East – specifically China, which is characterised by a strong sense of commitment to relationships, bonds, reciprocity and shared investment in the collective group – the reported benefits of Burt's (1992) structural holes were minimal in comparison to a western cultural context. Moreover, Xiao and Tsui (2007) suggest that the impact of context

on social capital cannot be understated in light of contingent factors such as group size, group mechanisms and objectives of the group.

Having explored social capital in the context of social networks, in the next section it is sound to delve into a discussion of the empirical studies of social capital in the context of entrepreneurship and social networks.

8.3.4 Entrepreneurial social capital studies

Several empirical studies (such as Barr, 2002; Brink, 2011; Chen, 2009; Greve and Salaff, 2003; Klyver, Hindle and Meyer, 2008; Lu and Beamish, 2001; Sanchez-Famoso, Maseda and Iturralde, 2014; Santarelli and Tran, 2013; Spence et al., 2003) investigating social capital leveraged through relationships by businesses have mostly explored social capital from a network perspective. For example, Greve and Salaff (2003) investigated the variations of network structures for entrepreneurs operating small businesses over time in four selected countries, namely Norway, Sweden, Italy and the USA. Greve and Salaff (2003) concluded that networks do vary according to the phase of the business and economic development of the broader context. Hence, the social capital borne through networks is influenced by the phase of the business and the broader economic conditions.

In a study conducted by Sanchez-Famoso, Maseda and Iturralde (2014) to investigate the effect of social capital on the level of innovation of firms (family owned), it was noted that networking relationships with family members and non-family members had a positive and direct effect on innovation. On the other hand, Santarelli and Tran (2013) investigated the effects of social capital on the performance of a sample of Vietnamese firms. They found that social capital embedded in networks had a positive effect on the performance of the Vietnamese firms. Similarly, in a study conducted by Boso, Story and Cadogan (2013) to investigate the factors which influence the performance of entrepreneurial firms operating in Ghana, the findings of the study indicated that social and business networks enhanced the performance of the firms.

In a comparative analysis of entrepreneurial communities in the USA and Germany, Spence, Schmidpeter and Habisch (2003) found that the manner in which small businesses use the social structure in which they are embedded in is determined by whether they belong to the *business service-orientated, customer service-orientated* or *manufacturing-orientated sectors*. The prevailing emergent themes entailed networking within sectors, networking across sectors and supporting charity. Furthermore, it was observed that contrasting institutional environments afforded different constraints and facilities for opportunities in different industrial groups. In

the context of the present study, the Chinese immigrant entrepreneurs adopted a customer service orientation in their business practices (for instance in *gaining customer insight of opportunity, configuring of customer relations*).

In an empirical study conducted by Chen (2009) it was noted that Taiwanese small and medium-sized firms were supported by family ties which significantly assisted in starting up the business. The Taiwanese medium and small firms utilised a variety of social networks (social capital) to adequately adapt production and organisational structures to best respond to changes in the economy. In line with these findings, in the present study the Chinese immigrant entrepreneurs used their relationships with their family ties (social capital) to start their small businesses and to adapt their businesses to respond to the demands in the economic context of the host community.

On the other hand, Lu and Beamish (2001) conducted a study on small Japanese businesses and observed that social networks assisted firms seeking to expand their operations internationally by strengthening relationships with actors of local knowledge. These relationships assisted in decreasing the difficulties experienced by these small businesses in breaking into new host markets. Zhou, Wu and Luo (2007) extend the investigation of social networks and internationalisation by suggesting that small business home-based networks are a mediating variable between the establishment of international operations and their subsequent performance. They propose that the three primary benefits drawn from social networks are a) knowledge of foreign markets, b) advice and experiential learning, and c) referral trust and solidarity. These benefits assist in ensuring that small businesses which are embarking on global ventures are sustainable and successful.

In the present study, the Chinese immigrant entrepreneurs interacted closely with their relatives and family members who had migrated earlier and set up businesses in the host community. From these familial ties, the Chinese immigrant entrepreneurs obtained advice from their relatives who had experience in operating businesses in the host community. Referral trust was evident when their relatives referred them to suppliers in the host community.

Barr (2002) conducted a study to investigate social network diversity and economic performance in the Ghanaian manufacturing industry. Barr (2002) found that networks among entrepreneurs enabled the flow of information and knowledge (social capital). This information and knowledge increased entrepreneurs' capacity and their performance. Additionally, Barr (2002) discovered that certain networks were established to facilitate the flow of information

regarding the trends in the market. Other networks were primarily aimed at reducing the risk and uncertainty that firms faced in an unpredictable market (Barr, 2002). The findings of the present study substantiate the findings by Barr (2002) regarding the nature of different relationships serving varying roles and functions (*conflict avoidance, information*) in different conditions.

In the present study, several networks with stakeholders served the role of being *conflict avoidance* relations and *information*-based networks. Drawing from their networks with some stakeholders, the Chinese immigrant entrepreneurs managed conflicts during hostile conditions. On the other hand, some networks served the role of being *information*-laden networks in which relationships with stakeholders enabled the flow of information and ideas that allowed opportunities to be identified in the host community.

In a study conducted by Brink (2011) to investigate the relationship between an entrepreneur's social networks and the growth of their firm, it was noted that the number and diversity of their social networks influenced the growth of their firms. On the other hand, Klyver, Hindle and Meyer (2008) explored the relationship between culture and the entrepreneurial value of networking in 20 European countries. They found that networks influence changes over the course of the subsequent entrepreneurial phases of a business. Furthermore, they found that culture influences the impact of networking. Klyver, Hindle and Meyer (2008) suggest that no universal trend of entrepreneurial networking exists across countries.

Similarly, in the South African context in a qualitative study, Pingle (2001) explored the value of gaining membership of civic associations by entrepreneurs of small businesses. The findings of this study highlighted that associational relationships contributed positively to entrepreneurial progress. Pingle (2001) highlighted that the *identity landscape* of entrepreneurs, their *interpretation of life* and their *background*, informed how they chose which networks to join and who to trust. Thus, Pingle's assertions suggest the importance of studying social networks in a specific social and cultural context to be able to fully understand underlying reasons for the formation and maintenance of social capital. In the context of the present study it can be presumed that the actions and practices of Chinese immigrant entrepreneurs were informed by various social and cultural factors which influenced the nature of interactions with different stakeholders. From these interactions with different stakeholders, the Chinese immigrant entrepreneurs drew social capital.

Thus far, the theoretical review of literature has presented an array of perspectives of social capital theory. In the present study, from the integration of varying perspectives, it can be observed that social capital represents a dynamic set of reciprocal relationships that constitute the Chinese immigrant entrepreneur's networks and ties which enable the operations of the small business and the identification of opportunities in the host community.

Given the understanding of social capital and the forms of relationships in which social capital manifests, it is now appropriate to examine how social exchanges which are embedded in social capital between actors are relevant in further explaining the theory of *differentiating engagement of opportunity identification*. In the following section, a discussion of the social exchange theory will be presented.

8.4 SOCIAL EXCHANGE THEORY

The results of the study will also be discussed in the light of social exchange theory (SET) which will be used to understand exchange behaviour and possibly account for the behaviour and practices of the Chinese immigrant entrepreneurs. SET has its roots traceable back to scholarly disciplines such as Anthropology, Psychology (Gouldner, 1960) and Sociology (Blau, 1964). Moreover, it is increasingly gaining prominence in disciplines such as Economics, Information Systems and Management (Cropanzano and Mitchell, 2005).

In the present study, SET literature will be used to examine the different types of resources exchanged by the Chinese immigrant entrepreneurs with their stakeholders in order to operate the small business and identify opportunities in the host environment. The SET will be used to explore the types of relationships between the Chinese immigrant entrepreneurs and various stakeholders. SET is embedded in assumptions that individuals engage in social relations with the expectations that such relations are mutually beneficial. Within SET, the interactions engaged by actors are perceived as interdependent and dependent on the actions and behaviours of each actor, which gradually have potential to add to mutually beneficial transactions (Blau, 1964; Cropanzano and Mitchell, 2005).

The explanatory power of the SET entails a) rules and norms of exchanges which guide the exchange process and are embedded on reciprocity, b) types of relationships that are an outcome of these exchanges, and c) symbolic or economic resources that are exchanged between actors (Blau, 1964; Gouldner, 1960). In this respect, Shore et al. (2004) suggest that resources in organisations have two main forms of outcomes, namely socio-emotional and economic outcomes. Socio-emotional outcomes are related to meeting an actor's social and esteem needs;

these tend to be more symbolic outcomes. Hence it is sound that socio-economic outcomes convey a message that an actor is valued and treated with respect. On the other hand, economic outcomes tend to be tangible and also meet financial needs of the actors (Shore et al, 2004).

Tsui et al. (1997) propose four types of employee-employer relationship practices based on the types of resources exchanged. Resources from employers are classified as either short-term (transactional) or long-term (relational) rewards, while employee resources are categorised as specific, short-term contributions or unspecified, broad, and open-ended contributions. From the employer's perspective, transactional aspects of resources are based on performing the functionality of the job while the relational aspects of resources are underpinned on the exchange of socio-emotional resources (Tsui et al., 1997). In the context of the present study from these classifications, employers can be perceived to be the Chinese immigrant entrepreneurs and employees can be perceived to be the local employees.

Essentially, the Chinese immigrant entrepreneurs engaged in transactional relationships with their stakeholders (such as local employees) when relationships were purely based on economic exchanges. In this vein, contributions were short-term and task-orientated. Exchanges with local employees were predominantly transactional and functional-related during business conditions perceived as favourable. For example, when a customer who was perceived as favourable (approachable) entered the small business, the Chinese immigrant entrepreneur would *engage* in interactions with the customer and not draw on the services of their local employees. Additionally, exchanges with customers included socio-emotional resources as the Chinese immigrant entrepreneurs sought to establish deep relationships with favourable customers to ascertain their product-related needs. Conversely, in pursuit of meeting these product needs (identifying opportunities), the Chinese immigrant entrepreneurs occasionally engaged in functional economic exchanges with their organisational members (specifically, local employees).

On the other hand, when business conditions were perceived as hostile (unapproachable or argumentative customers), the Chinese immigrant entrepreneurs would establish relational relationships characterised by a mutual investment in social resources with actors (specifically, local employees). In this respect, the local employees would be delegated the responsibility of interacting with hostile customers (*actions of delegation in business*).

The theory of *differentiating engagement of opportunity identification* has some aspects of Chinese immigrant entrepreneurs' behaviour that influenced organisational members to work

towards collective ends and transcend self-interest for the greater good of the organisation to be able to operate the small business in the host community and identify opportunities. Essentially this socio-emotional aspect of interactions resembles Chinese immigrant entrepreneurs strengthening relationships with local employees under unfavourable (hostile) conditions in the business context. In this respect, interactional processes of *engaging* in interactions and *disengaging* from interactions with stakeholders were displayed.

Thus, in hostile conditions, the Chinese immigrant entrepreneurs *engaged* in exchanges of socio-emotional resources with stakeholders to garner support and the continuity of the small business. For example, other than providing economic rewards in the form of paying salaries to local employees, Chinese immigrant entrepreneurs were also nourishing emotional rewards such as showing appreciation to local employees. Consequently, social exchanges with employees under varying conditions entailed either transactional or relational exchanges.

Although there were different aspects of social exchanges in the relationships of Chinese immigrant entrepreneurs with stakeholders, there were variations in the types of emergent relationships and resources that Chinese immigrant entrepreneurs were exchanging with stakeholders in an iterative manner. Essentially, trust and the durability of commitment were central exchange resources which the Chinese immigrant entrepreneurs valued in social exchange relationships with stakeholders. Additionally, the relationships with family members were mainly relational and characterised by socio-emotional exchanges, whereas the relationships with stakeholders such as local employees and customers varied and were either relational (socio-emotional exchanges) or transactional (economic exchanges).

While Tsui et al. (1997) highlight the different resources in social exchange relationships, Blau (1964) examines the characteristics of social exchange relationships. According to Blau (1963), social exchange involves a) unspecified obligations, b) reciprocal favours that create future obligations, c) feelings of personal obligations, trust and gratitude, and d) absence of a single clearly defined quantitative price for the exchange of benefits in the social exchange.

Essentially, certain organisational antecedents encourage interpersonal connections perceived as social exchange relationships (Shore et al., 2004). Social exchange relationships drive the interactions between actors and bring about mutually beneficial consequences. In the interactions engaged by the Chinese immigrant entrepreneurs, social exchange relationships acted as a mediator or intervening variable for the accomplishment of desired ends.

In support of the previous discussion on relationships in SET, Cropanzano and Mitchell (2005) further propose a typology of transactions and relationships in social exchanges. The authors identify four forms of transactions between social actors in social exchanges. These are: a) social transaction in a social relationship, b) economic transaction in a social relationship, c) social transaction in an economic relationship, and d) economic transaction in an economic relationship. These transactions were evident in the relationships and interactions engaged by the Chinese immigrant entrepreneurs in the business context. The type of relationships established by the Chinese immigrant entrepreneurs with the stakeholders entailed either social exchanges or economic exchanges. More specifically, the type of interactions between the Chinese immigrant entrepreneurs and their family entailed social or economic transactions in a social relationship. For example, in terms of the social transaction context, the family provided emotional support which was dependable to the Chinese immigrant entrepreneurs. On the other hand, family members in the form of human capital for the small business represented economic transactions engaged in a social exchange relationship. The main benefit of this exchange benefit is that there was greater dependability of actors and trust.

On the other hand, interacting with stakeholders such as local employees during hostile conditions to garner solidarity and support (conflict avoidance) represented social transactions in an economic relationship. Under favourable conditions, the Chinese immigrant entrepreneurs engaged in economic transactions in economic relationships with local employees. Whereas, the relationships established by Chinese immigrant entrepreneurs with friendly or approachable customers entailed social transactions in an economic context (Cropanzano and Mitchell, 2005). SET assists with the understanding of social exchanges engaged by the Chinese immigrant entrepreneurs with different stakeholders in varying business conditions as they sought to operate the small business and identify opportunities in the host community. Essentially, the transactions between the Chinese immigrant entrepreneurs and stakeholders were either *social* or *economic*. Additionally, these transactions took place within *social* and *economic* *relationships*. Thus, SET enables an understanding of resources inherent in relationships.

This section examined different types of social exchanges and exchange behaviour in the context of the practices of the Chinese immigrant entrepreneurs as they sought to identify opportunities and operate the small business in the host environment. The influence of the cultural values of the Chinese immigrant entrepreneurs in guiding their actions will now be discussed, to further illuminate the findings of the study.

8.5 CHINESE CULTURAL VALUES IN BUSINESS

Chinese cultural values are seen as an important factor in determining Chinese business and managerial practices. At an individual level, Chinese cultural values provide the basis and norms of Chinese interpersonal behaviour in business and daily life (Matondo, 2012). Chinese culture is not homogenous and is primarily influenced by Confucianism, Buddhism, Taoism, Communism, and more recently Capitalism, due to increased economic reforms and globalisation (Faure and Fang, 2008, Matondo, 2012).

According to Wang et al. (2005), Confucianism's legacy provides a basis for understanding current organisational practices in Chinese businesses. "Confucianism entails a moral, political and social system of principles based on the teachings of the great philosopher Confucius (551–479 BC) that prescribes the moral obligations of people to each other in order to ensure and maintain individual and interpersonal harmony in society" (Wang et al., 2005, p.314). Thus, Confucianism entails a social philosophy which emphasises the importance of interpersonal relationships and harmony during the social life of human beings (Anedo, 2012).

Confucianism is a virtue-based system of ethics which focuses on the behaviour-guiding moral virtues that govern an individual's personal and social life. The ethics of Confucianism are based on five key relationship roles which can be represented by five virtues (Wang et al., 2005). The relationship roles propose attaining harmony in society through a stable social order that highlights duty, loyalty, honour, filial bonds, piety, sincerity and respect for age and seniority in relationships (Seligman, 1999). The social order embodies five unequal relationship roles in society between ruler (emperor) and subject, husband and wife, father and son, elder brother and younger brother, friend and friend (Wang et al., 2005).

In these relationships the subordinate (subject, son, younger brother, and wife) should respect and obey the orders by the higher ranking actor (ruler, husband, father, elder brother, and superior friend). Equally, the higher ranking actors should lead, guide, protect and consider the lower ranking actors (Anedo, 2012; Hofstede and Bond, 1988).

According to Confucianism, in society, balance is maintained when interpersonal relationships are guided by fulfilling obligations based on relationship roles. Confucianism outlines five virtues which are morally accepted behaviour for individuals, namely *ren* (humanity or benevolence), *yi* (righteousness), *li* (propriety), *zhi* (wisdom) and *xin* (trustworthiness).

"Ren is the capability of compassion for fellow human beings which is expressed in social relationships and is perceived as the foundation of all other virtues" (Wang et al., 2005, p.314).

On the other hand, the virtue of *yi*, is the capacity to discern appropriate actions in relationships, the virtue of *li* entails observing the appropriate etiquettes, norms and protocols in both personal and institutional lives. The virtue of *zhi* (widom) is noted as a required trait for *Junzi* (morally superior person) in the Confucian society. Finally, the virtue of *xin* (trustworthiness) is mostly noted in familial settings and reciprocated between friends who are perceived to be of equal standing.

Wang et al. (2005) draw attention to several aspects of Confucian values, namely hierarchy and harmony, group orientation, *guanxi* networks, *mianzi* and long-term future orientation. Each of these will be discussed in the following sections.

8.5.1 Hierarchy and harmony

Hierarchy and harmony in Confucian society are expressed in terms of everyone having a predetermined societal role, and the emphasis is on maintaining social harmony (Wang et al., 2005). It is evident that in the social and economic interactions engaged by the Chinese immigrant entrepreneurs with the different stakeholders, there was an underlying emphasis on maintaining harmonious relationships. Harmonious relationships were maintained through trust, conflict avoidance and reciprocation of resources (*social* or *economic*).

The Confucian value of harmony with others (*suihe*) gives primacy to social harmony and personal relationships in the group. Social harmony and personal relationships compel actors to avoid open conflicts and maintain sound relationships with others (Anedo, 2012). Actors adopt indirect strategies such as negotiations and compromises to solve problems (Anedo, 2012). To solve problems, everybody must be involved in order to bring rational arguments and ideas to the fore to suggest solutions. Disagreement with other parties is undesirable and should be avoided, leading to indirect forms of influence that involve the assistance of a third party (Anedo, 2012). It is evident that the Chinese immigrant entrepreneurs adopted indirect forms of dealing with hostile situations. The Chinese immigrant entrepreneurs did not directly engage in the open conflict (such as hostile customers) but instead used third parties (such as local employees) to resolve conflicts.

In maintaining harmony, trust is a key attribute underpinning interactions and harmonious relationships by the Chinese in business (Matondo, 2012). Suspicion prevails among the Chinese who can be quite suspicious of strangers with whom no relationship has been established. Family members represent the immediate sphere in which trust is established and developed. Consequently, an emphasis on trust defines the behaviour of the Chinese in business,

and provides the rationale for having certain organisational tasks being performed by family members. In the present study, it was evident that the Chinese immigrant entrepreneurs afforded varying levels of trust to stakeholders. The *actions of delegation in business* displayed by the Chinese immigrant entrepreneurs highlighted the different *task assignment* strategies employed in the host community. Trust-based relations are the foundation of Chinese business-related interactions in which formal contractual agreements are secondary to the pre-established level of trust (Matondo, 2012).

In the next section a discussion of the Confucian value of group orientation will be presented.

8.5.2 Group orientation

Group orientation involves promoting a collectivistic approach in which an individual considers the group in all their actions (Wang et al., 2005). In this respect, close familial and close personal relationships underpin the motives for the actions and interactions pursued by an individual. Group interest is primary; individuals exist for the benefit of the group. Additionally, individuals need to conform to the prescripts, norms and values of the group (Anedo, 2012; Fang, 2003; Wang et al., 2005).

In the present study, the Chinese immigrant entrepreneurs displayed a collectivistic group-orientated approach in their interactions with stakeholders. The Chinese immigrant entrepreneurs were aware that, for opportunities to be identified, there was a need for a collectivistic team-orientated approach. The Chinese immigrant entrepreneurs adopted a participatory decision-making approach when confronted with some decisions in the business environment that related to identifying opportunities and operating the small business. Family members, local employees and customers were regularly consulted to gain information to identify opportunities in the business environment. Hence, the iterative interactions between the Chinese immigrant entrepreneurs and the different stakeholders represented the group orientation value which informed the behaviour of the Chinese immigrant entrepreneurs.

Several scholars (Fang, 2003; Wah, 2001) emphasise that Chinese culture is family-orientated and that trust is high mostly within the boundaries of the family and kinship networks. Conversely, trust is relatively low with other extended ties. According to Confucian values, the family is the centre of all relationships. From an economic standpoint, the business enterprise is an economic entity. Acting as a social being, the Chinese entrepreneur needs to apply pragmatic approaches in ensuring the survival and success of the business enterprise for the greater good of the family (Fang, 2003; Wah, 2001).

In the present study, family-based relationships were valued by the Chinese immigrant entrepreneurs as a dependable source of labour and capital. The wellbeing of the family was prime to the decisions and practices adopted by the Chinese immigrant entrepreneurs. In the study, the interactions of the Chinese immigrant entrepreneurs with family members were characterised by high levels of affective trust and were relational in nature.

Chinese business enterprises are characterised by paternalistic characteristics practised in the management of the business. The practice of paternalism is operationalised in Chinese businesses with an emphasis on familism (Fang, 2003; Wah, 2001). Familism is influenced by the moral values and obligations emphasised in Confucian values. The leaders in the business are perceived as guardians and providers for the welfare of subordinates (Wah, 2001).

Based on the practice of paternalistic and familism values, it is common to use family members as a source of labour for business enterprises (Wah, 2001). This is consistent with the findings of the study in which the Chinese immigrant entrepreneurs used family members as a source of labour for the small business. The Chinese place value on family welfare and ceaselessly striving to expand the family's wealth. The accumulation of wealth is identified as a yardstick for individual and family achievements (Wah, 2001). In the present study, the wellbeing of the family was central to the existence of the small business. In this respect, the Chinese immigrant entrepreneurs sought to ensure the wellbeing of the family by creating economic value for the family through the opportunities they identified in the business environment.

In the next section, a discussion of *guanxi* will be presented.

8.5.3 Guanxi

Guanxi entails the forming of relationships, connections, networking and a system of obligations in which indebtedness arises as a function of the relationships. Reciprocation of actions and behaviours is deeply rooted in *guanxi* networks (Anedo, 2012; Faure and Fang, 2008; Wang et al., 2005). Furthermore, *guanxi* is an interactive and intricate relational network that connects mutual responsibilities, trust, and understanding with relevant actors in a social setting. Before entering into business, actors should focus on building social and interpersonal relations (*guanxi*) with the view of sustaining lifelong relations (Anedo, 2012; Faure and Fang, 2008; Wang et al., 2005; Wah, 2001). In the present study it was evident that the Chinese immigrant entrepreneurs relied on building social and interpersonal relations to gain information and valuable resources (*labour and financial capital*) to be able to identify opportunities in the host community and operate their small businesses.

Essentially, the Chinese immigrant entrepreneurs formed and maintained *guanxi* networks with various stakeholders to achieve various desired ends for the small business. The different networks with stakeholders were embedded in reciprocation and interactions with social exchanges. Thus, the Chinese immigrant entrepreneurs would display the iterative processes of *engaging* in or *disengaging* from interactions with different stakeholders in their networks during varying conditions. For example, *guanxi* networks were established with family members in which family members offered their human and financial capital, while the Chinese immigrant entrepreneurs reciprocated those resources by enabling the economic wellbeing of the family. Additionally, the reciprocation of resources afforded through these networks with family members was perceived through intangible resources such as solidarity, emotional support and collective identity.

Apart from family, the Chinese immigrant entrepreneurs also maintained *guanxi* networks with local employees and customers in which trust and reciprocation of behaviour were important and valued. In these networks, local employees and customers were perceived as a source of information and support (intangible), demonstrating social and economic transactions of resources that enabled the identification of opportunities and the operation of the small business in the host community.

8.5.4   Mianzi

Mianzi (face) refers to "showing face" and remaining loyal and honouring obligations in social relationships. Individuals should seek not to lose face and suffer shame for themselves and their social relations in their social interactions (Faure and Fang, 2008; Fang, 2003; Wah, 2001). "Giving face" to others (showing respect) and avoiding losing face (being humiliated) assists in maintaining group harmony.

Essentially, the need for face (*mianzi*) is intrinsic to various aspects of personal and interpersonal relationships and extends to being polite and honouring one's obligations. In business, the Chinese are particularly careful not to lose face for their family. In this vein, many Chinese are hardworking and ambitious in business because they do not wish to let down or dishonour their ties. Additionally, the circumstances of granting and refusing face as well as the reactions to losing or granting face exert a strong influence on the behaviour of actors in a business context (Fang, 2003; Wah, 2001).

In the present study, it was evident that the Chinese immigrant entrepreneurs worked hard to sustain the small business to ensure that the small business was able to achieve gains. They

worked long hours and made sacrifices to meet the needs of the family by achieving economic ends. Furthermore, ensuring the wellbeing of the family was a key driver that influenced the behaviour and interactions of the Chinese immigrant entrepreneurs as they sought to identify opportunities and operate their small businesses in the business environment.

The Chinese immigrant entrepreneurs also attempted to maintain harmonious relationships with stakeholders under varying business conditions. It was observed that social harmony was achieved by keeping face through controlling feelings, being modest, avoiding conflict and competition. The expression of appropriate emotion is essential to minimise the risk of disrupting group harmony (Faure and Fang, 2008; Wah, 2001).

In the present study, the Chinese immigrant entrepreneurs sought to meet the needs of their stakeholders through reciprocating behaviours. For example, by *engaging* with customers, the Chinese immigrant entrepreneurs continuously tried to meet their needs (identifying opportunities) through desirable economic exchanges and transactions. In this vein, they sought to keep face (*mianzi*) with their customers. On the other hand, in unfavourable conditions such as interacting with disgruntled customers, the Chinese immigrant entrepreneurs would *disengage* and sought not to lose face. Hence, they adopted a conflict avoidance modus operandi characterised by delegating the responsibility of interacting with disgruntled customers to local employees.

8.5.5   Long-term future orientation

Long-term future orientation refers to the perception of time orientation as driving social relationships and interactions. A future-orientated outlook to social behaviour gives rise to diligence, hard work, thrift (*jian*), efficiency, tolerance, moderation and perseverance (*yili*) (Matondo, 2012). According to a Chinese proverb, *"Hard-work creates earlier Spring"* which bears witness to the long-term future orientation of Confucianism. It can be observed that in the present study the Chinese immigrant entrepreneurs adopted a long-term orientation towards business through the durable relationships they established in the host community with different stakeholders.

In the operations of their small businesses, the immigrant entrepreneurs valued hard work, thrift and perseverance in all their entrepreneurial activities, and they were willing to work long hours to meet the needs of the customers and identify opportunities. In their interactions with customers, the Chinese immigrant entrepreneurs were prepared to lower the price of the products and gain small marginal profits. The underlying assumption was that through small

incremental gains, the business would grow and be more prosperous in the future. Furthermore, the Chinese immigrant entrepreneurs displayed a long-term orientation when they continued to seek for opportunities and operate their business regardless of regular setbacks such as crime and theft which targeted their businesses.

In the business context, the emphasis on the value of *thrift* means that an individual needs to be frugal in the use of limited resources (material, capital and human resources). Valuing thrift (*jian*) leads to savings, which relays to the availability of capital for reinvestment (Fang, 2003). A willingness to achieve delayed gratification was also evidenced in the practices and activities of the Chinese immigrant entrepreneurs. Through savings, incremental gains were achieved for the small business, supported by the underlying assumption of thrift in business. In their business practices, the Chinese immigrant entrepreneurs were not driven by an emphasis on immediate gratification. Instead, the Chinese immigrant entrepreneurs demonstrated a delayed gratification orientation towards business.

8.6 SUMMARY

The aim of this chapter was to locate the grounded theory developed in the present study within a body of literature. First, the literature on social capital was examined, specifically focusing on the sources and dimensions of social capital. The literature on social capital was able to capture some of the interactions and practices engaged by the Chinese immigrant entrepreneurs with their stakeholders in the host community as they sought to identify opportunities and operate their small businesses. The field of entrepreneurial social networks was then explored to aid in illuminating the grounded theory. Literature on social exchange was also examined to illuminate and capture the grounded theory. Finally, literature on Chinese cultural values in business was reviewed to shed light on the interactions and practices displayed in the grounded theory.

The next chapter concludes the study by highlighting the main findings and proposing recommendations for future studies. Additionally, a reflection on the contribution of the current study will be presented.

CONCLUSION

"Learning is a treasure that will follow its owner everywhere" (Chinese proverb)

9.1 INTRODUCTION

In this study, the researcher set out to develop a grounded theory that would explain how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities. A grounded theory was constructed that explained how evolving interactions and relationships in the business environment under varying business conditions enabled the process of identifying opportunities. The practices of identifying opportunities described in Chapter 5, together with the practices of operating the business described in Chapter 6, contributed to the generation of the grounded theory. The emergent grounded theory, namely *differentiating engagement of opportunity identification* was presented in Chapter 7. This grounded theory was developed from a sample of 41 qualitative interviews conducted with Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa.

From the findings of the study, it was noted that the Chinese immigrant entrepreneurs identified various opportunities (sales, start-up, operational, relational) in their host communities through their relationships and interactions with different stakeholders. These relationships and interactions were dynamic and iterative in nature. In the host community, the stakeholders which the Chinese immigrant entrepreneurs mainly interacted with and who contributed to the identification of opportunities for their small businesses, included family members, local employees, and customers. Furthermore, the Chinese immigrant entrepreneurs regularly engaged in practices of building and maintaining these relationships with stakeholders in the host community (for instance *configuring customer relations,* and *motivation of organisational members*).

The interactions between the Chinese immigrant entrepreneurs and their customers which contributed to the identification of opportunities in the host community were labelled as *gaining customer insight of opportunity.* Whereas the interactions between the Chinese immigrant entrepreneurs and stakeholders (namely family members and local employees) which contributed to the identification of opportunities were labelled as *leveraging on organisational members.* These dynamic interactions (*engaging* or *disengaging*) with the different stakeholders enabled the identification of various opportunities in the host community.

In order to *gain customer insight*, the Chinese immigrant entrepreneurs who operated small businesses in the host community would *engage* in interactions with customers perceived as favourable. More specifically, a customer-centric approach was adopted by the Chinese immigrant entrepreneurs as they sought to identify unmet customer needs which represented opportunities in the host community. For instance, when customers entered the small business they were evaluated by the Chinese immigrant entrepreneurs as either being favourable (approachable) or unfavourable (unapproachable) based on characteristics such as repeat customer, age, gender of customer, prior theft or argumentative behaviour.

Consequently, two distinct and iterative patterns of interactions, namely *engaging* and *disengaging*, were observed in response to the nature of the customers and changes in the business environment. In this respect, the evaluations of customers made by the Chinese immigrant entrepreneurs informed the decisions relating to the approach that would be adopted in interacting with the customers. Thus, the Chinese immigrant entrepreneurs would *engage* in interactions with favourable customers, thereby corroborating information and gaining further insight of opportunities. Alternatively, the Chinese immigrant entrepreneurs would *disengage* from interactions with unfavourable customers (perceived as being *hostile, argumentative customers, thieves*) and would delegate the responsibility of interacting with these customers to local employees (*actions of delegation in business*).

The delegation of responsibilities to interact with unfavourable (hostile) customers typified the conflict avoidance approach adopted by the Chinese immigrant entrepreneurs as they operated their small businesses. The host communities in which the Chinese immigrant entrepreneurs operated their small businesses and identified opportunities were regularly hostile towards immigrants. Hence, the Chinese immigrant entrepreneurs drew on local employees to mitigate and pacify hostilities in the business environment. An ability to deal with conflicts in addition to being able to assist in identifying opportunities, were key criteria adopted by the Chinese immigrant in recruiting local employees (*local employees as business connectors*).

Additionally, the Chinese immigrant entrepreneurs *engaged* in interactions with different organisational members (local employees and family members) to identify opportunities in the business environment (*leveraging on organisational members*). *Engaging* in interactions with local employees enabled the identification of opportunities that required local indigenous insight of products and services. On the other hand, to identify some opportunities (such as operational opportunities), the Chinese immigrant entrepreneurs would specifically *disengage* from interactions with local employees and *engage* in interactions with family members. This

highlighted the iterative and differentiated interactions with different stakeholders which the Chinese immigrant entrepreneurs displayed as they sought to identify various opportunities.

The relationships between the Chinese immigrant entrepreneurs with their stakeholders in the host community were dynamic and varied in nature. These variations were based on the assumptions (such as trust) held by the Chinese immigrant entrepreneurs about the nature of the stakeholders and the demands of the small business. The evolving nature of relationships and interactions highlighted the centrality of relationships in the operations of the small business and the identification of opportunities in the host community.

Therefore, the theory of *differentiating engagement of opportunity identification* depicts a social process which is iterative and dynamic. This theory describes the variation in relationships and interactions (*engaging* or *disengaging*) between the Chinese immigrant entrepreneurs with stakeholders as they identify opportunities and operate their small businesses in the host community. In line with the tenets of grounded theory as proposed by Strauss and Corbin (1990), several approaches to understand and describe these interactions and relationships in extant literature were applied (see Chapter 8). The object of these attempts by the researcher was to further enlighten the findings in the present study (Strauss and Corbin, 1990). In this respect, the findings of the study were discussed from the perspectives of social capital theory, social exchange and Chinese cultural values. It was acknowledged that there was no single perspective which was comprehensive enough to provide a complete explanation of the social process, although each of these perspectives provided some valuable insights. Table 9.1 below presents a summary of the goals and findings of the study.

Table 9.1 Summary of the goals and findings of the study

Goals of the study	Findings	Chapter
To investigate the activities and process engaged by the Chinese immigrant entrepreneurs when identifying opportunities	*Activities when identifying opportunities* Leveraging on organisational members (start-up phase) Gaining customer insight of opportunity (operations phase) Configuring of customer relations (operations phase) *Name of process based on activities* Differentiating engagement of opportunity identification	Chapter 5 Chapter 7

To describe and understand the factors influencing this process of identifying opportunities by the Chinese immigrant entrepreneurs	***Factors influencing process*** Establishing relationships and interacting with stakeholders, namely, family members, local employees and customers.	Chapter 5
To describe the nature of the opportunities identified by the Chinese immigrant entrepreneurs	***Nature of opportunities*** Sales opportunities Start-up opportunities Relational opportunities Operational opportunities	Chapter 5
To describe the activities engaged by the Chinese immigrant entrepreneurs when operating their small businesses	***Activities during operations*** Actions of delegation in business Practices to deal with hostilities Practices of executing business values	Chapter 6

Source: Researcher's own construction

9.2 VALUE OF THE STUDY

The study makes a theoretical contribution to the body of knowledge by providing an original understanding of the interactional processes adopted in identifying opportunities and operating small businesses by the Chinese immigrant entrepreneurs in the South African host environment. The theory generated in the present study provides insight into how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa perform iterative patterns of *engaging* in and *disengaging* from interactions with stakeholders to identify opportunities in the host environment. From the study it can be noted the assumptions of the Chinese immigrant entrepreneurs impact on how they behave in response to managing social interactions and relationships with stakeholders in the host environment.

The variation of the nature of interactions and relationships established by the Chinese immigrant entrepreneurs with different stakeholders contributed to the social capital they leveraged in the host community. The study has significance in illuminating the influence of social capital embedded in relationships and interactions in the identification of opportunities and operations of immigrant-owned small businesses within host communities. Moreover, the study highlights the importance of relationships with stakeholders in garnering resources that facilitate the identification of opportunities by immigrant entrepreneurs operating within a host community.

From the study, an interplay of interactions and relationships (*relational* or *transactional*) with stakeholders is highlighted in the operations of the small businesses and the processes of identifying opportunities in the business environment. In the context of stakeholders (such as customers, family members, local employees), the findings of the study have implications for how stakeholder-based characteristics (such as repeat customers, age, gender) influence the perceptions of Chinese immigrant entrepreneurs and the consequent response strategies towards the stakeholders with respect to *engaging* in or *disengaging* from interactions. Furthermore, the study highlights the integral role and significance of establishing an array of relationships with different stakeholders to facilitate the process of identifying opportunities in a host community by immigrant-owned businesses.

Additionally, the study sheds light on the hostilities and challenges experienced by Chinese immigrant entrepreneurs and the consequent response strategies they adopt in the host community. The importance and centrality of local employees in identifying opportunities and pacifying hostilities and challenges experienced in the host community is highlighted. Moreover, the relationships established by the Chinese immigrant entrepreneurs with local employees are depicted as generally being transactional in nature, although they are temporarily relational in hostile business conditions. This finding in the study raises important theoretical questions relating to the morality of solely drawing on the labour of local employees only when it suits the Chinese immigrant entrepreneurs, to meet their ends. These temporary relationships – manifested in leveraging on the labour of local employees – could be perceived as exploitative in nature, whereby local employees are not necessarily valued as being integral to the small business but are instead perceived as a means of achieving ends for the small business, specifically under hostile conditions.

The study also raises questions of the exploitation and harassment of immigrant entrepreneurs by authorities from the host community. The frequency of seeking to exhort bribes from the immigrant entrepreneurs can be perceived as a form of harassment and exploitation by authorities. Additionally, the high level of crime experienced by the immigrant entrepreneurs reflects the opportunistic exploitation of immigrant-owned businesses by individuals in the host community. From a dignity perspective, this highlights how the dignity and rights of immigrant entrepreneurs are jeopardised by the regular hostilities they experience in the host community.

The study presents a scholarly view of immigrant entrepreneurs who operate small businesses displaying a relationship-based philosophy of interacting with stakeholders, which in turn facilitates the identification of opportunities and the functioning of the small business in the

host community. This study then provides a means for improving the current understanding of how immigrant entrepreneurs identify opportunities and operate their small businesses in a host community in light of changing business conditions.

From the findings in the present study, the centrality of interactions and relationships is highlighted, which reinforces the need for scholars to further interrogate the contextual reality and evolving nature of relationships in a host community. The assumptions informing these various relationships and consequent interactions need to be examined more deeply. From the study, relationships established with stakeholders were evidenced as being dependent on the perceptions of the anticipated behaviour of the stakeholders. In this respect, a lessening of interactions (*disengaging*) from those stakeholders could be construed as a form of disabling potential social capital borne in relationships. In the same light, an establishment of relational relationships with stakeholders (such as local employees) under unfavourable conditions could be evidenced through greater delegation of responsibilities to local employees to pacify the hostilities. In this respect, the relationships established with local employees are evidence of building social capital for the small business in unfavourable conditions. Similarly, in some incidents the interactions (*engaging*) with local employees are aimed at gaining local insight to identify opportunities in the host community.

By examining the iterative and evolving interactions and relationships evidenced in the theory of *differentiating engagement of opportunity identification*, various individuals (such as *practitioners, academics,* and *policymakers*) can further comprehend and interrogate the critical activities and practices engaged by immigrant entrepreneurs in a host community as they identify opportunities and operate their businesses. Additionally, the study can be used by practitioners to aid and improve entrepreneurship within the Eastern Cape province of South Africa. Therefore, the findings generated in the present study can be used as a resource by students, academics, researchers and policymakers who are involved in the field of small business entrepreneurship and immigrant entrepreneurship in the South African context and other similar contexts. Table 9.2 presents a summary of the contributions of the study (academic, practitioner, policy makers and methodological).

Table 9.2 Summary of the contributions of the study

Body of contribution	Nature of contribution
Academic	Towards a better understanding of: a) immigrant entrepreneurship in South Africa. b) Chinese immigrant entrepreneurship.

	c) opportunity identification by immigrant entrepreneurs during start-up and operation phases. d) the nature of opportunities identified by immigrant entrepreneurs. e) the challenges experienced by immigrant entrepreneurs operating in a host community.
Practitioner	Equip the practitioner towards understanding and applying: a) the activities used in identifying opportunities. b) the appropriate processes in identifying opportunities during start-up and operation phases. c) the role of relationships in the process of identifying opportunities.
Policy makers	Enabling policy makers to: a) develop legal and national policies that promote immigrant entrepreneurship. b) amend discriminatory policies and practices.
Methodological	Towards equipping researchers in: a) adopting grounded theory to investigate immigrant entrepreneurship related research.

Source: Researcher's own construction

The focus of the next section is to discuss the limitations of the study.

9.3 LIMITATIONS OF THE STUDY

There were several limitations of the study which were noted by the researcher. The primary use of one method of data collection was acknowledged as a limitation of the present study. Interviews were the primary source of data in this study, indicating that the researcher depended on the imperfect lived recollections of the Chinese immigrant entrepreneurs in the host community. Some of these imperfect recollections of the Chinese immigrant entrepreneurs related to incidents that occurred up to five years ago. Recollections of incidents by these entrepreneurs after an extended lapse in time may not correlate with or match what actually happened at the time of the incident. This highlights the limitation of retrospective reconstructions of interactions and behaviour exhibited during lapsed incidents.

Moreover, the researcher relied on what the Chinese immigrant entrepreneurs chose to divulge during the interviews. In this respect, the researcher was only able to perceive the phenomenon under investigation from the viewpoint of the Chinese immigrant entrepreneurs interviewed. Hence, the theory that was generated was more cross-sectional in nature without the benefits of having real-time observational data of Chinese immigrant entrepreneurs' day-to-day enactment of the phenomenon. Another limitation of the study was the use of the research assistant who

performed the role of a translator during the interview process. From the translations, it can be anticipated that the actual meaning in data can be lost or altered.

However, to mitigate this limitation of relying on interview data and a translator, the researcher adopted several strategies to ensure rigour in the interview process in accordance with the advice by Strauss and Corbin (1990). First, the researcher drew on his experience and educational background to work with the data and gain meaning from it, in order to be able to construct a theory which is grounded in data and empirically induced. Second, the researcher recorded the interviews on audiotape to preserve the meaning of the data and be able to consult the data. Third, the researcher followed a semi-structured interview guide to obtain data and maintain a reasonable level of consistency in the interview process. Fourth, after each interview the researcher made memos in which the meaning gained from each interview was noted and the critical issues highlighted. Fifth, the researcher ensured that the translations made by the research assistant were accurate by giving several transcripts and audiotape recordings to some translators of Mandarin to English to verify the translations. Finally, periodic follow-up interviews and member checks with Chinese immigrant entrepreneurs were conducted by the researcher to further probe and gain clarification of critical issues raised in interviews. From these follow-up interviews and member checks, the researcher sought to verify patterns and meanings induced from the data.

In the study, only the Chinese immigrant entrepreneurs who owned and operated the small businesses were interviewed. Additional insights from other organisational members working in the small business were not captured in generating the emergent theory. For example, the insights of local employees, and of family members working for the small business could have been valuable in contributing towards the development of the emergent theory.

Additionally, the researcher experienced limitations in accessing some of the identified potential research participants in the study. Chinese immigrant entrepreneurs operating in the South African business context are mistrustful of researchers because they are sceptical of the actual reasons behind the researcher's investigation of the practices and operations of their small businesses. They fear that researchers could be disguised government officials or immigration officers investigating legal issues such as tax collection or immigration status. Furthermore, they suspect that researchers might be disguised employees of the South African Department of Labour who are seeking to investigate the labour practices in Chinese-owned businesses in South Africa. For these reasons, some of the Chinese immigrant entrepreneurs were not willing to participate in the study.

The focus of the next section is to discuss the suggestions for future research.

9.4 SUGGESTIONS FOR FUTURE STUDIES

In the present study, several recommendations arise which are related to the substantive, theoretical and methodological areas of the study. Drawing from the nature of the substantive grounded theory generated in the present study, future studies can expand the substantive theory of *differentiating engagement of opportunity identification* into a formal theory (Strauss and Corbin, 1990) by expanding the research context. Aspects such as the types and size of business researched could be broadened. Additionally, the nature of research participants could be broadened to include other groups of immigrant entrepreneurs operating in the South African business context, such as Somalians, Ethiopians, Pakistanis, Congolese, and Nigerians. This could result in more variation in the data which could contribute towards the generation of a formal theory (Strauss and Corbin, 1990).

From a methodological perspective, a form of triangulation can be adopted in future studies. Alternative research methods such as an ethnographic approach characterised by observations could be adopted by future researchers. In this respect, future researchers could become immersed in the community and daily lives of the immigrant entrepreneurs to gain the immigrant entrepreneur's trust. A form of participatory action research could be adopted. Real-time observational data could be collected which would provide deep insights in the rationale and nature of interactions engaged by the Chinese immigrant entrepreneurs as they seek to identify opportunities in the host community and operate their small businesses.

Future research could also broaden the nature of research participants by conducting interviews with the stakeholders involved in the interactional context, namely local employees and customers. In future research the local employees could be interviewed to gain insight of their experiences of the phenomenon. Similarly, the insight and experiences of customers could be ascertained from interviews. In this light, focus group discussions with the Chinese immigrant entrepreneurs, family members, local employees and customers could be conducted to discuss and explore the manifestation of the phenomenon through the interactions and relationships in the host community. This multi-perspective has the potential to yield rich data that could further illuminate the processes that occur in identifying opportunities in the host community.

Furthermore, future research could be in the form of a longitudinal study which could examine the interactions of the Chinese immigrant entrepreneurs over an extended period of time. The present study was conducted in a unique South African economic and socio-political context.

The economic and socio-political conditions in South Africa at the time of the study may have contributed to the nature of the findings of the study, whereas in a different economic and socio-political period, varying insights could have been gained.

Further research could extend to the domain of cross-cultural research and explore the cross-cultural differences in knowledge-sharing patterns and interactions among the different stakeholders. Furthermore, gaining an understanding of these cross-cultural differences could provide further insight into *why* and *how* certain resources (such as knowledge) were exchanged between the Chinese immigrant entrepreneurs, family members, local employees and customers.

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APPENDIX A: INVITATION TO PARTICIPATE LETTER

RHODES UNIVERSITY

Grahamstown ⚬ 6140 ⚬ South Africa

DEPARTMENT OF MANAGEMENT

Tel: [+27] 046 603 8245

Fax: [+27] 046 603 8915

E-mail: j.seymour@ru.ac.za

24 November 2014

Rhodes University

PO Box 94

Grahamstown

6140

Dear Participant

□□的参与者

Re: Invitation to participate in research study

邀□参加研究性学□

You are invited to participate in a research study entitled "Chinese entrepreneurship in small retail businesses in South Africa: A grounded theory study". The aim of this research is to determine how Chinese immigrant entrepreneurs who own and operate small retail businesses in the Eastern Cape province of South Africa identify opportunities. Your participation and cooperation is important so that the results of the research are accurately portrayed.

你被邀□参加一□□□"中国小型零售企□家在南非：扎根理□研究"的研究。□□研究的目的是确定在南非□开普省□有和□□小型零售企□的中国移民企□家是如何□□机会的。您的参与和合作很重要，因它能使研究□果被准确描□。

The research will be undertaken through semi-structured in-depth interviews and the data to be collected from this research will include your responses to the interview questions that will be posed.

Your identity and that of your small business will be treated with complete confidentiality. The collection of this data will require about one hour of your time to complete.

□研究将通□深入，半□构化□□□行，从□□研究收集的数据将包括您□将要提出的面□□□的答案。您与你的小企□的身份将被完全保密。此数据的收集需要□1小□的□□来完成。

We will provide you with all the necessary information to assist you to understand the study and explain what would be expected of you (the participant). These guidelines would include the risks, benefits, and your rights as a study subject. Furthermore, it is important that you are aware that this study has been approved by the Rhodes University Commerce Higher Degrees committee.

我□将□您提供所有必要的信息，以帮助您了解本学□和解□我□□您（参与者）的期□。□些信息包括您作□研究□象的□□，收益，与□利。此外，您□□理解□□研究已通□了□德斯大学工商更高学位委□会的□同。

Participation in this research is completely voluntary and this letter of invitation does not obligate you to take part in this research study. To participate, you will be required to provide written consent that will include your signature, date and initials to verify that you understand and agree to the conditions. Please note that you have the right to withdraw at any given time during the study without penalty.

参与□□研究是完全自愿的，□封邀□信并不□制你参加此□研究。如参加，你会被要求提供□面同意，其中将包括你的□名，日期及□写，以确□您了解并同意研究的条件。您有□在研究期□任何□候不受□□的撤□。

Thank you for your time and I hope that you will find our request favourable.

非常感□您的□□，我希望你能适宜地□□我□的□求。

Yours sincerely,

此致，

Tinashe Ndoro

RHODES UNIVERSITY

罗德斯大学

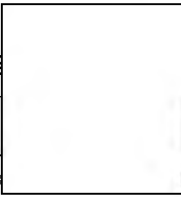## INFORMED CONSENT FORM 知情同意书
Department of Management 管理系

Research Project Title: 研究□目名称:	Chinese entrepreneurship in small retail businesses in South Africa: A grounded theory study 中国小型零售企□家在在南非：□□理□研究
Principal Investigator(s): 主要研究□:	Tinashe Ndoro

Participation Information 参与信息

- I understand the purpose of the research study and my involvement in it
- I understand the risks of participating in this research study
- I understand the benefits of participating in this research study
- I understand that I may withdraw from the research study at any stage without any penalty
- I understand that participation in this study is done on a voluntary basis
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential
- I understand that I will receive no payment for participating in this study
- 我理解本研究学□与我的参与目的
- 我理解参与本研究的□□
- 我理解参与本研究的利益
- 我理解我可以在任何□段从研究中无□□的退出
- 我理解我是参与□□研究的
- 我理解□然从本研究□程中□得的知□可能会出版, 我的身份和我的个人信息将被□格保密
- 我理解我将不会因参加□研究而收到付款

Information Explanation 信息□明

The above information was explained to me by: Tinashe Ndoro
以上信息由 Tinashe Ndoro 向我解□

The above information was explained to me in: □English □Afrikaans □isiXhosa □isiZulu

以上信息是用本□言向我解□   □Other:
and I am in command of this language 我理解本□言
OR, it was comprehensibly translated to me by: Huajun Sun
或者,以上信息是由 Huajun Sun 被□尽地翻□□我

Voluntary Consent 自愿同意

I,   , hereby voluntarily consent to participate in the above-mentioned research. 我,   ,在此自愿同意参与上述研究

Signature □名:	**OR**, right hand thumb print 或者,右手拇指印 Witness si □名:	Date 日期: / /

Investigator Declaration 研究□声明

I, Tinashe Ndoro, declare that I have ex□   participant information to the participant and have truthfully answered all questions asked to me by the participant. 我, Tinashe Ndoro, 声明我已□解□了所有参与者信息，并如□回答了所有参与者□我的□□

Signature □名:	Date 日期: / /

Translator Declaration 翻□者声明

I, Huajun Sun, declare that I translated a factually correct version of: 1. all the contents of this document 2. all questions posed by the participant 3. all answers given by the investigator 我, Huajun Sun, 声明，我属□翻□了： 1. 本文件中的所有内容 2. 由参与者提出的所有□□ 3. 由研究者□出所有的答案 In addition, I declare that all information acquired by me regarding this research will be kept confidential. 此外, 我宣布, 我□得的所有关于□□研究中的信息将被保密

Signature □名:	Date 日期: / /