



**The identification and exploitation of entrepreneurial opportunities by African immigrants in a selected township in Cape Town**

by

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## **DECLARATION**

I, Leticia Toli, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed:..... Date:.....

## **ABSTRACT**

Many people from African countries immigrate to South Africa because they perceive South Africa as a country which offers many opportunities and an advanced standard of living. Although immigrants often resort to entrepreneurial activities as a means of survival when few other options are available to them, increasing numbers of African immigrants are coming to South Africa with the express intention of starting businesses in the country. An unfortunate consequence of their entrepreneurial success in the SMME sector in South Africa has been manifested in outbreaks of xenophobic violence which have targeted entrepreneurs in the townships of South Africa.

African immigrants are widely perceived to pose threats to the livelihoods of South Africans, either by invading local labour markets or putting South African entrepreneurs in the SMME sector out of business because of the competitive edge which their businesses often enjoy over those of their South African counterparts. Relatively little emphasis has been given to the socio-economic contribution which African immigrant entrepreneurs make, by providing employment to South Africans in the face of alarmingly high rates of unemployment in South Africa and by contributing directly to the South African economy through the payment of taxes.

The researcher formulated this research study to determine how African immigrants identify and exploit business opportunities in South Africa by studying a group of African immigrant entrepreneurs in the township of Nomzamo in Strand, which lies some 50 kilometres to the southeast of Cape Town. The significance of this study lies in the fact that, to date, there has been relatively little research concerning this research topic and also in the contention that obtaining a comprehensive understanding of the successful business practices of African immigrant entrepreneurs could play a very meaningful role in improving the performance of South African entrepreneurs in the SMME sector and in normalising relationships between immigrant communities and South African population groups in the townships of South Africa.

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## **DEDICATION**

This thesis is dedicated to my late father, Sithembiso Milton Toli, my late grandfather, Mlandeli Toli, to my late sister, Sindiswa Toli, to my late cousin, Khangelwa Brenda Toli, and to the rest of my family.

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## LIST OF ACRONYMS AND ABBREVIATIONS

<b>SADC</b>	Southern African Development Community
<b>SME</b>	Small and Medium-sized Enterprises
<b>GEM</b>	Global Entrepreneurship Monitor
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>HDC</b>	Higher Degree Committee
<b>CPUT</b>	Cape Peninsula University of Technology

## KEY WORDS

Migration

Immigrant entrepreneur

Entrepreneurship

Xenophobia

Small business

Business opportunities

Cape Town

Identification of opportunities

Exploration of opportunities

Entrepreneur

South African township

Employment creation

## CHAPTER ONE: INTRODUCTION

### **1.1 introduction**

The Small and Medium-sized Enterprise (SME) sector in South Africa comprises both South African and immigrant entrepreneurs. Since 1994, South Africa has witnessed a significant increase in the numbers of immigrants from other African countries and also from other parts of the world (Fatoki & Chiliya, 2012:13).

It has been explained that this phenomenon has resulted from the combined influence of push factors, such as unfavourable circumstances at home and pull factors, such as improved prospects in the new host country (Olawale *et al*, 2012; Tengeh, 2012; Vivence, Kalitanyi & Visser, 2010). Although many immigrants are lured by the prospect of opportunities for employment, significant numbers of them soon discover to their cost that South Africa is, in fact, unable to employ all of its indigenous population and that levels of unemployment are very high. As the rate of unemployment in South Africa has been estimated to be as high as 23.9%, in a great many cases immigrants are obliged to seek employment from employers who completely disregard the labour laws of the country and to be mercilessly exploited as a consequence. These circumstances and the few choices which are available to immigrants often oblige them to engage in entrepreneurial activities and start small businesses in order to survive (Salaff, 2002:2). According to Kalitanyi and Visser (2010) and Tengeh (2013), by starting their own small businesses immigrants contribute towards reducing levels of unemployment, by creating opportunities for employment for themselves, other immigrants and also for South African citizens.

As a response to the need to generate sustainable employment and to reduce poverty, the South African government has begun to formulate and to implement interventions in order to promote the development of small and medium-sized enterprises (SMEs). As the SMEs of immigrant entrepreneurs make a valid contribution to the development of the South African economy, a substantial case could be made for availing them of the benefits of initiatives of this sort.

## **1.2 The context of the study**

There appears to be little general consensus concerning the role which immigrants play in the economy of South Africa in academic literature. Perceptions of immigrants as members of South African society, and of African immigrants in particular, have been both positive and negative (Kalitanyi, 2007). As they have been encouraged to leave their home countries, either by the promise of a better future in a new host country or by economic, political or natural disasters, immigrants bring experience, education and ambition to their adopted host countries. It is in the light of these qualities that the researcher believes that the question of whether African immigrants have made positive contributions to the economies of their host countries through starting and operating their small businesses. The main thrust of this study is represented by an attempt to answer the question of how African immigrants identify and exploit business opportunities in a particular township of Cape Town in South Africa. The impetus to conduct this study has been provided by contentious discourse concerning the presence of immigrant communities and whether or not they make a meaningful socio-economic contribution to South African society.

African immigrants tend to select Cape Town as an ultimate destination when they move to South Africa for numerous reasons. According to Newmarch (2002), most foreign people experience difficulty finding work in the other centres, particularly in Johannesburg. Cape Town is often perceived to be more convivial than other cities, as it tends to be more cosmopolitan and tolerant and levels of xenophobia are relatively low.

As immigration re-emerged as a popular topic in the social sciences during the 1980s, researchers began to pay particular attention to the roles which immigrants play in the economies of their host countries. Although the subject of immigrant entrepreneurship emerged during the early 1970s, it gained momentum during the 1980s, when American analysts began to document the fact that immigrants were more likely to become self-employed than the native-born populations of their host countries (Hiebert, 2002:93).

Throughout the world, the word 'entrepreneurship' is strongly associated with the development of the economies of countries. Vandeyar, Vandeyar and Elufisan (2014) maintain that the key values of entrepreneurship are drive and action, in that the essence of entrepreneurship is manifested in ambition, focus and determination. According to Rogerson (2003), personal



values are of great importance, not only as determinants of the will to engage in entrepreneurial enterprises, but also of the approaches which are adopted in order to pursue entrepreneurial ventures. As the effect of how a common set of values would influence the development of a business is a crucially important consideration, Morris, Schindehutte and Lesser (2002) emphasise that values replicate the conscious perceptions of himself or herself of an entrepreneur. A similar perspective has been adopted by particular African studies, which have taken into account the significance of race, psychological variables and ethnicity as determinants of the ways in which businesses are run (Nwanke, 2005:34). McClelland (1998:334) identifies self-belief as an essential motivator for the formation of a business. In addition, self-belief in itself is a vital component of the well-being of any society.

As studies have shown, the rates at which dramatic changes are taking place in the global economy necessitate the emergence of successful entrepreneurs in communities, in order to have a viable presence in global markets. However, according to the Global Entrepreneurship Monitor (GEM) (2011), the entrepreneurial performance of South Africa is very low at 9.1%, with an overall level of entrepreneurial activity which is below the average of well-matched economies throughout the world. This finding of the GEM report of 2011 underscores the crucial importance of investigating and determining the factors which influence entrepreneurial performance in South Africa. In terms of global competitiveness, South Africa has a low ranking compared with other developing countries. The shortage of successful entrepreneurs is of great significance and concern for a country in which entrepreneurial enterprises account for one third of the total figure for employment. Even after the apartheid era, rates of unemployment remain very high in South Africa, particularly among black South Africans (GEM, 2011).

Immigrant entrepreneurs from African countries have come under attack in South Africa, with many being killed by indigenous South Africans, under the pretext of protecting the position of unemployed black South Africans (Nkealah, 2011: 123-135; Human Sciences Research Council 2008:26). The xenophobia which is expressed towards African immigrants is justified by complaints that immigrants are putting indigenous South Africans out of work and taking over the informal business sector (Nkealah, 2011:125). It is widely believed that the start-ups of small businesses have great potential to create opportunities for employment in South Africa. Nkealah (2011:125) points out that the perception that entrepreneurial flair is more evident among immigrant populations than among indigenous South African ones has resulted in outbreaks of

xenophobic violence being directed at immigrant entrepreneurs and the proliferation of perceptions and attitudes which are tainted by xenophobia. Visser and Kalitanyi (2010:382) explain that African immigrant entrepreneurs elect to start businesses in South Africa despite the negative experiences which they have as a result of xenophobia, for economic reasons, as a result of perceived business opportunities and political instability in their countries of origin.

### **1.3 Research problem**

If they were to be measured against all commonly accepted criteria, levels of employment in South Africa would, undoubtedly, be regarded as being high. Woolard, Banerjee and Galiani (2007) maintain that quantifying unemployment depends upon how unemployment is defined. The general inability to create sufficient employment for the indigenous South African population has created huge socio-economic problems in the country. As the numbers of African immigrants who move to South Africa has increased significantly since 1994, their presence has generated a great deal of controversy, with many members of indigenous population groups perceiving them to deprive them of the opportunities for employment which would otherwise be available to them. By contrast, researchers such as Timberg (2005:3) and Kalitanyi (2007) have evaluated their presence in different terms, as their studies have concluded that African immigrants create employment for themselves and for a considerable number of unemployed South Africans.

In the light of the negative perceptions which many South Africans have of African immigrants as people who aggravate existing shortages of opportunities for employment, it becomes of great significance to establish whether or not African immigrant entrepreneurs make a significant contribution to the socio-economic well-being of their host countries. This assertion is made on the basis of the studies which have shown that African immigrants tend to be more educated and experienced in the creation and the running of small businesses than a great many of their indigenous counterparts.

According to Fairlie and Robb (2008) and Kalitanyi and Visser (2010: 376), African immigrant entrepreneurs have the potential to improve general levels of entrepreneurship and also to help with the creation of employment, which will make a positive contribution to the economic growth of their host countries.

According to the relevant available literature, relatively little research has been conducted in order to determine the factors which motivate immigrant entrepreneurship in South Africa and the obstacles which immigrant entrepreneurs encounter. There is a relative paucity of studies which have been devoted to immigrant entrepreneurship in the research pertaining to the broad topic of entrepreneurship. However, studies such as those which have been conducted by Rath et al. (2002) and Gebre et al. (2011), have established that African immigrant entrepreneurs do create opportunities which have important implications for the South African economy.

Nevertheless, irrespective of whatever contributions may have been made by immigrant entrepreneurs, South Africa still has an alarmingly low level of entrepreneurial activity by world standards. Pendleton et al. (2006) point out that after the attaining of democracy in South Africa in 1994, national unity became the greatest priority of the new government, in its endeavour to build a rainbow nation from the various disparate racial groups of which the population of the nation is comprised. As it has already been noted, the falling of the racial barriers which had been imposed by the apartheid regime resulted in a rapid increase in the numbers of immigrants who migrated to South Africa. According to Vargas (2005:576), phenomena such as wars, globalisation and political instability in many countries would have contributed to a significant degree to the increases in the numbers of immigrants who moved to South Africa.

This trend is likely to appear to be a problematic one against the backdrop of high levels of unemployment and poverty, and a general lack of education among huge swathes of the previously marginalised and disadvantaged population groups of South Africa.

Although attitudes towards immigrants, particularly towards black immigrants, tend to differ across the ethnic and socio-economic spectrums of South Africa, there is solid evidence to suggest that immigrants encounter discrimination from private organisations which have been formed in order to ensure that they are either detained or deported, the police, government officials and citizens who feel ill-disposed towards them. The hostile attitudes which are expressed towards black immigrants tend to be driven by widely held beliefs among South Africans that they are inherently criminals, that they will impose a drain on public resources and that they will dominate the informal and small business sectors. The way in which black immigrants are perceived by the communities in which they live and run their businesses makes it difficult for them to obtain accommodation, to have access to banking services and healthcare

and to find employment. Immigrants also appear to be targeted, to a particularly great degree, by criminals in these communities.

This study has endeavoured to obtain an understanding of the reasons for which African immigrant entrepreneurs migrate to South Africa and how they identify and exploit business opportunities once they have established themselves in the country. It has also attempted to make a comprehensive and accurate assessment of the contribution which African immigrant entrepreneurs make to the creation of employment. It is the considered opinion of the researcher that South African citizens could learn a great deal from African immigrants in the SME sector, as the relevant available literature suggests very strongly that their entrepreneurial skills, experience and aptitude tend to be particularly great. Levels of education among African immigrant entrepreneurs have also been found to be generally high, while a survey of South African traders in the SME sector which was conducted in 1997 revealed that only one-tenth had matriculated (Kalitanti, 2007:102; Fatoki & Patswairi, 2012). Despite the levels of education and the skills and experience which are to be found among the many African immigrants in South Africa, they tend to be regarded in many segments of South African society as people who came to this country for the sole purpose of depriving South Africans of their livelihoods and corrupting their youth with illegal drugs. They are seldom given an opportunity to show South Africans the potential which they have to make a valuable contribution to the economic growth of the country.

#### ***1.4 Motivation for this study***

Many African immigrants, particularly the younger members of immigrant communities, regard South Africa as a country which offers many opportunities and a higher standard of living than other African countries. These perceptions motivate many of them to emigrate from their countries of origin in order to seek better lives in South Africa. As it has already been noted, the presence of African immigrants and refugees in South Africa tends to be regarded as controversial by government officials and to elicit a range of different opinions among indigenous population groups. In its endeavour to investigate how African immigrant entrepreneurs identify and exploit business opportunities and the extent to which they make a positive contribution by creating employment for unemployed South Africans in Cape Town, the study has also attempted to respond to the questions which have been asked concerning why

South Africa should continue to have a tolerant policy with respect to receiving and accommodating immigrants.

The importance of this study lies in the fact that, to date, there has been relatively little research concerning this topic. It is also new in the sense that no previous study has attempted to investigate how immigrants identify business opportunities, in tandem with what South African entrepreneurs could learn from African immigrants, what immigrants in South Africa could offer to native-born South Africans, or the contribution which African immigrant entrepreneurs could potentially make to benefit the lives of unemployed South Africans.

### ***1.5 Research questions***

As it was explained by (Zikmund, Babin, Carr & Griffin 2010:121) that research questions provide the basis for achieving the objectives of research studies by guiding the investigations which are made by them. According to Maree, (2007) the success or failure of a research study depends on the quality and the relevance of the research questions, whether the study is a small independent study for a mini-research project for an undergraduate class, a research project which is carried out by an organisation or a formal thesis.

#### ***1.5.1 Main research question:***

- How do African immigrants identify and exploit business opportunities in the South African township in which this research study was conducted?

#### ***1.5.2 Research sub-questions***

- Why do African immigrant entrepreneurs come to South Africa?
- What are the defining characteristics of a good business opportunity for immigrant entrepreneurs?
- How do African immigrant entrepreneurs identify business opportunities?
- How do African immigrant entrepreneurs exploit business opportunities in South Africa?

### **1.6 Objectives of the research study**

The objectives of a research study articulate exactly what a researcher tends to achieve by conducting the study (Zikmund *et al.*, 2010: 63). This research contains of the study objectives and academic objectives.

#### **1.6.1 Main objective:**

- To understand how African immigrants identify business opportunities.

#### **1.6.2 Sub-objectives**

- To understand why African immigrant entrepreneurs come to South Africa.
- To acquire an understanding of the defining characteristics of good business opportunities for immigrant entrepreneurs.
- To investigate how immigrant entrepreneurs identify businesses opportunities.
- To acquire an understanding of how immigrant entrepreneurs exploit business opportunities in South Africa.

#### **1.6.3 Academic objectives**

To date research has, to a large extent, failed to counter the general negative stereotyping of African immigrants in South Africa, which tends to portray them in guises such as invaders of the local labour markets, to the detriment of indigenous population groups, drug lords and gangsters. Relatively little research has been conducted concerning how immigrant entrepreneurs have created employment for South Africans and how South African entrepreneurs in the SME sector could learn and gain from the experience of African immigrant entrepreneurs. Consequently, one of the objectives of this study has been to provide a necessary degree of balance to the research which has been conducted to date concerning African immigrant entrepreneurs in South Africa. A personal objective for the researcher was to gain new insights into the workings and dynamics of her field of specialisation.

### **1.7 Literature review**

The literature which is relevant to the aims and objectives of this study will be reviewed under the following broad headings: immigrant entrepreneurship, entrepreneurship, and the identification and exploitation of opportunities by African immigrants in South Africa.

### ***1.7.1 Definitions of entrepreneurship and immigrant entrepreneurship***

Several different definitions have been advanced in order to define and to explain the precise nature of entrepreneurship. Venter and Rwigema (2004) define entrepreneurship in terms of the methods which are used to conceptualise, organise and to launch businesses and, through innovation, to nurture business opportunities in order to develop them into potentially high growth ventures in difficult and unstable environments. Entrepreneurship provides the most effective means of achieving economic growth, prosperity and success. Herrington et al. (2009) describe an entrepreneur as a person who is able to create something out of nothing. They characterise an entrepreneur as someone who organises resources and is willing to take the risks which are entailed by the launching of a business enterprise. According to Sathiabama (2010), entrepreneurship is an active process of amassing wealth by individual people or groups of people.

A significant number of studies have identified a relationship between entrepreneurship and immigration and the influence of entrepreneurship on the economic and social contributions which are made by immigrants has been widely recognised (Dana, 2007). Immigrant entrepreneurship has been described as a phenomenon which occurs when someone leaves his or her country of origin to establish a business in another country, which becomes either the host country or the country in which he or she settles (Dalhammer, 2004). Aaltonen & Akola (2014) describe the phenomenon in slightly different terms, by maintaining that an immigrant entrepreneur is someone who leaves his or her country in order to move to a new country and when he or she takes up residence in the new country, he or she starts his or her own business.

### ***1.7.2 Immigrant entrepreneurship***

According to Tengeh, Ballard and Slabbert (2011:11), immigrant entrepreneurship refers to business activities, which are conducted by immigrants when arriving in their host countries or the countries in which they settle, either through social networks or personal initiative. Other terms which are employed to describe immigrants who carry out business activities include minority entrepreneurship and ethnic entrepreneurship. Richtermeyer (2002:4) clarifies these terms in Table 1.1 below.

**Table 1. 1: Immigrant entrepreneurship: concepts and definitions**

Concept	Definition
Immigrant entrepreneur	A person who has recently arrived in a host country and establishes a business in order to sustain himself or herself. The groups which they form in order to pursue their business activities may include former immigrants, networks which link immigrants and non-immigrants with whom they have a common country or culture of origin.
Ethnic entrepreneur	A person who operates a business through a set of connections and regular patterns of contact between people who share mutual national backgrounds or migration histories.
Minority entrepreneur	A person who owns a business who is not a member of one of the principal population groups which comprise the population of the country in which he or she carries out his or her business activities.

Source: Richtermeyer (2002)

For the purposes of this study, the terms 'ethnic immigrant entrepreneurs, minority entrepreneurs and ethnic entrepreneurs will be employed to refer to foreign entrepreneurs who carry out entrepreneurial activities in their host country.

### ***1.7.3 The identification of entrepreneurial opportunities***

Many recent definitions of entrepreneurship have tended increasingly to focus on the identification of opportunities as being central to understanding entrepreneurial behaviour (Shane & Venkataraman, 2000). The ability to identify entrepreneurial opportunities is generally considered to be a core attribute of entrepreneurship (Shane & Venkataraman, 2000). Before they are able to act upon opportunities, aspiring entrepreneurs first need to be able to identify them (Shane & Venkataraman, 2000). Shane (2003:18) defines an entrepreneurial opportunity as a situation in which entrepreneurs are able to create a completely new means-ends framework by reassembling resources in a manner which they believe will yield a profit.

Not all people are able to identify a specific entrepreneurial opportunity which exists within a given environment or set of circumstances (Shane & Venkataraman, 2000). Some people are



able to identify opportunities which others overlook (Kirzner, 1973). In order to attempt to explain why some people and not others are able to identify entrepreneurial opportunities, studies which have been conducted suggest that possession of prior knowledge, social networks, and superior cognitive capabilities help individual entrepreneurs to notice specific opportunities (Gaglio & Katz, 2001; Kaish & Gilad, 1991:45–61; Mitchell *et al.*, 2002; Shane, 2000).

#### **1.7.4 The exploitation of opportunities**

The exploitation of opportunities refers to developing efficient, full-scale operations for products or services, which are either created by or derived from the identifying of a business opportunity. For most entrepreneurs, the exploitation of opportunities is a necessary step for generating revenues and, as a consequence, creating successful businesses (Block & MacMillan, 1985, Schoonhoven, Eisenhardt & Lyman, 1990). However, the venturing process commences with an exploration of a business opportunity which has been identified. During the exploration period, entrepreneurs attempt to overcome their ignorance of the technology which needs to be employed in order to exploit the opportunity which has been identified and the market through the accumulating of knowledge, through both experimentation and research, such as market research concerning customer demand, and through the further development and testing of the technologies which are to be used (March, 1999; Rice, 2002).

#### **1.8 Research design and research methodology**

Babbie and Mouton (2001: 75) describe a research methodology as both the practice and the process of selecting research tools and procedures which are appropriate for the conducting of a research study. The research methodology which is employed in order to conduct a study determines how the data will be collected, analysed and interpreted.

A research design is the initial plan for conducting a research study (Cant, Gerber-Nel, Nel & Kotze, 2005: 46). According to Cooper & Schindler (2006:192), a research design details the procedures which a researcher plans to follow in an investigation, in order to answer the research questions which have been formulated to guide a particular study. Cooper & Schindler (2006:71) explain that a research design ensures that a research project is carried out in a manner which is consistent with the research questions which it endeavours to answer. It includes an outline of what the researcher will do, from the writing of the hypothesis on which a

study is based, to suggestions for the actual carrying out of the study, to the final analysis of data. A coherent research design enables a researcher to allocate resources for making crucial choices in terms of the methodologies which are to be employed to conduct the study.

A mixed methods approach, which made use of both qualitative and quantitative research methods, was adopted in order to conduct this study. The intention behind doing so was not to be obliged to rely upon a single traditional method of collecting data, but rather to capitalise on the strengths which are inherent in both qualitative and quantitative research methods. Leedy and Ormrod (2005:99-100) explain that when a mixed methods approach is employed, data concerning a particular phenomenon, event or occurrence are obtained from different sources, in order to guarantee that the information which is gathered converges to support or refute a particular hypothesis or theory.

The quantitative study was conducted through the administration of a carefully designed questionnaire, while the qualitative study took the form of face-to-face interviews. Two chief reasons supplied the impetus to conduct a survey. First, surveys provide fast and accurate information concerning sampled population and, secondly, surveys are particularly suitable in instances in which secondary data pertaining to the phenomenon which is being investigated are meagre. The findings from the questionnaire were validated by the qualitative findings, which were obtained from focus group discussions and face-to-face personal interviews (Mullens and Kasprzyk; 1996:638-643).

Qualitative research is characterised by the collecting and analysing of written data, such as data which are collected from observations, surveys, interviews, focus group discussions and conversational analysis. In qualitative studies, researchers endeavour to discover, understand and interpret the actual meanings of the phenomena, events or occurrences which they are studying, from the subjective points of view of those who experience them. The ability of qualitative research to generate theories from an interpretation of evidence makes it an inductive rather than a deductive approach to the conducting of research, albeit against a theoretical background (Spratt, Walker & Robinson, 2004:134).

Although the adoption of a qualitative methodology enables researchers to investigate questions concerning the complexity of the phenomena which they are studying, for the purposes of this study the researcher elected to make use of the complementary roles which quantitative and

qualitative research methods play in a mixed methods study. The symbiotic relationship between the two methods has been accurately described by Leedy and Ormrod (2005:94-95), who maintain that combining qualitative and quantitative approaches in a research project enables the researcher to answer a number of different categories of research questions.

### **1.8.1 Target population**

Zikmund *et al.* (2010:387) describe a research population as any broad group of individual people or objects in which there is a set of common shared characteristics in which a particular researcher may be interested. The target population for this study comprised all African immigrant entrepreneurs who own and operate businesses in the Nomzamo area in Strand in the province of the Western Cape in South Africa.

### **1.8.2 Sample size**

Owing to the difficulties which are associated with studies of this nature, which are further compounded by a lack of dependable estimates of the size of the target population, a research sample of 120 businesses which were owned by African immigrants was assembled on the basis of the sample sizes which have been used to conduct other research studies in the domain of immigrant entrepreneurship in the Cape Metropole Area. Researchers such as Krejcie and Morgan (1970) maintain that samples of this size are sufficiently large to generalise the findings of a research study to its entire target population. Nomzamo in Strand, which is some 50 kilometres southeast of Cape Town, comprises 18 streets, from which the researcher managed to assemble a research sample of 120 immigrant-owned businesses, to respond to the quantitative survey questionnaire. From the same sample, two sets of six and seven participants, respectively, were purposively selected to participate in the focus group discussions. Four participants were purposively selected from outside of the original research sample to participate in the face-to-face interviews.

### **1.8.3 Sampling strategy**

Purposive sampling was used to select a sample of African immigrant entrepreneurs who operate their businesses within the area of Nomzamo. In accordance with the recommendation which was made by Basu and Altinay (2002:380), a structured interview schedule was used to conduct the face-to-face interviews. The criteria for selecting participants to participate in the interviews were adopted from Tesfom (2006) and Halkias *et al.* (2007:14), namely, that the

immigrant entrepreneur was from one of the countries in which the researcher was interested for the purposes of the study, that he or she either owned or managed a business in the Nomzamo area and was willing to be interviewed. These criteria were considered to be less restrictive than a great many others which are used to select research samples. All available categories of businesses which were operated by immigrants were considered to be eligible for selection. The businesses needed to comply with the official definitions which are used in South Africa to categorise Small, Medium and Micro-sized Enterprises (SMMEs), to show evidence of growth since their start-ups in terms of numbers of employees or turnover, and needed to have been in existence for one or more years. Once the candidates for the quantitative survey questionnaire had been chosen, participants for the focus group discussions were selected purposively from the same sample.

#### **1.8.4 Survey procedure**

In order to conduct their study, Lerner and Haber (2000) developed a comprehensive structured questionnaire, which was pilot-tested by means of face-to-face interviews with a group of respondents. In order to ensure a high response rate, telephone calls were made to the owners or partners of each of the small businesses which were owned by African immigrants which had been selected to comprise the research sample. This study followed a similar procedure, although there were variations from that of the earlier study, in order to adapt the procedure to the context of this study and the research questions.

In order to collect the data for the study, the researcher made use of a structured questionnaire, which combined closed-ended questions, Likert scale questions and open-ended questions. A combination of the three types of questions was considered to provide an optimal means of obtaining significant and in-depth information (Baker, 2003).

A questionnaire needs to fulfil all of the requirements in terms of data which are needed to answer the research questions, in order to make the administering of it cost-effective and to avoid discouraging the respondents from responding to any of the questions which are contained in it (Webb, 2000).

According to Cooper and Schindler (2003), a questionnaire needs to be pilot-tested before it is administered to a large research sample, in order to determine whether the respondents are

able to understand the content of the questions and to incorporate responses to the comments and suggestions which are made by the respondents into the final questionnaire.

After pilot-testing the questionnaire, the researcher embarked upon the qualitative study, which entailed visiting African immigrant entrepreneurs at their business premises and requesting permission to interview them. The information which was obtained from the interviewees was treated as being strictly confidential, in accordance with the professional ethical standards for conducting research in the social sciences, which was also stated clearly in the questionnaire. The researcher ensured that she complied with the ethical requirements which are laid down for the conducting of research studies of this nature by acting only with the approval and informed consent of the respondents and the participants.

#### ***1.8.5 The collecting of data***

Although various assessments have been offered for the collecting of data in research studies which fall within the domain of the social sciences, the general consensus among researchers is that the collecting of data entails a process and not an event. This process has various stages and mechanisms for achieving the collecting of data which will ultimately enable the researcher to answer the research questions of his or her research study, with each stage being essentially different from the others. However, it is sufficient to consider the description of Dorsten and Hotchkiss (2005:30), that the collecting of data is the process which researchers follow when they gather the information which is needed for the purpose of conducting their research studies. Numerous different approaches are adopted in order to gather data for research studies in the social sciences, including interviews, observations and the use of archives. There is a fairly general consensus among researchers that each source of information has its own specific merits and demerits.

Agupusi (2007:4) correctly points out that investigating and attempting to obtain a comprehensive understanding of informal businesses in South Africa is severely hampered by an acute lack of complete and reliable data, particularly in the case of immigrant-owned informal businesses. In order to overcome this obstacle, the researcher relied on a diverse array of sources of secondary data, to support the primary data which were collected during the conducting of the study. Apart from the administering of the questionnaire and the use of key informants in the interviews and the focus group discussions, extensive use was also made of

sources of secondary data, such as newspapers, online resources and the university library. According to Skail (2013:8), primary sources of data consist of in-depth interviews and questionnaires, while secondary sources include earlier theses which are relevant to a particular research study, online resources and newspaper articles.

### ***1.8.6 Analysis of the data***

The analysis of qualitative data refers to breaking the data up into manageable patterns, themes, connections and trends, in order to understand the various constitutive elements of the data through an evaluation of the relationships between concepts and constructs, in order to discern trends which can be identified or isolated (Mouton & Mouton, 2001). The data which were collected through the use of both quantitative and qualitative research instruments, was analysed through the use of techniques which are specific to either quantitative or qualitative research. The quantitative data was analysed through the use of the Statistical Package for the Social Sciences (SPSS) Software, which enabled the researcher to make use of both descriptive and inferential statistics. The data which were collected through the use of qualitative research procedures, namely, the face-to-face interviews and the focus group discussions, were analysed separately. In response to the advice of Tengeh (2012), both the qualitative and the quantitative results were carefully merged, in order to draw reliable conclusions. The quantitative data will be presented in Chapter 4 in the form of tables.

### ***1.9 Validity and reliability***

In order to generate findings which are both credible and reliable, the instruments which are used in the conducting of a research study need to be tested against the criteria of validity and reliability. Although this topic will be covered in greater depth in Chapter 3, the criterion of validity with respect to a research instrument refers to its ability to measure what it is intended to measure in a particular research study, while reliability refers to the ability of a research instrument to yield similar results in successive trials.

### **1.10 Delineation of the research**

This study was conducted in the township of Nomzamo in Strand in the province of the Western Cape. It was confined to African immigrant entrepreneurs who operated businesses in the area. The target population for the study has been described in section 1.8.1.

### **1.11 The significance of the research**

This study has the potential to make a positive contribution to the development of entrepreneurship in the community of Nomzamo. Isaacs, Visser, Friedrich and Brijal (2007:613) maintain that improved education in entrepreneurship can make a very significant and meaningful contribution to the creation of employment and, eventually, to the successful alleviation of poverty. One of the aims of this research was to find ways of identifying and exploiting business opportunities in order to help to overcome socio-economic challenges such as poverty and unemployment. According to Mohr, Fourie and Associates (2009:25), a lively debate has taken place concerning the question of whether entrepreneurial talent comes naturally or whether it can be developed through education.

### **1.12 Ethical considerations**

The researcher took all reasonable measures to conduct the research in an ethically responsible manner. According to Hanekom and Brynard, (2006:6) ethical research in the social sciences requires honesty on the part of researchers and for confidential information to be rigorously safeguarded. The answers to the questions which were put to the participants were used for academic purposes only. The researcher ensured that the participants understood that their participation in the survey was not compulsory. They were also assured that their anonymity would be guaranteed and that their responses could not be traced to them. The researcher requested the consent of all of the participants, both the African immigrant entrepreneurs and the councilor of the area, to participate in the study and also explained that if a participant did not feel comfortable answering any of the questions, he or she would be within his or her rights not to answer those particular questions. The rules and regulations pertaining to the conducting of research were adhered to at all times during the conducting of the study. A letter which granted permission to conduct the study was obtained from the Higher Degree Committee (HDC) of the Cape Peninsula University of Technology (CPUT). In addition, requirements such as keeping the identities of the participants confidential and obtaining their informed consent were fulfilled with due diligence.

### ***1.13 Anticipated effects, results and contributions of the research study***

The research may be of benefit to South African society as a whole and also contribute to an increase in the start-ups of SMMEs. It is anticipated that it could help to develop the ability to identify and to exploit good business opportunities and also to suggest a new approach which could benefit the broader South African economy in the reduction of levels of poverty, the creation of employment and the proliferation of viable small businesses. In addition, the study has the potential to contribute towards bringing African immigrant entrepreneurs and South African entrepreneurs into closer alignment with each other and to make a contribution to the growth of the South African economy through the creation of employment, particularly for the youth of South Africa.

### ***1.14 Structure of the thesis***

#### **Chapter 1**

This chapter has provided an introduction to the study and explained its motivation. It commenced by providing the background to the research problem, before discussing it in general terms and detailing the research questions and the objectives of the research study. It then provided an overview of relevant available literature which will be reviewed in depth in Chapter 2, before proceeding to an introductory discussion of the research design and the research methodology which were employed to conduct the study. The chapter concluded with a discussion of the significance of the study, the ethical considerations which were respected at all times during the conducting of the study and the anticipated effects, results and contributions of the study.

#### **Chapter 2**

This chapter is devoted to a review of the relevant available literature pertaining to the research topic. Its principal focus is on immigrant entrepreneurs, the factors which motivate immigrant entrepreneurship, the successes of immigrant entrepreneurs in Cape Town and the contributions which immigrant entrepreneurship make to the socio-economic development of the host country.



### **Chapter 3**

This chapter takes the form of a detailed discussion of the research design and the methods, which were used to collect and to analyse the data in both the quantitative and the qualitative studies. Specific attention is given to the approach which was adopted in order to conduct the research, the target population, sampling techniques, sample size, and the ethical standards which are applicable to the conducting of research studies in the social sciences.

### **Chapter 4**

In this chapter the data which were obtained from the quantitative and the qualitative studies are presented and analysed in relation to the research questions and the objectives of the research. The results which are derived from the analysis of the data from the quantitative study will be presented in the form of tables and graphs.

### **Chapter 5**

This chapter will present the conclusions which were drawn from the findings of the study and make recommendations on the basis of the conclusions, before proceeding to offer recommendations for future research and concluding the thesis with closing remarks .

## **CHAPTER 2: LITERATURE REVIEW**

### ***IMMIGRANT ENTREPRENEURS IN SOUTH AFRICA***

#### ***2.1 Introduction***

This chapter will review the available literature which is relevant to the topic of African immigrant entrepreneurs in South Africa and, specifically, in Cape Town. It will take the form of an in-depth discussion of the literature pertaining to immigrant entrepreneurs, the factors which motivate immigrant entrepreneurship, the successes of immigrant entrepreneurs in Cape Town and the socio-economic contributions which are made by immigrant entrepreneurship to host countries. The literature will be reviewed under the following headings: immigrant entrepreneurship, entrepreneurship and the identification and exploitation of entrepreneurial opportunities by African immigrants in South Africa.

This review will confine itself to concerns which pertain to the research topic. Its principal thrust will entail a review of those concerns which enabled the questions in the questionnaire to be formulated. The theoretical framework on which the study was based was derived through consulting a comprehensive range of relevant literature from sources such as textbooks, articles in leading academic journals and annual conference proceedings in disciplines such as entrepreneurship.

#### ***2.2 Immigrants in South Africa***

In recent years it has become evident that there has been a significant increase in the number of immigrants coming to South Africa from non-SADC countries (Adepoju, 2006b). A pattern which has been observed among immigrants in South Africa is that a great many of them engage in micro-economic activities such as petty trading, flea markets and street vending (Adepoju, 2006a). These immigrants inevitably work in areas in which resources are scarce and there are particularly high rates of underemployment and unemployment (Raijman et al., 2003). Studies suggest that in deteriorating economic conditions, competition for scarce resources can easily erupt in violence (Valji 2003).

An instance in which there was an outbreak of violence in circumstances of this sort occurred in the suburb of Umbilo in Durban in 2008, where Nigerian-owned businesses and taverns were targeted by a criminal gang. Some reports suggested that foreigners had been ordered to leave

the province. Danso and McDonald (2001: 24) explain that there are three common stereotypes of African immigrants in South Africa, namely, “migrants as job stealers, migrants as criminals and migrants as ‘illegals’.” The widely-held perception that immigrants are the cause of unemployment for South Africans has been contradicted by research, which has shown that immigrants actually create employment for indigenous population groups (Danso & McDonald, 2001). In some cases, a failure to accept this reality feeds the negative stereotyping of immigrants, which severely undermines their ability to survive and prosper in South Africa.

A study has shown that businesses which were run by immigrants from SADC countries had created employment for an average of between two and three people per enterprise and that businesses which were run by immigrants from non-SADC countries had created employment for approximately four people per enterprise (Rogerson, 1997). It is projected that in the long term, owing to the continuing prosperity and growth of these enterprises, still greater numbers of South African workers will gain obtain employment in these small businesses (Rogerson, 1997). In addition to creating opportunities for employment, immigrants stimulate the economies of their host countries by establishing their own businesses (Palmary, 2002). However, xenophobic perceptions have tended to proliferate as a result of the successful businesses which have been established by foreigners and the belief that income-generating opportunities for South Africans had decreased as a result of resources needing to be shared with foreigners (Palmary, 2002). A refugee street vendor reflects this concern for immigrant entrepreneurs by saying “If you put R1000 and go to the streets and sit there and the next day someone comes and calls you ‘makwerekwere’...and they may come take your stuff and kill you” (Palmary, 2002: 15).

### ***2.3 African immigrants positive motivation, Cape Town***

Bezuidenhout (2000:5) provides an anecdotal account of a Nigerian immigrant, Michael Inegbese, whose entrepreneurial activities commenced by selling potato chips on a pavement near Cape Town's central taxi rank. Just five years later, the 35-year-old accountant, who had arrived in South Africa in search of a better life, owned a successful business with a shop in the centre of the city, which sells cell phones and accessories. At the time of writing, he was house-hunting: "I am looking to buy property, maybe get married". He is also about to start an internet café, and he hopes to increase the number of his South African employees from five to ten.

Bezuidenhout (2000:4) also recounts the story of Fred Egwu, a Nigerian who started his entrepreneurial career repairing shoes on a sidewalk. He managed to save some money from the first business and opened a more profitable business in the hair care industry which was then proved on this study that a profitable business opportunity is actually a good business opportunity. At present, he employs two Capetonians as photographic assistants. Although Mr Egwu is not sure whether he would have achieved the same level of success in his home country, he confirms that in Cape Town he needed to work very hard to achieve his present standing as an entrepreneur. In his own words: "There is nowhere to run to when things do not work out; maybe that is what drives us when we live in another country". He had just recently bought a house in Cape Town and was hoping to expand his business.

Another example, which was provided by Timberg (2005:12), is that of Axel Geraud, a refugee from Congo Brazzaville, who employs three South Africans in his internet café on the tourist waterfront of Muizenberg, not far from a waterslide and a miniature golf course. Having started with only two used computers, he now has ten, and is considering creating additional employment for local people.

Casey Kaisoum is a Moroccan-born immigrant who is one of the luckier African immigrant entrepreneurs. He owns a popular restaurant on Cape Town's fashionable Long Street, where he employs a former car guard as a chef. He trained the man to prepare Moroccan dishes, and today Kaisoum plans to open a cookery school in the city. Kaisoum confirms that although he has lived in many countries, he has found South Africa to be a country in which opportunities are abundant. He maintains that people need to identify opportunities and make them work to their benefit (Bezuidenhout, 2000:4).

#### ***2.4 Business models of immigrant entrepreneurs in Cape Town***

Cape Town was founded by Dutch settlers in 1652, in order to provide fresh produce and meat to the ships of the Dutch East India Company, which were travelling from Europe to the East. In 1806, the colony changed hands and became a part of the British Empire (Weiner, 1997). At present, Cape Town is the second-most populous city in South Africa, and the provincial capital of the province of the Western Cape. As the seat of the National Parliament, it is also the legislative capital of the country. Today the city is a part of the City of Cape Town Metropolitan Municipality (Maps of World, 2012).

According to Kalitanyi (2007: 48), immigrant entrepreneurs in Cape Town are particularly successful. In a study which was conducted as long ago as 1998, it was found that African immigrants earn substantial salaries as professionals and skilled tradesmen. Tengeh *et al.* (2012: 23), who conducted a study to investigate whether immigrant-owned businesses achieve financial growth, found that a significant majority of 71.1% of the immigrants in their research sample had started their businesses with an estimated start-up capital of between R1,000 and R5,000, which tended to vary according to particular ethnic groups. After three years or more of operating their businesses, the estimated financial capital of a majority of 39.3% of the participants had climbed to a new range of between R30,001 and 100,000. These findings suggested a general remarkable degree growth in the capital of these entrepreneurs.

According to Charman, Petersen and Piper. (2012), African immigrant entrepreneurs in the grocery markets in the townships of Cape Town, mostly from Africa and the Indians, use price discounting to drive competitors out of business. When South African owners were interviewed they complained for the growing numbers of spaza shops, that have minimized the number of customers for each shop. Some respondents mentioned that they no longer sell the same quantity of goods as they used to.

A large number of South Africans owners operate their spaza shops in a “survivalist” mode, to supplement their incomes, rather than to make large profits, and compete on the basis of their spatial locations, rather than on that of the prices of the products which they sell. In recent times, many South African owners of spaza shops have begun to be forced out of this market. Charman *et al.* (2012) also discovered that unlike the South African spaza shops, which tend to be run by single families in order to help their households to survive, the foreign-run enterprises are often run as if they form parts of chains of mini-supermarkets, with an individual entrepreneur owning numerous stores. Groups of foreign entrepreneurs also collaborate to secure increased discounts from suppliers and to maximise economies of scale. In their study of Surinamese entrepreneurs in Amsterdam, Boissevain and Grotenbreg (1987) found that networks can provide introductions to wholesalers and also advance warnings of government inspections. Wong (1987) discovered that a significant factor which contributed to the success of the Chinese garment factories in New York was the support which they received from a range of ethnic resources.

## **2.5 The target markets of immigrant entrepreneurs in South Africa**

Studies of immigrant entrepreneurship, which have been conducted in both the USA and Europe, have recognised the significant contributions which immigrants make to the SMME sectors of their host countries. Recent studies have shown that immigrant entrepreneurship has direct beneficial effects on the economies of host countries. Despite the availability of literature pertaining to the contributions which immigrant entrepreneurship makes to the economies of a great many countries abroad, relatively little is known about the contributions which are made by immigrant-owned businesses in South Africa (Tengeh, Ballard *et al*, 2011:2). Immigrant entrepreneurs in South Africa tend to be visible in a narrow band of SMME activities, mainly in the retail or the service sectors, rather than in the production sector. Their activities include selling curios, retailing ethnic clothes and foods, motorcar repairs and panel beating and operating hairdressing salons. Other activities include the running of restaurants, nightclubs, cafes and music shops, import export businesses and traditional healing practices (Kalitanyi & Visser, 2010:379). Table 2.1 below shows the types of businesses in which the various ethnic groupings of immigrant entrepreneurs tend to specialise in South Africa.

**Table 2.1: Types of businesses operated by immigrant entrepreneurs according to the countries of origin**

Sector	Business activity	Countries of origin
Retail	Selling curios	Malawi, Mozambique and Zimbabwe
	Selling ethnic clothing	West Africa
	Retailing food	West Africa
Service	Motor car repairs and panel beating	Mozambique and Zimbabwe
	Hairdressing	All
	Operating restaurants	West Africa
Production	Traditional clothing	West Africa
	Wedding dresses	West Africa
	General tailoring	Malawi
Other business sectors	Nightclubs	West Africa
	Cafes	West Africa
	Import export businesses	West Africa
	Music shops	Central Africa, West Africa
	Traditional healing	East Africa, West Africa

(Kalitanyi & Visser, 2010:379)

### ***2.6 Why xenophobia is of serious concern***

The concern which xenophobia arouses can be attributed to the various negative consequences which it may have for those who are affected directly by it, and also for national economies and for bilateral and multilateral relationships. The venting of xenophobic sentiments often results in violent clashes between dominant and minority population groups. The clashes often result in the deaths of a great many people, including innocent people and the victims and the perpetrators of xenophobia, while many others suffer from various degrees of injury. The economic consequences include the destruction of valuable property of victims and innocent people, and also of public facilities and property, such as houses, vehicles and other resources. Many people also suffer severe psychological trauma as a result of xenophobic violence. If it is

left unchecked, xenophobia can result in dramatically increased incidences of hate crimes and other anti-social crimes in communities and societies. It can also result in violent reprisals, which could, in turn, result in intractable cycles of violence, such as those which characterised the conflict between the Hutus and the Tutsis in Rwanda.

Xenophobic violence poses a direct threat to law and order in societies and can ultimately result in instances of genocide. Open xenophobic violence represents a direct challenge to the capacity of the governments of countries to guarantee the security of the lives and the property of their residents. It represents a failure on the part of governments to fulfill their obligations under international law, to protect all people, particularly immigrants and ethnic minorities, against mob violence and discriminatory treatment.

Xenophobic violence can also result in bitter and intense inter-group and intercultural conflict, which severely strain relationships between ethnic groups. In extreme circumstances, one group may be expelled from territory which is claimed by another, or whole groups of non-indigenous people may be expelled from countries. Instances of xenophobic violence have the potential to scare away foreign immigrants and potential investors, with negative economic consequences for the countries concerned.

Unbridled xenophobia can also tarnish the reputations of individual population groups or countries. As an example, after the outbreaks of xenophobic violence in May of 2008 in South Africa, grave concerns were expressed by the international community with respect to the wisdom of allowing South Africa to host the 2010 FIFA World Cup.

### **2.6.1 Discrimination**

According to Mann (1983:95), “discrimination” refers to the “differential treatment of people ascribed to particular social categories”. Mann goes on to explain that discrimination entails the comparison of particular actions towards one person or group with particular actions towards others. Although discrimination usually entails coexistence on unequal terms, xenophobia entails a willingness or a desire to extinguish or eliminate the other group.

After the demise of the apartheid regime, many African immigrants expected to be more welcome in South Africa than they were before. However, the treatment of African immigrants



by large segments of South African society has tended to be characterised by discrimination, jealousy and criminal and xenophobic behaviour. Between May 11 and 26 of 2008, 62 people, most of whom were immigrants, were killed by mobs in Johannesburg, Cape Town, Durban and elsewhere in South Africa (Steinberg, 2008). This alarming statistic stands in stark contrast to the slogan: "South Africa belongs to all who live in it, united in our diversity" (South Africa, 1996). This quotation, which is taken from the Constitution of the Republic of South Africa, rings particularly hollow against the large numbers of African immigrants who have not yet been properly integrated into local communities in South Africa. According to Maharaj (2002: 47), there has been a xenophobic tendency to stigmatise immigrants, specifically those who are from other African countries, as criminals and as people who undermine economic development and take employment away from indigenous South Africans. However, as it has already been pointed out, it has been found that the exact opposite is the case. Radipere (2012), Kalitanyi and Visser (2010), Peberdy and Rogerson (2000) and Rogerson (1997) have all found that immigrant entrepreneurs create employment for South Africans and make a meaningful contribution to the socio-economic development of the country. This assessment is shared by the International Organisation for Migration (2006), which asserts that evidence demonstrates that immigration has no negative effects on wages and employment in host countries. In addition, no direct correlation between immigration and unemployment has been found. Conversely, countries which support immigrant entrepreneurship reap the benefits of economic growth, through the creation of employment. According to Hunter and Skinner (2003: 309), foreign traders in Durban are making a positive contribution to the economy of South Africa through their patronising of local suppliers and by creating employment for South Africans. Consequently, immigrant entrepreneurship has become a socio-economic imperative, as it plays a crucial role in the economic development of the country (Radipere, 2012).

### ***2.7 Immigrating to South Africa***

Although people tend to migrate for many different reasons, in most cases the ultimate goal of migrating is to improve their standard of living and to pursue improved opportunities for themselves and their families. According to Rwodzi (2011: 18), in some cases people migrate to escape from poverty, conflict, pestilence, famine and hunger. Vargas (2005) suggests that factors such as wars, globalisation and political problems in their home countries have all contributed to the large numbers of immigrants coming to South Africa. According to Crush and Williams (2005: 3), South Africa has been an immigrant-receiving country for a number of

decades, and the majority of those immigrants have been, and still are, from neighbouring countries within the region of Southern Africa. During the 1990s, irregular migration increased, partly as a result of the relative absence of legal mechanisms for entering and working in South Africa. In addition, until 1994, South Africa was a popular destination for white immigrants from Europe. All of the available evidence suggests that the main factors which drive immigration to, and migration within South Africa stem from variations in economic opportunities within the country and the region (Landau & Segatti, 2009: 5). Despite the rapid changes which have taken place with respect to migration patterns, the government of South Africa has, to a large extent, failed to develop and to implement adequate mechanisms for collecting relevant data on which pragmatic policies concerning immigration and development could be based. Consequently, present policies continue to render most international immigration invisible to the bureaucratic structures which are intended to monitor and control it. Instead of creating mechanisms to plan for population movements, discussions concerning immigration policy in South Africa during the 1990s and early 2000s have tended to founder over the evidence which is needed in order to make sound choices and to assess the effects which previous decisions have had. According to Dana (1997), immigration policy tends to dominate national debates with consistent frequency throughout the world.

Landau and Segatti (2009) suggest three “P”s in order to analyse the motivations which underlie immigration to South Africa. Although the majority of immigrants come seeking “Profit”, others come seeking “Protection” from political or domestic harassment, natural disasters or violence. A last group arrives in South Africa seeking “Passage”, or onward movement to a final destination elsewhere. In many instances, their terminuses are outside of Africa, usually North America, Australia or Europe. However, a relatively small number use South Africa as a means of entering either Swaziland or Mozambique (Landau and Segatti, 2009: 5). Subsequent to their arrival in South Africa, immigrants, particularly those who have been forced to emigrate from their home countries, very often encounter severe obstacles to settling successfully in the country. According to Mutambanengwe (2013), among the most significant obstacles are national and local policies, finding secure employment, stigmatisation, marginalisation and discrimination, access to publicly funded healthcare and xenophobia.

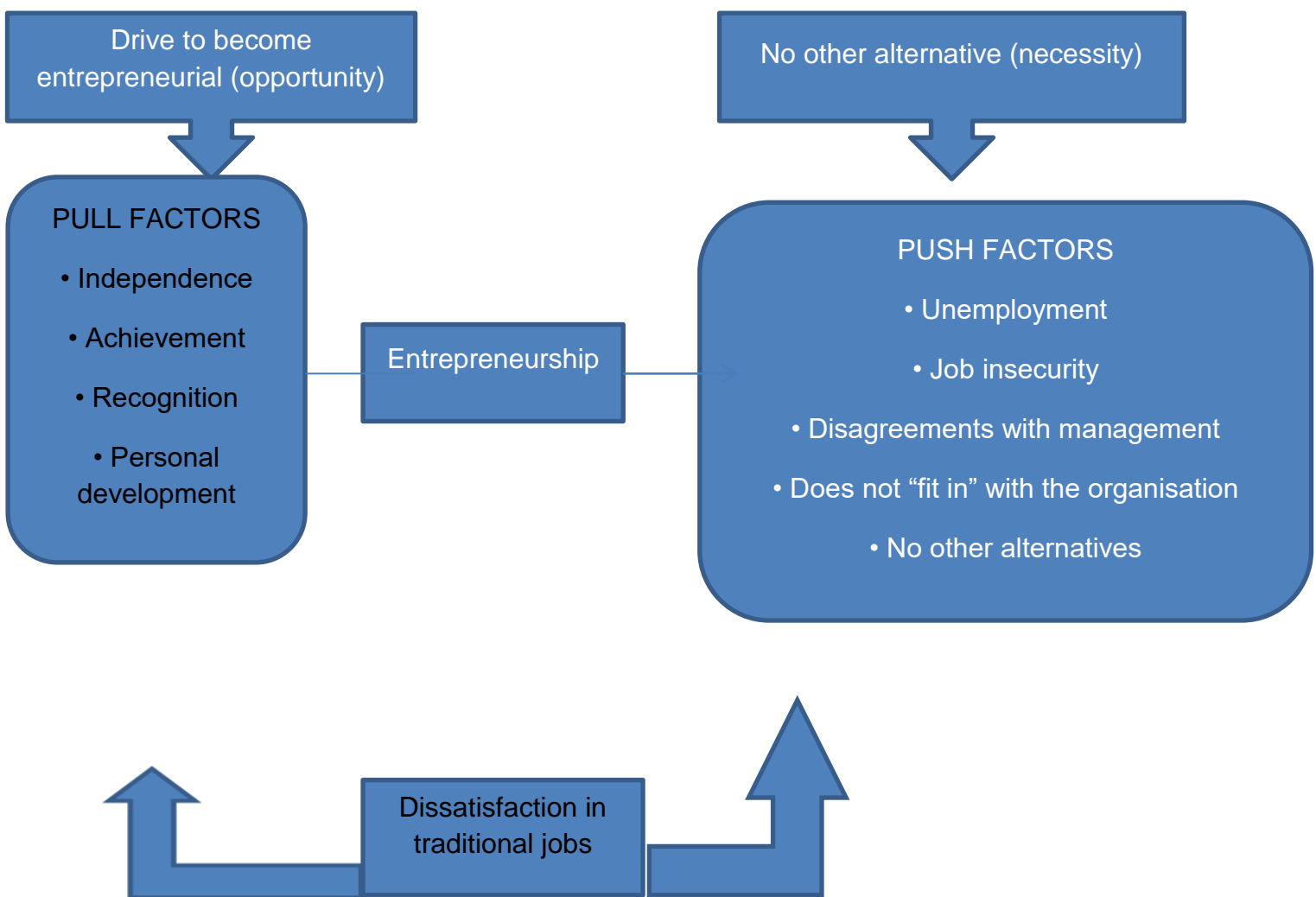
## **2.8 How do entrepreneurs identify opportunities for new business ventures?**

A possible answer, which has been suggested by research pertaining to human cognition (Baron, 2006:104), is that entrepreneurs identify opportunities by using skills which they have acquired through experience, to distinguish connections between occurrences and phenomena which may ostensibly appear to be different or unrelated or between trends in the external world. This suggestion implies that they use the cognitive frameworks which they possess to “connect the dots” between changes in technology, demographics, markets, government policies and other factors and that they take into account each and every aspect of the economy, in order to acquire a comprehensive understanding of the events, occurrences and phenomena which are taking place around them. The patterns which they perceive in these events or trends provide them with innovative ideas for new products or services: ideas which could potentially serve as the basis for new ventures. This pattern recognition perspective for the identification of opportunities is useful in several respects. First, it helps to integrate into a single basic framework three factors which have been found to play an important role in the recognising of opportunities, namely, engaging in an active search for opportunities, alertness to them and prior knowledge of an industry or a market. In addition, it also helps explain interrelations between these factors, such as the fact that active searching may not be required when there is a high level of alertness to specific opportunities. Secondly, a pattern recognition perspective helps to explain why some people, but not others, are able to identify specific opportunities. Thirdly, a pattern recognition framework suggests specific ways in which entrepreneurs or would-be entrepreneurs can be trained in order to improve the abilities to recognise opportunities. Future directions for research concerning a pattern recognition perspective have been described, and its practical implications for education in entrepreneurship have been investigated (Baron, 2006:104).

## **2.9 The entrepreneurial motivations of immigrants**

Chrysostome (2010: 137) explains that although the term ‘immigrant entrepreneurship’ was once the same concept which referred to one type of immigrant entrepreneur who established a business venture as the only means of surviving in a host country, but in our days it is the same concept but it applies to different types of immigrant entrepreneurs. It has been found in recent times that increasing numbers of immigrant entrepreneurs are motivated to identify and exploit business opportunities to get money and survival in the host country. Verhuel *et al.* (2010: 4) and Dana and Morris (2007) both contend that individual people decide to engage in

entrepreneurial activities for a great number of different reasons. A distinction is made between positive factors which “pull” people towards opportunity-based entrepreneurship and negative situational factors which “push” people into entrepreneurship, in the case of necessity-based entrepreneurship. To use the terminology which has been employed by Nieman and Nieuwenhuizen (2009:34), pull factors include the need for achievement and the desire for independence, while push factors include unemployment and pressure from families to earn an income. Figure 2.1 below illustrates the influences which motivate entrepreneurship.



**Figure 2.1: Push and pull factors which drive entrepreneurship (Adapted and modified from Nieman & Nieuwenhuizen, 2009:35)**

Push factors may denote negative narratives, such as social marginality (Hagen, 1962), inability to find work in the formal mainstream sector, under-employment, underpayment, discrimination in the labour market and redundancy. By contrast, pull factors denote positive motivations, such as the desire to become independent, the desire of individual people to assume control of their own futures, increased social status, the opportunity to make use of personal initiative and the desire to make good use of personal skills and abilities (Nwankwo, 2005: 128). Kalitanyi (2007) explains that as finding employment and obtaining food to eat become problematic in the absence of assistance from the government, immigrant entrepreneurs very often become entrepreneurs as a matter of necessity. Serrie (1998: 213) maintains that without education or technical skills, the best means of escaping poverty is very often provided by engaging in entrepreneurial activities. Azmat (2010: 379) and Dana and Morris (2007) concede that although it is widely accepted that immigrant entrepreneurs are often driven to become entrepreneurs as a result of a lack of opportunities for employment in their host countries, pull factors, which include aptitudes for entrepreneurial activities, entrepreneurial vision, motivation and willingness to take risks, also play a considerable role.

### ***2.10 Characteristics of immigrant entrepreneurs who respond to business opportunities***

The characteristics of immigrant entrepreneurs who decide to start businesses in order to take advantage of opportunities which they have identified in their host countries (Co *et al.*, 2006: 27; Block and Wagner, 2006), which have been identified by Chrysostome (2010: 138), Min and Bozorgmehr (2000) and Rumbaut (1995), are summarised below.

- They have professional profiles which allow them easy access to start-up capital from financial institutions in the host country.
- They are highly educated and, in some cases, hold degrees from universities in their host countries.
- As opposed to immigrant entrepreneurs who start businesses as a result of necessity, those who do so in response to opportunities tend to be proficient in English.
- They do not usually hire only co-ethnic employees. As they hire also hire employees who are citizens of their host-countries, they make a socio-economic contribution to the well-being of their host countries.

Ethnic entrepreneurs are often described as “sojourners” (Bonacich, 1973: 584), who work hard, save money, spend little by living thriftily, have preferential access to limited, low-cost funding from family and community resources and use “social networks” to find opportunities in available markets and cheap labour (Piperopoulos, 2010: 141; Barret *et al.*, 1996). According to Thai and Turkina (2013: 190), social connections are particularly vital for immigrant entrepreneurs, owing to the fact that social linkages are essential for providing information pertaining to their new foreign environments and concerning the business opportunities which are to be found within them. According to Barringer and Ireland (2010: 79), the extent and the depth of the social network of an individual immigrant entrepreneur has a pronounced and decided effect upon his or her ability to recognise and to identify opportunities. People who develop large networks of social and professional contacts will inevitably have access to a greater range of opportunities and business ideas than those whose networks are small.

Barringer and Ireland (2010: 79) explain that strong-tie relationships, as opposed to weak-tie relationships, constitute a vital concept for understanding the significance of social networks to the abilities of immigrant entrepreneurs to recognise business opportunities. In this context, ties refer to relationships with people. Strong-tie relationships are characterised by frequent interactions and strong associations among colleagues, friends and spouses (Barringer & Ireland, 2010; Co *et al.*, 2006). According to Masurel *et al.* (2002: 243), social networks which comprise the families and the communities of ethnic entrepreneurs play a crucial role in the operations of their business enterprises. By contrast, weak-tie relationships are characterised by infrequent interactions and associations among casual acquaintances (Barringer and Ireland, 2010; Co *et al.*, 2006). In a similar context, Thai and Turkina (2013: 190) emphasise the need to distinguish between positive and negative types of social connections, as the unfriendliness of the social environment towards immigrants, in some countries, creates almost insurmountable obstacles to the integration and assimilation of immigrants. As a consequence, immigrants form closed networks which are based on ethno-linguistic principles. In many instances, the hermetic nature of their communities tends to cut them off from the societies of their host countries and to hinder their entrepreneurial endeavours, owing to their isolation from the main social fabric of their host countries (Thai and Turkina, 2013: 190; Rusinovic, 2008). Conversely, favourable social conditions and broad horizontal and inclusive networks in a society facilitate the integration of immigrants, providing them with a diversified range of positive social linkages (Thai and Turkina, 2013: 190; Putnam *et al.*, 1993). In their study which was conducted in

Durban in South Africa, Gebre *et al.* (2010) found that language presented a significant barrier to integration.

### ***2.11 Sources of start-up capital which are available to immigrant entrepreneurs***

African immigrant entrepreneurs frequently make use of their personal savings to finance the start-ups of their businesses. In a study which was conducted in South Africa by Tenengeh, Ballard and Slabbert (2011: 19), it was found that the three chief sources of start-up capital were personal savings alone, credit from financial institutions, and personal savings which were augmented by loans from members of the families of the immigrant entrepreneurs concerned. According to Eraydin, Tasak-Kok and Vranken (2010:537), Turkish immigrant entrepreneurs appear to prefer support from their families to other means of obtaining finance, such as through banks and other financial institutions in the formal sector. It has been found that recourse to external financing remains rare amongst Turkish entrepreneurs.

### ***2.12 How immigrants contribute to the economy of South Africa***

The ACC (African Centre for Cities) and its partners initiated a large-scale research project to investigate the role of immigrant entrepreneurs in the informal economy of South Africa. Over 2,000 interviews were conducted with immigrant owners of businesses in Cape Town and Johannesburg and also with cross-border traders. The intention behind the project was to test the prevailing myths and stereotypes concerning the economic activities of immigrant entrepreneurs, to generate hard evidence and to initiate a meaningful conversation concerning the positive contribution which immigrant entrepreneurs make to the economy of South Africa.

The findings of the project showed that immigrants make a significant contribution by meeting the needs of poorer consumers, by providing access to cheap goods, usually in appropriate quantities, at places and times of day which are convenient for them. Immigrants also introduce new products, business activities and opportunities, and they also bring with them scarce skills, such as manufacturing skills, particularly into the economies of the townships.

They also make a significant contribution through the paying of rent, mainly to South African beneficiaries. Of the immigrants who were interviewed in Cape Town, 56% were found to be paying rent either to South Africans or to the city council, while in Johannesburg the figure was 43%. The interviewees in Cape Town were paying an average of R2,200 a month, while in

Johannesburg 60% of interviewees who were paying rent, were paying R1,000 or more. These data serve to refute the xenophobic 'wisdom' that immigrants take employment from South Africans, as it was found that immigrant entrepreneurs actually generate employment. In Johannesburg, where interviews were conducted with both South African and foreign operators in the informal sector, foreigners were found to be twice as likely to employ people.

Immigrant-owned businesses also support South African businesses. Immigrant cross-border traders make extensive use of South African-owned taxis and buses and reside in South African-owned and South African-run accommodation establishments. The goods in which they trade are procured from wholesalers, supermarkets and factories which operate in the formal sector of the South African economy. Over 1,000 cross-border traders were interviewed, each of whom indicated an average expenditure of R10,200 per cross-border trip. Most of these purchases which were made by the immigrant traders were subject to value added tax.

Immigrants appear to be faring slightly better than their South African counterparts in the spaza market, largely as a result of hard work, long working hours, careful attention to procuring products at the most competitive prices and meeting the needs of their customers and a culture of thrift. A study of spaza shops, which was conducted in Khayelitsha in Cape Town, found that only 28% of South African owners of spaza shops kept business records, compared with 90% of immigrant owners.

Immigrant entrepreneurs have cited daily harassment, extortion and demands for bribes by officials as being among the costs of doing business in South Africa. Many entrepreneurs, particularly in informal settlements and townships, face constant threats to their security and enjoy minimal protection from the police. Although recent attacks on immigrant entrepreneurs have been violent and widespread, research which tracks collective violence against foreigners shows that the phenomenon dates back to 1997.

Immigrant entrepreneurs encounter many challenges, such as access to financial services and hostile municipal officers. Informal border traders are subjected to harassment by the police and by border guards, demands for inflated customs duties and also encounter difficulties with respect to transportation.



Female immigrants were often reluctant to be interviewed and the demands which are entailed in the running of their businesses are frequently compounded by the need to fulfil their responsibilities to their households and the threat of sexual violence.

Hunter and Skinner (2003:315) maintain that there is a crucial and urgent need to tackle collective violence against immigrant-owned shops and businesses. They assert that the violence will not stop until there are robust sanctions against its perpetrators, through legislation against hate crimes and other measures, and that criminal charges need to be laid and convictions secured. Skinner believes that for policy responses to be appropriate, the attacks need to be characterised in truthful terms, namely, as being both criminal and xenophobic.

The primary initiative of the inter-ministerial committee on immigration has been Operation 'Fiela' in which over 1,650 immigrants have been arrested. Skinner contends that the response was a wholly inappropriate one, which was likely to exacerbate xenophobic sentiments. The state and many of its citizens tend to perceive African immigrants as undesirable, simply on the basis of their national origins. As a result, immigrant entrepreneurs are often unable to make full use of their entrepreneurial skills and experience and to develop their businesses, in order to make an optimal socio-economic contribution to their adopted host country.

### **2.13 Conclusion**

This chapter has reviewed the literature which is relevant to the research topic, through an in-depth discussion of the defining characteristics of immigrant entrepreneurs in South Africa, the factors which motivate immigrant entrepreneurship, the successes of immigrant entrepreneurs in Cape Town and the contribution which is made by immigrant entrepreneurship to host countries. The following chapter will be devoted to a comprehensive discussion of the research methods which were employed to collect and to analyse and interpret the data which were obtained during the conducting of this research study.

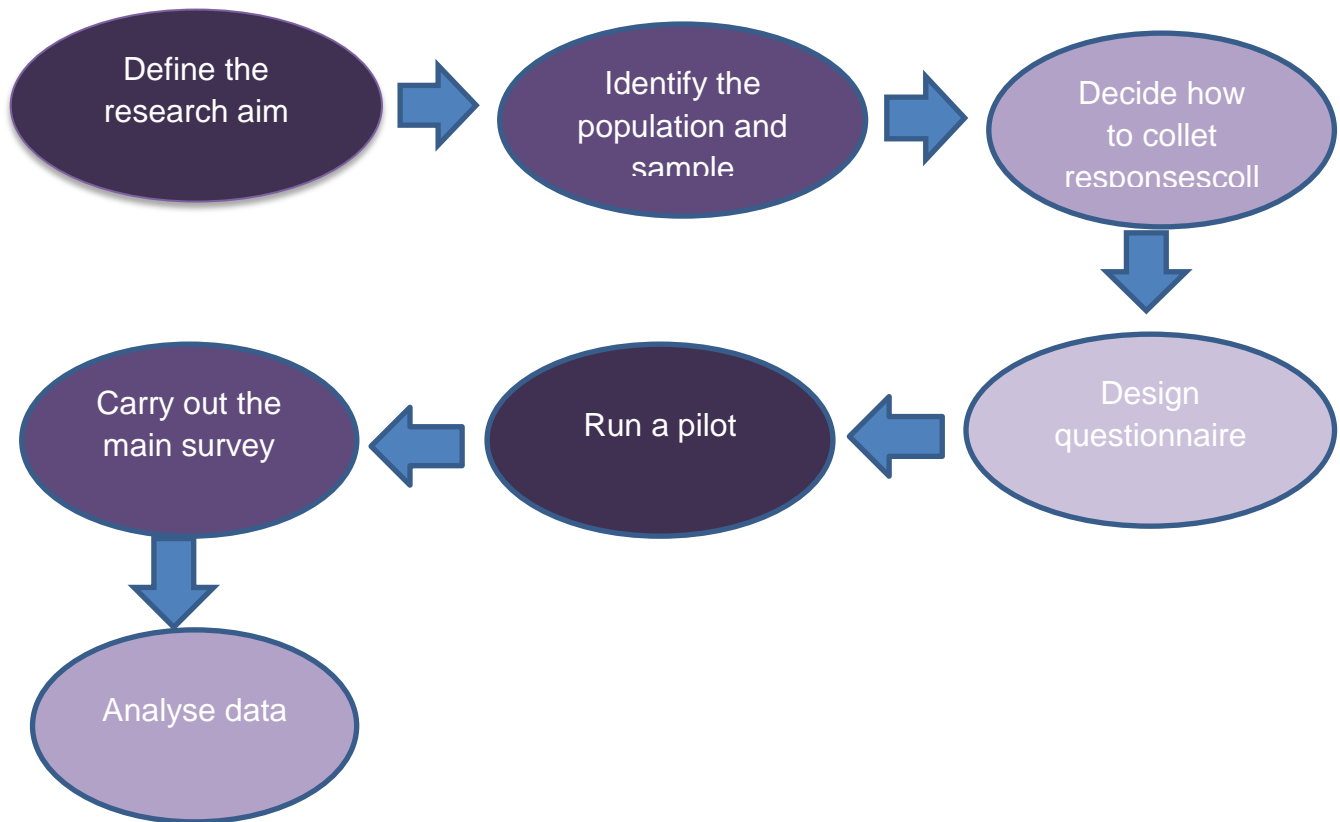
## CHAPTER THREE: RESEARCH DESIGN AND RESEARCH METHODOLOGY

### ***3.1 Introduction***

A variety of research methodologies could be used to conduct research studies in a field such as that of immigrant entrepreneurship, including ethnography, case studies and surveys. In many cases, qualitative methods are useful for gathering richly detailed data. However, as Hussey and Hussey (1997) point out, the use of triangulation, which combines both qualitative and quantitative methods in a single study, enables researchers to make optimal use of both categories of research methods. This research study has made use of both qualitative and quantitative methods in order to investigate and to evaluate the degree to which African immigrant entrepreneurs are able to identify and exploit business opportunities. Consequently, this chapter will take the form of an in-depth discussion of the methods and procedures which were used to carry out this study.

Leedy and Ormrod (2005:2) define research of this nature as a systematic process of collecting, analysing and interpreting information in the form of data, in order to increase the understanding of a particular researcher of the phenomenon, event or occurrence which his or her study endeavours to investigate. The research design for this study incorporated an exploratory study of African immigrant entrepreneurs and the ways in which they identify and exploit business opportunities in the township of Nomzamo in Strand, which is situated near Cape Town in South Africa.

According to Burgess (2001:1), the basic research process comprises of 7 steps, which are as follows: defining the research aims, identifying the population and sample, deciding on data collection methods, designing a questionnaire, conducting a pilot study, carrying out the main survey and analysing the data. The research process is shown below in Figure 3.1.



**Figure 3.1: The research process**  
Source: Burgess (2001:1)

### **3.2 Research methodology and design**

***As the differences between concepts of research designs and research methodologies are often not sufficiently well understood, they are summarised in Table 3.1 below.***

***Table 3.1: Differences between research designs and research methodologies***

Research design	Research methodology
It is concerned with the end product, such as the type of study which is being planned and the kinds of results which it endeavours to obtain.	It is concerned with the process of conducting research and the kinds of tools and procedures which are to be used.
The point of departure is the research problem or question.	The point of departure is the specific task at hand.
It is concerned with the logic of the research: what kind of evidence is required in order to answer the research question adequately?	It is concerned with the individual steps in the research process and the “most objective” procedures which are to be employed.

(Source: Babbie & Mouton, 2011:75)

#### **3.2.1 Target population**

A population is what the researcher make use of in order to obtain the necessary information to complete the study, Haralambos and Holborn (2008:815) explains the term population as a group of individuals that share characteristics, for example, students from the same institution, citizens of the same community or cars of the same brand. The target population for this study comprised all of the African immigrant entrepreneurs who operate small businesses within the township of Nomzamo at the time during which the study was conducted.

#### **3.2.2 Sample size**

Usually a small sample which is drawn from a target population will reflect the characteristics of the group from which it has been drawn. However, the larger the sample, the more precisely it is likely to reflect the target population. Conversely, the rate of improvement with respect to precision decreases as the sample size increases. Researchers need to make decisions concerning the sizes of their research samples on the basis of factors such as available time, budgets and the degree of precision which is required (The Survey System, 2006). After taking

all of these considerations into account, a sample size of 120 African immigrant entrepreneurs was determined for the conducting of the quantitative study.

A sample can be selected through the use of either probability or non-probability sampling techniques (Dun, 2010:205). Probability sampling entails selecting a portion of the research population in manner in which each element or member of the population has an equal likelihood of being selected (Polonsky & Waller, 2011:140). By contrast, when non-probability sampling is employed, researchers use their personal judgement to select participants who best embody the characteristics in which they are interested for the purposes of a particular research study (Blumberg et al., 2011:194; Polonsky & Waller, 2011:140).

### **3.2.3 Sampling strategy**

Any technique that is used, to draw conclusion/recommendations from measuring a percentage of the population, (Zikmund *et al.*, 2010:658 and 396). This study employed convenience sampling, therefore, the researcher made use of the most accessibly selected sample which was available. It is advantageous to select a sample through convenience sampling because it is less time consuming as well as less financial expenditure. (Welman, Kruger & Mitchell, 2005:68).

### **3.2.4 Unit of analysis**

The unit of analysis in a research project is the specific entity which a particular research study endeavours to analyse (Trochim, 2006). In a research study which seeks to analyse the ability of immigrant entrepreneurs to identify and to exploit business opportunities, the unit of analysis could be either individual entrepreneurs or a group of entrepreneurs, depending on whether their performance with respect to the activities in which a particular researcher may be interested is evaluated individually or as a group. In this research study the unit of analysis comprised a group of African immigrant entrepreneurs who resided in the township of Nomzamo in Strand in the province of the Western Cape, who operated businesses there while the investigation was being carried out. Data pertaining to individual characteristics such as gender, age and their countries of origin helped to create a composite picture of the group of people who were being studied.

### **3.2.5 The collecting of data**

The data for the quantitative study were collected by means of self-administered questionnaires, which were distributed personally by the researcher to the respondents. Fox and Bayat (2007:89) describe a questionnaire as a list of questions, which is compiled by a researcher in order to conduct a particular investigation, which are either written or asked orally, to obtain relevant information or answers from respondents (Fox & Bayat, 2007:89). Flick (2011:252) explains that this type of research instrument usually gives participants limited options to answer the questions. A questionnaire was chosen owing to its ability to gather objective and unbiased information (Cupido, 2003:58). In addition, the fact that the respondents did not have to disclose their names reduced the likelihood of false information being supplied.

A standardised and identical questionnaire was used for each respondent. The questionnaire was preceded by a brief letter, which explained the nature of the research and its objectives to the respondents. It introduced the research topic and explained the importance of the investigation to immigrant entrepreneurs, particularly those who operated in Strand and Nomzamo. It informed respondents, in clear terms, that although their participation would be of vital importance for the conducting of the study, their decision to participate would be completely voluntarily. In addition, it informed them that the standards for professional ethical conduct for the conducting of research would be respected and adhered to at all times. The instructions in the questionnaire were written in simple, concise and understandable English. The introductory letter was followed by closed-ended questions which would be easy to answer, in order to put the respondents at their ease. These questions included questions which required only a 'yes' or 'no' answer, filter questions and follow-up questions. Five-point Likert scale questions were asked in order to determine the degree to which the respondents agreed with particular statements which were made in the questionnaire. Open-ended questions were included in an attempt to obtain detailed responses from the respondents.

Questionnaires from several studies which had been conducted both within and outside of the field of entrepreneurship were consulted to help to design the final version of the questionnaire which was used in this study. These questionnaires included those which had been developed by researchers such as Cupido (2003), Naqvi (2006) and Richards (2006). A structured questionnaire was also chosen for the quantitative study, owing to the simplicity of the process of administering it and its potential to obtain relevant data from a large number respondents

within a short space of time. Of the total of 120 questionnaires which were distributed to respondents, 120 were returned, which generated a response rate of 100%.

### **3.3 Analysis of the results of the study**

After the data had been collected from the participants in the quantitative study, SPSS software was used to capture and to analyse the data descriptively. The results were based on 120 sets of responses, which will be presented in the form of frequency tables. The responses to the open-ended questions in the questionnaire were grouped together according to their scientific meaning, summarised and tabulated, without using the software.

#### **3.3.1 Preparation of the data**

The analysis of the quantitative data commenced with the editing and coding of it. The editing process includes checking the questionnaire forms for omissions, legibility and consistency in classification, discarding completed responses in which data were missing, identifying potential errors in the collecting of the data and discussing their implications (Zikmund; 2003:74). The coding of data includes the development of codes, coding the data and accommodating “don’t know” responses. After these procedures have been completed, the data are entered into a user-friendly and retrievable database or a spreadsheet, before they are analysed through the use of SPSS statistical software.

#### **3.3.2 The coding of open-ended questions**

Responses to open-ended questions tend to be particularly difficult to analyse because the comments which they elicit tend to be diverse and cannot be as easily codified as responses to closed-ended questions (Pellisier, 2007:72). Codes were assigned to the various categories of responses. The researcher then coded the responses to the open-ended questions in the questionnaire. In order to ensure consistency in the interpretation of the responses to the open-ended questions, a separate analysis was conducted by the researcher.

### **3.4 Reliability and validity**

As no measurement technique can be assumed to be perfect in every possible respect, researchers need to make frequent evaluations of the research instruments which they wish to use to collect data for their research studies, for validity and reliability (Bless *et al.*, 2006:150).

### **3.4.1 Reliability**

Bless, Higson-Smith, and Kagee, (2006:150) explain that the reliability of a research instrument refers to its ability to produce similar results in more than one trial. Burns and Burns (2008:414) define test-retest reliability as an index of the temporal reliability or stability over time of a research instrument, which is obtained by correlating the results of successive assessments. In order to establish the test-retest reliability of the questionnaire, a set of questions from it was distributed to five African immigrant entrepreneurs during the first week of June of 2016. At the beginning of July of 2016 a second set of questions, which were identical to the previous ones, was distributed to the same participants. The responses which were obtained on those two occasions were then assessed for consistency.

### **3.4.2 Validity**

As according to Bless et al. (2006:156), an instrument with very high reliability but poor validity is unproductive, and the reverse is also true (Flick, 2011:254). Hair, Anderson, Tatham and Black (1998), cited by Mwangi (2011:88), maintain that in order to ensure the content validity of a research instrument, a panel of judges or specialists in a relevant field should be consulted to verify whether the questions or statements which are contained in it measure what they intend to measure.

As this study was conducted by a university student, her supervisor, who has a considerable amount of experience in the field of business management and entrepreneurship, assisted the researcher to validate the research instrument. Consequently, the content of the instrument with respect to the stated objectives of the research study was assessed in an appropriately professional manner. The questions and statements in the questionnaire were verified in order to determine that they had been derived directly from the conclusions which had been drawn from the review of the literature which was relevant to the research topic. On this basis, the instrument was considered to be valid for the purpose of conducting the survey.

### **3.5 The content of the questionnaire**

According to Cooper and Schindler (2003), data for research in the social sciences can be collected by means of personal interviews, telephone interviews and self-administered questionnaires. This study made use of personal interviews and a questionnaire as the two primary methods of obtaining data.



Baker (2003) maintains that effective communication depends upon the designing and the phrasing of the questions. Consequently, during the designing of the questionnaire, the researcher took into account considerations such as complexity, length, layout and wording. The questionnaire was 5 pages long and combined open-ended, closed-ended and Likert scale questions (Please see Appendix D). The first section of the questionnaire contains questions which request socio-demographic and general information from the respondents. Section two requests information concerning the businesses of the respondents and their business profiles, while section three endeavours to elicit information concerning their entrepreneurial skills.

### ***3.5.1 The administration of the questionnaires***

The respondents were presented with questionnaires at locations which were most convenient for completing them, namely, the places from which they operated their businesses in the Nomzamo township. When it was necessary to do so, the researcher made appointments to meet with the participants. In those cases in which the respondents were unwilling to complete the questionnaires themselves, the researcher would complete them from their oral responses to the questions. As the research study was conducted in English, the researcher asked each respondent to skim-read the questionnaire before answering the questions or taking it home to complete. This precaution was taken in order to help the respondents to have the researcher clarify any unfamiliar words or phrases which they may have encountered in any of the questions. Once the quantitative data had been collected, the capturing process commenced, prior to the analysis of the data.

### ***3.5.2 Advantages and characteristics of questionnaires***

There are many different formats for questionnaires. Their content can range from purely factual information to information which concerns the subjective opinions of the respondents, while their form can range from multiple choice questions which require boxes to be ticked to free text responses. Regardless of the form which they may take, questionnaires are generally regarded by researchers as representing a quick and cost-effective means of gathering data from large research samples.

In order to make effective use of the cost-effective advantages of questionnaires, it was necessary to clarify the aims of the questionnaire and to determine how the responses would

help to improve the general understanding of how immigrant entrepreneurs successfully identify and exploit business opportunities in the area in which the study was conducted (Milne, 2004). During the designing of the questionnaire, the researcher took into account considerations such as the complexity, the length, the layout and the wording of the questions, in accordance with the recommendations which had been made by Baker (2003), with respect to effective communication depending on the designing and the phrasing of the questions. After the questionnaire had been designed, a pilot test was conducted in order to determine whether or not it could be administered to the respondents who participated in the quantitative study.

### **5.3.3 Qualitative (interview) research process**

According to King (2004:11), interviews are the most common form of gathering qualitative research data. Yin (2006, cited by Wauters & Lambrecht, 2008:900), adds that a qualitative interview enables the researcher to answer the 'why and how' questions and maximum of three interviews were conducted. The researcher used an interview guide to conduct in-depth face-to-face interviews to solicit information from each of the three municipal managers. The objectives of the interviews included:

- To know the reasons why African immigrants migrated to south Africa
- To understand the definition of a good business opportunity
- To know the motivation behind opportunity recognition
- To know if is there any assistance available when starting a business
- To understand the possibilities of exploiting business ideas
- To understand challenges faced by African immigrants

The interviews were conducted in the respondents' places of operation during working hours. The questions were posed in a systematic and consistent manner. This afforded the participants the freedom to ask questions and share their experiences. The face-to-face interviews with the respondents were crucial because it enabled the researcher to collect data that would be difficult to obtain from quantitative survey questionnaires.

#### **3.5.3.1 Process of conducting the interview**

The process of conducting the interview was as follows:

- the researcher defined the questions;
- the interview guide was created;

- the participants were recruited; and
- Interviews were conducted.

### ***3.5.3.2 Advantages of face-to-face interviews***

According to Welman and Kruger (1999), semi-structured interviews allow interviewers to ask probing questions, in order to clarify confusing responses and to ask interviewees to elaborate upon incomplete answers to questions. Probing questions could vary from a simple 'Why?' to 'Could you elaborate on this?' Opdenakker (2006) explains that although face-to face-interviews have long been the dominant method of interviewing in the field of qualitative research, during the last two decades telephone interviews have become increasingly popular. As face-to-face interviews are characterised by synchronous communication in terms of time and place, they enable researchers to have the most direct and comprehensive interactions possible with interviewees and to evaluate their responses, on the basis of body language and facial expressions, as opposed to relying solely on the content of their responses. For these reasons, face-to-face interviews were employed to conduct the qualitative study in this research study.

### ***3.5.4 Procedures followed in order to conduct the research study***

The questionnaires were distributed during March and April of 2016 and the interviews were conducted at the workplaces of the interviewees, where the researcher had initially obtained their consent to be interviewed. The interviewees provided the researcher with valuable insights into their own experiences of running businesses in the Cape Town area and how they perceive the contributions which they make to improving the living conditions of South Africans in the area.

### ***3.6 The pilot testing of the questionnaire***

Before the researcher embarked upon the administering of the questionnaire in the research study, the questionnaire was pilot tested. According to Baker (2003), the purpose of pilot testing lies in checking factors such as variation, the meanings of questions, how difficult respondents find them to answer, the attention spans of the respondents and the flow, order and timing of the questions. Ten African immigrant entrepreneurs took part in the pilot test, which enabled the researcher to check the relevance and understandability of the questions. Those questions which appeared to be ambiguous or to cause confusion were modified, others were omitted and the recommendations of the participants in the pilot test were incorporated, in order to satisfy

the criteria which had been identified by Baker (2003). The pilot questionnaire had comprised 76 questions, 6 of which were discarded after the pilot test, which left the final questionnaire with a total of 70 questions.

### ***3.7 Ethical considerations***

The researcher took all reasonable measures to comply with the ethical standards for research in the social sciences in which there are human participants. She ensured that the participants were aware that their decision to participate in the study would be a completely voluntary one and that no attempts whatsoever would be made to coerce them to participate. They were also informed that they would be completely within their rights to withdraw from participating in the study at any time which they might deem to be appropriate, without incurring penalties of any sort. The nature of the study and the potential benefits which it could have for them and their communities were explained, in order to obtain their informed consent to participate. The participants were required to sign a form to indicate that they understood the nature of the research and that they had voluntarily agreed to participate in the study. They were informed that the information which they provided in response to the questions which they would be asked would be used for academic purposes only.

They were assured that their anonymity would be guaranteed and that their responses could not possibly be traced to them, which ensured that they could not be subjected to harm of any sort as a result of having participated in the study. They were also assured that all of the information which they provided would be treated as being strictly confidential. In order to comply with the requirements of the university, a letter was obtained from the Higher Degree Committee (HDC) of the Cape Peninsula University of Technology (CPUT) as proof of the legitimacy of the research and the research topic.

### ***3.8 Summary***

This chapter has provided a detailed overview of the approach which was adopted in order to conduct the research study and the research methods which were formulated for both the quantitative and the qualitative studies, which together took the form of a survey which was conducted by means of personal interviews and the administering of a questionnaire. The questionnaire combined a range of different categories of questions, including open-ended,

closed-ended and Likert-scale questions. The questionnaire was pilot tested, in order to ensure that relevant information would be obtained when it was administered during the conducting of the quantitative study. The decision to make use of both quantitative and qualitative research methods was justified and the methods which were used to analyse the data which were obtained from both studies were described. The chapter concluded with a detailed account of the ethical standards for professional research in the social sciences, which were respected at all times during the conducting of this research study.

## **CHAPTER 4: PRESENTATION AND DISCUSSION OF THE FINDINGS**

### ***4.1 Introduction***

This chapter will take the form of a presentation and discussion of the principal findings of the research study. The findings will be presented and discussed in two sections, the first of which will be devoted to the quantitative data which were obtained from the self-administered questionnaires, while the qualitative data which were obtained from the interviews will be presented and discussed in the second.

### ***4.2 Revisiting the objectives of the study***

The findings will be discussed in relation to the research questions and the following objectives of the study:

- To obtain an understanding of why African immigrant entrepreneurs come to South Africa.
- To obtain an understanding of the characteristics of good business opportunities for African immigrant entrepreneurs in South Africa.
- To investigate how African immigrant entrepreneurs identify business opportunities in South Africa.
- To investigate how African immigrant entrepreneurs exploit business opportunities in South Africa.

The findings will be presented and discussed in terms of these specific points of reference.

### ***4.3 Findings from the quantitative survey questionnaire***

The findings from the questionnaire will be presented according to the following sub-sections in its structure:

- SECTION A: General information concerning the respondents
- SECTION B: Business profiles of the African immigrant entrepreneurs who responded to the questionnaire
- SECTION C: The reasons for which African immigrant entrepreneurs come to South Africa
- SECTION D: The characteristics of good business opportunities

- SECTION E: How business opportunities are identified by African immigrant entrepreneurs in South Africa
- SECTION F: How business opportunities are exploited by African immigrant entrepreneurs in South Africa

#### **4.3.1 Section A: General information**

##### **a) Age groups of the respondents**

Table 4.1 below shows that of the 120 respondents who took part in the survey, 80.8% were between 25 to 35 years of age and 19.2% were older than 35 years of age.

**Table 4.1: Age groups of the respondents**

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid 0 to 25	22	18.3	18.3	18.3
26 to 30	41	34.2	34.2	52.5
31 to 35	34	28.3	28.3	80.8
36 to 45	18	15.0	15.0	95.8
46 years and older	5	4.2	4.2	100.0
Total	120	100.0	100.0	

##### **b) Genders of the respondents**

Table 4.2 below shows that 57.5% of the respondents were males and 42.5% were females.

These findings are similar to those of studies which were conducted by Chrysostome (2010), Tengeh (2010), Kalitanyi (2007:63) and Rogerson (1997), all of whom found that the immigrant business sector tended to be dominated by young or middle-aged males. These findings could be attributed to a prevailing perception in many African cultures that males are usually expected to provide food, shelter, security and clothing for their families.

**Table 4.2: Genders of the respondents**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Male	69	57.5	57.5	57.5
	Female	51	42.5	42.5	100.0
	Total	120	100.0	100.0	

**c) Levels of education attained by the respondents**

As is shown in Table 4.3 below, a majority of 35.8% of the respondents was found not to have matriculated, while 26.7% had matriculated, 25.8% had received some training in business as they had obtained trade certificates, 7.5% held advanced diplomas, 3.3% held university degrees and 0.8% held a postgraduate qualification. As a total of 52.5% of the respondents had either matriculated or had advanced diplomas, it could be concluded that the general level of education among African immigrant entrepreneurs is generally higher than it is among their native-born counterparts in the SME sector. These findings bear a degree of resemblance to those of Fatoki and Patswairi (2012), who found that 69% of the respondents in their study had post-matriculation qualifications. Kalitanyi and Visser (2010) and Ngwema (1998) found that irrespective of where they had obtained their educational qualifications, over 80% of immigrants in South Africa had a minimum of between 10 and 12 years of education and that at least 30% had either received some form of tertiary education or completed tertiary education courses.

**Table 4.3: Levels of education attained by the respondents**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Did not matriculate	43	35.8	35.8	35.8
	Matriculation	32	26.7	26.7	62.5
	Trade certificate	31	25.8	25.8	88.3
	Advanced diploma	9	7.5	7.5	95.8
	Degree	4	3.3	3.3	99.2
	Postgraduate qualification	1	.8	.8	100.0
	Total	120	100.0	100.0	



#### d) Marital status of the respondents

Table 4.4 below shows that a majority of 50.8% of the respondents were single and a second group, which comprised 47.5% of the sample, were married. The fact that only 1.7% were found to be divorced suggests that divorce is not common among African immigrants in South Africa.

**Table 4.4: Marital status of the respondents**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Married	57	47.5	47.5	47.5
	Single	61	50.8	50.8	98.3
	Divorced	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

#### e) Periods for which the respondents have resided in South Africa

As Table 4.5 below shows, 36.1% of the respondents had been in South Africa for between one and three years, a further 36.1% for between four and six years and a minority of 27% for more than seven years. These findings tend to support the assertion of Kalitanyi (2007:64) that many immigrants return, after accumulating sufficient capital, to start business ventures in their home countries. According to Bonacich (1973:584), a key characteristic of immigrant entrepreneurs is that they tend to become temporary residents in their host countries and to plan to return to their home countries once they have acquired sufficient capital to do so.

**Table 4.5: Periods for which the respondents had resided in South Africa**

		Frequency	Percent	Valid percentage	Cumulative percentage
Valid	One to three years	43	35.8	36.1	36.1
	Four to six years	43	35.8	36.1	72.3
	More than seven years	33	27.5	27.7	100.0
	Total	119	99.2	100.0	
Missing	System	1	.8		
Total		120	100.0		

**4.3.1.1: Reasons for which African immigrant entrepreneurs leave their home countries to move to South Africa**

This section will endeavour to determine the factors which had motivated the respondents to move to South Africa.

**a) Reasons for leaving the country of origin**

The table 4.6 below summarises the reasons which the respondents gave for emigrating to South Africa, with 36.7 % citing economic reasons, 30% perceived business opportunities and 22.5% a desire to visit the country A small minority of 5.8% cited political reasons.

**Table 4.6: Reasons for which the respondents emigrated to South Africa**

Reason	Frequency	Percentage
Visit	27	22.5 %
Perceived business opportunities	36	30.0 %
Political reasons	7	5.8 %
Economic reasons	44	36.7 %

#### 4.3.1.2 Summary

The findings which are reflected in Tables 4.1, 4.2, 4.3, 4.4 and 4.5 suggest that businesses which are owned by African immigrants are particularly likely to have been started by males who are single, between the ages of 25 and 35 years, who have resided in South Africa for between one and six years and who have either matriculated or else obtained a post-matriculation qualification.

#### 4.3.2 Section B: Business profiles of the respondents

##### a) Sectors in which the businesses of the respondents operated

Table 4.7 below shows that African immigrant entrepreneurs engage in a wide range of businesses and that 52.5% of the respondents operated their businesses in the service sector. Many were found to run hair salons and to work as barbers, with Zimbabweans and Nigerians showing a particular aptitude for this type of business enterprise. The popularity of businesses of this sort could be attributed to the relatively low costs which are entailed in establishing them. It was also considered to be noteworthy that hair salons are frequently operated by female African immigrant entrepreneurs. A further 31.7% of the respondents operated in the trading sector, while 15% operated in the manufacturing sector.

**Table 4.7: Sectors in which the businesses of the respondents operated**

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Manufacturing	18	15.0	15.0	15.0
Services	63	52.5	52.5	67.5
Trading	38	31.7	31.7	99.2
4	1	.8	.8	100.0
Total	120	100.0	100.0	

##### b) Numbers of employees in the businesses of the respondents

Table 4.8 below shows that 60.8% of the businesses of the respondents had between one and five employees, while 32.5% had none, 3.3% had between six and twenty and 0.8% had more than fifty employees. These findings suggest that most of the businesses of immigrant

entrepreneurs create employment, while those which have no employees are probably still very small, which would not necessarily preclude them from creating employment in the future.

**Table 4.8: Numbers of employees in the businesses of the respondents**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	None	39	32.5	32.5	32.5
	One to five	73	60.8	60.8	93.3
	Six to twenty	4	3.3	3.3	96.7
	Twenty-one to fifty	2	1.7	1.7	98.3
	More than fifty	1	.8	.8	99.2
	9	1	.8	.8	100.0
	Total	120	100.0	100.0	

**c) Choices of business locations**

As is shown in Table 4.9 below, a significant portion of 25% of the respondents chose the locations of their businesses in order to reach their targeted markets, while 15.8% had done so on the basis of the most favourable rentals. A further 14.2% had chosen their locations on the basis of demographics and population groups and 11.7% had done so owing to high pedestrian traffic. These findings suggest that the dominant reason for the choices of where to locate their businesses concerned having access to markets which the respondents had identified.

**Table 4.9: Determinants of choices of locations for businesses**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Access to target market	30	25.0	25.0	25.0
	Less competition	12	10.0	10.0	35.0
	Close to competitors	5	4.2	4.2	39.2
	Demographics or population groups	17	14.2	14.2	53.3
	Rents	19	15.8	15.8	69.2
	Access to suppliers	1	.8	.8	70.0
	Convenience	10	8.3	8.3	78.3
	Visibility	12	10.0	10.0	88.3
	High pedestrian traffic	14	11.7	11.7	100.0
	Total	120	100.0	100.0	

**4.3.2.1 Summary**

The locations for the businesses, of which the majority were barbershops and hair salons, had been chosen for reasons which pertained to targeted markets, although some had been chosen on the basis of favourable rentals. It was also found that a high percentage of the respondents had also created employment for other people, as most of them were found to have between one and five employees.

**4.3.3 Section C: Reasons for immigrating to South Africa****a) Political reasons**

Table 4.10 below shows that a majority of 75% of the respondents had not left their home countries for political reasons, while 16.7% agreed and 6.7% strongly agreed that they had done so and 1.7% were unsure.

**Table 4.10: I left my country for South Africa for political reasons**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	8	6.7	6.7	6.7
	Agree	20	16.7	16.7	23.3
	Unsure	2	1.7	1.7	25.0
	Disagree	75	62.5	62.5	87.5
	Strongly disagree	15	12.5	12.5	100.0
	Total	120	100.0	100.0	

**b) Economic reasons**

As is shown in Table 4.11 below, a slight majority of 55.8% of the respondents had been influenced by economic considerations to emigrate to South Africa, with 27.5% agreeing and 28.3% strongly agreeing that they had left their home countries for economic reasons. By contrast, a significant 43.3% either disagreed or strongly disagreed and one respondent, or 0.8% of the sample, was unsure.

**Table 4.11: I left my country for South Africa for economic reasons**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	34	28.3	28.3	28.3
	Agree	33	27.5	27.5	55.8
	Unsure	1	.8	.8	56.7
	Disagree	37	30.8	30.8	87.5
	Strongly disagree	15	12.5	12.5	100.0
	Total	120	100.0	100.0	

**c) Immigrating in order to be reunited with families**

Table 4.12 below shows that a considerable majority of 71.7% of the respondents had not immigrated to South Africa in order to be reunited with their families, with 51% disagreeing and 20% strongly disagreeing that they had done so. This finding could suggest that most of the respondents had not needed to have families or members of their families in South Africa in

order to induce them to emigrate to the country. By contrast, a total of 25.8% agreed that they had been influenced by having members of their families already in South Africa, with 20.8% agreeing and 5% strongly agreeing, while 2.5% were unsure.

**Table 4.12: I left my country in order to be reunited with my family in South Africa**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	6	5.0	5.0	5.0
	Agree	25	20.8	20.8	25.8
	Unsure	3	2.5	2.5	28.3
	Disagree	62	51.7	51.7	80.0
	Strongly disagree	24	20.0	20.0	100.0
	Total	120	100.0	100.0	

#### **d) Immigrating in order to further studies**

As is shown in Table 4.13 below, a total of 71.7% of the respondents either disagreed or strongly disagreed that they had immigrated to South Africa in order to further their studies, while a smaller portion of 25.8% of the sample either agreed or strongly agreed that they had done so and 2.5% were unsure.

**Table 4.13: I left my country in order to further my studies in South Africa**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	13	10.8	10.8	10.8
	Agree	17	14.2	14.2	25.0
	Unsure	5	4.2	4.2	29.2
	Disagree	66	55.0	55.0	84.2
	Strongly disagree	19	15.8	15.8	100.0
	Total	120	100.0	100.0	

#### **4.3.3.1 Summary**

From the findings it is apparent that although a number of factors had prompted the respondents to relocate to South Africa, the search for greener pastures or better opportunities

had been among the principal reasons for doing so. Although this finding is a significant one, there appears to be little consensus to support it in the relevant literature which is available at present. This state of affairs could possibly be attributed to the fact that most of the literature tends to decry the labour markets and the working conditions in host countries which are unfavourable to immigrants, particularly those who are of African origin. Conversely, there is an emerging body of literature which identifies and emphasises the entrepreneurial spirit and resilience of immigrant entrepreneurs.

#### **4.3.4 Factors which attracted the respondents to their present lines of business**

##### **a) Competitive markets**

Each and every individual person will inevitably have his or her own reasons for having been attracted to his or her present line of business. Table 4.14 below shows that most African immigrants tend not to be afraid of competition, which also suggests that they are prepared to take risks. A total of 54.2% of the respondents indicated that they were attracted to markets which were very competitive, with 37.5% agreeing and 16.7% strongly agreeing with the statement. By contrast, 41.7% indicated that they were not attracted to lines of business which were competitive, which could be interpreted to mean that they preferred to have unique businesses. A small minority of 4.2% were unsure, which could suggest that their involvement in their present lines of business had been prompted by arbitrary circumstances.

**Table 4.14: I was attracted to a market which is very competitive**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	20	16.7	16.7	16.7
	Agree	45	37.5	37.5	54.2
	Unsure	5	4.2	4.2	58.3
	Disagree	44	36.7	36.7	95.0
	Strongly disagree	6	5.0	5.0	100.0
	Total	120	100.0	100.0	



### b) Markets with significant barriers to entry

Table 4.15 below shows that 62.5% of the respondents were not attracted to markets which had significant barriers to entry, with 58.3% disagreeing and 9.2% strongly disagreeing with the statement. These findings suggest that most of the respondents favoured markets which did not require large amounts of start-up capital to exploit business opportunities and that they also favoured markets which were not governed by an excess of regulations. By contrast, 25.9% of the respondents agreed that they were attracted to markets which had significant barriers to entry and required considerable investments in terms of capital, unique skills and raw materials, while 6.7% were unsure.

**Table 4.15: I was attracted to a market in which the barriers to entry are great in terms of requiring large amounts of capital, unique skills and availability of raw materials**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	8	6.7	6.7	6.7
	Agree	23	19.2	19.2	25.8
	Unsure	8	6.7	6.7	32.5
	Disagree	70	58.3	58.3	90.8
	Strongly disagree	11	9.2	9.2	100.0
	Total		120	100.0	100.0

### e) Markets in which there is little competition

Table 4.16 below shows that 56.6% of the respondents were not attracted to markets in which there was little or no competition, with 50.8% disagreeing and 5.8% strongly disagreeing with the statement. These findings confirm those which are reflected in Table 4.14, in which it is shown that 54.2% of the respondents were attracted to markets which are very competitive, from which it may be inferred that competition does not represent a significant barrier to them. A smaller portion of 38.3% of the sample indicated that they were attracted to markets in which there was little competition, with 30.8% agreeing and 7.5% strongly agreeing with the statement, while 5% were unsure. It was assumed by the researcher that those respondents who were not attracted to competitive markets may be more likely to place greater value in the uniqueness of their business enterprises than those who were attracted to competitive markets.

**Table 4.16: I was attracted to a market in which there was little competition**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	9	7.5	7.5	7.5
	Agree	37	30.8	30.8	38.3
	Unsure	6	5.0	5.0	43.3
	Disagree	61	50.8	50.8	94.2
	Strongly disagree	7	5.8	5.8	100.0
	Total	120	100.0	100.0	

**e) Markets with high earning potential**

Most, if not all people who pursue entrepreneurial careers will inevitably be motivated by a desire to amass wealth as a result of operating profitable business enterprises. Table 4.17 below shows that 70.8% of the respondents indicated that they had chosen their markets on the basis of their ability to reward them financially, with 47.5% agreeing and 23.3% strongly agreeing with the statement. In the cases of the 24.2% who indicated that a high earning potential had not been an attraction for them, the chief motivation would, in all probability, have been survival. This group comprised 20.0% who disagreed and 4.2% who strongly disagreed with the statement. A further 5.0% were unsure, which appeared to suggest that they might be particularly prepared to take risks.

**Table 4.17: I was attracted to a market which had high earning potential**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	28	23.3	23.3	23.3
	Agree	57	47.5	47.5	70.8
	Unsure	6	5.0	5.0	75.8
	Disagree	24	20.0	20.0	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

**f) Attraction to markets in which many people from a shared country of origin are seen to operate**

Table 4.18 below shows that 55% of the respondents either agreed or strongly agreed that they had been attracted to markets which were dominated by people from their countries of origin, while 40% either disagreed or strongly disagreed and 5% were unsure.

**Table 4.18: I was attracted by the fact that most people from my country of origin were in that line of business**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	32	26.7	26.7	26.7
	Agree	34	28.3	28.3	55.0
	Unsure	6	5.0	5.0	60.0
	Disagree	43	35.8	35.8	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

**g) Low start-up costs**

Table 4.19 below shows that a total of 60% of the respondents either agreed or strongly agreed that low start-up costs had been an important consideration in deciding upon a line of business to pursue. Although 4.2% were unsure, 35.9% responded by indicating that they had not been attracted by low start-up costs. It seemed highly likely to the researcher that these respondents may have saved money in their home countries before coming to South Africa and also that they would have come to South Africa either with the intention of starting a business or with a particular business idea in mind.

**Table 4.19: I was attracted by the fact that the line of business entailed low start-up costs**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	26	21.7	21.7	21.7
	Agree	46	38.3	38.3	60.0
	Unsure	5	4.2	4.2	64.2
	Disagree	32	26.7	26.7	90.8
	Strongly disagree	11	9.2	9.2	100.0
	Total		120	100.0	100.0

#### **4.3.4.1 Summary**

A significant number of the participants had been attracted to their present lines of business because they had perceived that most of the people from their home countries were either in the same lines, doing the same or running similar businesses. As African immigrants tend not to be afraid of competition, they very often elect to go into the same lines of business as many of the other members of their ethnic communities. By doing so, they are able to assist one another with matters such as procuring stock at the most favourable prices. African immigrants tend to start their businesses on a small scale, in order to preclude being prevented from doing so by needing large amounts of start-up capital.

#### **4.3.5 Reasons for running businesses in the township**

##### **a) Encouragement from friends**

Table 4.20 below illustrates the role which friends had played in encouraging the respondents to start businesses in the township of Nomzamo. It shows that slightly more than half of the respondents, 55%, had been encouraged to start their businesses by friends, while 43.4% disagreed that friends had played a role in the starting of their businesses and 1.7% were unsure.

**Table 4.20: I was encouraged to start my business in the township by a friend**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	22	18.3	18.3	18.3
	Agree	44	36.7	36.7	55.0
	Unsure	2	1.7	1.7	56.7
	Disagree	50	41.7	41.7	98.3
	Strongly disagree	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

**b) Encouragement from relatives**

Table 4.21 below shows that a very significant two thirds of the respondents believed that they had started their businesses as a result of having been encouraged to do so by a relative, 30% did not believe that a relative had played a role and 3.3% were unsure.

**Table 4.21: I was encouraged to start my business in the township by a relative**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	40	33.3	33.3	33.3
	Agree	40	33.3	33.3	66.7
	Unsure	4	3.3	3.3	70.0
	Disagree	34	28.3	28.3	98.3
	Strongly disagree	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

**c) Encouragement from members of ethnic communities**

Table 4.22 below shows that 57.5% of the respondents indicated that they had been encouraged to start their own businesses by a member of their ethnic communities, while 40% disagreed with the statement and 2.5% were unsure.

**Table 4.22: I was encouraged to start my business in the township by a member of my ethnic community**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	24	20.0	20.0	20.0
	Agree	45	37.5	37.5	57.5
	Unsure	3	2.5	2.5	60.0
	Disagree	45	37.5	37.5	97.5
	Strongly disagree	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

**d) Encouragement from no one in particular**

Table 4.23 below shows that a total of 86.6% of the respondents either disagreed or strongly disagreed with the statement that no one in particular had encouraged them to start their own businesses after they arrived in South Africa. By contrast, only 10% either agreed or strongly agreed and 2.5% were unsure. These findings confirm that the vast majority of the respondents believed that they had started their own business as a result of encouragement from other people.

**Table 4.23: I was not encouraged to start my business in the township by anyone in particular**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	3	2.5	2.5	2.5
	Agree	9	7.5	7.5	10.0
	Unsure	4	3.3	3.3	13.3
	Disagree	79	65.8	65.8	79.2
	Strongly disagree	25	20.8	20.8	100.0
	Total	120	100.0	100.0	

#### 4.3.5.1 Summary

The findings from this section of the questionnaire confirmed that almost all of the respondents had been encouraged to start their businesses in the township by someone, who was usually a friend, a relative or a member of their ethnic communities.

#### 4.3.6 What are the characteristics of a good business opportunity?

##### a) An opportunity with high earning potential

Table 4.24 below shows that a large majority of 71.6% of the respondents agreed that a good business opportunity was one which has high earning potential, while 24.1% disagreed and 4.2% were unsure.

**Table 4.24: A good business opportunity is one which has high earning potential**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	34	28.3	28.3	28.3
	Agree	52	43.3	43.3	71.7
	Unsure	5	4.2	4.2	75.8
	Disagree	25	20.8	20.8	96.7
	Strongly disagree	4	3.3	3.3	100.0
	Total		120	100.0	100.0

##### b) High technology

Table 4.25 below shows that a total of 82.5% of the respondents disagreed that a good business opportunity necessarily requires the use of technology. By contrast, only 11.7% agreed that a good business opportunity necessarily entails the use of high technology, while 5.8% were unsure.

**Table 4.25: A good business opportunity is one which requires the use of high technology**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	2	1.7	1.7	1.7
	Agree	12	10.0	10.0	11.7
	Unsure	7	5.8	5.8	17.5
	Disagree	78	65.0	65.0	82.5
	Strongly disagree	21	17.5	17.5	100.0
	Total	120	100.0	100.0	

**c) Formal education**

Table 4.26 below shows that a total of only 20% of the respondents agreed that a good business opportunity necessarily required formal education, while a total of 77.5% disagreed and 2.5% were unsure.

**Table 4.26: A good business opportunity is one which requires formal education**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	11	9.2	9.2	9.2
	Agree	13	10.8	10.8	20.0
	Unsure	3	2.5	2.5	22.5
	Disagree	71	59.2	59.2	81.7
	Strongly disagree	22	18.3	18.3	100.0
	Total	120	100.0	100.0	

**d) Background knowledge**

Table 4.27 below shows that a total of 75.8% of respondents agreed that sound background knowledge was required in order to exploit a good business opportunity.



**Table 4.27: A good business opportunity requires sound background knowledge**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	51	42.5	42.5	42.5
	Agree	40	33.3	33.3	75.8
	Unsure	9	7.5	7.5	83.3
	Disagree	15	12.5	12.5	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

**e) Creativity**

Table 4.28 below shows that a total of 78.4% of the respondents agreed that creativity was a desirable attribute for developing good business opportunities. These findings accord with those which are reflected in Table 4.14, which showed that a significant number of the respondents were attracted to very competitive markets. By their very nature, highly competitive markets require entrepreneurs to be creative in order to survive in them.

**Table 4.28: A good business opportunity requires creativity**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	32	26.7	26.7	26.7
	Agree	62	51.7	51.7	78.3
	Unsure	3	2.5	2.5	80.8
	Disagree	22	18.3	18.3	99.2
	Strongly disagree	1	.8	.8	100.0
	Total	120	100.0	100.0	

**f) Outstanding or unique entrepreneurs**

Table 4.29 below shows that a majority of 51.7% of the respondents believed that good business opportunities are created by entrepreneurs who stand out from their competitors, while

42.5% disagreed and 5.8% were unsure. Although the percentages of respondents who agreed with the statement were smaller than those which were reflected in Table 4.28 above, it may nevertheless be concluded that a significant percentage of the respondents believed that creativity was required in order to stand out from competitors.

**Table 4.29: Good business opportunities can be created only by outstanding or unique entrepreneurs**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	5	4.2	4.2	4.2
	Agree	57	47.5	47.5	51.7
	Unsure	7	5.8	5.8	57.5
	Disagree	48	40.0	40.0	97.5
	Strongly disagree	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

#### **4.3.6.1 Summary**

According to the responses of the respondents, the identification of a good business opportunity requires sound background knowledge. There was a general consensus that one of the defining characteristics of a good business opportunity was its potential to generate large amounts of revenue and that entrepreneurs need to be creative and to possess outstanding or unique entrepreneurial qualities.

#### **4.3.7 The ability to recognise opportunities**

##### **a) Solutions to specific problems**

Table 4.30 below shows that a large majority of 85.9% of the respondents agreed that good business opportunities often arise as a result of developing solutions to specific problems. A small minority of 7.5% disagreed with the statement, while 6.7% were unsure.

**Table 4.30: New business opportunities often arise as a result of developing solutions to specific problems**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	20	16.7	16.7	16.7
	Agree	83	69.2	69.2	85.8
	Unsure	8	6.7	6.7	92.5
	Disagree	9	7.5	7.5	100.0
	Total	120	100.0	100.0	

**b) Responding to the specific needs of customers**

Table 4.31 below shows that a very significant majority, 91.7% of the respondents, believed that paying careful attention to the specific needs of customers could help to identify good business opportunities. By contrast, a very small minority of 5% disagreed and 3.3% were unsure.

**Table 4.31: I pay careful attention to the specific needs of customers as a means of identifying opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	41	34.2	34.2	34.2
	Agree	69	57.5	57.5	91.7
	Unsure	4	3.3	3.3	95.0
	Disagree	5	4.2	4.2	99.2
	Strongly disagree	1	.8	.8	100.0
	Total	120	100.0	100.0	

**c) Creativity and the ability to identify opportunities**

Table 4.32 below shows that 89.1% of the respondents believed that creativity constituted an important component of the ability to identify good business opportunities, while only 6.7% disagreed and 4.2% were unsure.

**Table 4.32: Creativity is very important for being able to identify business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	34	28.3	28.3	28.3
	Agree	73	60.8	60.8	89.2
	Unsure	5	4.2	4.2	93.3
	Disagree	8	6.7	6.7	100.0
	Total	120	100.0	100.0	

**d) Developing the ability to identify good business opportunities entails several learning steps**

Table 4.33 below shows that a very significant majority of 90% of respondents agreed that the ability to identify business opportunities entails several learning steps over time, while a small minority of 5.8% disagreed and a further 4.2% were unsure.

**Table 4.33: Developing the ability to identify business opportunities entails several learning steps over time, rather than an inborn ability**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	26	21.7	21.7	21.7
	Agree	82	68.3	68.3	90.0
	Unsure	5	4.2	4.2	94.2
	Disagree	4	3.3	3.3	97.5
	Strongly disagree	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

**e) Ideas for new ventures can result in either success or failure**

Table 4.34 below shows that a great majority of 85.9% of the respondents agreed that their own experience confirmed that ideas for new business ventures had the potential to result in either success or failure, while a fairly small minority of 10% disagreed and 4.2% were unsure.

**Table 4.34: Experience teaches that ideas for new ventures can result in either success or failure**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	35	29.2	29.2	29.2
	Agree	68	56.7	56.7	85.8
	Unsure	5	4.2	4.2	90.0
	Disagree	12	10.0	10.0	100.0
	Total	120	100.0	100.0	

**f) Business ideas from other people**

Table 4.35 below shows that a large majority of 72.5% of the respondents agreed that other people brought ideas for new business ventures to them, while a relatively small minority of 25% disagreed and 2.5% were unsure.

**Table 4.35: Other people bring ideas for new business ventures to me**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	14	11.7	11.7	11.7
	Agree	73	60.8	60.8	72.5
	Unsure	3	2.5	2.5	75.0
	Disagree	27	22.5	22.5	97.5
	Strongly disagree	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

**4.3.7.1 Summary**

The findings from this section of the questionnaire suggest that the ability to recognise good business opportunities can be assisted by developing solutions to specific problems, by paying careful attention to the specific needs of customers and by recognising the value of creativity in the identifying of opportunities. There was a general consensus among the respondents that the ability to identify opportunities needed to be developed over time and it was also found that

many of the respondents had been provided with ideas for new business ventures by other people.

**4.3.8 Section D: The ability to recognise opportunities as a result of specific characteristics of entrepreneurs**

**a) Gender and the ability to recognise business opportunities**

Table 4.36 below shows that a majority of 63.3% of the respondents rejected the suggestion that the genders of entrepreneurs influenced their ability to recognise specific business opportunities, while 33.4% believed that the ability to recognise particular business opportunities was gender-specific and 3.3% were unsure.

**Table 4.36: The ability to recognise particular types of business opportunities is gender-specific**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	14	11.7	11.7	11.7
	Agree	26	21.7	21.7	33.3
	Unsure	4	3.3	3.3	36.7
	Disagree	58	48.3	48.3	85.0
	Strongly disagree	18	15.0	15.0	100.0
	Total	120	100.0	100.0	

**b) Marital status and the ability to recognise business opportunities**

Table 4.37 below shows that a significant majority of 73.3% of the respondents did not believe that the marital status of entrepreneurs influences the types of business opportunities which they are able to recognise, while 20% indicated that they did believe that marital status affected the types of opportunities which could be recognised and 6.7% were unsure.

**Table 4.37: Single and married entrepreneurs are likely to be able to recognise different types of business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	7	5.8	5.8	5.8
	Agree	17	14.2	14.2	20.0
	Unsure	8	6.7	6.7	26.7
	Disagree	67	55.8	55.8	82.5
	Strongly disagree	21	17.5	17.5	100.0
	Total	120	100.0	100.0	

**c) Education and the ability to recognise business opportunities**

Table 4.38 below shows that a majority of 70% of the respondents agreed that education increases the ability of entrepreneurs to recognise business opportunities, while 28.4% disagreed and 1.7% were unsure.

**Table 4.38: High levels of education increase the ability of entrepreneurs to recognise business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	52	43.3	43.3	43.3
	Agree	32	26.7	26.7	70.0
	Unsure	2	1.7	1.7	71.7
	Disagree	23	19.2	19.2	90.8
	Strongly disagree	11	9.2	9.2	100.0
	Total	120	100.0	100.0	

**d) Experience and the ability to recognise business opportunities**

Table 4.39 below shows that 83.3% of the respondents agreed that experience increased the ability of entrepreneurs to recognise business opportunities, while 14.2% disagreed and 2.5% were unsure.

**Table 4.39: Experience increases the ability of entrepreneurs to recognise business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	64	53.3	53.3	53.3
	Agree	36	30.0	30.0	83.3
	Unsure	3	2.5	2.5	85.8
	Disagree	11	9.2	9.2	95.0
	Strongly disagree	6	5.0	5.0	100.0
	Total	120	100.0	100.0	

**e) Motivation and the ability to recognise business opportunities**

Table 4.40 below shows that a substantial majority of 85.9% of the respondents agreed that motivation contributes to the ability of entrepreneurs to recognise business opportunities, while 10.8% disagreed and 3.3% were unsure.

**Table 4.40: Motivation increases the ability of entrepreneurs to recognise business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	41	34.2	34.2	34.2
	Agree	62	51.7	51.7	85.8
	Unsure	4	3.3	3.3	89.2
	Disagree	13	10.8	10.8	100.0
	Total	120	100.0	100.0	

**f) Prior knowledge and the ability to recognise business opportunities**

Table 4.4 below shows that a total of 82.5% of the respondents agreed that prior knowledge increases the ability of entrepreneurs to recognise business opportunities, while a minority of 10% disagreed and 7.5% were unsure.



**Table 4.41: Prior knowledge increases the ability of entrepreneurs to recognise business opportunities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	63	52.5	52.5	52.5
	Agree	36	30.0	30.0	82.5
	Unsure	9	7.5	7.5	90.0
	Disagree	10	8.3	8.3	98.3
	Strongly disagree	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

#### **4.3.8.1 Summary**

The findings from this section of the questionnaire demonstrate that there was a high degree of general consensus among the respondents that education, experience, motivation and prior knowledge all increased the ability of entrepreneurs to recognise business opportunities and that neither gender nor marital status was a significant factor which influenced the ability of individual entrepreneurs to identify specific types of business opportunities.

#### **4.3.9: Section E: Sources of business opportunities which had been provided to the respondents at the time of the survey**

##### **a) Employees**

Table 4.42 below shows that 59.3% of the respondents disagreed that they had been provided with business opportunities by their employees, while 30% agreed with the statement and 10.8% were unsure. The researcher concludes that these findings could have been owing to the fact that most of the businesses of the respondents were start-up businesses.

**Table 4.42: My employees have contributed to the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	8	6.7	6.7	6.7
	Agree	28	23.3	23.3	30.0
	Unsure	13	10.8	10.8	40.8
	Disagree	64	53.3	53.3	94.2
	Strongly disagree	7	5.8	5.8	100.0
	Total	120	100.0	100.0	

**b) Start-up partners**

Table 4.43 below shows that 50.0% of the respondents agreed that their start-up partners had played a role in the establishment of their present business enterprises, while 43.4% disagreed and 6.7% were unsure. Those respondents who confirmed that their start-up partners had played significant roles in establishing their businesses were mainly Somalis, who are known to work collaboratively in groups.

**Table 4.43: My start-up partners have contributed to the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	17	14.2	14.2	14.2
	Agree	43	35.8	35.8	50.0
	Unsure	8	6.7	6.7	56.7
	Disagree	47	39.2	39.2	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

**c) Previous employment**

Table 4.44 below shows that a significant majority of 68.3% agreed that their previous employment had provided the principal motivation for their present entrepreneurial activities,

while 26.7% disagreed and 5% were unsure.

**Table 4.44: My previous employment provided the principal motivation for my present entrepreneurial activities**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	37	30.8	30.8	30.8
	Agree	45	37.5	37.5	68.3
	Unsure	6	5.0	5.0	73.3
	Disagree	29	24.2	24.2	97.5
	Strongly disagree	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

**d) No one**

Table 4.45 below shows that a majority of 71.7% of the respondents disagreed that no one had assisted them to identify the opportunity which resulted in the establishment of their present business enterprises, while 22.5% agreed and 5.8% were unsure. These findings confirm that most of the respondents freely acknowledged that others had helped them to identify the opportunities which had resulted in the establishment of their businesses.

**Table 4.45: No one helped to identify the business opportunity which resulted in the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	15	12.5	12.5	12.5
	Agree	12	10.0	10.0	22.5
	Unsure	7	5.8	5.8	28.3
	Disagree	57	47.5	47.5	75.8
	Strongly disagree	29	24.2	24.2	100.0
	Total	120	100.0	100.0	

### e) Friends

Table 4.46 below shows that 57.5% of the respondents indicated that they had not received assistance from friends to identify the business opportunities which had resulted in the establishment of their present business enterprises, while 39.2% acknowledged that they had received assistance from friends and 3.3% were unsure.

**Table 4.46: Friends helped to identify the business opportunity which resulted in the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	9	7.5	7.5	7.5
	Agree	38	31.7	31.7	39.2
	Unsure	4	3.3	3.3	42.5
	Disagree	68	56.7	56.7	99.2
	Strongly disagree	1	.8	.8	100.0
	Total	120	100.0	100.0	

### f) Members of families

Table 4.47 below shows that 37.5% of the respondents indicated that they had not been helped to identify the business opportunities which had resulted in the establishment of their business by members of their families, while 59.1% indicated that members of their families had assisted them and 3.3% were unsure.

**Table 4.47: A member or members of my family helped me to identify the business opportunity which resulted in the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	28	23.3	23.3	23.3
	Agree	43	35.8	35.8	59.2
	Unsure	4	3.3	3.3	62.5
	Disagree	41	34.2	34.2	96.7
	Strongly disagree	4	3.3	3.3	100.0
	Total	120	100.0	100.0	

### g) Members of ethnic networks

Table 4.48 below shows that a majority of 55.9% of the respondents agreed and 40.8% disagreed that members of their ethnic networks had helped them to identify the business opportunities which had resulted in the establishment of their business enterprises, while 3.3% were unsure.

**Table 4.48: Members of my ethnic network helped to identify the business opportunity which resulted in the establishment of my present business enterprise**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	20	16.7	16.7	16.7
	Agree	47	39.2	39.2	55.8
	Unsure	4	3.3	3.3	59.2
	Disagree	39	32.5	32.5	91.7
	Strongly disagree	10	8.3	8.3	100.0
	Total	120	100.0	100.0	

### h) Chance factors

Table 4.49 below shows that a very significant 87.7% of respondents disagreed that the business opportunity which had resulted in the establishment of their business enterprises had been identified by chance, while 5.8% agreed that chance had played a role and a slightly larger group of 6.7% were unsure.

**Table 4.49: The business opportunity which resulted in the establishment of my present business enterprise was identified by chance**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	3	2.5	2.5	2.5
	Agree	4	3.3	3.3	5.8
	Unsure	8	6.7	6.7	12.5
	Disagree	41	34.2	34.2	46.7
	Strongly disagree	64	53.3	53.3	100.0
	Total	120	100.0	100.0	

#### 4.3.9.1 Prior knowledge

##### a) Prior knowledge of markets

Table 4.50 below shows that 78.4% of the respondents indicated that they had prior knowledge of the markets in which their businesses operated before they started their businesses, while 15.9% refuted the suggestion that they had had prior knowledge of their markets and 5.8% were unsure.

**Table 4.50: I had prior knowledge of the market before I started my business**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	56	46.7	46.7	46.7
	Agree	38	31.7	31.7	78.3
	Unsure	7	5.8	5.8	84.2
	Disagree	14	11.7	11.7	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

##### b) Prior knowledge of operating in specific markets

Table 4.51 below shows that a very significant majority of 90.8% of the respondents agreed that they had prior knowledge of the markets which their businesses served, while 6.7% disagreed and 2.5% were unsure.

**Table 4.51: I had prior knowledge of how to serve the market which my business serves**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	54	45.0	45.0	45.0
	Agree	55	45.8	45.8	90.8
	Unsure	3	2.5	2.5	93.3
	Disagree	6	5.0	5.0	98.3
	Strongly disagree	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

**c) Prior knowledge of the problems which are likely to be encountered with customers**

As can be seen in Table 4.52 below, 89.2% of the respondents agreed that they had understood the nature of problems which they were likely to encounter with customers, while 7.5% disagreed and 3.3% were unsure.

**Table 4.52: I had prior knowledge of the problems which I was likely to encounter with customers before I started my business**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	57	47.5	47.5	47.5
	Agree	50	41.7	41.7	89.2
	Unsure	4	3.3	3.3	92.5
	Disagree	8	6.7	6.7	99.2
	Strongly disagree	1	.8	.8	100.0
	Total	120	100.0	100.0	

**4.3.9.2 Support**

**a) Support from others**

The support which an entrepreneur receives may be regarded as a significant contribution in terms of human resources. It may take many different forms and may not necessarily be limited to financial support, and it may be provided by various different people or groups of people, including ethnic networks or members of the families of the entrepreneurs concerned. Table 4.56 below shows that a majority of 70% of the respondents agreed that they had received assistance from others when they started their own businesses, while 28.4% disagreed and 1.7% were unsure.

**Table 4.53: It was easy to start my own business in South Africa because I received assistance from others**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	34	28.3	28.3	28.3
	Agree	50	41.7	41.7	70.0
	Unsure	2	1.7	1.7	71.7
	Disagree	17	14.2	14.2	85.8
	Strongly disagree	17	14.2	14.2	100.0
	Total	120	100.0	100.0	

**b) Support from members of immediate or extended families**

Table 4.54 below shows that 59.2% of the respondents agreed that they had received assistance from members of their immediate and extended families when they started their businesses, while 37.5% disagreed and 3.3% were unsure. These findings suggest that immigrant entrepreneurs frequently do receive assistance from members of either their immediate or extended families when they establish their businesses.

**Table 4.54: I received assistance to start my business from members of my immediate and extended family in South Africa**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	35	29.2	29.2	29.2
	Agree	36	30.0	30.0	59.2
	Unsure	4	3.3	3.3	62.5
	Disagree	31	25.8	25.8	88.3
	Strongly disagree	14	11.7	11.7	100.0
	Total	120	100.0	100.0	



### c) Support from ethnic networks

Table 4.55 below shows that a majority of 60% of the respondents agreed that they had received assistance to start their businesses from their ethnic networks, while 36.7% disagreed and 3.3% were unsure. This spread of responses was very similar to that which was reflected in Table 4.54 above.

**Table 4.55: I received assistance to start my own business from my ethnic network**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	25	20.8	20.8	20.8
	Agree	47	39.2	39.2	60.0
	Unsure	4	3.3	3.3	63.3
	Disagree	27	22.5	22.5	85.8
	Strongly disagree	17	14.2	14.2	100.0
	Total		120	100.0	100.0

### d) Support from others, apart from members of families and ethnic networks

Table 4.56 below shows that 59.2% of the respondents agreed that they had received assistance from people who were not members of their immediate families or their ethnic networks to start their businesses, while 36.7% disagreed and 4.2% were unsure. Another similar spread of responses tends to confirm the findings which were reflected in Table 4.53 above, which revealed that a majority of 70% of the respondents agreed that they had received assistance from other people to start their businesses.

**Table 4.56: I received assistance to start my own business from people who were not members of my family or my ethnic network**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	27	22.5	22.5	22.5
	Agree	44	36.7	36.7	59.2
	Unsure	5	4.2	4.2	63.3
	Disagree	29	24.2	24.2	87.5
	Strongly disagree	15	12.5	12.5	100.0
	Total	120	100.0	100.0	

**e) Assistance in choosing a line of business from people from the same village or from the same country of origin**

Table 4.57 below shows that 50% of the respondents agreed that they had received assistance from people from their own villages or from their countries of origin to choose a line of business, while 46.7% disagreed and 3.3% were unsure. These findings were also consistent with the others which were obtained from this section of the questionnaire.

**Table 4.57: People from my village or from my country of origin assisted me to choose a line of business when I started my own business**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	19	15.8	15.8	15.8
	Agree	41	34.2	34.2	50.0
	Unsure	4	3.3	3.3	53.3
	Disagree	42	35.0	35.0	88.3
	Strongly disagree	14	11.7	11.7	100.0
	Total	120	100.0	100.0	

**f) Guidance from people from the same village or from countries of origin of the respondents to select places to trade**

Table 4.58 below shows that 51.7% of the respondents agreed that people from their own villages in their countries of origin had guided their choices of places from which to trade, while 44.1% disagreed and 4.2% were unsure.

**Table 4.58: People from my village or from my country of origin guided me in choosing where to trade when I started my business**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	18	15.0	15.0	15.0
	Agree	44	36.7	36.7	51.7
	Unsure	5	4.2	4.2	55.8
	Disagree	40	33.3	33.3	89.2
	Strongly disagree	13	10.8	10.8	100.0
	Total	120	100.0	100.0	

**g) Guidance from people from the same villages or countries of origin concerning the choice of suppliers**

Table 4.59 shows that 52.5% of the respondents agreed that they had received guidance from people from their villages or from their home countries concerning where to buy stock and which suppliers to use, while 40.8% disagreed and 6.7% were unsure.

**Table 4.59: People from my village or from my country of origin guided me in choosing where to buy stock and which suppliers to use**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	14	11.7	11.7	11.7
	Agree	49	40.8	40.8	52.5
	Unsure	8	6.7	6.7	59.2
	Disagree	39	32.5	32.5	91.7
	Strongly disagree	10	8.3	8.3	100.0
	Total	120	100.0	100.0	

**h) Assistance from ethnic networks with procedures such as the registering of businesses and complying with tax regulations**

Table 4.60 below shows that a significant 67.5% of the respondents disagreed that they had received assistance from people from their own villages or from their countries of origin with information pertaining to regulations which apply to the starting and running of businesses in South Africa, while 29.2% agreed that they had received assistance and 3.3% were unsure.

**Table 4.60: People from my village or from my country of origin assisted me by providing information pertaining to matters such as the registration of businesses and complying with tax regulations**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Agree	35	29.2	29.2	29.2
	Unsure	4	3.3	3.3	32.5
	Disagree	69	57.5	57.5	90.0
	Strongly disagree	12	10.0	10.0	100.0
	Total	120	100.0	100.0	

**i) Assistance from people from the same countries of origin as the respondents with information pertaining to available sources of support for businesses, such as loans from banks**

Table 4.61 below shows that a large majority of 75% of the respondents disagreed that they had received assistance from people from their countries of origin with information pertaining to where they might find financial support for their businesses, while 21.6% agreed that they had received assistance of this sort and 3.3% were unsure.

**Table 4. 61: People from my country of origin assisted me by providing information concerning sources of support for businesses, such as obtaining finance from banks**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	4	3.3	3.3	3.3
	Agree	22	18.3	18.3	21.7
	Unsure	4	3.3	3.3	25.0
	Disagree	74	61.7	61.7	86.7
	Strongly disagree	16	13.3	13.3	100.0
	Total	120	100.0	100.0	

#### **4.3.9.3 Summary**

Significant portions of the research sample agreed that they had been assisted by members of their families, friends, people from their countries of origin and others to identify business opportunities in order to start their businesses and that their previous employment had also helped them to identify business opportunities. There was a general consensus among the respondents that they had identified business opportunities in markets of which they had prior knowledge and that they had been aware of the types of problems which they were likely encounter with customers and how to serve the markets which they had chosen.

#### **4.3.10 Section F: The exploitation of business opportunities by African immigrant entrepreneurs in South Africa**

##### **a) The ability to identify opportunities and potential risks**

Table 4.65 below shows that 75% of the respondents indicated that they had identified opportunities and threats in their present environment before they started their businesses, while 24.2% indicated that they had not done so.

**Table 4.62: Before you started your business, did you identify opportunities and potential risks in the market?**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	90	75.0	75.0	75.0
	No	29	24.2	24.2	99.2
	3	1	.8	.8	100.0
	Total	120	100.0	100.0	

**b) Availability of the resources needed to ensure the success of businesses**

As is shown in table 4.63 below, 55.8% of the respondents indicated that they had been in possession of the resources which they needed to ensure the success of their businesses, while 44.2% indicated that they had not.

**Table 4.63: When you started your business, did you have the resources which you needed to enable your business to succeed?**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	67	55.8	55.8	55.8
	No	53	44.2	44.2	100.0
	Total	120	100.0	100.0	

**c) Prior testing of business ideas**

Table 4.64 below shows that a majority of 64.2% of the respondents indicated that they had tested their business ideas before they started their businesses, while 35.8% indicated that they had not.

**Table 4. 64: Did you test your business idea before you started your business?**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	77	64.2	64.2	64.2
	No	43	35.8	35.8	100.0
	Total	120	100.0	100.0	

**d) The degree of satisfaction of the respondents with their present business locations**

According to Mariotti and Glackin (2012:492), a number of inter-related factors affect optimal choices for business locations, such as the degree of access which customers have to them, the access which the businesses have to suppliers, convenience, costs such as those which are incurred by rentals and construction, demographics, economic conditions and business incentives, governmental regulations and laws, the availability of labour pools, proximity to competitors and visibility.

Table 4.65 below shows that a large majority of 85.8% of respondents indicated that they were happy with present current business locations, while only 14.2% Indicated that they were not.

**Table 4.65: Are you happy with your present business location?**

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	103	85.8	85.8	85.8
	No	17	14.2	14.2	100.0
	Total	120	100.0	100.0	

**4.3.10.1 Summary**

The findings from this section of the questionnaire revealed that a significantly high proportion of the respondents had conducted appraisals of the opportunities and the threats which were to be found in the markets in which they planned to start their businesses and that a similarly significant proportion had also tested their business ideas before they started their businesses. It was also found that a large majority were happy with the present locations of their businesses.

#### **4.4 Findings from the qualitative data**

This study utilised a mixed method to collect and analyse data (quantitative and qualitative methods). The previous section presented the discussion and findings of the quantitative data. This section presents data obtained from the interviews with the municipality managers. The interview guide is contained in Appendix E

**Question 1** *According to your own knowledge or opinion, what are the reasons for African immigrants to migrate to South Africa?*

**Respondent number one:** I could say many African immigrants come to South Africa because of economic reasons for example me, I came to south Africa because the situation back in my country is not so good.

**Respondent number two:** people come to South Africa for different reasons, some because of the things that are happening in their countries things like war, unstable economy and more. But for me I came to south Africa to study.

**Respondent number three:** south Africa has lots of opportunities as compared to other African countries, for example when I got here I didn't even finish a month and I started my business because they were a lot of opportunities present secondly most of African immigrants come to south Africa because of unstable economy and less opportunities from their countries.

**Question 2.** *On your own opinion, what would you say a good business opportunity is?*

**Respondent number one:** a good business opportunity is an opportunity that is able to put bread on the table secondly you must make sure that when identifying a business opportunity you first look around and find a gap in the area that you are going to operate from and try to close it, that way you will never go wrong.

**Respondent number two:** if it is giving me money and I am able to support my family, then it is a good business opportunity.



**Respondent number three:** good business opportunity is the one that serves the community, adding value and useful. It is not wise to just do something just because u like it in the meantime people do not need it, the people must need it.

**Question3 how did you come up with your current business idea?**

**Respondent number one:** my current business is the same as the one I was doing back in my home country.

**Respondent number two:** I use to work at a manufacturing company and then as time goes by I decided to start my own business.

**Respondent number three:** I got ideas and advices from friends and people that were doing the same business that am currently doing now.

**Question 4. When you were staring your business, did you get any assistance from anyone?**

**Respondent number one:** yes

**Respondent number two:** yes

**Respondent number three:** yes

**Question 4.1 if the answer is yes, from who?**

**Respondent number one:** from my family

**Respondent number two:** people from my own country

**Respondent number three:** friends and family

**Question 5 is it easy for African immigrants to exploit their business ideas or opportunities in South Africa?**

**Respondent number one:** yes

**Respondent number two:** Not exactly, because we as African people we do not have access to everything that we might need to start.

**Respondent number three:** Yes, because we assist each other, when starting a business you do not have to start big, you start small then you go big as time goes by.

**Question 5.1 If not, how did you manage?**

**Respondent number one:**

**Respondent number two:** patience and dedication assisted me a lot and the other thing I had no choice but to be patient in order for me to survive.

**Respondent number three:**

**Question 6 Are there any challenges you face currently?**

**Respondent number one:** crime, as a street vender it is not safe for me because there is nothing protecting me.

**Respondent number two:** space is not enough also safety.

**Respondent number three:** crime.

#### **4.4.1 Analysis of the answers to the open-ended questions**

Although the previous sections of this chapter have been devoted to a detailed analysis of the closed-ended sections in the questionnaire, which required the respondents to choose their answers from sets of options, in this section the answers to the open-ended questions will be analysed. The open-ended questions which were put to the respondents concerned their countries of origin, how they had developed their business ideas, where they had obtained the resources which they had needed to start their businesses and the challenges and the benefits which were associated with their present business locations. Once the countries of origin and the genders of the respondents had been recorded, their answers to the other open-ended

questions were grouped together and analysed in accordance with their countries of origin. Table 4.66 below shows the distribution of the respondents with respect to their genders and their countries of origin.

**a) Countries of origin**

**Table 4.66: The countries of origin of the respondents**

<b>Countries</b>	<b>Number of participants and gender</b>
Congo	14 (7 males & 7 females)
Cameroon	2 (1 male & 1 female)
Kenya	4 (2 males & 2 females)
Ghana	14 (10 males & 4 females)
Somalia	21 (15 males & 6 females)
Mozambique	5 (4 males & 1 female)
Malawi	4 (3 males & 1 female)
Namibia	4 (1 male & 3 females)
Tanzania	3 (2 males & 1 female)
Zambia	1 female
Zimbabwe	39 (18 males & 20 females)
Nigeria	7 (4 males & 3 females)
Total=12 countries	Total 118, with 2 respondents missing

## **b) Sources of business ideas and the resources which were needed to start the businesses of the respondents**

### **Congo and Namibia**

The answers to this question, which were given by some of the respondents who were from the Congo, suggested that they had developed their business ideas in their home country, while others indicated that they had identified specific business opportunities after they had arrived in South Africa. It was also apparent that their families had also influenced the developing of their business ideas. The Congolese and Namibian respondents indicated that they had acquired the resources to start their own businesses through networking with people from their own countries, other African immigrants and also with South Africans. Some of the respondents explained that owing to the numbers of years which they had spent in South Africa, they had come to know a great many people, some of whom had assisted them, and that their families and friends had also played a role in the starting of their businesses.

### **Kenya**

Many of the respondents from Kenya volunteered that they felt passionate about their chosen lines of business, while others explained that before they went into business, they had started by looking for specific problems in the communities in which they intended to operate their businesses, in order to develop solutions to them. These findings correlate with those which are reflected in Table 4.30, which showed that a very significant majority of 85.9% of the respondents had agreed that good business opportunities could arise as a result of developing solutions to specific problems. Many of the Kenyan respondents indicated that they had obtained the resources to start their businesses from South African citizens and also from their families.

### **Cameroon and Mozambique**

Both the Cameroonian and the Mozambican respondents made mention of the need to take risks for survival and, like the Congolese respondents, they tended to indicate that they had developed their business ideas in their home countries. The Cameroonian respondents indicated that they had obtained the resources to start their businesses mainly from South African citizens in Cape Town, while some indicated that they had obtained resources from their

home country. The Mozambican respondents maintained that they had obtained resources from friends, South African citizens and also from their home country.

### **Ghana**

The respondents from Ghana indicated that their friends and families had been the sources of their business ideas and had identified opportunities for the services which they provided, as it had become apparent that there was a considerable demand for Ghanaian cuisine in the Ghanaian immigrant community. They obtained the resources which they needed to prepare the food which they sold to people from their home country and from friends, while some also explained that they made use of suppliers from their home country and others indicated that their previous employment had assisted them to obtain the resources which they needed.

### **Malawi**

The Malawian respondents maintained that they had always wanted to run businesses and that they had studied in order to pursue their present business activities, which they pursued with passion. The few Malawians who participated in the study explained that they bought the resources which they needed to run their businesses in Cape Town, using their own savings.

### **Nigeria**

Some of the Nigerian respondents developed their business ideas from previous employment, both in South Africa and in Nigeria and several mentioned poverty as a significant driver of their decisions to embark upon entrepreneurial activities. Previous employment seems to have played a large role in the entrepreneurial pursuits of many of the Nigerian respondents, as several indicated that they had obtained the resources which they needed to run their businesses from people with whom they had worked previously and from home. Others explained that their businesses had not required substantial amounts of start-up capital and that they had been able to use their personal savings to procure these resources in Cape Town.

### **Tanzania and Zambia**

Friends appear to have played an important role in the development of the business ideas of the Tanzanian and Zambian respondents and a general lack of opportunities for employment also contributed to their embarking upon their present business activities. Friends also assisted these respondents to obtain the resources which they needed to operate their businesses.

## **Somalia**

The findings revealed that the business activities of the Somali respondents entail a great deal of collaboration and cooperation. As the businesses which they started upon arriving in South Africa have thrived, as a result of a degree of mutual assistance which is uncommon, even in immigrant communities, it may be assumed that their business ideas had already been identified. It also emerged from the findings that as the businesses of the Somali respondents grew, it was a common practice to invite others from Somalia to join them in order to expand the businesses of the Somali community in Cape Town. Many of the female Somali respondents had started their businesses in Cape Town either as a result of having been recruited from home or by continuing in the lines of business which their husbands pursued.

It was found that the Somali respondents assisted their fellow Somali entrepreneurs with resources when they started their businesses in South Africa and that because they received assistance from entrepreneurs whose businesses were already operating, obtaining resources never presented difficulties for new Somali businesses. Most of the Somali respondents had not needed to test their business ideas, as it was abundantly evident from the businesses of Somali entrepreneurs that their cooperative business practices gave their businesses a competitive edge.

## **Zimbabwe**

The majority of the respondents from Zimbabwe ran hair salons and barbershops and their business ideas had come directly from their previous working experiences, while some had been encouraged to go into business by their families and friends and others had done so in order to survive in a foreign country. They had received assistance with resources from friends, members of their families and people from their own country. Some acknowledged that they had also been assisted by South African landlords and landladies, while others used savings which they had brought with them to South Africa, with the express purpose of starting their own businesses in the country.

#### ***4.4.2 Challenges and benefits associated with the present business locations of the respondents***

In the following two sub-sections the challenges and the benefits which the respondents associated with their present business locations in the quantitative component of the questionnaire will be summarised.

##### ***4.4.2.1 Challenges associated with the present business locations of the respondents***

- A lack of security
- Crime
- A lack of sufficient space to run businesses effectively
- Discrimination
- Competition
- A lack of the resources which are needed to run businesses effectively
- A lack of growth
- A lack of support from South African businesses

According to the Western Cape MEC for Community Safety, Advocate Lennit Max, “Strand has the highest crime rate in the Helderberg Basin”. Although crime constitutes a constant hazard for immigrant entrepreneurs, the dangers which it brings have not discouraged the respondents from running their businesses in the township of Nomazamo.

##### ***4.4.2.2 Benefits associated with the present business locations of the respondents***

- Loyal customers
- The ability to survive and provide for their families
- A lack of competition in some cases
- Affordable rentals from South Africans
- High margins of profit
- Access to immediate requirements in terms of resources
- Support from South African customers

Although stiff competition was cited as a significant challenge for many of the respondents, they also managed to have loyal customers among both South Africans and foreign immigrants. Affordable rentals in the township compared with those which are asked in the city of Cape

Town itself were also cited as being beneficial. Having a means of survival and being able to support their families without needing to be employed by anyone else or to earn large amounts of money in order to provide for their families were cited by many of the respondents as being significant benefits from operating their businesses in their present locations.

#### ***4.4.3 Conclusion***

This chapter has been devoted to a presentation and an analysis of the findings from both the quantitative and the qualitative components of the research study. The findings of the quantitative study were presented in the form of tables, while those from the qualitative component were presented descriptively and summarised. In both cases, the findings were then analysed in relation to the research questions and compared with those of other researchers whose studies were cited in the literature which was reviewed in Chapter 2, when it was considered to be of relevance to do so.

The following chapter will present the conclusions which were drawn from the findings, and offer recommendations on the basis of them.



## **CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS**

### ***5.1 Introduction***

The choice of this research topic was motivated by a relative dearth of academic research concerning how immigrant entrepreneurs in the greater Cape Town area in the province of the Western Cape in South Africa identify and exploit entrepreneurial opportunities. The study was confined to the Strand area and included only African immigrant entrepreneurs who ran their own businesses.

Four research sub-questions were formulated in order to evaluate the reasons for which African immigrants leave their home countries to emigrate to South Africa, the characteristics of good business opportunities as they are perceived by immigrant entrepreneurs, how African immigrant entrepreneurs identify business opportunities and how African immigrant entrepreneurs exploit business opportunities in South Africa.

This chapter will present the conclusions which were drawn from the findings which were presented and analysed in the previous chapter, offer recommendations on the basis of them and endeavour to assess the contribution which the study has made to the field of business management.

### ***5.2 Overview of the structure of the thesis***

#### ***5.2.1 Chapter 1***

This chapter was developed from the proposal which had been written in order to establish the legitimacy of the research study and its objectives. Accordingly, it provided an introduction to the study and its motivations. It commenced with a discussion of the background to the research problem which was to be investigated before providing a formal statement of it. It then proceeded to articulate the main research question, the sub-questions which had been formulated in order to guide the study and the objectives of the study. The chapter also provided introductory discussions of the concerns of the following chapters, such as the literature review, the research design and the methodology which would be employed to conduct the study and how the findings would be analysed. The chapter concluded with discussions of the significance of the study, the anticipated results of the study and the contributions which it could make and an introductory discussion of the ethical considerations which were respected at all times during the conducting of the study.

### **5.2.2 Chapter 2**

This chapter took the form of an in-depth discussion of the relevant available literature concerning immigrant entrepreneurs, with a specific focus on African immigrant entrepreneurs in South Africa, the factors which motivate immigrant entrepreneurship, the successes of immigrant entrepreneurs in Cape Town and the socio-economic contributions which immigrant entrepreneurs make to their host countries.

### **5.2.3 Chapter 3**

This chapter was devoted to a detailed discussion of the research design and the research methods which were used to collect and to analyse the data. It covered the approach which was adopted in order to conduct the study and discussed the research methodology in terms of target populations, sampling techniques and sample sizes, before concluding with a discussion of the professional standards which are required to be adhered to in all research in the social sciences in which there are human participants.

### **5.2.4 Chapter 4**

This chapter presented and analysed the findings of the study in relation to the research questions and the objectives which had been articulated in Chapter 1. The findings from the quantitative component of the questionnaire were presented in the form of tables, while those from the qualitative component were summarised in words.

### **5.2.5 Chapter 5**

This chapter concludes the thesis by presenting the conclusions which were drawn from the findings and offering recommendations on the basis of them. The findings will now be discussed in relation to each of the objectives of the study.

### **5.3 Findings in relation to each objective**

The main objective of the study was to obtain an understanding of how African immigrants identify and exploit business opportunities in South Africa, specifically in the Strand area near Cape Town. To achieve this primary objective, four subsidiary objectives which relate to the research questions were formulated:

### **5.3.1 Sub-objective 1**

*To understand why African immigrant entrepreneurs come to South Africa*

- During the investigation the researcher discovered that African immigrant entrepreneurs emigrate to South Africa for various reasons. Economic reasons and political reasons would constitute push factors, while those who had been attracted by perceptions of good business opportunities in South Africa would have done so in response to pull factors. The overall conclusion was that most immigrant entrepreneurs come to South Africa in order to improve their economic circumstances, as a result of a common perception that a great many business opportunities are to be found in South Africa.

### **5.3.2 Sub-objective 2**

*To understand the defining characteristics of a good business opportunity for African immigrant entrepreneurs*

- Good business opportunities can arise as a result of developing solutions to specific problems.
- Most of the respondents agreed that the potential to generate a high rate of income was the hallmark of a good business opportunity.
- It was generally acknowledged that background knowledge plays a very important role in identifying good business opportunities.
- There was a substantial amount of consensus that creativity and other unique characteristics were required of entrepreneurs to identify good business opportunities.

### **5.3.3 Sub-objective 3**

*To investigate how African immigrant entrepreneurs identify business opportunities in South Africa*

- With the assistance and guidance from friends and families
- With the assistance and guidance of people from their home countries
- Through mutual cooperation and collaboration
- From previous employment, including employment in their home countries

### **5.3.4 Sub-objective 4**

*To investigate how African immigrant entrepreneurs exploit business opportunities in South Africa*

- It emerged strongly from the findings that there is a great sense of community among African immigrants and that immigrant entrepreneurs from individual African countries tend to desire success and prosperity, not only for themselves, but also for the other members of their ethnic communities. Through mutual cooperation, they assist one another to start their businesses and also cooperate to buy stock in bulk, which gives their businesses a competitive edge.

The overall conclusion which supplies the answer to the main research question, concerning how African immigrant entrepreneurs identify and exploit business opportunities in Strand in South Africa, is that they do so as a result of a shared sense of purpose and a degree of mutual support which is extraordinary by the standards of South African society.

#### **5.4 Other findings**

- Immigrant-owned businesses are operated mainly by young or middle-aged males.
- Most of the African immigrant entrepreneurs in the research sample had been residing in Cape Town for less than 6 years.
- Many of the African immigrant entrepreneurs in the Cape Town area were encouraged to immigrate to South Africa by friends and their families.
- Most of the immigrants in the Nomzamo township in Strand come from Zimbabwe and Somalia.

#### **5.5 Recommendations**

***On the basis of the conclusions which have been drawn from the findings of this research study, the following recommendations are made:***

##### **5.5.1 African immigrant entrepreneurs**

It is suggested by the researcher that when African immigrants come to South Africa in order to start businesses or for any other reason, they should spare no effort to obtain the necessary documentation for residence in South Africa. It is in the interests of immigrant entrepreneurs that the government of South Africa should have accurate figures concerning the various African population groups in the country, in order to incorporate African immigrant entrepreneurs in initiatives to develop the South African economy through the starting of businesses.

### **5.5.2 South African entrepreneurs**

South African entrepreneurs and aspiring entrepreneurs have a great deal to gain from acquiring entrepreneurial skills from immigrant entrepreneurs and from sharing their own skills. The potential socio-economic benefits of successful partnerships between African immigrant entrepreneurs and South Africans would be almost limitless and the South African economy would undoubtedly achieve considerable growth as a direct consequence.

### **5.5.3 South African government**

According to Nchu (2016: 80), teachers, entrepreneurs have said it and learners, sow a need of adding entrepreneurship to the existing curriculum, so that chances of business startups can be maximized and that is where the south African department of education fits in, introducing entrepreneurship education from high school level, by the time learners go to the institutions of higher learning they will know that one does not have to study to get a job but study to create employment for others.

To the government of South Africa, the researcher would like to recommend that the South African government/officials must make it possible for African immigrant entrepreneurs to register their businesses so that it can be possible to know the number of African immigrant owned businesses that are on existence in South Africa. That would also help the future researchers that would like to make use of African immigrant owned businesses database. The xenophobic attacks between the natives and African immigrants arise from south Africans accusing African immigrants of being illegal in south Africa, if the south African government can make sure that the businesses are registered and got working permits then it would be much easier to track who sells what, who is legal and who is not

## **5.6 Conclusion**

It may be concluded that the main objective of this research study, namely, to obtain a comprehensive understanding of how African immigrant entrepreneurs identify and exploit business opportunities in Strand, has been successfully accomplished. The researcher has made specific recommendations on the basis of the conclusions which have been drawn from the findings of this study, which have the potential to generate benefits for immigrant entrepreneurs, the population of South Africa as a whole and the South African economy.

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Zikmund, W. G., Babin, B.J., Carr, J.C. & Griffin, M. 2010. *Business Research Methods*. 8th ed. Canada: South-Western Cengage.

## APPENDIX A: CPUT ETHICAL CLEARANCE



P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 6801680 • Email: [salief@cput.ac.za](mailto:salief@cput.ac.za)  
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: <b>BUSINESS</b>
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At a meeting of the Research Ethics Committee on 17 February 2016, Ethics Approval

was granted to TOLI, LETICIA (209070013), for research activities

Related to the MTech/DTech: MTech: BUSINESS ADMINISTRATION (ENTREPRENEURSHIP)

at the Cape Peninsula University of Technology

Title of dissertation/thesis:	The identification and exploration of entrepreneurial opportunity by African immigrants in a selected township in Cape Town  Supervisor: Dr R Tengeh
-------------------------------	--

Comments:

Decision: APPROVED

	17 February 2016
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2016FBREC339

**APPENDIX B: LETTER OF CONSENT: CITY COUNCIL**



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

**Councillor J Maxheke**  
Ward 86

T: 021 424 4242 M: 082 643 6784  
E: [Jongiburno.Maxheke@capetown.gov.za](mailto:Jongiburno.Maxheke@capetown.gov.za)  
Township Administration Offices, Willemia Street, Langa, Strand,  
Strand, 7140

I as Mr J. Maxheke as the councillor has given the go ahead to the student (Leticia Toli 209070013) to conduct her research on (The identification and exploration of business opportunities by African immigrants entrepreneurs in a selected township) here in strand after I have understood what she is requiring from me. And I will also be interested on the findings of the study as I am sure that it will benefit the community of strand.

Kind Regards

*J. Maxheke*  
16/10/2015



**JONGIBURNO JUSTICE MAXHEKE**  
Councillor, City of Cape Town  
Commissioner of Oaths  
For the Republic of South Africa

## APPENDIX C: QUESTIONNAIRE: COVERING LETTER



Dear Sir/Madam,

I am a Master's student at CPUT who is conducting a research study in Nomazamo in Strand. You are invited to participate in a survey which is being conducted in order to write a thesis which is to be titled ***The identification and exploitation of entrepreneurial opportunities by African immigrants in a selected township***. The following questionnaire is intended for academic purposes only. Please note that participation in this survey is not compulsory. Your anonymity will be guaranteed and it will be impossible to trace your responses to you. Your participation would be highly appreciated.

Yours sincerely

Leticia Toli

.....



## APPENDIX D: RESEARCH QUESTIONNAIRE

### SECTION A: GENERAL INFORMATION

*(Please place an X in the appropriate box; only a single answer is required, unless indicated otherwise).*

1).What is your gender?

Male	1
Female	2

2).To which age group do you belong?

a	0-25years	1
b	26-30	2
c	31-35	3
d	36 -45	4
e	46 and above	5

3).What is the highest level of education which you have attained ?

a	Below matriculation	1
b	Matriculation	2
c	Trade certificate	3
d	Advanced diploma	4
e	Degree	5
f	Postgraduate qualification	6

4).What is your marital status?

a	Married	1
b	Single	2
c	Divorced	3
d	Widowed	4
e	Other (Please specify)	5

5). From which country did you immigrate South Africa?

.....

6). How long have you been residing in South Africa?

a	1-3 years	1
b	3-5 years	2
c	More than 5 years	3

7). Why did you leave your country of origin to come to South Africa? (Multiple responses are acceptable)

a	Visit	1	e	Economic reasons	4
b	Perception of business	2	f	Other (specify)	5
c	Political instability	3			

### SECTION C: BUSINESS PROFILE

7).Which category best describes the sector in which your business operates?

Manufacturing	1
Service	2
Trading	3

Others (Specify)	4
------------------	---

8).How many people do you employ full time in your business?

a	None	1
b	1 to 5	2
c	6 to 20	3
d	21 to 50	4
e	More than 50	5

9). Which of the following factors determined the choice of location for your business?

Access to targeted market (customers)		Access to suppliers	
Less competition		Convenience	
Close to competitors		Visibility	
Demographics(population)		High pedestrian traffic	
Rental			
Safety		Other (please be specific)	

**Please indicate by marking an X, as to the extent to which you agree or disagree with the following statements:**

Statements		Strongly agree	Agree	Unsure	Disagree	Strongly disagree
<b>Reasons for immigrating to South Africa</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>10</b>	Left my country for South Africa for political reasons	1	2	3	4	5
<b>11</b>	I left my country for South Africa for economic reasons					

12	I left my country in order to re-unite with my family in South Africa.					
13	I left my country for South Africa in order to further my studies					
<b>Factors which attracted that Attracted you to your current line of business</b>						
14	I was attracted to a market which is competitive					
15	I was attracted to market in which the barrier s to entry are grate in terms of requiring large amounts of capital, unique skills, and availability of raw materials					
16	I was attracted to a market in which there was little competition					
17	I was attracted to a market which had high earning potential					
18	I was attracted by the fact that most people from my country of origin were in that line of business					
19	I was attracted by the fact that the line of business entailed low start-up cost					
<b>Reasons for conducting business in the township</b>						
20	I was encouraged to start my business in the township by a friend.					
21	I was encouraged to start my business in the township by a relative.					
22	I was encouraged to start my business in the township by a member of my ethnic community (someone from my country of origin).					
23	I was not encouraged to start my business at the location by anyone in particular					

<b><i>A Good business opportunity</i></b>						
24	A good business opportunity is one which has high earning potential					
25	A good business opportunity is one which requires the use of high technology					
26	A good business opportunity one which requires formal education					
27	A good business opportunity requires sound background knowledge.					
28	A good business opportunity requires creativity					
29	A good business opportunity can be created only by outstanding or unique entrepreneurs.					
<b><i>The ability to recognize opportunities</i></b>						
30	New business opportunities often arise as a result of developing solutions to specific problems New business opportunities often arise in connection with a solution to a specific problem.					
31	I pay careful attention to the specific needs of customers as a means of identifying opportunities.					
32	Creativity is very important for being able to identify business opportunities					
33	Developing the ability to identify business opportunities entails several learning steps over time, rather than an inborn ability.					
34	Experience teaches that ideas for new ventures can result in either success or failure.					
35	Other people bring ideas for new ventures to me					
<b><i>The ability to recognize opportunities as a result of specific characteristics of entrepreneurs.</i></b>						
36	The ability to recognize particular types of					

	business opportunities is gender specific.					
37	Single and married entrepreneurs are likely to be able to recognize different types of business opportunities.					
38	High level of education increase the ability of entrepreneurs to recognize business opportunities.					
39	Experience increases the ability of entrepreneurs to recognise business opportunities.					
40	Motivation increases the ability of entrepreneurs to recognise business opportunities.					
41	Prior knowledge increases the ability of entrepreneurs to recognise business opportunities.					
<b>Recognition of my current business opportunity</b>						
42	My employees have contributed to the establishment of my present business enterprise.					
43	My start-up partners have contributed to the establishment of my present business enterprise.					
44	Previous employment provided the principal motivation for my present entrepreneurial activities.	1	2	3	4	5
45	No one helped to identify the business opportunity which resulted in the establishment of my present business enterprise.	1	2	3	4	5
46	Friends helped to identify the business opportunity which resulted in the establishment of my present business enterprise.	1	2	3	4	5

47	A member or members of my family helped me to identify the business opportunity which resulted in the establishment of my present business enterprise.	1	2	3	4	5
48	Members of my ethnic network helped to identify the business opportunity which resulted in the establishment of my present business enterprise.	1	2	3	4	5
49	The business opportunity which resulted in the establishment of my present business enterprise was identified by chance.	1	2	3	4	5
<b>Dimension of prior knowledge I have</b>						
50	I had prior knowledge of the market before I started my business.					
51	I had prior knowledge of how to serve the market which my business serves.					
52	I had prior knowledge of the problems which I was likely to encounter with customers before I started my business.					
<b>Support</b>						
53	It was easy to start my own business in South Africa because I received assistance from others.	1	2	3	4	5
54	I received assistance to start my business from members of my immediate and extended family in South Africa.	1	2	3	4	5
55	I received assistance to start my own business from my ethnical	1	2	3	4	5
56	I received assistance to start my own business from people who were not members of my family or my ethnic network.	1	2	3	4	5
57	People from my village or country of origin assisted me to choose a line of business when	1	2	3	4	5

	I started my own business.					
58	People from my village or country of origin guided me in choosing where to trade when I started my business.	1	2	3	4	5
59	People from my village or country of origin guided me in choosing where to buy stock and which suppliers to use.	1	2	3	4	5
60	People from my village or country of origin assisted me by providing information regarding information pertaining to matters such as the registration of business and comply with tax regulation.	1	2	3	4	5
61	People from my country of origin assisted me by providing information concerning sources of support for business, such as obtaining finance from banks.	1	2	3	4	5

62). How did you come up with your business idea?

.....  
.....

65). Before you started your business, did you identify opportunities and potential risks in the market?

YES		NO	
-----	--	----	--

66). When you started your business, did you have the resources which you needed to enable your business to succeed?

YES		NO	
-----	--	----	--

67) If your answer is yes to the question above (65), where did you get them?



.....  
.....

68). Did you test the business idea before starting your business?

YES		NO	
-----	--	----	--

69). If you answered No to question (68) above, were you certain that your business idea will succeed? (Please support your answer)

.....  
.....

70). Are you happy with your present business location?

YES		NO	
-----	--	----	--

71, If no, why?

.....  
.....

72). What are the benefits of your current location?

.....  
.....

73). What are the challenges related to your current location?

.....  
.....

**THANK YOU FOR YOUR PARTICIPATION!!!**

## APPENDIX E: INTERVIEW SCHEDULE

<u>Research Questions</u>	<u>Interview guide questions</u>
<p><b><u>Main Research Question</u></b></p> <p>How do African immigrants identify and exploit business opportunities in the South African township in which this research study was conducted?</p>	
<p><b><u>Sub-research Question 1</u></b></p> <p>Why do African immigrant entrepreneurs come to South Africa?</p>	<p>1) According to your own knowledge or opinion, what are the reasons for African immigrants to migrate to South Africa?</p>
<p><b><u>Sub-research Question 2</u></b></p> <p>What are the defining characteristics of a good business opportunity for immigrant entrepreneurs?</p>	<p>2) On your own opinion, what would you say a good business opportunity is?</p>
<p><b><u>Sub-research Question 3</u></b></p> <p>How do African immigrant entrepreneurs identify businesses opportunities?</p>	<p>3) How did you come up with your current business idea?</p>
<p><b><u>Sub-research Question 4</u></b></p> <p>How do African immigrant entrepreneurs exploit business opportunities in South Africa?</p>	<p>4) When you were starting your business, did you get any assistance from anyone?</p> <p>4.1 If yes, from who?</p> <p>5) Is it easy for African immigrants to exploit their business ideas in South Africa?</p> <p>6) If not, how did you manage?</p> <p>7) Are there any challenges you face currently?</p>

APPENDIC F: GRAMMARIAN CERTIFICATE

**The Editor** Editorial Services

(043) 726-4829

[gailfrank@nahoonreef.co.za](mailto:gailfrank@nahoonreef.co.za)



26 - 06 - 2017

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**TO WHOM IT MAY CONCERN**

This is to certify that the thesis titled “The identification and exploitation of entrepreneurial opportunities by African immigrants in a selected township in Cape Town” by Leticia Toli has been edited by David Masters.

Should anyone wish to discuss or clarify any points of grammar, I may be contated by e-mail at [gailfrank@nahoonreef.co.za](mailto:gailfrank@nahoonreef.co.za) and my telephone number at home is (043) 726 4829

Yours sincerely,

David Masters