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THE SOCIO-ECONOMIC EXPERIENCE OF IMMIGRANT ENTREPRENEURS IN CAPE TOWN, SOUTH AFRICA

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DECLARATION

I hereby declare that the research report submitted in partial fulfilment of the requirements for the Bachelor of Honours in Management degree to the Independent Institute of Education is my own work and has not previously been submitted to another university or higher education institution for degree purposes.

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ABSTRACT

Migrants in South Africa do not come from neighbouring countries only, but also from the rest of Africa and beyond. The reason for this is a mixture of push and pull factors. Whether they were pushed or pulled, many ended up establishing their own businesses as a personal choice or because of factors such as discrimination in the labour market.

This study is qualitative in nature; in-depth interviews helped the researcher to explore and understand the social and economic experiences of immigrant entrepreneurs in Cape Town. Research findings indicate that Turkish and Columbian entrepreneurs come to Cape Town with the intention of building their own businesses and pursuing their passions. However, the survival and growth of the businesses are not without cost because of lack of support from the government, inaccessibility of banking services, difficulties in dealing with administrative requirements, and safety and security in Cape Town. The results show that social and human capital play an equally important role in the creation and growth (success) of an immigrant-owned business.

This study highlights the issues of the existence of immigrant entrepreneurs in South Africa and presents their roles in the South African community. It therefore contributes to the literature on the socio-economic experience of immigrant entrepreneurs in Cape Town, South Africa. This study is also aimed at assisting in policy formulation to promote entrepreneurship among immigrant communities in South Africa.

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LIST OF ABBREVIATIONS AND ACRONYMS

CDE	Centre for Development and Enterprise
DHA	Department of Home Affairs
DRC	Democratic Republic of the Congo
FIPSA	Forum of Immigration Practitioners of South Africa
IOM	International Organisation for Migration
OECD	Organisation for Economic Co-operation and Development
R	Rand (the South African currency)
SA	South Africa
SADC	Southern African Development Community
SAPS	South African Police Service
STEM	Science, Technology, Engineering and Mathematics
UN	United Nations
USA, US	United States of America
VFS	Visa Facilitation Services

Chapter 1: Introduction

This chapter consists of the introduction to the study, describing its objectives and its importance. The chapter begins with the contextualisation of the study and the problem investigated, as well as the justification for the study. This is followed by the aims of the research and the research questions studied.

1.1 Contextualisation and background of the study

Immigration is not a new phenomenon; it is well known throughout the world. For different reasons people have always moved from their country of origin to another. According to a United Nations (UN) report, the number of international migrants in 2015 reached a world total of 244 million (cited in Migration Policy Institute, 2015). Each country sees this phenomenon differently: some encourage migration and change policies to attract immigrants, whereas others are more restrictive. Australia, Canada, Germany and New Zealand are some of the countries that encourage immigration, as it is seen as a source of economic revitalisation and social renewal (Aliaga-Isla & Rialp, 2013).

However, each nation has its own priorities and often locals are concerned about their social security, economic and financial welfare, and job opportunities. It is worth noting that the economic and social development of a country depends heavily on the general business activity in that country. Entrepreneurship is seen as a central pillar of economic growth, as it is linked to job creation (Wennekers & Thurik, 1999; Acs, 2006; Gabriella, 2015).

Since 1994, South Africa has moved from apartheid to a democratic country. International immigrants are flocking to South Africa, as the country is perceived to have better economic opportunities and a more stable political environment than other African countries. According to Malan (2017), large numbers of migrants are fleeing from their countries of origin to South Africa, because of interaction between push and pull factors. For instance, the chief push factors for Somalis and Congolese might be civil war, but at the same time they seek places where they can live, work in peace and earn money to make a living.

At the other end of the scale, South Africa is more concerned with empowering its own community and a number of policies have been adopted, including black economic

empowerment (BEE) and restricting the number of foreigners in employment if local labour is available to do the work (Kennedy, 2010). Certain groups of immigrants (whether skilled or not) are forced to create their own jobs when they arrive in South Africa because of a lack of employment opportunities. Many of them are clustered in retailing (including spaza shops), repairs, hairdressing salons, and restaurants, nightclubs and cafes (Kalitanyi & Visser, 2010). Their study also found that immigrant entrepreneurs employ South Africans in their businesses and that entrepreneurial skills are transferred to their South African employees.

Nevertheless, despite the positive effects of entrepreneurship that can alleviate unemployment, 'immigrant' entrepreneurs encounter negative attitudes from South Africans, who often threaten immigrants' businesses, their families and their communities across the country. For example, immigrants are being blamed relentlessly by the South African media for a variety of social and economic ills. More recently, an anti-immigrant march in Pretoria turned into a violent confrontation. Also, an Ethiopian spaza shop owner was burnt alive in the Eastern Cape after only one month of running his business. Immigrants continue to face harassment and brutality directed at them and their businesses. South Africa has over the past few years experienced numerous xenophobic attacks that targeted African immigrant entrepreneurs, and it seems as though the attacks are getting worse every time.

1.2 Rationale

As an immigrant living in South Africa, the researcher's personal awareness of limited employment opportunities for foreigners has led to the realisation that that factor induces many immigrants to become entrepreneurs. Several studies have focused on African immigrants and little research has been done on immigrants from elsewhere. The rationale for choosing immigrants from different origins is that the share of international migrants in South Africa has extended beyond Africa. A report by Malan (2017) states that immigrants from Africa and Asia (SADC countries, West Africa, China, Pakistan and Bangladesh) are flocking to South Africa in search of a better life. Therefore, it is worth investigating whether immigrant entrepreneurs from such other regions face the same issues as African immigrant entrepreneurs do.

1.3 Problem statement

South Africa seems to have a more developed and stronger economy when compared to other African countries, which is seen as the most important pull factor that persuades immigrants to move to the country. South Africans are concerned about this phenomenon because of their country's lack of resources, increased rate of unemployment and increased crime rate. Not only there is a limited employment opportunity for immigrants, they are facing cultural differences, social divides and societal discrimination; many seek careers in self-employment.

This presence of immigrant entrepreneurs in South Africa and their impacts on the job market raise controversial comments and debates. Although a number of reports suggest that immigrant entrepreneurs contribute positively to the South African community through various forms of business activity, they are often labelled as a problem, job stealers, and responsible for the increase in crime or the availability of drugs and guns (Gebre, 2007). As a result, opposition and negative sentiments towards immigrants exist, which have become quite common among South Africans. Such negative sentiments are noticeable among local citizens, in the media and even among high-ranking political figures (Gebre, Maharaj & Pillay, 2010).

Considering the above situations, therefore, this study was undertaken to explore the social and economic of immigrant entrepreneurs in Cape Town, South Africa. In addition, the literature on immigrants pays little attention to the involvement of non-African immigrant entrepreneurs and to their feelings and perceptions of the socio-economic conditions in South Africa. This study is therefore aimed at addressing this gap through understanding the socio-economic experience of immigrant entrepreneurs in Cape Town, South Africa.

1.4 The purpose of the study

The aim of this research is to explore the experiences of immigrant entrepreneurs in Cape Town. The study will try to ascertain the social and economic experience of these entrepreneurs. It is hoped that it would contribute to the literature on the socio-economic benefits immigrants bring to South Africa.

1.5 Research question

To meet this purpose, the following general question is stressed:

Main question:

- How do immigrant entrepreneurs experience the socio-economic environment in Cape Town, South Africa?

Subsidiary questions:

- Why do immigrants choose to come to South Africa?
- How do immigrant entrepreneurs view their experiences during their stay in Cape Town, South Africa?
- What are the challenges and obstacles faced by immigrant entrepreneurs in Cape Town, South Africa?

1.6 Definition of concepts

The following concepts are defined in order to establish common ground for discussion: immigrants, entrepreneurs, immigrant entrepreneurs, socio-economic experience, xenophobia, Cape Town.

Immigrants are individuals who move across countries for the purpose of settlement (IOM, 2011).

Entrepreneurs are self-employed and business owners/managers who were influenced by opportunity motivation or necessity (Aliaga-Isla & Rialp, 2013).

Immigrant entrepreneurs are defined as “individuals who, as recent arrivals in the country, start a business as a means of economic survival” (Chaganti & Greene, 2002 cited in Aliaga-Isla & Rialp, 2013).

Socio-economic experience refers to the experiences that are associated with a new society, integration into that society and the accompanying economic changes and their effects (Ngomane, 2010; Gebre, 2007).

Xenophobia can be described as attitudes, prejudices and behaviour that reject, exclude and often vilify persons, based on the perception that they are outsiders or foreigners to the community, society or national identity (IOM, 2011).

Cape Town is one of the biggest, most rapidly growing migrant host city in South Africa, in terms of both cross-border migration and internal migration (StatsSA, 2014 cited in Nzabamwita, 2015).

1.7 Division of chapters

Chapter 1: Introduction

Chapter 1 provides a brief background to the research and outlines its broader context. The rationale, problem statement, the aims of the study and the research questions are presented and key concepts defined.

Chapter 2: Theoretical framework and literature review

This chapter first discusses international migration, the social capital network, assimilation, self-employment and human capital as the theoretical framework underpinning the study. That is followed by a literature review of source material relating to migration in a developed country (USA) and a developing country (SA) based on the push and pull factors.

Chapter 3: Research methodology

This chapter describes the theoretical framework of the study, the research design, the research methodology, the population and sampling method, the data collection method and data analysis used in this research.

Chapter 4: Findings and interpretation of findings

This chapter presents the research findings based on the analysis of the data. It looks at major themes emerging from the analysis, followed by a discussion of the findings. It interprets the results and relates them to those in the literature. In addition, it explores Turkish and Columbian perceptions of xenophobia.

Chapter 5: Conclusion

In this chapter, a summary of the findings, the study's implications for future practices, and recommendations are provided. This is followed by the ethical considerations in dealing with the respondents and how they were dealt with in the study, as well as the limitations of the study and recommendations for future research.

Chapter 2: Theoretical framework and literature review

This chapter examines the theories used in this study. It also attempts to relate the research to existing studies concerning immigrants and entrepreneurship in South Africa. The chapter consists of two sections: first, the theoretical framework, including theories of international migration, assimilation, self-employment, and social and human capital, and, second, a review of United States and South African literature on immigrant entrepreneurs.

2.1 Theoretical framework

2.1.1 International migration theory

In the literature the phenomenon of migration is explained in the context of international migration theory. Migration is both a cause and an effect of broader development processes and an intrinsic feature of our ever-globalising world (Massey, Arango, Hugo, Kouaouci, Pellegrino & Taylor, 1993). The reasons why international migration takes place can be explained in a number of ways, and although each ultimately seeks to explain the same thing, they employ radically different concepts, assumptions and frames of reference.

Most early theories focused on economic factors, including labour migration (Lewis, 1954; Ranis & Fei, 1961; Harris & Todaro, 1970; Todaro, 1976), dual labour market theory (Piore, 1975), new economic labour migration theory (Stark, 1991; Taylor, 1996), network theory (Cassarino, 2004; Willems, 2005) and world system theory (Wallerstein, 1983) (all cited in Massey et al, 1993). These theories suggest that people migrate according to the availability of jobs in their immediate environment. They were developed to explain that international migration is caused by geographic differences in the supply of and demand for labour, focusing mainly on macro-economic factors in migrants' destination countries.

Consequently, an interdisciplinary and holistic approach on both the macro- and micro-level is needed. The incorporation of international migration system theory and the push-pull law of migration assess international migration on a micro-, meso- and macro-level (Castles & Miller, 1998 cited in Nzabamwita, 2015). The micro-level places significant emphasis on migrants' personal backgrounds, motives and qualifications; meso-level variables include household information, family income and family size; macro-level

variables of both countries include socio-economic and political conditions. International migration system theory suggests that individual rational actors decide to migrate because opportunities in destination societies seem better than those at home (or gains are higher than costs) (Sjaastad, 1962 cited in Massey et al, 1993). In other words, people move to geographical areas where they believe they can employ their skills and abilities more productively.

Combining individual rational choice theory and developmental perspectives, Massey (2015) provides a comprehensive framework that theorises five features of international migration: (1) the structural forces in sending nations that create a mobile population prone to migration; (2) the structural forces in receiving nations that generate a persistent demand for migrant workers; (3) the motivations of the people who respond to these structural forces by moving across borders; (4) the social structures and organisations that arise in the course of globalisation to perpetuate flows of people over time and across space; and (5) the policies that governments implement in response to these forces and how they function in practice to shape the numbers and characteristics of the migrants who enter and exit a country.

Take Zimbabwe as an example: After 1990, migration of both skilled and unskilled Zimbabweans to South Africa was pushed by the growing political intolerance and the economic crisis (Hungwe, 2013). On the one hand, what forced skilled workers to leave the country included poor working conditions, poor pay and corruption. On the other hand, South Africa seems to have had a shortage of skilled workers and realised the need for international labour (Kennedy, 2010). Both governments agreed to allow free movement between the two countries in line with the SADC protocol on facilitation of movement; South Africa issued three-month temporary visas to Zimbabweans (ibid.). However, the irony here is that although immigrants enjoy freedom of movement, applying for visas and the associated requirements, the processing time and backlogs make it very difficult for them and discourage them.

2.1.2 Social capital theory

There is no doubt that globalisation entails the movement of people across international borders, either as bearers of labour or human capital, and the principal theory articulated to describe the formation and elaboration of social structures in the course of migration itself is social capital theory (Massey, 2015). Social capital theory was developed by

Bourdieu (1980) and Coleman (1993) (all cited in Portes, 2000) to place emphasis on individuals or groups as the units of analysis. It is said that individuals intentionally build relations with others for benefits they would bring later (Bourdieu, 1985 cited in Portes 2000; Bagnasco, 2004). Social capital theory is defined as the aggregate of actual and potential resources, linked to the possession of durable, more or less institutionalised relationships of mutual acquaintance, and recognition of membership in a group (Massey, 2015).

It is true that some people arrange and decide their relocation on their own and some are influenced by kinship and friendship networks, which Dumin (1986) claims facilitate departure, migration, entry, employment, housing and mobility at points of foreign destination, substantially reducing the costs and risks of international movement (cited in Light & Bhachu, 2004). Portes (2000) defined social capital theory as the norms and social relations embedded in the social structure of society that enable people to coordinate action and achieve desired goals. According to Maggard (2004, cited in Nzabamwita, 2015) the only resource that migrants have upon their arrival in the destination country is the human resource, the important indicators of which are skills, education, experience, trust, reciprocity, connections and networks.

Social capital theory or network theory is often criticised as it suffers from some self-imposed limitations. Without jobs or housing, networks ease immigrants' access to the existing economy. Economic saturation poses a limit to this theory, as Gregory (1989) noted, because the supply of job opportunities exercises a "restraint on the volume of migration" (cited in Light & Bhachu, 2004). Saturation arises when the localities do not have any more jobs to offer new immigrants. Newcomers face challenges to obtain jobs and therefore are forced either to return to their home countries or to create self-employment.

2.1.3 Assimilation and self-employment theory

Assimilation processes involve the attenuation of racial and ethnic distinctions, cultural differences and social distance between racial groups in a society (Alba & Nee, 1997; Blau 1977, cited in Fairchild, 2008). Differences in the host country and integration into the majority culture are central to this theory. Light (1979, cited in Fairchild, 2008) supported this view with the disadvantage theory, as he argues that minority groups frequently find

obstacles to employment in the salary and wage labour market because of language barriers, undervalued educational credentials or skills, competition from majority group members, and discrimination by employers.

In turn, discrimination and social exclusion from the majority engender higher levels of reactive solidarity among minorities. This helps minority entrepreneurs to secure a stable base of customers and low-cost labour, enhancing their prospects for survival when they have to overcome the considerable challenges of smallness and newness. Coleman (2005; 2004, cited in Fairchild, 2008) points out that entry into self-employment represents a potential path to economic empowerment for minorities and their families and communities. In areas where higher-status minorities are segregated, there should be the greatest likelihood self-employment. If members of such groups find spatial and social barriers in accessing jobs in the labour market, they would more likely rely on the human and financial capital necessary to start and manage their own businesses (Fairchild, 2008).

2.1.4 Human capital theory

Many theories have been proposed to explain migration and the determinants of self-employment or business ownership. Among these explanations for entrepreneurial activity are those that emphasise human capital characteristics (Borjas, 1986; Bohla, Verheul, Thurik & Grilo, 2006; Massey et al, 1993; Aliaga-Isla & Rialp, 2013). Human capital theory first appeared in Becker's work in 1964. According to Becker (1994), human capital corresponds to the level of knowledge acquired from education and training that an individual can have. Such knowledge provides individuals with the ability to be more productive and it also plays a critical role in intellectual performance. Massey et al (1993) argue that an individual decides about his/her relocation based on an estimation of the costs and benefits of moving to alternative international locations, and migrates to where the expected discounted net returns would be greatest over a certain period of time. In the human capital tradition, research supports the hypothesis that education, general skills, training and knowledge help in exploiting a business opportunity or to discover or recognise such an opportunity (Bohla et al, 2006). According to Borjas (1986), education and self-employment rate positively, as knowledge and related skills are necessary for an individual to assess the extent of the market and the kinds of goods customers want. However, those with higher levels of human capital may be better at identifying

entrepreneurial opportunities and would therefore be more likely to engage in entrepreneurial activity (Bohla et al, 2006; Aliaga-Isla & Rialp, 2013).

However, immigrants are likely to encounter disadvantages in the host country, such as language barriers, which can affect and reduce their chances of getting suitable jobs because they may find it difficult to transfer the skills they possessed in the home country to the host country. In fact, often knowledge and qualifications are not recognised, which forces migrants to accept a lower social status than they enjoyed in their country of origin (Mugisho, 2011). They therefore either have to take jobs of lower status and prestige than those they had in their country of origin or have to take up entrepreneurship.

This is illustrated by the findings of Moyo (2014), a woman from the DRC who was trained there as a nurse but could not practise her profession because her qualifications and registration were not recognised in South Africa and because of the language barrier. She was found running a trading stall where she sold dried fish, stock cubes and hair extensions. However, she continued to use her nursing skills among her compatriots who could not get help from public health institutions in the Johannesburg inner city.

The above-mentioned theories demonstrate the need for the study of immigrant entrepreneurs in South Africa. International migration theory (micro-, meso- and macro-level) underpins the point of departure in exploring migration. Social capital theory explains how immigrants can use networks to become integrated in South African society, which would benefit them in the future, while assimilation and self-employment theory shows what obstacles immigrants are facing because of their national origins. These theories, together with human capital theory, focus on the push and pull factors influencing immigrants to migrate and facilitating their entry into entrepreneurship. These will be further highlighted in the literature review.

2.2 Literature review

2.2.1 The international context

The perception of migration differs from one country to another. In some parts of Europe, for instance, citizens enjoy extensive rights to freedom of movement, whereas managed labour migration plays an important role in Australia, Canada and New Zealand. Migration,

whether individual, family or humanitarian migration, has important effects on societies and these can be controversial.

International migration has more than tripled since 1960, increasing from 77 million to almost 244 million in 2015. The OECD claims that immigrants represented 47% of the increase in the workforce in the United States and 70% in Europe. Across OECD countries only a relatively small part of these workforce entrants came through managed labour migration and more came through other channels, including family, humanitarian and free-movement migration (OECD, 2012). New immigrants represented 22% of entries into strongly growing occupations in the United States and 15% in Europe. These include health-care occupations and STEM (Science, Technology, Engineering and Mathematics) occupations. Immigrants represented about a quarter of entries into the most strongly declining occupations in Europe (24%) and the United States (28%). In Europe, these occupations include craft and related trades workers as well as machine operators and assemblers; in the United States, they concern mostly jobs in production, installation, maintenance and repair. Immigrants are supplying labour in all these fields and taking up jobs that domestic workers perceive as unattractive or lacking in career prospects (OECD, 2012).

2.2.2 The case of the United States of America

Immigrants contribute to the American economy as workers, consumers, business owners, entrepreneurs and investors. They account for 17% of the country's workforce, 30% of high-tech workers and 32% of scientists and engineers (Lima, n.d.). Several local and national policy initiatives have been launched to attract immigrant entrepreneurs and some of the policy initiatives focus on specific issues that have been found to be barriers to immigrant entrepreneurs who want to start or grow their businesses (such as language barriers, difficulty navigating the legal steps to start a company, or lack of capital to launch projects), while others are generally focused on attracting more new businesses to the country (Lima, n.d.).

Different policies are applied to different immigrant groups; from highly skilled immigrant entrepreneurs with venture capital to broad-based measures that potentially touch many diverse immigrant communities (Kerr & Kerr, 2016). Unfortunately, academic research has only a small voice in this debate or policy design. For instance, one of the few and most cited immigrant entrepreneurs examples of great success can be of Sergey Brin or Jerry

Yang, the founders of Google and Yahoo (Lima, n.d); Elon Reeve Musk, founder of SpaceX and Tesla Inc.; and some case studies regarding Silicon Valley and large high-tech companies. Saxenian (1999, 2002, cited in Kerr & Kerr, 2016) claims that up to a quarter of the high-tech firms in Silicon Valley in the 1980s and 1990s were founded or run by immigrants. Fairlie (2012) and Fairlie and Lofstrom (2014) also observe that trends in self-employment rates and new business formation are increasing among immigrants but decreasing among natives in the United States (all cited in Kerr & Kerr, 2016). Many policy-makers believe that immigrant entrepreneurs are an important and under-utilised lever for the revival of US job growth and continued recovery from the Great Recession.

2.2.3 Push and pull factors of entrepreneurship

In the literature on the determinants of entrepreneurship a distinction is often made between push and pull factors (Storey, 1994 as cited in Bohla et al, 2006). An individual can either be pushed into self-employment because there was no other alternative, or can be pulled into self-employment to pursue a business opportunity. According to Uhlaner and Thurik (2003, cited in Bohla et al, 2006) pull factors refer to the expectation of being better off as an entrepreneur (attracted to self-employment with the expectation that it will provide greater material benefits) and push factors refer to the conflict between one's current and one's desired occupational status (associated with some level of dissatisfaction). Push and pull effects can be compared to necessity-based entrepreneurship (affected by push factors) and opportunity-based entrepreneurship (influenced by pull factors to start a business).

The USA (developed country) and South Africa (developing country) differ in their economic development, but both illustrate that migration commonly takes place because of the push factors of fewer opportunities in the socio-economic situation in the country of origin and because of pull factors that exist in more developed countries. Push factors for Latin Americans to immigrate to the USA are political instability and economic crises in their home countries, whereas previously Irish and British emigrated for several other reasons, including famine, social hardship and religious incongruence. At the same time, they are pulled by a pleasant climate, better medical facilities and the inspiration to live the American dream (Nzabamwita, 2015). Migration to South Africa occurs for very similar reasons: immigrants from the Democratic Republic of the Congo, Somalia, Ethiopia and Zimbabwe are pushed by war or political repression and immigrate to South Africa

because the country is seen as economically more stable than other African countries (Malan, 2017).

2.2.4 The case of South Africa

Between 1994 and 2002, South African government policy did not favour any form of labour immigration from across its borders. The new democratically elected South African government of 1994 exhibited a preference for local employment, created policies accordingly and made it difficult for foreign migrant workers to secure work permits. The current South African immigration policies specify that no foreign immigrants may be employed if local labour is available to do the work (Kennedy, 2010).

A surprising fact is that despite South Africa's restrictiveness, there is a great influx of immigrants into South Africa. Between 2000 and 2015, the share of South Africa's international migrants was between 2,2% and 5,8% (accounting more than 3 143 000 migrants) (Migration Policy Institute, 2015). Malan (2017) reports that South Africa's immigrants are mainly from Africa and Asia (SADC countries, West Africans, China, Pakistan and Bangladesh).

This can be explained by the country's realisation (in 2004) of the need for the international labour market in order to achieve international competitiveness, economic growth, create employment and reduce poverty (Kennedy, 2010). However, the country has done very little to facilitate the process of granting work permits; the procedures have become more difficult and the processing time has resulted in large application backlogs (ibid.). As a result, people resort to bribery and the number of illegal immigrants has increased.

In terms of international migration theory, immigrants come to South Africa because of both the structural forces in sending nations and the structural forces in receiving nations. The chief push factors for the DRC, Somalia, Ethiopia and Zimbabwe are war and political repression (Malan, 2017). Tshenolo (2013) states that illegal immigration is aggravated by poor border control; some of the borders in South Africa do not have enough immigration officials and struggle with inadequate infrastructural facilities. He claims that there are more than 500 000 immigrants residing illegally in South Africa. In addition, he argues that many officials at border posts take bribes and authorise illegal immigrants to enter the country without legal documentation.

When looking at the case of South Africa, Fatoki (2014b) reviewed the current literature on immigrant entrepreneurship in South Africa and claimed that many studies on migration were conducted and have focused on motivation, obstacles and networks, while a few focused on immigrants' contribution. There is no doubt that individuals have various motivations for becoming an entrepreneur, but they are influenced by either push (personal) or pull (external) factors (Bohla et al, 2006). Push factors include issues such as unemployment, redundancy and a lack of job or career prospects, whereas pull factors are those that draw people to start businesses.

As stated above, a number of studies suggest that immigrants are mostly from neighbouring (SADC) countries. It should come as no surprise that what is believed to make South Africa a viable option for immigrants to move to, besides having better economic prospects, is that they can easily cross the country's borders.

Motivation and obstacles

Many studies on immigrant entrepreneurship, such as Hunter and Skinner (2003), Gebre, Maharaj and Pillay (2011), Fatoki (2013), and Hungwe (2013), indicate that immigrant entrepreneurs are induced to take up entrepreneurship by both push and pull factors. Employment (a push factor) is the most important inducement. Apart from employment, immigrant entrepreneurs are assisting with inner city development such as renting of business premises and retailing. The inference can be drawn that immigrants often start their businesses based on push (necessity) factors rather than pull (opportunity) factors.

A paper by Rogerson (1997) is one of the earliest studies on immigrant entrepreneurship after 1994 (cited in Fatoki, 2014b; cited in Kalitanyi & Visser, 2010). The studies show that there has been a massive influx of foreign migrants and refugees into South Africa since 1990. Their findings claim that people do not choose to be labour migrants, but would rather migrate to and settle permanently in the places where they work. Most of these immigrants are from South Africa's traditional supply areas, such as SADC countries and the rest of Africa, and even further afield. Nigerians, Ghanaians, Tanzanians and Malawians often had businesses in their countries of origin (Moyo, 2014), but the limited job opportunities in South Africa are the motivation for them and other immigrants to take up entrepreneurship (Kalitanyi & Visser, 2010; Tengeh, Ballard & Slabbert, 2011). Not only does South Africa have a high rate of unemployment, which makes empowering in

particular its historically disadvantaged citizens a priority, but its immigration policies make it difficult for immigrants to secure work permits.

However, the reality is more complicated. It is important to determine whether or not the immigrant was forced to open his/her own business. Those who are involved in any type of informal self-employment might have faced substantial bureaucratic barriers to formally creating a new business, which is mostly the case in South Africa. Rogerson (1999, cited in Kalitanyi & Visser, 2010) claims that there is a tendency to focus on temporary workers in the mining and agricultural sectors in South Africa and less is known about migrants and new immigrants who have established themselves in the informal and small-enterprise economy. A study conducted by Kalitanyi and Visser (2010) found that immigrant entrepreneurs mainly conduct business in retail, service, production and other business sectors (cafes, music shops and traditional healing).

Authors such as Rogerson (1997, cited in Fatoki, 2014b), Hunter and Skinner (2003) and Gebre et al (2011) note that crime and xenophobia are the major obstacles that immigrant entrepreneurs face in South Africa. Charman and Piper (2012) investigated the occurrence of violence in the spaza shop market and concluded that xenophobic attitudes exist (in Delft, a township in Cape Town). In support of this argument Gebre et al (2010) state that Nigerian-owned businesses and taverns became the target of gang violence that erupted in a suburb of Durban in 2008. Mafuwa (2015) and Moyo (2014) found that Zimbabwean and Congolese immigrants experience barriers to accessing public health care in Cape Town, for instance owing to ineffective communication, the attitudes of medical staff, policies that are not applied, and xenophobia. Moreover, Professor Jonathan Crush, head of the South African Migration Programme, states that “South Africans are the worst xenophobes on the planet. A recent survey showed that 30 percent of us want a total prohibition on foreigners coming to work here” (Malan, 2017:16). This is not surprising, because citizens continue to view immigrants as undesirable simply because of their national origins. This is because very few empirical studies on the link between entrepreneurship and the economy have been reported in the literature on immigrants’ contribution; the existing literature is often biased by ill-informed opinions.

In addition to crime and health care, the other major problems experienced by migrant traders in the South African cities: Johannesburg, Durban and Cape Town are the metropolitan police, local government officials, securing suitable accommodation, accessing trading sites and education (Fatoki, 2014b). Kalitanyi and Visser (2010) also point out that access to formal external finance is limited for most immigrant

entrepreneurs. The barriers to the performance of immigrant entrepreneurs in South Africa can be summarised as lack of capital, lack of skills, lack of support, excessive compliance costs, excessive regulations, excessive tax, discrimination, language and crime (Vargas 2005, Dana and Morris 2007, all cited in Fatoki, 2013).

South African society remains unequal. The colonial and apartheid systems have left social illnesses: discrimination and segregation between races still exist. Immigrants are segregated because of language barriers and therefore they are at a disadvantage when it comes to accessing capital from formal financial institutions (Tengeh et al, 2011). However, this obstacle does not prevent them from pursuing entrepreneurial activities. In the line with Fairchild's (2008) argument about assimilation and self-employment theory, those who are segregated in areas with higher-status minorities are more likely to become self-employed thanks to personal abilities and attributes.

Tengeh et al (2011) show that both in the start-up and growth stages, immigrants use personal savings, business credit, family (friends and co-ethnics) credit, and loans from informal financial institutions. Fatoki (2013) indicates that access to formal debt and equity markets is limited for immigrant entrepreneurs, so immigrant entrepreneurs adopt various bootstrapping strategies. Support from government is therefore needed to help immigrant entrepreneurs.

Most of the studies done in South Africa on immigrants centre on African immigrants and not other regions of origin, except the study of Ogujiuba (2016). This study profiles both the demographics and the socio-economic dynamics of immigrants from France in South Africa, and highlights the differences between French immigrants in the Western Cape and their counterparts residing in France vis-à-vis South Africans in Western Cape. Results showed that French immigrants moved to South Africa because of economic challenges in Europe and other Western countries. They also face challenges regarding safety in the Western Cape. The study did not include French immigrant 'entrepreneurs', however.

Networks

According to Hunter and Skinner (2003), Tengeh et al (2011) and Hungwe (2013), African immigrant entrepreneurs mainly make use of ethnic and religious networks. Immigrant street traders use fellow traders, former employers and South African and their own initiatives to gain access to suppliers. Their studies give indications of strong social

networks with almost two thirds of respondents using migrant links to find their suppliers. Like Ethiopian immigrants in Durban were found to rarely socialise with the South African community or other refugee communities; their social networks revolve around their own community (Gebre et al, 2010). According to assimilation and self-employment theory, this study by Gebre et al (2010) found that Ethiopian immigrants do not fully integrate themselves into South African communities and prefer to not blend into the Durban environment, as they are still starkly differentiated by their nationality. Another example is the case of Somalis, who are found to be ethnocentric and almost never include outsiders in their partnerships, a factor which enables them to pool resources and form formidable joint ventures along lines that are simultaneously national, tribal and religious (Malan, 2017).

Liedeman, Charman, Piper and Petersen (2013) found that foreign shopkeepers are more successful than their South African counterparts because of the strength of their social networks. Moyo (2014) proves this in his argument that transnational networks play a significant role in the formation and growth of Black African immigrant entrepreneurs. In South Africa, de facto segregation still exists and immigrants encounter spatial and social barriers to accessing jobs on the labour market, which are the most likely determinant of self-employment. It therefore relates to assimilation and self-employment theory.

Networks can provide immigrant entrepreneurs with access to labour and capital and enable collective purchasing and market domination. Fatoki's (2013) empirical investigation of the determinants of growth expectations among immigrant entrepreneurs indicates that higher levels of education, managerial and related experience, motivation and networking are entrepreneurial attributes that are significant predictors of growth expectations. In addition, the results indicate that innovation and adequate access to finance are firm-level attributes that are significant predictors of growth expectations.

Fatoki (2014a) focuses on the competitive intelligence activity of immigrant entrepreneurs in South Africa. Immigrant-owned businesses in South Africa face severe competitive pressures. Competitive intelligence is one of the ways to gain and sustain competitive advantage. The study indicates that there is no formalised competitive intelligence gathering process by immigrant entrepreneurs. Fatoki (2014a) found a positive relationship between owners' education and work and related experience, and the performance of immigrant-owned businesses. However, Radipere (2013) compared local and immigrant

entrepreneurs and found no significant difference between the mean scores relating to the origin of the owner, motivation to start a business, self-efficacy and performance.

Nzabamwita's (2015) study on the link between international migration and remittance found that immigrants in South Africa use social networks to inform them about the means of transferring money. He points out that migrants with more contacts adjust quickly to different remittance channels. The study also relates to social network theory, because it highlights how immigrants use their social circles to get information on ways to remit money. However, this study pays no attention to immigrant as an entrepreneur.

Contribution

In addition to Rogerson (1997, cited in Fatoki 2014b), Kalitanyi and Visser (2010) found that immigrant entrepreneurs create jobs for both immigrants and South African citizens. While most immigrant entrepreneurs start by employing relatives or fellow immigrants from the home country, more than 80% of African immigrant entrepreneurs interviewed also employ South Africans in their businesses. Their study also found that entrepreneurial skills are transferred from immigrant entrepreneurs to their South African employees. In this way immigrant entrepreneurs contribute to the growth and development of South Africa. To become fully integrated in the country, immigrant entrepreneurs may feel the need to include locals in their businesses so as to serve the market: one must understand their needs and wants.

Other study conducted by Ngomane (2010) regarding illegal Zimbabweans and the socio-economic effects of migration in South Africa indicates an indirect contribution to the South African economy. The results show that they contribute through cheap labour and support the formal and informal economic sectors through buying commodities for resale in Zimbabwe. Malan (2017) also points out that immigrants are contributing to building the economy in South Africa as they pay tax, they pay rent (SAnews.gov.za, 2015) and some are investing in the economy, supplying critical skills, including in health facilities, teaching South African children and youths in schools and universities, and transferring knowledge and skills to them.

Conclusion

This chapter gives an overview of current literature on immigrant entrepreneurs in South Africa. Many reports suggest that South African migration policies have increased illegal migration and are forcing immigrants to survive on their own. Immigrants in South Africa undertake self-employment as a means of survival.

African immigrant entrepreneurs are often at a disadvantage because of their countries of origin, language barriers and their being targeted in crime and xenophobic attacks. Although entrepreneurship is considered to be an important factor in economic growth, very few empirical studies, with the exception of those by Kalitanyi and Visser (2010) and Kennedy (2010), on the link between entrepreneurship and the economy have been reported in the literature on immigrants' contributions to the economy.

As a result, citizens continue to view migrants as undesirable simply because of their national origins. At the same time, immigrant entrepreneurs are unable to fully and optimally apply their entrepreneurial skills and experience, to grow their businesses and to contribute to the economy.

Chapter 3: Methodology

The chapter begins by discussing the paradigm underpinning the study, the research methodologies and the justification for selecting a specific research design. These are followed by a discussion of the population and the sample, the data collection and analysis method, trustworthiness, the anticipated contribution, ethical considerations and the limitations of the study.

3.1 Paradigm

Bryman (cited in Du Plooy-Cilliers, Davis & Bezuidenhout, 2014:19) describes paradigm as “a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, and how results should be interpreted”. As the study aims to gain understanding of what it is like to live in South Africa as an immigrant entrepreneur, the paradigm underpinning this research is interpretivism. Du Plooy-Cilliers et al (2014) argue that interpretivism provides the truth that is dependent on people’s interpretation of facts. That will be most appropriate for this research, as it focuses solely on gaining better understanding of individual cases and their social setting, which in this study is the socio-economic experience of immigrants in South Africa (Nieuwenhuis, 2016).

3.2 Research design

In order to answer the research questions and to obtain new insights, the research design used was qualitative. One of the features of qualitative research is that it is primarily exploratory research. It helps to understand informants’ experiences, the beliefs that enabled the researcher to explore and contextualize views, and derive meaning from personal experience (Neuman, 2006, cited in Nzabamwita, 2015). Since immigrants’ experience is determined by social conventions, interpretation was required. Also, a qualitative approach “helps to extract intricate details on issues often difficult to fathom through other conventional research methods” (Creswell, 1994:145, cited in Nzabamwita, 2015). In fact, this study deals with human interest (immigrants) as well, and so access to reality is through social constructions only.

The use of the qualitative approach enabled the researcher to get a more realistic and holistic perspective on the experiences of immigrants in Cape Town, South Africa. Qualitative research design is referred to as the “whole-world experience” because it provides the depth of human experiences and meanings associated with a particular phenomenon (Du Plooy-Cilliers et al, 2014:174). It was the preferred approach for this study because it enabled informants to explain their feelings and perceptions of socio-economic conditions from their own understanding, which gave insight into their behaviour. In this study, the emphasis was on the centrality of the meaning immigrant entrepreneurs attach to their socio-economic experience in the Cape Town community.

3.3 Population and sampling method

The nature of this study is qualitative; therefore a non-probability sampling was employed. A total sample of five immigrants – four Turkish and one Columbian – were selected by means of purposive sampling, followed by snowball sampling. In this approach, an informant was selected as an entry point based on the researcher’s knowledge and the research aims. Then snowball sampling was used to reach more informants by asking those selected initially to suggest someone he/she knew who also fitted the population parameters of the study and who was willing to be part of the study. This approach was used because the researcher knows some immigrants who are entrepreneurs, which made it easier to identify potential subjects for the study. In addition, previous contact increased the informants’ confidence, so that they felt more relaxed and free to participate. This method was chosen because it is less complicated and more economical in terms of time and expense (Du Plooy-Cilliers et al, 2014).

However, this method prevents the researcher from drawing important conclusions about the population, also because an informant might recommend someone from a similar educational, social and economic background and with similar experience. This might have affected the data quality.

3.4 Data collection

The data required for this research was collected from the five informants referred to above through an in-depth interview. Of the important features of a qualitative approach, open-ended questions (Nieuwenhuis, 2016) were regarded as the best fit for the purpose of this research. As the researcher is also an immigrant, it was easier to start discussions

and to get as much information as possible. Previous contact with one of the informants indicated that it was important to consider language barriers, as some immigrants were likely not to be fluent in English. One of the informants played the role of interpreter in order to help the researcher understand the subject's response. This method also allowed the researcher to ask for clarification when there might have been misunderstanding. Moreover, the use of in-depth interviews allowed the researcher to probe for the maximum amount of data and to verify that what the researcher heard was actually what the informant meant (Nieuwenhuis, 2016).

In practice, questions were set to be broad and general so that informants could construct the meaning of their situation; the more open-ended the questions, the better (Creswell, 2013). These questions are provided as an appendix; however, not all of the questions were used because some were answered as the informants told their stories. It was important to check whether there were any problems with the wording of the questions and with understanding concepts. In order to do so, pre-established questions were presented to friends and family members. The method was very time-consuming, however (Du Plooy-Cilliers et al, 2014)

3.5 Data analysis method

This study employed a content analysis technique to analyse the information from the interviews. This research method involves systematic analysis of social artefacts to provide an in-depth understanding of respondents' responses (Du Plooy-Cilliers et al, 2014). The shortcomings of this method were that it took a large amount of time to organise and transcribe the recorded data.

This data analysis method followed the eight steps in qualitative content analysis suggested by Zhang and Wildemuth (2009, cited in Du-Plooy-Cilliers et al, 2014) which are believed to make it easier for the researcher to interpret and understand collected data. Text was coded and summarised through thematic coding. In developing the coding system, the analysis focused on examining the data for emerging themes. Responses throughout the text were analysed to gain an overall impression and understanding; the codes were written on separate documents or notes were made in the margins of the copy of the data set.

Qualitative data is enhanced by its trustworthiness, which involves four dimensions: credibility, transferability, dependability and conformability (Du Plooy-Cilliers et al, 2014). As the findings arise from the participant's perspectives, responses are quoted as reference in order to make those findings believable and trustworthy (credibility). Although the study approach does not lend itself to generalisation, the findings and analysis can be applied in the similar situations and to similar results (transferability and dependability). Moreover, a full description of the research process is provided to help others to examine the research design (conformability).

3.6 Anticipated contribution

The research findings will be useful for the following:

- Adding value to the existing body of knowledge on the socio-economic experiences of immigrant entrepreneurs in Cape Town, South Africa.
- Providing in-depth information on immigrants as business owners in the retail industry with regard to matters such as skills, knowledge and strategies used in setting up business in South Africa.
- Assisting in policy formulation to promote (immigrant) entrepreneurship in South Africa.

3.7 Ethical issues

This study was aimed at being fair to the informants and society at large, and not to harm them; the researcher strove to stay true to the research and method without being influenced by outside forces, and to protect the rights and welfare of the respondents.

Study content:

- The works cited in this study have not been falsified or modified and are properly referenced.
- No findings have been manipulated to suit the purpose of the researcher.
- No data collected from informants will be used for any other purposes.

In the course of the study, the researcher strictly adhered to all the ethical issues to inform and protect respondents in the following way:

Informed consent:

Informants were informed that they were taking part in a research study and that recorders would be used. A participation consent form was given to the informants for this purpose

and the study and interview procedure were explained to them in order to inform them about what they would be doing and for how long, and that they could withdraw at any time for any reason.

Avoiding harm:

Precautionary steps were taken to avoid harming informants in any way. The interview questions were set so as not to recall emotional memories. The use of informants' names and migration status were not used in the study. The informants' right to privacy, confidentiality and anonymity were respected. For this purpose, pseudonyms for informants have been used so that other people would not be able to identify them from the notes or the recorded responses.

3.8 Limitations

During the first discussion with one of the informants of this study, information about the research and the reasons for interviewing them were stated. Responses showed willingness to participate, but language barriers were a limiting factor. For most immigrants, English is not their first language. Some responses by informants were difficult to interpret and almost incomprehensible. Such limitations may influence the data analysis and the interpretation of collected data.

This study is aimed at exploring the socio-economic experiences of immigrants in Cape Town, South Africa. The study was carried out within a short time frame, which prevented the researcher from exploring more than just the socio-economic experiences of immigrants. Such a lack of time can also have an effect on data collection and interpretation as well as the findings.

Chapter 4: Findings and interpretation of findings

The purpose of this chapter is to present the main findings of the study. This is followed by analysis and interpretation of the results. The researcher organised, coded and grouped data according to themes to facilitate analysis in a systematic manner that links up with the research questions. These themes include the push and pull factors relating to migration and entrepreneurship, social networks, and challenges and limitations.

4.1 Migration – making the decision

4.1.1 Push factors

An important aspect of understanding the experience of immigrant entrepreneurs is to delve into the reasons why they left their home country and decided to make South Africa, and Cape Town in particular, the location for developing their business interests. The research shows that there was no resistance to the idea of migrating to South Africa. In most cases, the decision to migrate was influenced by the push and pull factors. A good example is that of Abdul and Ismael, whose decision to migrate was pushed by the political trouble that arose in Turkey in 2008 and Turkey's saturated business environment, and pulled by the need to do something different in a different country. The political crisis and the fact that the Russian borders were opened changed the entire Turkish environment: the people changed and the way of doing business changed. Some business owners no longer saw the country as a conducive environment. These were the stories told by Abdul and Ismael, who came to Cape Town:

“When the Russian borders opened, they divided other country. There's a lot of opportunities, a lot of sins and a lot of robberies. I was in Istanbul Grand Bazaar. I grew up in Istanbul Grand Bazaar (a massive and the oldest covered markets). Istanbul Grand Bazaar itself is a life university. The old mature men, they used to teach us. My work for example. I worked in a carpet company, he teach me everything, the attitude of a business and bargain attitude, criticism and the justice, haram (legitimate/not legitimate) and all that I put on me. But after the Russian borders opened, that kind of people don't exist anymore. And those who have been a master passed away or retired and after the son or nephews takeover the business, then the attitude change. That's why I left Istanbul Grand Bazaar, I'd like to see other world, other country.” (Abdul)

“...that time in Turkey, there was a political issue, you know, political thing. Because the government side, their side is different, they cross each other, there's two different group, so the government put too much pressure on us; they look for the fault, they always punish, writing fines, this, everything. So I decided to go to another country to build my own business.” (Ismael).

Scholars (Massey et al, 1993; Massey, 2015) believe that structural forces in the sending country, such as political trouble, are the main reason why individuals leave their country. Altinay and Altinay (2008) express the view that the migration of Turks to Britain is still continuing because of the political and economic uncertainties in both Turkey and the Turkish Republic of North Cyprus.

There are, however, those who stated that the reason they left their countries was to follow their partners. Such a case is that of Mustapha, who met his South African wife in Turkey when she was on holiday there, or that of Daniella, who left Columbia many years ago in order to study overseas. She went to the United Kingdom to study and met her South African husband there. They were influenced by the economic situation that arose as a result of the recession. On their salaries they could not afford to stay in London and therefore decided to move to Cape Town. There are many stories like hers, she admitted:

“I left Columbia many, many years ago. Why did I leave? Because I wanted to go overseas to study. I went to the UK first, I was there for six years, then I came here because I married a guy from Cape Town. We actually met in London, he was working and I was studying. The recession hit London really bad, really badly. My salary was cut, everyone’s salary was just cut. We couldn’t afford salary, so we came here, but we struggled ... you’ll find a lot of people in food industry that married a South African and moved here and started something. I know so many. Like the Italian guy started the pizza, he met his wife in London also, married and got here. There’s a lot of stories like that.” (Daniella)

“He met his wife in Turkey while she was on holidays, so they met there and then here. It’s like a love story. He decided to open this factory and he finds market in Turkey, import, they import. They also have their factory in Turkey, so they decide to come here and live here, it’s more comfortable for his wife and for them as well.” (Basheerah interpreting Mustapha’s story)

Three of the informants import products and materials from Turkey to run their businesses. Their suppliers export to between 100 and 105 different countries, including South Africa (Western Cape, Eastern Cape, and Durban). Importing such products may be facilitated by the relations between South Africa and Turkey, which date back to 1860 (Wheeler, 2005). Currently the two countries strengthen relations in areas such as infrastructure development, mining and energy, and recommitted themselves to further enhancing trade and economic relations (BuaNews, 2012).

As stated above, the business environment in Turkey is saturated, which makes it difficult for business owners to compete. Abdul, for instance, whose home city in Turkey produces many olive products, had the idea of importing such products into South Africa and to do

business with Turkey. He did not carefully consider to which country to go. His choice to migrate to South Africa was a matter of opening a map and seeing South Africa and Cape Town. No research about the South African market was done, he said, “the gut make me happen to come here. And the aim to come to South Africa was to make olive oil business”. He tells his story as follows:

“I came in South Africa in 2008 (end of 2008) to make some business here in Cape Town. Because my town in Turkey has a lot of olive products, olive trees, olive oil and I thought which far-away country that I can make business with Turkey, because of its long distance. I opened the map and I see South Africa, Cape Town; I didn't even put myself of thought, you know the gut make me happen to come here. And the aim to come to South Africa was to make olive oil business.” (Abdul)

The informant's decision to migrate was a risk, but the collected data suggests that immigrant entrepreneurs possess a very entrepreneurial attitude and are willing to take risks.

“We have a factory in Turkey, I was working with my brothers, and this is coming from the father's factory. The father building the factory and left it to son, so son trying to continue now but the youngest one, as the naughty one, wants to go to another country and wants to grow, so I was searching. I decided to go to another country, to build my own business, and I just sold my house, two houses and a car, and I came here.” (Ismael)

The above quote clearly illustrates what an entrepreneur is – a risk taker, as Richard Cantillon said (1725, cited in Wennekers & Thurik, 1999). Not only did they take the risk of leaving their home country, but they entered a country without prior knowledge of its market. Cantillon described an entrepreneur as someone who exercises business engagements in the face of uncertainty. He argued that the origin of entrepreneurship lies in the lack of perfect foresight (Wennekers & Thurik, 1999). Social networks play an important part in dealing with such uncertainty. This is explained in next section.

So far, the findings focused mainly on the role of social networks in the migration process and the start-up of immigrant entrepreneurial ventures. However, being part of a social network is not always enough to make migration or entrepreneurship a reality. Any discussion of immigrant entrepreneurship is incomplete without recognising the role played by human capital.

4.1.2 The pull factors

Opportunity-driven – opportunity entrepreneurs

The business environment in Turkey is saturated, which leaves some Turkish businessmen no choice but to expand elsewhere. But pull factors proved to be that the Turks were opportunity-driven and were inspired to start their own businesses because of their previous experience. The ability (to discover or recognise an opportunity) is referred to as human capital (Becker, 1994; Bohla et al, 2006; Aliaga-Isla & Rialp, 2013). Individuals with more work experience, a higher level of education and more knowledge of the market and business practice are more likely to have the ability to identify an opportunity for starting a new business. This is illustrated in the following quotes:

“I used to be in China, Canada, Hong Kong and I worked there as well. I do some business but first of all, what I see here is cash money flowing. I can do the cash sales, it’s amazing. The cash is important for me because in this time in Turkey, nobody work with cash.” (Abdul)

“I heard, if I say generally, lot of company close down, and people are struggling to find job so that’s why lot of people coming here to see opportunity. And they has money, but in Turkey that money is nothing. Then here that money is more valuable, you can get a lot of stuff.” (Basheerah)

“So Turkish people have a lot of ideas. There’s a lot of things, so he can see South Africa doesn’t have that, Cape Town doesn’t have that, this doesn’t have that. So it will work if nobody is doing it. But in Turkey, lot of people doing that.” (Basheerah telling a story of a Turkish student in Cape Town who is trying to open a business in Cape Town)

“We were very lucky in the fact that no one was doing what we started to doing. So there was a gap in the market. We were just lucky at that moment that no one else was doing the same thing. We actually very lucky and there was a lot of people that were interested in our products.” (Daniella)

Weber (1990, cited in Altinay & Altinay, 2008) states that knowledge acquired by immigrant entrepreneurs in a previous industry helps them to detect business opportunity gaps in the market. This is probably related to the fact that possessing business background or knowledge from previous experience, such as marketing, good customer relations, product innovation and good communication with important stakeholders, is critical to starting one’s own venture.

This study differs from previous findings, as the informants’ reason for entering entrepreneurship was not limited job opportunities, but rather their own personal decision.

They chose to be self-employed and realise their passion, rather than being employees, doing the same thing over and over with limited opportunities to use their skills. Again, knowledge is crucial to both the discovery and exploitation of entrepreneurial opportunities. Such factors influenced the informants' decision to take up entrepreneurship.

4.2 Entrepreneurship – decision-making

From the interviews with Abdul, Daniella and Basheerah it became apparent that they were passionate about entrepreneurship and representing their country of origins. Like in Abdul's case, the fact that he did not go to the trouble of acquainting himself with the South African market, led to his ideas not working, but that did not stop him pursuing his passion. He says:

“I didn't research before I came here. When I research here, with my eye and everything. The evidence; it is the country that really protect themselves, especially farming, for local production, because they're much better than the import one. I can understand that way. So it was a limit for me to make money. So I decided not to do and then the difficulty, difficult everything. And then I decided to stay actually and the gut let me to stay here. And I started the research again, what's going on in Cape Town.” (Abdul)

Abdul had to start from the beginning again. Based on his personal observation of the market in Cape Town, he identified an opportunity and started importing, making and selling Turkish items, traditional Turkish pesto, cured meat, sausage and dips, and even did catering as well. Understandably, what happens in Turkey can affect his business. This is what happened in July 2016; the political trouble in Turkey affected his import business to such an extent that he had to close down his business. At present, he is running another business as he prefers to have his own business rather than being an employee. “I rather make, doesn't matter, 3 meter square shop, make my own business. So it's my passion to make my own business” (Abdul).

This confirms what Uhlaner and Thurik (cited in Bohla et al, 2006) argue about necessity-based entrepreneurship: events forced Abdul into self-employment, but in that way not only could he pursue his passion but could he develop his own ideas without being under the control of someone else. He says:

“I like to be in my own business, because I have my own idea. I have, I like to share and most of bosses have ego. Their ego makes you break down, makes you sad, because your idea is better than your boss, and boss put his/her ego in front of you, crash you through the wall, transparent wall and then that passion is not broken for me. It's just coming back to me. And this making stressed and only he benefit, I

don't. I'm gonna get the same salary, the same everything. He asks he doesn't like my idea, he likes it actually, most of the time, people jealous of me, that's why".

Daniella and Basheerah, previously working in graphic design and hotels, respectively, quit their lucrative jobs because they were motivated to do something different in order to better their lives.

"I started, I am originally a graphic designer and I was tired of what I was doing. I wanted to do something different. I've always loved food, so, one day I thought about making lollies, because back in Columbia, we eat a lot of fresh lollies, like the way we make, made with real fruits and I just made some and then gave it to my friends and everyone said to me I should sell it. So we started selling at markets and yes that's how it started." (Daniella)

"I went to an international hotel school, so I like cooking and baking. And I went to an international hotel school and then the school finished, so I started to work at hotels. So it's long hours and little money, so I decided to open my own restaurant." (Basheerah)

It was surprising when informants had found employment. It is worth noting that having outstanding skills or (previous) connections with South African institutions eased access to employment. However, as stated above, informants in this study were underpaid and this motivated them to start a business. Moreover, according to scholars (Alba & Nee, 1997; Blau 1977, Light 1979, cited in Fairchild, 2008) there is discrimination against immigrants in the labour market, and if they do manage to find employment, they are often underpaid. This may be due to undervalued educational credentials or skills, competition from majority group members, and discrimination by employers. Under such circumstances immigrants often rely on their social capital and social networks to minimise the effects on their enterprises.

4.3 Social networks

It is worth noting that some migrants arrange their relocation on their own or with help from social networks. Social networks play a crucial role in immigration before and during their journey, upon arrival and settling in South Africa. Some have friends or acquaintances in South Africa before they come to the country. One of the informants stated:

"I chose Cape Town because all my friends are here and then they told me to come here and open the shop here. And my friends, one of my friend which is we break up now, I mean partnership. That's why I came here actually, the ex-partner,

partnership was here and he called and told me to open the factory here. You know number 12, 9, 6 or 7 also Turkish. They know this place is for rent and they told me to come here, so there three Turkish companies here actually, so we're just renting." (Ismael)

The above statements indicate that social networks can also be instrumental when it comes to starting a business.

"They teach us from, at the school but they not giving information; ok you guys open the restaurant, you need this, this, this. So I just research on Google, and I asked one of my friends who has a restaurant before, from Turkey and he helped me, he just say: ok do this, go there, you need this and then I hired someone to, as a which she has a very good experience and she also told me they using that system it is like that, because it's like liquor, it's alcohol, which I don't like alcohol, I'm not drinking every day. But yes, she helped me to, which wine must be bought and how much, you know costing is like, I didn't buy any expensive wine ... it was very easy, my business partner has a good credit note so he can do whatever he wants, so it's good reference he has, so he is the businessman, so if not researching or something they just give it; even the liquor license, which is so difficult to take but he take it, really quick." (Basheerah)

"At the moment, now, I'm here, because he is a Turkish and he doesn't speak English at all. So it's like, I'm here because, I'm helping him to grow the business." (Basheerah & Ismael)

Light and Bhachu (2004), Gebre (2007) and Moyo (2014) confirm that social networks are one of the main influences that encourage immigrants to migrate. As explained above, social networks help immigrants to explore business opportunities and start up their own businesses. Referring back to social capital theory, these individuals build relations between kinship and friendship networks intentionally as a means of mutual support that they could give later (Bourdieu, 1985, cited in Portes, 2000). Moreover, Altinay and Altinay (2008) argue that ethnic minority entrepreneurs rely very little on mainstream institutional information from banks, accountants or business advisors or on support service providers; instead, they make use of social networks (family members and friends). This is seen to be important for growth and developing a competitive advantage.

Social networks affect many aspects of the migration process and play a significant role in immigrants' entrepreneurial processes. However, being isolated to co-ethnic resources influences the integration into the host country, Cape Town.

4.4 Socio-economic experience in Cape Town

This study not only agrees with social network theory, it also agrees with assimilation and self-employment theory, because the experiences of the Turkish and Columbian immigrant entrepreneurs in Cape Town correspond to which Alba and Nee (1997); Blau (1977) and Light (1979, as cited in Fairchild, 2008) describe, namely that their differentness and difficult integration in the host country result in discrimination against the individual by society, especially its institutions. This manifested itself when informants tried to get assistance from institutions (such as banks), which illuminates the discrimination, racial and ethnic distinctions and cultural differences, as the theory suggests.

4.4.1 Challenges and limitations

An entrepreneur, when starting a new venture, may have to overcome various hurdles and numerous unforeseen problems. The lack of familiarity with the local markets and business environment were found to be the first challenges the informants had faced. Some said that the nature of the South African business and employment environment limited them and immigrants in general and pushed them towards starting their own businesses (Hunter & Skinner, 2003; Gebre et al, 2011; Fatoki, 2013; Hungwe, 2013).

“When I research here, with my eye and everything. The evidence; it is the country that really protect themselves, especially farming, for local production, because they’re much better than the import one. I can understand that way. So it was a limit for me to make money.” (Abdul)

“They are very protective about their employment, I can see that. So they very good about this so I can’t say anything actually, maybe it’s a, every time is holiday, good actually. Because in my country it’s a bit different story. So South African government is fair about the employees.” (Basheerah)

“But sometimes, I’m thinking the government making, giving too much things to them, because they like that. So this is the rule, actually, if you not come to work, if I go to, where I’m gonna go and complain about him? Nowhere. Actually the government not thinking about the business owners. They’re giving so much thing to them. I don’t know if it’s right or not but they only thinking about the employees a lot. But if the employees do something, you can’t do anything, you can’t go anywhere. If you go, five years later maybe, if they didn’t lose your documents or paper, they will reply you.” (Ismael).

This challenge is an uncontrollable factor which has an effect on immigrant entrepreneurs’ business activities. Lack of country-specific human capital and lack of key resources make it difficult for them to navigate intricate bureaucratic regulations and procedures. In fact,

the government does very little to promote entrepreneurship in immigrant communities. Not one of the informants was satisfied with the authorities. When asked about the role of government in assisting them to set up their businesses, only those who had a connection with a South African received a little assistance.

“I didn’t, I don’t think difficult as such, it came very easily but it’s not easy in general. It’s a lot of stress and anxiety and money is difficult. The government here doesn’t really give a lot of support, especially if one of the owner is not South African; they are very tight on it.” (Daniella)

“It takes like maybe five months to open the business because we are from Turkey, and they want lot of information and paperwork. The government, more than five months actually. It’s eight months actually, before opening the business, tried to open, tried to get right registration and legal things you know ... I always complain about the government services. They are very slow for everything, you must wait months I know Telkom is not government but it’s like, you going to Telkom, wait, then they messed up. We still don’t have phone, because they messed up and the bank, we still don’t have card machine because they don’t wanna give to us. It’s not enough, what’s called they said, they don’t trust, we are not in that list yet.” (Ismael)

In fact, in order to establish a business in South Africa, capital of at least R2,5 million is required (South Africa: Investor’s Handbook, 2014/15). Despite the millions immigrant entrepreneurs spend, they still have to deal with excessive and costly bureaucracy and lack of assistance by the government and financial institutions. Owing to the discrimination immigrant entrepreneurs (ethnic minority businesses) face when trying to raise funds from formal institutions such as banks, it is inevitable that they will informally borrow money from family members and co-ethnics at the start-up (Altinay & Altinay, 2008). This study found that immigrant entrepreneurs need support from their family in addition to their personal savings to finance their businesses. Borrowing money from family or friends can be beneficial for both parties, but it comes with risks. Agreements in family finance are mostly oral contracts and committing family funds to a risky project may well have a negative impact on familial relationships. It can be said that raising funds from family members and friends is an excellent source of capital as it channels risk out of the borrower’s social circle.

“The government also give problem. His wife helped him and finance from family. Banks don’t care about us people, even they see us, they turn around their face, they go away. The government and banks never helped.” (Basheerah interpreting Mustapha’s story)

“The government doesn’t help, the little family and myself. I wish I could have some family support. My wife is South African, and even the financial, a little bit support for the first beginning but physically she couldn’t.” (Abdul)

“When you go to the bank, they’re charging a lot. 20% more than they are charging what they are doing normally to South African.” (Basheerah)

Many studies have demonstrated that immigrant entrepreneurs face discrimination from banks and are more likely to be denied credit or charged higher interest rates than their autochthonous counterparts in a similar position (Fairchild, 2008; Fatoki, 2014a; Albareto & Mistrulli, 2010). Tengeh et al (2011) and Fatoki (2013) confirm this view as they claim that access to the formal debt and equity market is limited for immigrant entrepreneurs.

4.4.2 Difficulties in dealing with administrative burdens

Although the Department of Home Affairs (DHA) has introduced VFS Visa & Permit Facilitation Centres in nine provinces and eleven cities in South Africa, immigrants are forced to use the private company VFS to process paperwork and they continue to face challenges in getting visas. Not only is it costly, but it also is time consuming.

“I’m waiting for my permanent residence. It has been two years and my child is South African citizen and I’m nine years I’m here, living here in South Africa but they still reject and go back and then forms and everything and pay money and then wait two years, in two years you can’t work, you can’t go to bank do something, open, nothing. You’re nothing. So, home affairs is messed up, they really messed up.” (Basheerah)

Another informant in this study described the situation when dealing with the DHA (or VFS) as very corrupt. The poor and frustrating performance of the DHA has paved the way for bribes and corruption. As the immigrants explained:

“It’s terrible, it’s terrible. So much corruption. I’ve been waiting for my permanent visa, since two years. And then, I don’t want to pay somebody R60 000 or R70 000 extra from outside, just to get my file to put in front of somebody to evaluate or judge, after I come. They said, I’m here 2010, and 2015 I applied, because the law says, I must be in married five years complete, but after, what happened? I had no criminal record, I actually generated new work here or business here, bring money ... I went open the bank account and then, I cannot do the further, I cannot pay my medical aid for example and then the Turkish license can be used in this country but think about it, if I didn’t, I couldn’t drive car, if I don’t drive the car, it will be illegal and can’t make a business. But they asking me R5 millions investments, I proved it, I’m still waiting for my visa.” (Abdul)

Another informant added to this by mentioning that some of DHA officials create inefficiency in the whole visa process.

“So Home Affairs, the education is not very, let me be very careful of what I say. Some of the employees at the Home Affairs are not very educated. Because this whole life-partner visa in South Africa, etc.; you must be married for five years, non-stop. You can’t stop your marriage and start your marriage again. No kidding, we’ve been living for five years and now we’re married, you know for five years. My argument is, that a Zimbabwean can walk across the border, get a refugee status,

literally got a passport, I mean, ID pocket within six months, allowed to live here, allowed to work here and he goes back to Home Affairs, so like three to four years to go follow up with his refugees status, whereas here, here someone bringing money into the country, starting a business, employing people, still don't have permanent residence. We're still waiting for it." (Daniella)

The red tape gets even worse and more complicated for those who are not willing to pay bribes. According to the Forum of Immigration Practitioners of South Africa (FIPSA), many visa applications are rejected by Home Affairs because of incorrect application of the law, leaving a large number of applicants unable to work, study and pay their bills. Many are convinced that the reason for rejection is incorrect or poor information. In fact, one of the major issues with the rejection of visa applications and the subsequent appeal process is the cost involved. Initially, an applicant pays R425 for the application and R1 350 for VFS's services. An appeal costs an additional R1 350. When an application is rejected, the bank account of the applicant is also frozen (Chiguvare & Furlong, 2015). It is worth noting that an appeal process can take up to two years and this is seen as one of the main challenges immigrants face. The truth is, (new) immigration laws have made it extremely difficult for foreigners to enter, live and work in South Africa. This is seen as a major concern for the survival their businesses.

4.4.3 Integration with South African society

Although there is a difference in culture and language, Turkish and Colombian entrepreneurs in Cape Town have established good relationships with South Africans. Cape Town is seen to be very alive and very friendly. As the participants put it:

"It's actually the restaurant was going well. I got very good relationship with my customers and it was a very class restaurant, but some problems, private problems; it's not about money or finance or the people didn't like it or something. It's between me and my business partner... I was working 18 hours a day, because it started at 9 o'clock until 11, so after 11, the customers still sitting still enjoying with their wines and whatever and then it's 12 o'clock, sometimes 1 o'clock. I went home, so my family life is down and I couldn't see my child long time, I mean every weekend I see her but it's not enough for me." (Basheerah)

"I used to have a shop since 2013 till 2015. I use to sell all Turkish items and I also generate my production area at the back of the shop: pesto, cured meat, sausage and whatever. It was OK, but the location was bad, no parking for customers and people struggling to find out and coming through and no food traffic all vehicles, all the side effects. But still, everyday I'm getting calls 'Do you have this?' I said I'm so sorry I actually closed down. They shout at me, they are actually upset at me because I closed down. I didn't close down for my pleasure, I was quiet petrified; it was my passion, I was representing me and my country and my people. I used to

chat with my customers, sometimes 20-30 minutes, 1 hour, after I close the shop I still keep continue teaching or talking about the food, food culture and the religion and politics. I used to talk about everything, we just sharing. I enjoyed it so much.” (Abdul)

This good customer relation is probably linked to the informants’ relationship with their South African partners. Halkias and Adendorff (2016) found that intermarriage is an important aspect that facilitates and accelerates the process of assimilation. Furthermore, a study by the Centre for Development and Enterprise (CDE) (2006) on immigrants in Witbank/Emalahleni concludes that immigrants are accepted as South Africans if they can speak a South African language and if they are friendly and their work is admired.

However, in terms of partnering with or employing South Africans, cultural differences pose an obstacle to getting things done, so they prefer to employ their fellow countrymen.

“It’s about the culture differences. Sometimes for us it’s very simple problem for me, but for you in your culture, this is very meaningful or disrespect or something, and the same thing for them as well. Sometimes the problem means nothing for you but lot of things for us. Do you understand? It’s like, so even in business, so how we work; we are working we trust. But in South Africa, different story, they buying, they don’t wanna buy, if they pay they give new order but don’t wanna put deposit or something. So you can’t force them, otherwise you gonna lose it, which is not ethic, we don’t like that.” (Basheerah interpreting Mustapha’s story)

“Four Turkish people is working, the reason why it’s Turkish is so you can teach the people what they doing in that very specific work. So they are coming from Turkey, to teach the people how to do the work. But they don’t get it. We teach them, they work for two years, they getting learn, then gone. And you must train people again and again. You teach them but they leave, they don’t care. It’s like, thank you so much, they don’t appreciated it actually. You teach us the new job, you giving the diploma actually, certificate whatever, but they don’t appreciate it for that. Of course we don’t know their story so, rather, because if any worker left the work so it’s a problem, there it’s the stop, we’re going to hire the Turkish, they can speak and sort out problems, everything, they understand each other, with the same culture.” (Basheerah interpreting Mustapha’s story)

According to Altinay and Altinay (2008), Liedeman et al, (2013), Moyo (2014) and Fatoki (2014a), the greater use of family and co-ethnic employees gives a competitive advantage to the immigrant business over their counterparts, because it enables them to cut costs on employment and manage operations effectively and efficiently. Moreover, cultural factors are as significant as social networks in explaining operations. These factors can include hard work, a trading ethic and reliance on family labour and ethnic community networks (Altinay & Altinay, 2008). However, the concern is to overcome these cultural barriers in order to survive and grow.

In addition, the informants of this study emphasise trust, honesty and professional behaviour in their workplaces. Such an attitude relates strongly to social capital theory, because according to Coleman as quoted in Bagnasco (2004:230) “social capital theory is generated by authority relations, relations of trust, and unilateral transfers of control over resources; and, since it depends on networks, stable relations, ideology and other factors, it may be created, maintained, and/or destroyed”. Trust ranks among the generators of social capital and can be initiated between people who are bound together in more than one context (for instance family, work, religion).

“I’m little bit, very like everything must be in order, so I pay extra to work them, because I’m very fair. So you’re working six hours serious or it must worth for you, you must be happy. But I didn’t see the same thing, they don’t care about your restaurant or what you are trying to do and they don’t care. So if you fire them they wind something else, so I try to always find professional ones but in my area, it looks impossible. I hired a lot of people, maybe eight, ten. If they don’t wanna stay long, they want to go.” (Basheerah)

“But South African, local people is quite lazy, not lazy than the Botswana people but lazy. So the other country people who is coming here for hope, they also struggle there at home and they come here and keep honesty and trustworthy and hard-worker and then want to be successful, because they are also foreign here, doesn’t matter what colour, what religion, I’m talking about. But the South African people, wants to come, open the shop, for example here, clean, eat, lunch, coffee or tea or whatever and after the end of the day, close the shop and the end of the month get the salary. It’s not working like that, doesn’t work like that. South African mustn’t think about, oh this is my country, oh I suppose to work but foreigners but the owners chose the foreigners because of cheap. If they work properly, then the owner is not going to look other cheap worker or other foreign worker. Because they are, my guy is Zimbabwean. He does two person’s job. I’m very proud of him. He is very good, dignity and an honest person, good personality and really does hard work and I really want to pay more but our capacity; and education, he is learning, I’m teaching him. I couldn’t get the same performance with South African people. I didn’t so this is reality.”(Abdul)

This is not the first study to find such results. In general, immigrants are ambitious and want to better themselves, and are overwhelmingly more prosperous and more likely to find work than locals, and this implies that South Africans do not work hard enough (Malan, 2017). This was said by the South African president himself when he complained that South Africans tend to “exaggerate” about their problems and wait for government to sort everything out, instead of making any effort to help themselves. “The fellow spreads the sack on the ground, waiting for the mango to drop. He is lazy to climb the tree and pick the mangoes. Why? Because we are free,” he said (Nwadiuwe, n.d.).

4.4.4 Security, safety and crime

Although all the interview informants do not see themselves as targets of crime related to xenophobia, they are concerned about the overall rise in crime in South Africa. In fact, xenophobia tends to be aimed at black immigrant entrepreneurs who own street markets or spaza shops (Rogerson, 1997 cited in Fatoki, 2014b; Hunter & Skinner, 2003; Gebre et al, 2011). Many immigrant entrepreneurs, especially in informal settlements and townships, face constant security threats and enjoy minimal protection from the police. This is probably due to the fact that they are more exposed compared to the Turkish and Columbian immigrant entrepreneurs, but this could perhaps be attributed to the different business activities they conduct and the areas in which they operate.

However, one of the informants in this study was very sensitive about this topic, in addition to his feeling discriminated against as far as of the issuing of a visa was concerned. Abdul says:

“Xenophobia? This is terrible things. This is also linked with the politics. If the government wants to get away some issue, public issues; they intelligent created or established kind of things and I think power is behind of thing. Like Muslim people kill Muslim people, I believe yes they do but I don't agree them, and xenophobia also same. South African mustn't think about, oh this is my country, oh I suppose to work but foreigners but the owners chose the foreigners because of cheap. If they work properly, then the owner is not going to look other cheap worker or other foreign worker... Disgusting, it's totally disgusting. This is against the human right. Human rights doesn't have black people human right and white people human right, colour people human right: HUMAN doesn't matter what colour, what religion. HUMAN! Human comes from the God, God created everything.”(Abdul)

Moreover, security and safety in South Africa as a whole worry most of the informants. According to the first “up-to-date” report released by the South African Police Service (SAPS), more than 960 000 serious crimes have been reported to the SAPS in the last the nine-months, averaging more than 3 550 crimes every day or 148 crimes every hour. The biggest increases occurred in the contact crime category, where robbery with aggravating circumstances (including carjacking) has increased by 6,1% (“South Africa's latest crime stats: everything you need to know”, 2017).

“Everything is difficult here. You’re not very free here, actually. Everything is in order, you can’t go out at night, you have to have car to go out. You can’t use train, nothing.” (Basheerah interpreting Mustapha’s story)

“I remember my mom say ‘oh no, you can’t go to shopping centre because you there’s threat of Mr. Escabor happening in the mall’. So we couldn’t go to places. It was very, like my friends or either parents will get kidnapped or the kids will get kidnapped for money and drugs. But that is starting here now ... all this rich family, you get a lot of people, there was a guy who got kidnapped in Constantia. One of the parents was kidnapped. I’ve never heard of anyone being kidnapped in Cape Town, I mean, I’ve heard one or two funny stories in Johannesburg.” (Daniella)

Interestingly, the researcher observed that the informants, upon arrival at the shop or workshop where they work, lock themselves in. This is a very good indicator of the level of threat that the immigrants feel in the country.

4.5 Advice for new comers

There were mixed views when informants were asked if they would encourage other migrants wanting to set up business in Cape Town (or South Africa). One main theme emerged from their responses: opportunities come with challenges.

On the one hand, and as stated above, South Africa offers many opportunities for those who see them.

“I think it will depend on what type of business there is. I think, Cape Town has a great thing in terms of food and anything associated with food. People here are very avant-garde and very focus on natural products and things like that. There’s a lot of agriculture, a lot of top restaurants, fine dining, anything related with food I’d say yes. Other industries, I think it will be more tricky because the economy is not that great.” (Daniella)

“Who’s going to do business which is the proper way and benefit for everybody are welcome. A lot of opportunity here, a lot.” (Abdul)

“I try to put some character in this business. If you put character in your business, you can see who you are, and what you can do; everything depends on your goal and your capital, but if you put your character, the capital also coming, because you gonna sell more, if you sell more you gonna buy more, and always, new people wants to discover, find out new thing, this is important.” (Abdul)

On the other hand, informants in this study identified various challenges, including cultural differences.

“No, Difficult! Because everything here is different; social life is different, work life is different. So it’s difficult to do something actually, what you want. So you say A he

understands Z. Training is difficult, so everything is difficult here.” (Basheerah interpreting Mustapha’s story)

“If he doesn’t have language, if he doesn’t, if you are not educated about business or you know marketing lot of thing, so it will be difficult. You must trust someone, so the risk is like 70% taking your risk and it’s so difficult to come here and start all over again in new culture. And then the business is more different story. So it’s very difficult to be survive here but if you catch it, if you do it, if you find the right way, it’s a lot of money. But you must take the risk.” (Basheerah)

Such responses relate to social and human capital theory, and knowledge acquired by immigrant entrepreneurs from a previous industry helps them to detect business opportunities in the market. And this is critical for starting a business venture and its survival. In addition, one of the informants in this study did not thrive for his own benefit only, but for the benefit of the community as well. He is willing to help disadvantaged children in pursuing their passion and to alleviate lack of education.

“But it’s beautiful people here. Doesn’t matter what colour, what race or ... beautiful people and then, somebody need a very help, really need help. And I wish I could do some funding in special, every month. A lot of children have passion in education but they don’t have a pen to write something. They use stick on the sand, they make a sand box, they use stick. Some maybe draw pictures, some maybe words whatever, even right or wrong. They are just passion about it, we must take this people. We cannot help everybody, but we must make an effort.” (Abdul)

4.6 Conclusion

In the final analysis, the Turkish and Columbian entrepreneurs in Cape Town left their countries of origin mainly for political and economic reasons. While some had the intention of coming to South Africa, the others had to create the purpose of their journey. They put in a great amount of effort with the hope of obtaining better opportunities in Cape Town. Conducting a business in Cape Town is not easy. They face challenges and limitations, such as being unfamiliar with the local markets and business environment, lack of support from government, inaccessibility of banking services, difficulties in dealing with administrative burdens, and safety and security in Cape Town. Findings also show that it requires a high level of commitment, high-level human capital from the immigrants, and strong ties with co-ethnic residents to ensure the survival and growth of the business. The informants in this research made it clear that there is bribery and corruption at the Department of Home Affairs, but the informants were found to be law-abiding and unwilling to pay bribes.

Chapter 5: Conclusion

Immigrants to South Africa do no longer come from neighbouring countries only, but from countries outside Africa as well. This research was conducted with Turkish and Columbian immigrant entrepreneurs in Cape Town in an attempt to gain some insights into this new trend. This is a qualitative study in which in-depth interviews helped the researcher to explore and understand the socio-economic experiences of immigrant entrepreneurs in Cape Town.

To summarize, some of the informants in this research came to Cape Town with the intention of building their own businesses, but the others were motivated to enter into entrepreneurship to pursue their passions. The major challenges that they face in their business activities include being unfamiliar with the South African market, lack of support from the government and banks, as well as difficulties in dealing with administrative burdens. The results show that social and human capital plays an equally important role in setting up and growing an immigrant-owned business.

This study has approached the research questions in a systematic manner that confirmed with existing theories. Furthermore, it has highlighted the challenges encountered by immigrant entrepreneurs in South Africa and presented their roles in South African community. In this way it contributes to the literature about the socio-economic benefits of immigrant entrepreneurs in Cape Town, South Africa. The study also envisaged assisting in policy formulation to promote entrepreneurship among immigrant communities in South Africa.

The research aimed to be fair towards the informants and therefore they were provided with all necessary information about the interview process (such as the use of recorders). They have been given pseudonyms in this report to protect their privacy and ensure confidentiality and anonymity. References and quotes have been used in this research to enhance its trustworthiness. Although the study does not lend itself to generalisation because of its qualitative nature, the findings and analysis can be applied to similar situations and similar results. Moreover, the description of the research process will make it possible for others to examine the research design.

Owing to a tight time frame, the researcher could not explore more than merely the socio-economic experiences of the immigrant subjects. Future research could investigate further factors influencing the growth or failure of immigrant-owned businesses. Although highly

relevant in the context, the sample size does not represent much of the general population. Future researchers could use a broader based sample to investigate the effect of cultural and gender differences on the socio-economic experience of immigrant entrepreneurs in South Africa. Another interesting research question may involve the role of second-generation or immigrant family-owned businesses.

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Annexures

6.1 Interview questions

The purpose of the interview is to obtain an understanding of your social and economic experience as an immigrant entrepreneur in Cape Town, South Africa, more specifically, your interaction with South African community.

I would be very grateful if you take the time to answer few questions. It consists of 16 questions and should take approximately 30 minutes to complete.

All information provided will be treated in the strictest confidence and no name or business name or address will be recorded.

Questions:

1. What country do you come from?
2. Why did you decide to leave your country? And why did you choose South Africa as your destination? (Did you consider other options? If yes, what other options did you consider?)
3. What is your previous business background and how long have you been running a business here in Cape Town?
4. Is it your first business experience?
5. Did you have a business in your home country?
6. What was the reason for starting the business in Cape Town?
7. Why do you not prefer to work as an employee and why do immigrants mostly start their own business?
8. Did anyone (government, financial services, friends) assist you in setting up your business? If any, how far did the assistance go?
9. Do you employ South Africans or people with the same nationality as you?
10. What was it like setting up a business in South Africa? What problems did you face in starting the company and when carrying out entrepreneurial activities? On both a social and state level.
11. How can you solve the problems you are facing? What type of help do you need from the state and from society?
12. Do you see yourself as a target of crime? Why?

13. What do you expect from the government concerning migration policy (like employment)?
14. Besides capital, what other requirements do you think are necessary to start up and sustain a business?
15. What would you recommend to anyone wanting to set up a business in Cape Town/South Africa? Why?
16. Do you have any further information you would like to share?

6.1 Consent form



PARTICIPANT CONSENT FORM

RESEARCH TITLE:

THE SOCIO-ECONOMIC EXPERIENCE OF IMMIGRANT ENTREPRENEURS IN CAPE TOWN SOUTH AFRICA

1. INTRODUCTION

You are invited to participate in a research study about **THE SOCIO-ECONOMIC EXPERIENCE OF IMMIGRANT ENTREPRENEURS IN CAPE TOWN SOUTH AFRICA**. The main purpose of this study is to gain an in-depth understanding of the social and economic experience of immigrant entrepreneurs in Cape Town South Africa.

The information in this consent form is provided to assist you in deciding whether you would like to participate in this study. If you decide to participate, you will be required to take part in an interview. You will be asked 16 questions about your experiences as an immigrant entrepreneur in Cape Town South Africa.

It is important that you fully understand what is involved if you agree to participate in this study. If you have any questions that you feel are not addressed or explained fully in this consent form, please do not hesitate to ask the researcher for more information. You should not agree to participate unless you are completely comfortable with the procedures followed. The contact details of the researcher are as follows:

Email address: nhn.rasl@gmail.com

Contact number: 079 323 1222

House number: 021 671 7857

2. THE NATURE AND PURPOSE OF THE STUDY

The primary goal of this study is to explore the experiences of immigrant entrepreneurs in Cape Town. The study will try to understand the social and economic experience of immigrant entrepreneurs in Cape Town. It is also envisioned to contribute to the literature about the socio-economic benefits of immigrants in South Africa.

3. EXPLANATION OF PROCEDURES TO BE FOLLOWED

You will be asked to complete a face-to-face research interview. If you agree, you would be asked 16 questions concerning your personal experiences as immigrant entrepreneur, with emphasis on factors such as your motives to come to South Africa, business related factor and social and/or financial support. Your participation would require approximately 30 minutes of your time. With your permission, the interview would be audio recorded and later transcribed into text. **ALL** information provided will be treated in the strictest confidence. Only my supervisor and I will have access to information in which you are identified.

4. RISK(S) OR DISCOMFORT INVOLVED

This study poses a very small risk of harm to participant as the information collected during the interview would be likely uncontroversial. However, there might be a possibility that the information you provide might cause loss of social status and/or embarrassment.

5. POSSIBLE BENEFITS OF THE STUDY

My hope is that my research will assist in policy formulation concerning migration and to tackle collective violence against immigrant owned shops and businesses.

6. WITHDRAWAL CLAUSE

- Your inclusion in this study is purely voluntary;
- If you do not wish to participate in this study, you have every right not to do so;
- Even if you agree to participate in this study, you may withdraw at any time without having to provide an explanation for your decision.

7. CONFIDENTIALITY

ALL information gathered in this study will be held in strict confidence and only the researcher will have access to the original data. Results will only be retained for as long as required for the research purpose and will thereafter be depersonalised and presented in such a way that you will not be identifiable.

8. CONSENT TO PARTICIPATE IN THIS STUDY

I have read the information presented to me in a language that I understand and I understand the implications of participating in this study. The content and meaning of this information have been explained to me. I have been given the opportunity to ask questions and am satisfied that they have been adequately addressed. I understand that I am under no obligation to participate in this study and that I can withdraw from this study at any stage without having to provide an explanation for my withdrawal. I hereby volunteer to take part in this study.

I have received a signed copy of this informed consent agreement.

PARTICIPANT

Full Name and Surname: _____

Signature: _____

Date: _____

WITNESS

Full Name and Surname: _____

Signature: _____

Date: _____

References

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6.2 Ethics clearance letter



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22 June 2017

Student name: Nomena Rasolonjatovo

Student number: 17230094

Campus: Varsity College: Cape Town

Re: Approval of BComm Honours Proposal and Ethics Clearance

Your research proposal and the ethical implications of your proposed research topic were reviewed by your supervisor and the campus research panel, a subcommittee of The Independent Institute of Education's Research and Postgraduate Studies Committee.



Your research proposal posed no significant ethical concerns and we hereby provide you with ethical clearance to proceed with your data collection.



There may be some aspects that you still need to address in your proposal. If this is the case, feedback will be provided to you in writing. You will need to address these aspects in consultation with your supervisor.



In the event of you deciding to change your research topic or methodology in any way, kindly consult your supervisor to ensure that all ethical considerations are adhered to and pose no risk to any participant or party involved. A revised ethical clearance letter will be issued in such instances.



We wish you all the best with your research!



Yours sincerely,




Karel Marais
Program Manager: Management


Betsy Stoltz
Campus Postgraduate Coordinator

Directors: RJ Douglas (UO), JDR Desai (non-executive), A Isaakisa (non-executive) Company Secretary: C Koopman



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