

## AFRICAN IMMIGRANTS IN SOUTH AFRICA: JOB TAKERS OR JOB CREATORS?

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### Abstract

Over the last decade, African immigrants have been met with and exposed to severe manifestations of hostility to their presence in South Africa. A significant number of these migrants have successfully applied their entrepreneurial flair in establishing small enterprises and employing workers, often to the envy of their local counterparts. This paper presents the findings of an empirical study conducted in 2007 on job creation for South Africans by African immigrant entrepreneurs, including face-to-face interviews with 120 African immigrant entrepreneurs. These findings were triangulated with 7 non-governmental organisations that interact with immigrants in Cape Town. A review of the literature on migration, entrepreneurship and immigrant entrepreneurs formed the basis for the study. The findings indicate that more than 80 per cent of African immigrant entrepreneurs interviewed employ South Africans in their businesses. Despite a generally negative national perception of immigrants, this study has also revealed that entrepreneurial skills are transferred from immigrant entrepreneurs to their South African employees. While the study was conducted only in the suburban areas of Cape Town, the researcher believes that the results represent the general trend in South Africa. Further, the study involved only migrants from the African continent. The overall result is an acknowledgement of the contribution that non-citizens are making to the country's growth and development. The findings include recommendations relevant to policy changes on South African immigration law, to inclusive research on the role of immigrants in job creation in South Africa, and to the need for consideration of immigrant entrepreneurs in the allocation of financial support.

**Key words:** African immigrant, migration, job creation, entrepreneurship, small business, Cape Town

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### 1

#### Introduction

Job creation is a formidable challenge for the South African government. Despite its extraordinary efforts to reduce the unemployment rate,<sup>1</sup> which is estimated at 23.2 per cent, according to *Trading Economics* (2008:2), the government and other businesses in the formal sector have not managed to create employment for all. Many South Africans have to work for small business owners, and many immigrants run their own businesses in this sector.

At the same time, the presence on South African soil of so many immigrants from all over the world and the implications of their

presence in the job market, as well as the problem of the country's scarce resources, raise controversial comments and debates. One notion, or unsubstantiated belief held by many South Africans, is that immigrants from north of the country's borders are taking South Africans' jobs. Timberg (2005:3) disagrees, maintaining, to the contrary, that they are actually creating employment for themselves and sometimes for unemployed South Africans.

In light of the negative reaction to immigrants, one could ask whether they do, in fact, add any value to the well-being of host countries, given their education, experience and high involvement in small businesses. Several studies have noted that the relatively

higher level of education and skills of migrants is on the same level as those of host populations (Ngwema, 1998:2; Timberg, 2005:4).

The article is presented in the following format: In the next section, the literature on migration, entrepreneurship and immigrant entrepreneurs is reviewed, followed by the methodology used to carry out the research. In the final section, the results of the empirical research are presented, followed by the discussion.

## 2

### Literature review

#### 2.1 Migration

Migration is one of the defining issues of the 21<sup>st</sup> century, and is an essential, unavoidable and potentially beneficial component of the economic and social life of countries and regions. The question should, therefore, no longer be whether or not migration should be accepted. Instead, how to deal with it and manage it effectively should be investigated, so that the benefits it has to offer could be fully exploited and its negative effects reduced or minimised (McKinley, 2006:1). The focus should be on the multidimensional aspects of international migration in order to identify appropriate ways and means of maximising developments and benefits and minimising negative impacts (Mapisa-Nqakula, 2006:2; Crush, 2001:1).

Depending on the context, the term migration can have various definitions, and is applicable to both humans and animals. Throughout the world's history, people have been migrating across continents in search of food, shelter, safety and hospitable weather. Today, people are still on the move for the same reasons, as well as the new reasons arising, such as job relocation and overpopulation. As far as animals are concerned, migrations are crucial to their survival, and are mostly dependant on the seasonal changes in weather and feeding patterns, or mating and breeding patterns (Grabianowski, 2008:6).

Goetz (1999:18) and Helton (2003:2) both maintain that there is no universally-accepted

single definition of migration. Goetz used a compromise definition which concerned only migration across state lines in the USA, but excluded changes in residence within a single country. In Goetz's opinion (1999:18), the definition of migration in the USA refers to the movement of people from one state to another in order to seek new places of residence. The current research has adopted the above definition with a nuance, to mean "the movement of people across country (and state) lines within the African continent for the purpose of establishing a new place or seeking peace and stability".

As noted by both Serrie (1998:11) and Helton (2003:5), the numbers of immigrants to any nation, and their countries of origin are powerfully affected by the receiving countries' immigration policies and laws, as well as the degree to which those laws are enforced. The way in which governments label migration says much more about the nature of government policy on international migration than the on particular motivations and characteristics of the individuals who migrate. These different labels correspond to policies imposed on populations who cross the borders, almost always with very mixed individual motivations. Only five nations on the planet encourage immigrants to settle permanently and obtain citizenship and naturalisation: Australia, Canada, Israel, New Zealand and the United States. In addition, immigration policies vary from country to country. New Zealand's regulations require proof of family income to prevent the immigrants from placing a burden on the social welfare services, while the United States does not require proof.

##### 2.1.1 Migration into South Africa

Rogerson (1999:2) and Posel (2003:5) both maintain that there has been a growing movement of foreign migrants and refugees into South Africa since 1990. These people would not choose to be labour migrants, but would rather migrate to, and settle permanently in the places where they work. For the most part, they originate from South Africa's traditional supply areas, including the SADC countries. Others come from elsewhere in Africa and even further afield. South Africa's new migration policy has generated

considerable controversy within the country. The policy debate focuses on the implications of migration for the national labour market and for the development of a new national immigration policy. Friedrich and Visser (2005:11) argue that South Africa is very rich in minerals and other resources, which South African learners should be taught to exploit instead of leaving them to foreigners, many of whom have today become very successful business people in South Africa.

Unlike temporary workers found in mining and agricultural sectors from countries north of South Africa, less is known about migrants and new immigrants from far-distant countries who have established themselves in the informal and small enterprise economy (Rogerson, 1999:2; Timberg, 2005:4). For example, Rogerson's detailed study of 70 immigrant entrepreneurs who have created small businesses in South Africa's major city, Johannesburg, concludes that foreign immigrants operate in the inner-city, which they have actually taken over.

## 2.2 Entrepreneurship

In essence, the concept of entrepreneurship, its meaning and origin, is the foundation for policies promoting entrepreneurship, as well as being the answer to understanding its role in the development of a country. Entrepreneurship has the potential to broaden the economic base, contribute substantially towards economic growth and strengthen the process of wealth creation (Petrin, 1994:7; Khawar, 2007:3).

Ever since the term 'entrepreneurship' was first introduced in the early 1700s, there have been debates among scholars, educators, researchers and policy-makers trying to agree on its definition. The term comes from the French *entreprendre* and the German *unternehmen*, both of which mean 'to undertake'. It is therefore defined as the process of continually chasing the sporadic opportunity involving the creation of an organisation (or sub-organisation) while creating value for the founders (Anderson, 2002:2).

The literature has conceptualised entrepreneurship as a process by which individuals,

either alone or inside organisations, pursue opportunities regardless of the resources to hand. In other words, entrepreneurship centres on a vision which allows the entrepreneur to see beyond the confines of resource constraints and locate opportunities missed by others (Keogh & Polonsky, 1998:4), or on creating and building something of value from practically nothing in the middle of uncertainty and risk, and having the determination to succeed against all odds (Bates et al., 2005:48).

Petrin (1994:2) maintains that people still have difficulty in defining entrepreneurship. There are almost as many definitions of the term as there are scholarly books on the subject. "To some, entrepreneurship means primarily innovation, to others it means risk-taking. To others, it means a market stabilising force, and to others still, it means starting, owning and managing a small business". Co et al. (2006:4) argue that entrepreneurship means creating something new, accepting financial risks, handling the emotional and social stress and receiving rewards of financial and personal pride.

From the above definitions, one can deduce that an entrepreneur is a person who creates new combinations of production factors, such as new methods of construction, new products, and new markets, as well as discovering new sources of supply and new organisational forms; or a person who is willing to take risks by exploring market opportunities, contributing to the elimination of disequilibrium between aggregate supply and aggregate demand; or a person who owns and operates a business (Petrin, 1994:2).

### 2.2.1 Role of entrepreneurship

Massey (1998:6) maintains that entrepreneurship the world over contributes substantially to the social and economic development of a country, while also addressing issues such as unemployment and poverty alleviation. Entrepreneurship plays a major role in reforming and revitalising economies because it establishes new businesses and helps existing ones to grow. Entrepreneurial activity is a prerequisite for the success of economic growth, development, social well-being, job creation and political

stability in a country (Botha, Fairer-Wessels & Lubbe, 2006).

Entrepreneurship is important to business because of the value it adds, the innovations it creates, the wealth it produces and the additional employment it creates. It helps business to grow, and without it many businesses may fail to reach their full potential, may stagnate and even fail. Furthermore, there is general agreement that entrepreneurship builds strong economies, provides employment and presents choices, while generating more opportunities (Timmons & Spinelli, 2007:50; Co et al., 2006:7).

Moreland (2006:6) argues that self-employment constitutes the most important aspect of entrepreneurship. Some choose it as a career while others are motivated by the desire to be their own bosses. Revenue generation is another role of entrepreneurship. Moreland states that 10 per cent of the workforce in the UK is self-employed and, of these, one quarter is female. Self-employment rates, he says, increase with age. For example, the average income of an entrepreneur in 2002 was £121 per week higher than that of employees.

### 2.3 Immigrant entrepreneurs

Serrie (1998:212) argues that entrepreneurship is a strong tool for immigrants' economic and

social integration and is a means by which immigrants without education or technical skills can escape poverty.

#### 2.3.1 Immigrant entrepreneurs in South Africa and their target market.

Rogerson (1999:19) maintains that foreign-owned SMMEs are now a particularly significant element of the changing economy and landscape of inner-city Johannesburg, and the following conclusions on foreign migrant involvement in the SMME sector can therefore be drawn:

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

**Table 1**  
Immigrants' business clusters according to their origins

Sector	Activity	Origin of immigrant
Retail	Curio selling	Malawi, Mozambique & Zimbabwe
	Selling ethnic clothing	West Africa
	Food retail	West Africa
Service	Motor-car repairs/panel beating	Mozambique & Zimbabwe
	Hairdressing	All
	Operating restaurants	West Africa
Production	Traditional clothing	West Africa
	Wedding dresses	West Africa
	General tailoring	Malawi
Other business sectors	Nightclubs	West Africa
	Cafes	West Africa
	Several import/export	West Africa
	Music shops	Central Africa, West Africa
	Traditional healing	East Africa, West Africa

Source: Table adapted from Rogerson's text above in 2.3.1

Immigrant entrepreneurs form distinct clusters in the kinds of businesses they operate. Malawian immigrants tend to concentrate on clothes production or curio-selling, while Mozambicans and Zimbabweans are more visible in motor-car repair and curio-selling activities. West Africans are mainly found in ethnic businesses related to clothes, food retailing and operation of restaurants.

- Generally, these immigrants' businesses are run by single, young, male entrepreneurs, who work long hours: 64 hours per week or six days a week. If they have employees, they work similar hours.
- The interviewed immigrant entrepreneurs put forward the following reasons for

choosing to establish their businesses in Johannesburg:

- Proximity to homes (for SADC citizens);
- Strong market potential;
- Networks of family and friends.

In his research, Rogerson (1999:20) found a way to distinguish between two distinct groups of migrant entrepreneurs, namely, migrants from the Southern African Development Community (SADC) countries and non-SADC migrants. The marked differences between SMMEs operated by SADC and those operated by non-SADC migrants are summarised in the table below:

**Table 2**

Differences between SMMEs run by SADC and non-SADC migrants

SADC migrant entrepreneurs	Non-SADC migrant entrepreneurs
SADC immigrant entrepreneurs do not have international ties. They barely communicate with their fellow countrymen left behind with regard to business opportunities and expansion.	Their businesses are integrated and are supported by wider international and regional (SADC) migrant networks. Some 56 per cent of the sample had operated similar businesses in their home countries. They have a wide international family and business connectivity, including links with West Africa, Canada, the USA and Europe.
Most SADC entrepreneurs acquired their start-up capital from their previous jobs in South Africa.	Most non-SADC entrepreneurs finance their businesses with funds brought in from outside South Africa.
Businesses run by SADC immigrant entrepreneurs are smaller and seemingly less well-capitalised than those of their non-SADC counterparts.	The diversity and strength of the non SADC-run businesses derives from their exploitation of such income niches as 'ethnic businesses' and those of Francophone culture.
The majority of SADC entrepreneurs had a secondary school education.	Immigrant entrepreneurs from non-SADC countries are better educated, which gives them wider horizons in their business development strategies. Some 50 per cent of non-SADC entrepreneurs had some University education. Three had Masters' degrees and one was a qualified dentist.

Source: Adapted from Rogerson (1999)

### 3

## Methodology

The methodology used to carry out the study was a survey by means of questionnaires. Two semi-structured sets of questions were developed, one for African immigrant entrepreneurs, and the other for immigrant-support organisations. Both questionnaires were pilot-tested to ensure clarity, comprehension and ease of use.

These instruments were utilised for collecting data measuring the immigrants' biological information, their knowledge of business, the profile of their business and the employment situation of the business. A set of questions to measure the transmission of entrepreneurial skills from foreigners to locals was included in the questionnaire. The questionnaire to the seven organisations which offer services, advice and support for immigrants in Cape Town provided data on the

profile of the organisation, their interaction with immigrants and the support and training they provide for the immigrants.

Data from African immigrant entrepreneurs was collected by means of personal visits and face-to-face interviews between the researcher and the respondents, while data from immigrant-support organisations were collected electronically (i.e. by fax and e-mail). The respondents participated with their own consent, and safe, confidential environments were chosen for the interviews.

The sample comprised 120 African immigrants who run their businesses in certain suburbs of Cape Town. The target population of this study was a group of African immigrant entrepreneurs who operate in the suburbs of Bellville, the Cape Town foreshore, Nyanga and Wynberg. These sites were chosen for their heavy immigrant entrepreneur presence. The selection criteria for respondents involved the number of local workers an African immigrant entrepreneur employs. In other words, any African immigrant entrepreneur operating in the above-mentioned suburbs who employs an equal or greater number of locals was considered by locals to be a job creator, while an African immigrant entrepreneur who employs only immigrants or fewer locals than immigrants was not considered by South Africans to be a job creator. The sampling method used in the research was convenience sampling, which is a type of non-probability sampling.

The collected data was presented in a tabular format, while its analysis was done by categorising questions according to the research objectives. Where the questions were similar in both questionnaires, the responses were compared in tabular form, which allowed a better interpretation of the results.

## 4

### Findings of the empirical research

#### 4.1 Discovering the current African immigrants in South Africa

The information supplied by Home Affairs, Cape Town, and immigrant-support organisations operating in Cape Town, shows that the

majority of African immigrants come from Somalia, the Democratic Republic of Congo, Zimbabwe, Rwanda, Burundi and Angola.

A further characteristic of the Cape Town immigrants, as highlighted by Ngwema (1998:8), is that about 80 per cent of immigrants had a minimum of 10-12 years of education, while at least 30 per cent had a form of, or have completed, tertiary education. This is consistent with the findings of the current study, in which it was discovered that 31 per cent of interviewed immigrants have a Technikon, Bachelor's or Postgraduate degree, while 69 per cent have a qualification equivalent to primary and high school.

The study also found that male immigrants run 97 per cent of the businesses, while the women are preoccupied with household activities such as baby-sitting, learning English, or attending short courses provided by the immigrant-support organisations. Those activities may include, inter alia, food preparation, sewing activities and waitressing.

The study revealed that all the immigrants interviewed have been living in South Africa for more than a year. They can therefore be regarded as long-term migrants in line with the definition by the UN (United Nations), whereby a person who has moved to a country other than his or her usual residence for a period of at least a year is a long-term migrant, while a person who moves in for at least three months, but less than a year, is referred to as a short-term migrant.

In addition, the response by immigrants to the Cape Town Refugees Centre project of building the consciousness around human rights for refugees confirms Ngwema's findings. Timberg (2005:15) points out that the UN survey of asylum seekers indicates that immigrants are relatively skilled and well-educated, with two-thirds holding a high school diploma or higher.

#### 4.2 Tough living conditions in South Africa

Despite their education and experience, immigrants find work only with great difficulty, and they are grossly exploited. Frustrated in their goals to integrate into the host society, they turn to entrepreneurship,

sometimes targeting the protected niche in the ethnic enclaves (Salaff, 2002:78). This forces many of them to enter necessity-based entrepreneurship<sup>2</sup>. Consequently, they create employment for themselves and sometimes for unemployed South Africans. Timberg (2005:9) notes that "I don't think that refugees are taking jobs that would otherwise go to South Africans; they are starting little businesses and employing South Africans more often".

However, these entrepreneurs face a number of problems and endure considerable xenophobic hostility directed at them and their businesses. Despite the difficult local conditions in which they operate, most of immigrant entrepreneurs express their optimism and look to the possibilities of expanding their business enterprises elsewhere in South Africa (Rogerson, 1999:14). Surviving these conditions proves that immigrants possess the entrepreneurial quality of perseverance.

Immigrant entrepreneurs in South Africa have no access to finance and credit. However, as Fisher notes (2005:4), entrepreneurs need to be creative: real entrepreneurs can start something out of nothing. This is called 'bootstrapping'. An overwhelming number of these African entrepreneurs obtain finance through this highly creative process, as they have problems in opening bank accounts, and acquiring visas and permits. They also have to deal with customs, harassment by police and local officials, and being targeted by criminals and gangs.

### 4.3 Success stories of immigrant entrepreneurs in Cape Town

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

married". He is also about to start an Internet café, and hopes to increase the number of his SA employees from five to ten.

Bezuidenhout (2000:4) recounts the story of Nigerian Fred Egwu, who started as a sidewalk shoe repairman. He managed to save some money and opened a more profitable business in the hair-care industry, and then opened up a photography shop in Strand Street, Cape Town. He employs two Capetonians as photographic assistants. Mr Egwu is not sure whether he would have achieved that level in his home country, but he confirms that in Cape Town he had to work harder to be where he is now. "There is nowhere to run to when things do not work out; maybe that is what drives us when we live in another country", says Egwu, who has just bought a house in Cape Town and is hoping to increase his business.

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

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

The following tables summarise the major findings on job creation by African immigrant entrepreneurs in Cape Town.

Table 3 illustrates that many African immigrants leave their home countries owing to the political insecurities in their home countries.

**Table 3**

Reasons why Africans leave their home countries for South Africa

Variables	Origin of African immigrants entrepreneurs									
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other** N= 20		Total N=120	
	F	%	F	%	F	%	F	%	F	%
Political instability	12	30	40	100	2	10	10	50	64	53
Perception of business opportunities in RSA	15	38	0	0	6	30	2	10	23	19
Economic reasons	8	20	0	0	9	45	3	15	20	17
Visit	2	5	0	0	3	15	2	10	7	6
Other*	3	8	0	0	0	0	3	15	6	5
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents					F: Frequency					

\* The group designated as 'Other' comprises family problems, marriage, study, adventure etc.

\*\* The group of countries designated as other comprises of Cameroon (6), Tanzania (5), Angola (4), Zimbabwe (2), Rwanda (2) and Morocco (1).

Table 4 illustrates the variety of businesses in which African immigrant entrepreneurs are involved, whether as retailers or service providers.

**Table 4**

Businesses African immigrant entrepreneurs are involved in

Businesses: retail/service	Origin of African immigrants entrepreneurs									
	Nigeria N= 40		Somalia N= 40		Senegal N= 20		Other** N= 20		Total N=120	
	F	%	F	%	F	%	F	%	F	%
Clothing	13	33	19	48	6	30	4	20	42	35
Footwear	8	20	5	13	8	40	2	10	23	19
Groceries	2	5	11	28	2	10	2	10	17	14
Bags, caps and belts	6	15	0	0	3	15	2	10	11	9
Restaurant	2	5	1	3	1	5	1	5	5	4
Hairdressing	3	8	0	0	0	0	2	10	5	4
Second hand goods	2	5	0	0	0	0	4	20	6	5
Others *	4	10	4	10	0	0	4	15	12	10
TOTAL	40	100	40	100	20	100	20	100	120	100
N: Number of respondents					F: Frequency					

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

\*\* The group of countries designated as other comprises Cameroon (6), Tanzania (5), Angola (4), Zimbabwe (2), Rwanda (2) and Morocco (1).

Table 5 illustrates the level of employment creation by African immigrants for locals and their fellow migrants.



#### 4.4.2 Discussion

Table 3 illustrates that the African immigrant entrepreneurs who participated in this study rated the reasons for leaving their home countries in the following decreasing order:

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

This finding is consistent with the finding highlighted in the study by Lee and Siemborski (2005:75), who outlined the reasons below as the causes of Irish, British and Cuban immigration to America:

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

Further, the finding relating to 'economic reasons' as a major motivating factor can be compared with that by Goetz (1999:5-6), who stated that economic booms are some of the reasons for people migrating in search of better living conditions. Other reasons are private and personal, whereby people move to new and better jobs or relocate to live in areas with a perceived better climate or more pleasant environmental amenities.

The findings of this survey relating to why African immigrant entrepreneurs leave their home countries can also be compared with those of Hunter and Skinner (2001), who conducted research among 171 foreign informal traders, where one of their aims was to determine why immigrants leave their home countries to come to South Africa. Their research found that of the informants originating from 17 different African countries, 47 per cent were political refugees

while the others came to South Africa for other reasons; often economic.

The following extract highlights various reasons why Africans come into South Africa. These findings are similar to those of the current study:

- Thousands of people choose to settle in South Africa because of the quality of life, the climate and the business opportunities. Recent immigration records show that South Africa is becoming a multi-cultural melting pot, alive with possibilities (*South Africa Info*, 2004:2). The majority of South Africa's current refugees come from countries such as the DRC, Burundi, Rwanda, Angola and Somalia, because these countries are experiencing political problems.
- Somalia is one of the poorest countries in the world, and the civil war that has been raging since 1991 has led to 300,000 people fleeing to other countries and 400,000 other people being displaced from their home areas. The intense fighting and constant political instability has resulted in widespread poverty and the collapse of almost all the country's infrastructure (*Save the Children UK*, 2006:3).
- Benton (2007:2) reports that Deputy Home Affairs Minister Malusi Gigaba told the crowd at Masiphumele township in southern Cape Town that "hundreds of thousands of people in Africa live outside their countries of origin, not sure if they will ever go back there or whether they want to return home" and that countries of more "modest development" than South Africa continue to host many thousands of people displaced by repression or conflict.

#### 4.4.3 Business activities in which African immigrants are involved

Dahlerg (1997:1) states that we all find ourselves in various new places, either physically or mentally, including new jobs, new neighbourhoods, new cities, new relationships, deaths and so on; and that these experiences require skills of adaptation - the ability to change and think of new possibilities. Today, regardless of our age, the speed of change obliges us to think ahead and be

proactive rather than reactive. This attitude will allow us to positively face our present and future challenges.

Table 4 above summarises the findings on the activities African immigrant entrepreneurs are performing in Cape Town.

#### *4.4.3.1 Clothing traders*

From the table above, 19 out of the 40 (48 per cent) immigrant entrepreneurs from Somalia interviewed are involved in the clothing business. The total number of African immigrant entrepreneurs interviewed who are involved in the clothing business is 42 out of 120 (35 per cent). The influx of many foreigners into Cape Town has made the clothing sector an open opportunity for many immigrants, many of whom sell ethnic clothes to cater for their fellow non-South Africans. This business has been made easier not only with the importing of cheap clothing products from many Asian countries like China but also by their easy storage. Immigrants have a common storage room, and nobody worries about who comes to fetch the luggage.

#### *4.4.3.2 Footwear traders*

As displayed in Table 4, 40 per cent of interviewed immigrant entrepreneurs from Senegal are involved in the footwear business. The total number of interviewed African immigrant entrepreneurs involved in the business in general is 23 out of 120 (19 per cent). The footwear sector has, in fact, presented opportunities for those immigrants who are open to a variety of footwear, and they have managed to import and provide a wide variety, including alternative styles for their fellow non-South Africans.

#### **4.4.4 Discussion**

As shown in Table 4, African immigrants in Cape Town are involved in a wide range of activities, some of which require a relatively large investment, while others require less. The research has shown that 35 per cent of the African immigrant entrepreneurs interviewed are involved in the clothing trade. This finding can be compared with the research done by Peberdy (2000:14), who found that textiles are sold predominantly by South African-Mozambique border-crossing entrepreneurs,

who travel every day to sell their products on the other side of the border. However, it remains to be investigated whether this can be regarded as general practice for all the immigrants in their new country.

African immigrant entrepreneurs in Cape Town give, as their main reason for involvement in the clothing sector, the fact that South Africa seems to be a fashion-driven society where people are aware of and very sensitive to any new clothing products that reach the market; the seller can make money out of this trend. The other reason is that clothes are easy to store. All those selling similar products have a common storage facility where they leave their locked trolleys every evening. They are never sure how latecomers are going to handle the storage, and the system experiences problems with damage to the more delicate products like watches and crockery, as well as products from the grocery sector. However, when it comes to clothing, even less than careful handling results in relatively little or no damage.

African immigrant entrepreneurs are more involved in the clothing sector because they can target their fellow immigrants by providing them with ethnic clothing similar to that found in their home countries. Somalis are more involved in this sector than any other nationality as they can provide for the Somali women, whose style is very different from that of other Cape Town residents. Rogerson (1999:15) also found that immigrants manufacture clothing products according to the fashions in their home countries.

There is a noticeable presence of Somalis dealing in the clothing sector in the suburb of Bellville and today some of them are operating as wholesalers. Another noteworthy point is that most of the immigrants who run businesses have been in South Africa for no more than five years, yet they have managed to grow their businesses to that level in a very short time. Given their size, it is possible that most concerns are conducted as partnerships.

When it came to the footwear sector, the interviewed immigrant entrepreneurs claimed that they provided quality shoes at a low cost, allowing them sustainability in a highly competitive environment. Selling shoes does not require sophisticated equipment like

quality shelves, and most immigrants display their shoes on the shoeboxes themselves. Many of them combine selling footwear with other products, such as bags and belts.

Some African immigrants are involved in restaurants, some of which were visited in the course of this research. The Madiba Restaurant in Bellville is run by Somalis, while Amon's Restaurant in Cape Town is a Nigerian concern. Both have the competitive advantage of low charges combined with quality food. The Madiba restaurant offers a wide range of local food like chicken, rice, spaghetti, meat and salads, as well as the preferred food of Somalis in their home country, such as maize bread, sweet potatoes and other specialties.

In recent months, Somali refugees in South Africa have experienced confrontations with certain locals, and civil authorities have had to address the problem and stop the violence. Most comments contained, as a subtext, jealousy on the part of locals, because Somali entrepreneurs run such highly successful businesses. According to Benton (2007:2), the former Western Cape Premier, Mr I. Rasool, told a gathering at Masiphumele Township in southern Cape Town that locals could learn from some Somalis, "as they went about earning an independent livelihood through their trading stores". At the same time, Mr Rasool said that "Somalis could learn lessons from South Africans in terms of a growing culture of human rights that ensures equality between all people, including across the gender divide".

These findings could also be compared with the above-mentioned study by Rogerson (1999:17), who highlights the business activities of the immigrant clusters found in the Johannesburg inner-city.

#### **4.4.5 Employment creation**

In his study about immigration and employment growth in the United States of America, Enchautegui (2005:10) shows that the overall immigrant population contributes more to increases in employment than does the overall native population. Recent immigrants and recent internal in-movers have a similar effect on employment growth for locals. Table 5 below shows the pattern of employment creation by African immigrants in

South Africa, a confirmation of Enchautegui's finding.

##### *4.4.5.1 Employment for South Africans*

Table 5 above shows that 29 out of the 40 (73 per cent) interviewed African immigrant entrepreneurs from Nigeria prefer to employ South Africans, as do also 36 out of the 40 (90 per cent) interviewed African immigrant entrepreneurs from Somalia. A significant number, 19 out of the 20 (95 per cent) interviewed immigrant entrepreneurs from Senegal and 14 out of the 20 (70 per cent) other African immigrant entrepreneurs from various African countries prefer to employ South Africans. The total number of interviewed African immigrant entrepreneurs who employed South Africans is 98 out 120 (82 per cent).

##### *4.4.5.2 Employment for both foreigners and South Africans*

In Table 5 above, it can be seen that nine out of the 40 (23 per cent) interviewed African immigrant entrepreneurs from Nigeria choose to employ anybody, while five out of the 20 (25 per cent) interviewed African immigrants entrepreneurs from various countries of Africa choose to employ either a foreigner or a South African. The total number of interviewed African immigrant entrepreneurs who employ anybody, foreign or South African, without preference is 17 out of 120 (14 per cent).

Presenting the extent to which African immigrant entrepreneurs create employment for unemployed South Africans in Cape Town is what this paper attempts to establish. From Table 5 above, judging by even this small sample of 120 respondents, African immigrant entrepreneurs demonstrate that they are indeed creating jobs for South Africans, as 82 per cent of interviewed African immigrant entrepreneurs were employing South Africans. This finding confirms the hypothetical statement of the study undertaken in 2006/2007: "African immigrant entrepreneurs create jobs for unemployed South Africans in Cape Town", and they justify their preferences in the following terms:

- South African employees offer the business a communication facility;

- South Africans are empowered: they gain financially and they are trained in business;
- South Africans do not ask for as high remuneration rate as foreigners, who are here in search of money.

## 5

### Conclusion

In recent years, a growing number of immigrants have entered South Africa, who, in their first months, survives under difficult circumstances. To earn their living, some of them manage to create and successfully run their small businesses and create employment for locals. There are few studies that have considered the context of job creation by immigrants in South Africa as an alternative way of changing the negative perception among some South Africans, many of whom believe that immigrants are here to take the jobs that should be done by South Africans. Some researchers, however, confirm that immigrants create employment for themselves and sometimes for South Africans.

This paper has highlighted the issue of recent immigration to South Africa, and presented the role of immigrant entrepreneurs in South African small business. Recent statistics suggest that the South African unemployment rate was lowered to 23 per cent in 2007 from 26 per cent in the 2006. This means that job creation remains one of the greatest challenges facing the South African government. One solution is to encourage people to become entrepreneurs and to create small enterprises. Some African immigrants are critical of the South African education

system, which does not encourage people to undertake business ventures. African immigrants choose to take this risk and improve their living conditions while at the same creating employment for locals.

## 6

### Directions for future research

Research into a number of aspects of immigrant entrepreneurship can greatly benefit the economies of host countries while at the same time contributing positively to the lives of their populations. The prospective change in South African immigration law should seriously take into consideration the integration of immigrant entrepreneurs, given their impact on job creation. It is therefore strongly recommended that further research be undertaken into the inclusion of all immigrants in South Africa without distinction of origin. Secondly, the inclusion of immigrant entrepreneurs in financial support facilities should be considered, as well as the provision of official long-term travel documents to allow immigrants to operate in better conditions. More importantly, such research would be of importance to South African society, as many immigrant entrepreneurs face harassment and brutality, directed at themselves and their businesses. Such research would also be useful to organisations that assist in the development of micro-enterprises and those who support immigrants. An understanding of both job creation and entrepreneurial skills transmission from foreigners to locals would enrich our understanding of immigrant entrepreneurship.

### Endnotes

- 1 Unemployment rate: In the context of this study, the definition by *Trading Economics* will be used, which defines the unemployment rate as the number of people currently employed, divided by the adult population (or by the population of working age). In these statistics, self-employed people are also counted as employed.
- 2 Necessity-based entrepreneurship: According to GEM (2009), necessity-based entrepreneurship as opposed to opportunity-based entrepreneurship refers to the fact that people get involved in entrepreneurial activity because they have no better choices for work. The 2009 Executive Report reveals that necessity-based entrepreneurship applies to 43 per cent of entrepreneurs, while opportunity-based entrepreneurship applies to 54 per cent on average in countries surveyed.

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