



Cape Peninsula
University of Technology

**ASSESSING THE ROLE OF STOKVELS IN THE START-UP AND GROWTH OF
CAMEROONIAN OWNED BUSINESSES IN THE CAPE METROPOLE**

By

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DECLARATION

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Signed

Date

ABSTRACT

Entrepreneurial activities are very evident within the Cape Metropole as the proliferation of small, medium and micro-sized enterprises (SMMEs) will attest. The most recent literature confirms the preponderance of immigrants in these economic activities. This phenomenon is unfolding against the backdrop of the contingent of challenges which they face which are not limited to discrimination, limited access to finance from formal financial institutions, inadequate skills, and language barriers. The limited access which they have to obtaining finance from formal financial institutions constitutes one of the most significant obstacles for many immigrant entrepreneurs. There is evidence to suggest that in response to this state of affairs, immigrants resort to unconventional means to obtain finance for their entrepreneurial activities. It has been found that, immigrants form self-help financial associations which are known as stokvels in South Africa as a means of obtaining the finances which are needed for the start-ups and even for the growth of their businesses. In fact, it could be asserted that the inability of immigrant entrepreneurs to obtain loans from commercial banks and other related financial institutions has resulted directly in the creation of immigrant-run informal financial institutions such as stokvels. Consequently, the main objective of this study was to assess the role which stokvels which are known in Cameroon as “njangis” or “tontines”, play in the start-ups and growth of businesses which are owned by Cameroonian immigrants in the Cape Metropole.

Both quantitative and qualitative approaches and research methods were used to conduct this study. The quantitative and qualitative data was collected through the administration of a questionnaire and the conducting of face-to face interviews respectively, owing to the nature of the target population. The data which was collected from the respondents who completed the questionnaires was captured, categorised and analysed in relation to the research questions through the use of SPSS statistical software and the findings were presented in the form of frequency tables and pie charts.

The study ascertained that “njangis” play a very important role in the businesses of Cameroonian immigrants and in their daily lives as they are not only a source of capital for the start-ups and expansion of the businesses of their members, but they also provide a means of saving money, as most of them do not have access to bank accounts. According to some of the respondents, some of the “njangis” even serve as forums for discussing business ideas.

Like most other organisations, stokvels have their own unique challenges, which will be discussed comprehensively in Chapter Four, particularly with respect to the methods which are employed to overcome them. It is the considered opinion of the researcher that it is in the domain of entrepreneurship in particular that South African citizens could learn a great deal from immigrants from other African countries about the successful starting and running of small, medium and micro sized businesses as recent literature has demonstrated quite conclusively the significant contribution which their entrepreneurial enterprises make to the development of the South African economy, in terms of both earning revenue for the South African government and providing employment to South African citizens.

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DEDICATION

This thesis is dedicated to the entire Nkem family.

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GLOSSARY

NASASA	National Stokvel Association of South Africa
SMMEs	Small, Medium and Micro sized Enterprises
GEM	Global Entrepreneurship Monitor
USA	United States of America
SADC	Southern African Development Community
RCA	Rotating Credit Association
ROSCAs	Rotating Savings and Credit Associations
ASCRA	Accumulating Savings and Credit Associations
CAASWECA	Cameroon Association of the Western Cape
DTI	Department of Trade and Industry
DHA	Department of Home Affairs
Njangi	Another name for Informal Financial Association
Stokvel	Another name for Informal Financial Association
NCR	National Credit Regulator
IFI	Informal Financial Institutions

CHAPTER ONE: INTRODUCTION.

1.1 Introduction

There is a growing consensus that the creation and growth of Small, Medium and Micro- sized Enterprises (SMMEs) would inevitably result in the creation of employment, economic growth, the alleviation of poverty and a general improvement of living conditions (Van Vuuren & Groenewald, 2007:269). However, despite all of these positive indications, this sector still faces a number of challenges particularly with respect to funding. Formal financial institutions such as commercial banks have been unable to provide adequate support in the form of credit to owners of small business owing to the terms and conditions which accompany the granting of loans by them. The rules and regulations upon which financial institutions insist have created the myth that the owners of small businesses are not bankable. Because they are unable to provide the required collateral, they tend to be regarded as not being sufficiently credit worthy (Adera, 1995: 48). Despite the attempts which have been made to overcome the widespread lack of financial support which is available to the owners of small businesses, particularly in developing countries, a large proportion of them still have only limited access to the services which are provided by banks to support their businesses (Braverman & Guasch, 1986).

The Cape Metropole is one of the areas in South Africa which harbours a sizeable number of immigrants who are involved in small business activities. However, these immigrants face a number of challenges such as discrimination, a language barrier, inadequate business skills and an inability to obtain financial capital from commercial banks and other related financial institutions. With respect to available financial resources, Gregory (2013: 34) points out that small businesses need external sources of finance as their internal sources of funding are often limited and inadequate which obliges new small businesses to obtain funding from external sources in the form of debt finance. However, external equity from commercial banks is always limited and in many cases, unobtainable, particularly for immigrant entrepreneurs. The inability for immigrants to obtain financial support from financial institutions results partly from their inability to fulfil the necessary requirements such as providing proper documentation, and also possibly, from discrimination (Tengeh, 2011:68). In response to this form of exclusion many immigrant entrepreneurs have resorted to forming or joining informal financial associations which are known colloquially as stokvels in order to raise the financial capital which is greatly needed by their businesses.

The steady increase in the numbers of informal financial associations in most developing countries such as Cameroon and Nigeria, in recent years, has had a number of effects on

entrepreneurial activities. With respect to the availability of financial capital, the stringent conditions and requirements which are imposed by formal financial institutions, such as commercial banks for the granting of loan and the lack of available funds which the banks have at their disposal in order to serve the poorest segments of the populations of their countries which usually constitute the largest proportion of them, have both contributed to the emergence of informal financial associations whose activities include money lending, pawn broking and rotating savings credit associations. The later provide credit facilities to meet the needs of borrowers who are usually members at short notice and with little or no restrictions or control concerning the uses to which the loans may be put.

This research study will endeavour to examine the role of informal financial associations in the start-up and growth of Cameroonian-owned businesses in the Cape Metropole in the Western Cape province of South Africa. Its two principal components will take the form of a comprehensive overview of informal financial associations and institutions and an investigation of the role which these informal financial associations play in the start-up and growth of Small, Medium and Micro sized Enterprises (SMMEs) which are owned by Cameroonian immigrants who reside within the Cape Metropole in the Western Cape Province.

As the Cameroonian entrepreneurs in the Cape Metropole have imported their culture of informal finance from their country of origin, the main objective of this study was to examine the role which these informal financial institutions play in their businesses.

1.2 Background to the research problem

Like other immigrant entrepreneurs, Cameroonian entrepreneurs in the Cape Metropole have experienced great difficulty in obtaining loans from formal financial institutions. A number of different reasons may be provided for the obstacles which they encountered such as a lack of credit history, a lack of the required documentation and so on. As a result, they have recognised the need to cooperate among themselves, by grouping together to form financial institutions which are known locally as stokvels in order to provide the financial support which is needed to develop and expand their businesses. The culture of grouping together to raise finances which is practised by Cameroonian immigrants has been imported from their home country. It is a common practice in Cameroon to form informal financial associations and dates back in history to a time when there were no organised forms of financial institutions yet, particularly in the rural communities. The need for savings and loans resulted in the formation of what are known today as 'fontines' in the French-speaking part of Cameroon and 'njangis' in the English-speaking section. In South Africa, informal financial associations are referred to as stokvels. For the

purposes of this study, the terms “njangis”, “tontines” and “stokvels” will be used interchangeably to mean informal financial associations.

Informal finance is a broad concept, which pertains to an equally broad range of financial activities which operate beyond the jurisdiction of the regulated financial institutions of countries. The activities which fall within the domain of informal finance lie outside of the regulation of the formal financial sector (Aryeetey, 1995: 68). Informal finance providers concentrate on debt service-savings, credit, money transfers and insurance rather than offering the comprehensive range of financial services which are provided by the formal sector.

Informal financial activities in Africa range from those of the deposit collectors of West and Central Africa who are known as susu or esusu collectors and tontines or njangis, to the hawala cross-border money transfers which are commonplace in North-East Africa, and stokvels, which have long been a feature in the financial lives of South Africans. However, the main focus of this research study will be on Cameroonian immigrants in the Cape Metropole region, their informal financial practices and how they benefit from them during the start-up and growth phase of their businesses.

Immigrant entrepreneurs have not only been able to create employment for themselves, but they are providing employment for a great many South Africans and immigrants from other countries. They are playing a significant role in the reducing of unemployment and the alleviation of poverty in a manner which aligns closely with the stated objectives of the South African government thereby playing a meaningful role in the growth and development of the South African economy.

1.3 Statement of the research problem

It has been found in most host countries that immigrants are generally more likely to start businesses than indigenous citizens (Desiderio, 2014:2). The motivation for immigrants to start businesses may be supplied by the obstacles which they encounter in the process of attempting to find suitable employment in the formal sector and also by their tendency often to take greater risks than the indigenous population, as a result of not having the safety nets which are provided to them in the form of social grants, by means of which they are able to eke out an existence, even under the most impoverished circumstances. By becoming entrepreneurs, their activities enable them to create employment for themselves, members of the indigenous population and immigrants from other countries. The growth of immigrant entrepreneurship is generally acknowledged to make a significant contribution to alleviating poverty and inequalities in incomes (Fatoki, 2014: 8), although the challenges which are encountered by immigrants such

as a language barrier, discrimination, xenophobia and financial difficulties, all serve to hinder their ability to launch successful entrepreneurial enterprises (Tengeh, 2011:71).

A lack of adequate financial capital is a major obstacle to the start-up and growth of most Small, Medium and Micro sized Enterprises (SMMEs), irrespective of the national origins of aspiring entrepreneurs (Milica & Benton, 2013). However, a lack of financial resources tends to have even more severely adverse consequences for immigrant entrepreneurs than it does for their indigenous counterparts with the main reasons lying in the characteristics of immigrant entrepreneurs and their enterprises, and the lack of familiarity of mainstream credit institutions with immigrant borrowers. The possibility of prejudice and discrimination, no matter how subconscious or subliminal it may be, cannot be entirely discounted. This state of affairs tends to produce two main categories of undesirable consequences. The first entails many prospective immigrant entrepreneurs not being able to launch their businesses successfully. Even in those instances in which they are able to do so, achieving sustainable growth represents a further hurdle. The second entails immigrant entrepreneurs being unable to optimise their socio-economic contribution to the South African economy. In this scenario immigrants are obliged to compete with native South Africans for employment instead of creating employment for them. As a result, a great many immigrant entrepreneurs endeavour to find alternative means of obtaining financial capital for the start-up and growth of their businesses (Tengeh, 2011:189), of which entails their relying on informal financial institutions such as stokvels in South Africa which are equivalent of the njangis which are to be found in the English-speaking regions of Cameroon. Consequently, this study will endeavour to ascertain the role which stokvels play in Cameroonian owned businesses in the Cape Metrople in the Western Cape province of South Africa, with respect to their start-ups and their growth.

1.4 Research questions

Most Small, Medium and Micro sized Enterprises (SMMEs) which are operated by Cameroonian immigrants in the Cape Metropole fail for a number of reasons, such as a lack of education, language and cultural barriers, a lack of experience and an entrepreneurial culture and in by far the most case, a lack of adequate financial resources.

This study will endeavour to answer the following research question and sub-questions.

1.4.1 Main research question

What is the role which stokvels play in the start-up and growth phases of the businesses of Cameroonians in the Cape Metropole?

1.4.2. Research sub questions

The following research sub-questions were formulated in order to augment and develop the main research question:

- What is the motivation behind the formation of stokvels by Cameroonians in the Cape Metropole?
- How complex or difficult is it to obtain loans from these informal financial institutions?
- What is the role which stokvels play in the start-up of Cameroonian-owned businesses in the Cape Metropole?
- What is the role which stokvels play in the growth of Cameroonian-owned businesses in the Cape Metropole?
- What are the challenges which are faced by the informal financial associations such as stokvels?

1.5. Objectives

The objectives of this study were as follows:

1.5.1 Main research objective

The main objective of this study is to assess the role which stokvels play in the start-up and growth of Cameroonian-owned businesses in the Cape Metropole and the challenges which are faced by these stokvels.

1.5.2. Research sub objectives

The following research sub-objectives were formulated to support the main objective:

- To determine the motivation for the formation of stokvels by Cameroonians in the Cape Metropole.
- To determine the procedures according to which loans are obtained from these informal financial institutions.

- To ascertain the role which stokvels play in the start-up of Cameroonian-owned businesses in the Cape Metropole?
- To ascertain the role which stokvels play in the growth of Cameroonian-own businesses in the Cape Metropole.
- To ascertain the challenges which are faced stokvels.

1.6. Delineation of the study

The principal concern of this research study was the role which informal financial associations play in the start-up and growth of Cameroonian-owned businesses in the Cape Metropole. The study endeavoured to conduct an investigation of the operations of informal financial institutions within the communities of Cameroonian immigrants and the effects which they had on their businesses in these communities. It needs be stressed that although the focus of the study on owners of small businesses who were Cameroonian immigrants served to exclude other immigrant entrepreneurs from consideration, it is acknowledged that they may be faced with similar challenges. The study confined itself to a cross-section of Cameroonian immigrant entrepreneurs who operate in the Small, Medium and Micro-sized Enterprises (SMMEs) sector. Owing to the fact that there are many Cameroonian immigrant entrepreneurs operating throughout the Republic of South Africa, the target population for this study was limited to those who were concentrated in the Cape Metropole as the limited available resources did not permit a larger population to be considered. The very large corporations which were operated by Cameroonian immigrant entrepreneurs if there were any, were also not considered to be eligible for inclusion in the target population.

For the purposes of this study, the Cape Metropole was limited to the following municipal boundaries: Woodstock, Salt River, Mowbray, Observatory, Claremont, Retreat, Rondebosch, Maitland, Goodwood, Parow, Bellville, Kuils River, Khayelitsha, Delft, Philippi, Nyanga, Langa, Brooklyn and Milnerton.

1.7 Research design and methodology

Although the terms research design and research methodology are often used interchangeably, there are differences between their precise meanings. Cant, Gerber-Nel and Kotze (2008: 65) define a research methodology as a means which is adopted in order to arrive at a conclusion concerning a particular research problem. A research methodology simply describes how a

research design is to be employed with respect to the methods which are to be used to collect data (Cant, et al, 2008: 65).

Cant et al, (2008: 406) defined research design as the early or preliminary plan of a researcher for conducting a particular research study. They offer the conducting of field experiments and the simulating of research processes as examples of components of research designs and explained that a research design should include a schedule of the task which a researcher intends to perform in order to conduct a particular study, from the writing of a research hypothesis to the consideration of the operational implications and the methods which will be used to analyse the data.

Three main classifications or approaches to research are described by Zikmund (2003: 68) namely qualitative, quantitative, and mixed methods research which makes use of both qualitative and quantitative research methods. Aiming to maximise the benefits of using both qualitative and quantitative methods, this study made use of a mixed methods approach. Quantitative research usually employs statistics to conduct large-scale surveys research by using questionnaires or structured interviews (Cant et al., 2008:76), while qualitative research uses open-ended questions in order to allow the participants in research study to express their opinions, beliefs and perceptions in an in-depth manner. (Creswell, 2003:9).

Although, a questionnaire was the primary research instrument which was used to collect data, the data which was obtained by administering it was complemented with a qualitative data which was obtained through the conducting of face-to-face interviews. It was decided to collect data from both the questionnaire and face-to-face interviews because the units of the target population could easily be reached for conducting of interviews and the administering of questionnaires. Owing to the large number of Cameroonian entrepreneurs within the Cape Metropole, a cross-sectional survey method was used to obtain information from a representative research sample.

1.7.1 The collecting of data

The process of collecting data entails the gathering and collecting of relevant information. Data can be collected in a number of different ways including through making direct observations or conducting interviews (Dorsten & Hotchkiss, 2005:30).

This study made use of a survey to collect data because doing so provides a quick, inexpensive, efficient, and accurate means of assessing information concerning a particular target population. Surveys typically enable researchers to describe or to discover the reasons for a particular event, occurrence or phenomenon (Zikmund et al., 2010: 186). The data for this research study took a duration of six weeks and this was within the months of June and July 2016. The methods which were used to collect both the primary and secondary data will be described in the sections which follow.

1.7.1.1 Primary data:

The primary data was collected through the conducting of face-to-face interviews and the administering of questionnaires over a period of six weeks. The researcher visited individual Cameroonian immigrant owners of businesses in person, either at their business premises or at venues where meetings are held and in order to distribute the questionnaires. The owners of businesses were not interviewed, as the interviews were confined to the leaders of various groups in the Cameroonian community, who were considered to be in a position to provide a clear picture of how their organisations function.

1.7.1.2 Secondary data:

Secondary data was collected from the following sources;

- Library searches at universities and public libraries
- Internet searches
- Books and articles related to this study
- Workshop and conference papers.
- Journals, articles and magazines devoted to informal finance and entrepreneurship.

The data which was collected from these secondary sources played an important role in the development of the theoretical framework upon which this study is based which will be covered in depth in Chapter Two.

1.7.2 Population

A population may be defined as a group of individual people, organisms or objects which share common characteristics, which are of interest to a particular researcher (Haralambos & Holborn, 2008: 815). As this research study concerns informal finance and the role which it plays in the businesses of Cameroonian immigrant entrepreneurs, the target population was considered to comprise the Cameroonian immigrants who are involved in informal economic activities within the Cape Town Metropolitan Area.

1.7.2.1 Sample size

The sample size is a representation of the unit of analysis. Owing to restrictions with respect to time, finance and access to respondents, it was impossible to collect and to analyse data which was obtained from the entire population. The sample size for this study was based upon a recommendation which was made by Saunders (2009: 486), who suggests that between 8 and 12 interviews should be sufficient to study a fairly homogenous group. As there is no official data base of immigrant-owned businesses in South Africa at present (Tengeh, 2010:20), it was difficult to obtain a reliable estimate of the size of the target population for a study of this nature. However, by taking into consideration previous studies concerning immigrant entrepreneurship in South Africa, in general and in Cape Town in particular, (Khosa,2014,;Tengeh et..al., 2011; Tengeh, 2010; Kalitanyi, 2007; Rogerson, 1997), an average sample size of 119 was obtained and the researcher settled on a final sample size of 123 respondents.

1.8 Significance of the research

This research was intended to generate a clear picture of the role which informal financial institutions play in the start-up and growth of businesses which are owned by Cameroonian immigrants vis-à-vis the host economy and also to clarify the role which immigrant entrepreneurs play in the economic development of Cape Town. The findings of this study could potentially benefit the government, people in the private sector who are concerned with economic development, students and other interested stake-holders. The researcher is optimistic that by clearly articulating the role which immigrants play in the development of the host economy, the South African government and other stakeholders may recognise the need to promote and support their businesses.

1.9 Ethical considerations

As human subjects were used to conduct this research study, the researcher took all reasonable measures to ensure that participants were not exposed to any physical or psychological harm or subjected to any stress or embarrassment. The researcher ensured that ethical standards for professional research in the social science were upheld and maintained at all times by adhering rigorously to the guidelines of the Ethics Committee of the Cape Peninsula University of Technology (CPUT).

As the Cameroonian community within the Cape Metropole has a well-organised union body which is known as “the Cameroonian Association of the Western Cape” (CAASWECA), the researcher approached the association in order to obtain consent to conduct this study. A letter

of consent (Please see Appendix D) which permitted the researcher to contact its members for information was obtained through its president. It was also made known to the members of the association that their participation in the study would be strictly voluntary and that anyone who had agreed to participate had the right to withdraw from the study at any time without incurring any penalties or repercussions whatsoever. The right to privacy of the participants was respected at all times and the information which they provided was kept confidential and used only for the purpose of this study. As an additional measure to ensure confidentiality, the names of businesses or respondents were not mentioned during either the conducting or the writing up of this research study.

1.10 Meaningful contributions which could be made by this research study

Once the role which stokvels play in the start-up and growth of the businesses of immigrant entrepreneurs and the role which these entrepreneurs play in the creation of employment and economic growth have been clearly articulated, it is recommended that interested parties should treat informal finance and immigrant entrepreneurship with the utmost respect. Interested parties would include:

- 1. The government:** Entrepreneurial enterprises and activities help to create employment and also constitute a source of revenue for the government through taxation. As immigrant entrepreneurs do not create employment only for themselves, but also for indigenous people, they contribute to the economic growth of the country in at least two significant respects. The contribution which they make to the economy needs to be appreciated by the government and expressed through the providing of support to entrepreneurial activities of immigrants, by creating favourable conditions for them and also through the extending of financial incentives, in return for meeting specific criteria with respect to making a valid contribution to the economic growth of a country. Interest-free loans could be provided to those immigrant entrepreneurs who are able to demonstrate their entrepreneurial dynamism and to develop viable and realistic business plans.

It is also recommended that entrepreneurship should be introduced to the curricula of schools in the lower grades in order to groom the entrepreneurs of the future from a very tender age.

- 2. Researchers:** Other researchers who conduct studies in this domain should find this study a valuable source of information and data.

3. **The university:** By making a valid contribution to the existing body of knowledge concerning the role which is played by informal financial institutions to promote the start-ups and growth of the SMMEs of immigrant entrepreneurs, the study thus helps to cement the reputation of the university as an institution in which significant research is conducted
4. **The South African Revenue Service:** The department could benefit a great deal from this work, in the sense that it should provide clarity concerning the financial realities pertaining to immigrant entrepreneurs and ultimately, make it possible to increase its own revenue as a result of the success of immigrant owned SMMEs.
5. **Prospective entrepreneurs:** This study should help to enable prospective entrepreneurs to understand exactly how funds may be raised for the start-ups and the growth of their businesses.

1.11 Structure of the thesis

The five chapters, which comprise this thesis are summarised in the sections which follows.

Chapter One:

This chapter provides a general introduction which commences with a discussion of the background to the research problem, before presenting it as a formal statement. The chapter also presents the research question and sub-questions and the objectives and sub-objectives of the study, before proceeding to an introductory discussion of research design and the methodology which was adopted in order to conduct it. A full account was provided of the precise delineation of the study, its significance, the ethical considerations which were respected at all times during the conducting of the study and the various contributions which it could potentially make.

Chapter Two:

This chapter takes the form of a review of the relevant available literature pertaining to the two principal areas of concern of this study. It commences with a review of the literature which is devoted to informal financial institutions, their role in the development of the private sector particularly with respect to the growth and development of Small, Micro and Medium Sized Enterprises and the challenges with which they are faced. From here, it then proceeds to provide a general overview of entrepreneurship with a specific focus on immigrant entrepreneurship, the factors which motivate immigrants to become self-employed, the challenges which are faced by immigrant entrepreneurs and the contribution which is made by immigrant entrepreneurship in the economy of the host country.

Chapter Three:

This chapter is devoted to an in-depth discussion of the methods and procedures which were used to conduct the study. It covers the approach which was adopted, the research, design, the target population, sampling techniques, sample size, the criteria which were used in order to ensure the reliability and validity of the research instrument and the ethical considerations which were respected at all times during the conducting of the study.

Chapter Four:

This chapter presents the data which was collected from the self-administered questionnaires and face-to face interviews and an analysis of it with respect to the objectives and in relation to the relevant available literature.

Chapter Five:

The final chapter presents the conclusions which were drawn from the findings, makes recommendations on the basis of them and offers suggestions for future studies.

1.12 Conclusion

This chapter has provided a general introduction to the study through a discussion of the relevant background before proceeding to state the research problem and to explain the research questions, the objectives of the research study and the delineation of the study. It also provided an introductory discussion of the research design and methodology, the methods which were used to collect the data, the research population, the sample size, the significance of the research, the ethical considerations which were respected and listed the contribution which the study could potentially make. The next chapter is devoted to a review of the relevant available literature concerning the research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will review the available literature pertaining to informal financial institutions and their characteristics, entrepreneurship, immigrants and immigrant entrepreneurship, in relation to the research topic.

The purpose of this literature review is to give readers a brief overview of the existing writings of researchers concerning informal financial institutions, the effects which they had and the role which they have played in the start-ups and the growth of Small, Medium and Micro-sized Enterprises (SMMES)

The informal financial institutions which are commonly referred to as stokvels in South Africa have a close relationship with small businesses as their owners use stokvels as a means for raising capital to support their businesses. The objective of this study is to ascertain the role which stokvels play in the start-ups and the growth of small businesses which are owned by Cameroonian immigrants in the Cape Metropole. As was noted earlier, stokvels or njangis and tontines as they are known in English and French-speaking Cameroon are types of informal financial associations which enable members to obtain the financial assistance which they would be unable to obtain from formal providers of financial services such as commercial banks. Polonsky and Waller (2011:106) explain that in almost all cases; there will be earlier written material pertaining to any particular research topic, either in the form of academic writing or in that of writing which is generated within a particular industrial sector. Collis and Hussey (2009: 91) expand this assessment by pointing out that a literature review relates to all sources of secondary data which are important to a particular research topic. Accordingly, this study made use of multiple sources of information including journals, books, published and unpublished dissertations, articles which have been published in the electronic media and magazines.

2.2. Institutions

For the purpose of this study, institutions may be defined as organisations, establishments, foundations or societies which human beings create in order to shape human interaction in order to promote particular causes or programmes. The constraints which they impose upon their members include both the prescribing of actions which their members are not permitted to take and the conditions under which they are permitted to participate in particular activities. It could be suggested that they constitute an incentive framework for human interaction. The requirements of institutions are expressed through both formal written rules and also through

unwritten informal codes of conduct and regularised behaviour which underlie and supplement formal rules. The rules of institutions could be seen to function as a mechanism which allows individual members to solve problems in a manner which is acceptable to all of the other members (Ostrom, 2005: 115). Consequently, a precise understanding of how institutions shape outcomes is particularly useful for policy makers.

2.2.1 Informal financial institutions

The essential nature and the characteristics of informal financial institutions have been defined by a number of different writers and researchers (Asongu, 2015:-432). Informal financial institutions (IFIs) could be considered as those institutions which embrace all financial activities which take place outside of the normal practices and beyond the functional scope of the formal financial sectors of various countries and their regulations (Beeior et al., 2016:83). These institutions are not directly controlled through monetary and financial policy instruments, but are rather created by individual people and groups with no legal status. Bouman (1998: 17) refers to informal financial institutions as institutions which draw up contracts or agreements without reference or recourse to the legal systems of the countries in which they operate, in order to advance cash in exchange for a promise of repayment in the future. These institutions emanate from within the poor communities, as a bottom-up response to the demand from poor people for financial services which meet their specific needs.

Informal financial institutions have been in operation even before the introduction of the modern banking system (Akinlabi, 2015:95). Their main function has been to provide finance for entrepreneurial activities in poor communities. Helmke and Levitsky (2003: 256), characterise informal financial institutions as groups which are formed on the basis of socially-shared rules, which are usually unwritten, and which operate mainly outside of the officially sanctioned and regulated channels. While formal rules are enforced by official entities such as courts, judges, police and bureaucrats, those of informal financial institutions are enforced mainly by their members through mechanisms of obligation, which include patron-client relationships, ethnic networks, or simply by establishing rules which best align with the interests of people who find themselves in similar situations and allow everyone to benefit from the cooperative relationship. In-as-much as informal rules are generally not codified, they are widely accepted as being legitimate and are consequently 'rules in operation', in the sense that they are in use, as opposed to the formal written rules to which Ostrom refers as 'rules in force' (Ostrom, 2006:33).

Informal financial institutions are institutions which embody all financial practices which operate outside of the normal functional financial trends of various countries, such as those which are to be found in the banking sector and other financial sectors (Aryeetey 1998:8). Chipeta and Mkandawire (1991: 72) define informal financial institutions as financial institutions which are not directly controlled by key monetary and financial policy instruments. These institutions are usually created either by organisations or individual people and have no legal status. By their definition, informal financial institutions can be classified into three categories namely:

- 1) Proprietary informal entities such as money lenders, traders, estate owners, grain millers, small holder farmers, other types of businessmen and self-help groups
- 2) Staff and social welfare schemes such as those which are run by employers, friends, relatives and neighbours.
- 3) Mutual aid entities such as Accumulating Savings and Credit Associations (ASCRA) and Rotating Savings and Credit Associations (ROSCAs).

The World Bank (World Development Indicators Online, 2008) defines Rotating Savings and Credit Associations (ROSCAs) as those institutions whose members make fixed contributions on a regular basis, such as either weekly or monthly to a fund from which payments are apportioned to each member in turn, through the following of lottery order, a bidding order or another means which is deemed suitable by the group. This fixed contribution or donation is regarded as an exchange for the privilege of receiving a lump sum at a certain point during the life cycle of the group.

From this definition, it may be understood that each member agrees to make a regular payment of a small sum into a common pool, in order to receive a large sum eventually at a time which is determined by the rotating process. The rotating process gives some members the advantage of benefiting earlier than others, which implies that if the turn of a member comes early, the payment could be regarded as credit mechanism in the form of an interest-free loan, and that if it comes later, it could be regarded as a saving mechanism (Aredo, 1993: 31).

The World Bank (1989) reported that approximately one-third of all adults living in the urban areas in Bolivia had been taking part in ROSCAs and that their participation accounted for an average of approximately one-sixth of their wages. A further example could be provided by the findings of a study which was conducted in the Republic of Niger in 1986 in which it was found that 398 village households indicated that informal financial associations, particularly ROSCAs

accounted for an approximately 84% of the loans which they received, which amounted to approximately 17% of their agricultural income.

ROSCAs have contributed to the equitable distribution and utilisation of local resources in Senegal particularly of income and material resources in the sense that loans which are obtained are used to finance income-generating activities, thereby reducing the levels of poverty in their communities (Goodland et al., 1999: 21)

Two types of ROSCAs have been identified by the World Bank (1989), namely the common ROSCAs which do not enable their leaders to receive any special consideration, apart from the possibility of receiving the first funds which are collected and the commission ROSCAs, in which the leaders receive payment for the services which they render. In these cases the leaders are also required to assume liability for defaults.

It has been found that ROSCAs (Steel & Aryeetey, 1994: 13) play a useful role in that they help to mobilise savings through the regular contributions of cash which are made by their members. The money which is collected is used as working capital to re-stock with supplies and enables members to expand their businesses and to earn increased profits, thereby serving as a significant source of income for significant numbers of households, which, in turn reduces levels of poverty.

Increased income and assets can also be generated through credit which is provided by ROSCAs, as increased income results when the credit which is invested in income-generating activities in turn generates returns which are in excess of the credit which has been extended and the payments which have been made by members. Assets are built when the credit finance does not generate a significant return but instead generates an asset which serves as an investment for the customer (Zaman, 1999: 33).

Richardson & Lennon, (2001: 186) explain that ROSCAs provide support by assuring security through providing facilities for saving, thereby safeguarding the financing of their members. ROSCAs also provide insurance facilities in which very small premiums are paid and large payments are made to members in the event of losses which result from particular specified hazards and risks (Miller & Northrip, 2000). ROSCAs also enable their members to finance the building of their houses (Bolnick & Miltlin, 1980: 86).

Magbagbeola (1996: 3) refers to informal financial institutions as economic activities which operate outside of the purview of government regulations. The activities of informal financial

institutions cover all of the financial transactions which take place outside of the functional scope of banking and other regulations pertaining to the financial sector of the country concerned. Although these activities are usually unrecorded and unregulated, they are nevertheless legal.

The informal financial institutions are not only as old as the rural communities which they serve; but they also accord with the specific socio-cultural activities of particular communities. They are flexible in their operations, while the enforcement of contracts, which in most cases are unwritten, is usually based on group trust and other indigenous legal and social institutions. The operations of these institutions are more common in rural and semi-urban communities. Their activities revolve around cash and, to a lesser extent, payment-in-kind. They have a wide-ranging operational scope and an equally broad range of features. Some are centred on communities or groups, while for others the focus is on individual members. Some mobilise savings only, while others also engage in lending and others, engage only in lending (World Bank 1994; Aryeetey, 1994; Soyibo, 1994; Bagachwa, 1994; Akanji, 1998).

Although informal financial institutions take various forms, all of the indigenous saving and finance associations have a single attribute in common, in that they unite the people in their communities and encourage them to identify their needs and to mobilise their resources in order to meet those needs. In this way, the members of communities are enabled to provide for themselves financial assistance which their governments and other regulated agencies are not able to provide (Ijere, 1998: 23).

2.3 Organisational features of informal financial associations.

According to Lee (2009: 6), some stokvels comprise both men and women while the membership of others is confined either to women or men only. Lee explains that groups which restrict their memberships to females only generally do so in order to avoid including males, for the simple reason that they feel that it is difficult for men and women to work effectively together and that women understand one another better than men understand women.

Verhoef (2001: 8) maintains that women generally prefer women-only stokvels because men are often unwilling to forego spending cash which is available in the interest of receiving benefits in the future and also because they perceive men to be generally not trustworthy. Women also tend to regard stokvels as a means of freeing themselves from over-reliance on men (Lee, 1995:46).

2.4. A theoretical framework for informal financial associations

Whenever informal financial associations are mentioned, the first association which comes to mind for a great many people is with poor people who live in rural areas. In this context, an informal association could be understood as a local provider of credit within a particular community. Ugwuanyi (2002: 72) explains that informal financial associations date back to before the colonial invasion of Africa and are deeply rooted and inter-woven with African traditions which are as old as Africans themselves. The slave trade acted as a primitive means of providing informal finance (Adogamhe, 2007: 28) as modern money was non-existent and crude means of making transactions, such as trade by barter were in use. According to Adams (2007: 5), informal financial institutions are voluntary associations of groups of people who are united by the intention of encouraging one another to save a part of their earnings regularly in order to provide one another with credit facilities at affordable interest rates.

Adam (2007: 7) explains that cooperative societies, which provide just one example of informal financial institutions, dates back to the first half of the 19th century in Germany, when peasant farmers were confronted with severe obstacles to their farming activities as a result of a lack of financial support from either the government or from the formal financial sector. In their efforts to overcome these problems, they resolved to obtain credit facilities from local money lenders in the form of loans. As they were charged very high rates of interest, poverty levels increased sharply which were accompanied by corresponding high default rates. Recognising the plight of farmers whose ability to continue their agricultural activities was being severely undermined as a result of their livelihoods being ensnared by loan sharks, Raiffeisen intervened by advocating the formation of societies which could have common funds to which members contributed and which could make loans available to members at very low interest rates and without security. This mobilisation gradually gained momentum and resulted in the formation of cooperative thrift societies which contributed greatly towards improving the financial conditions of the poor. By the time of the death of Raiffeisen in 1888, Germany had witnessed the formation of 246 societies, a phenomenon which later spread to other parts of the world, including Africa. Although the societies and organisations were given different names, their objectives remained the same, namely to help the poor (Abdullah, 1993). In Nigeria, the emergence of thrift cooperative is linked to the formation by J.U. Eka in 1938 in the eastern provinces of credit associations which are known as "Village Banks" (Ijere, 1988:11).

The formation of informal financial associations is believed to have given rise to concepts such as lending, the development of the notion of savings and dependency (Adam, 2007: 14)

It seems plausible to suggest that they could have formed the basis for dependency theory and the concept of social capital which was pioneered by Coleman and elaborated upon by a number of researchers such as Aryeetey and Adeusi

2.4.1 Informal financial associations and dependency theory

Credit and cash play a pivotal role in the smooth running of any business. Although one of the functions of financial institutions is to provide much needed assistance to businesses in terms of credit (Epstein, 1998:102) less privileged segments of societies have been deprived of assistance of this sort from financial institutions (Tengeh, 2013:14), simply because they are deemed to be not sufficiently credit worthy. Consequently, they are left with no choice other than depending on one another for survival and one of the viable avenues for the members of disadvantaged communities to improve their own financial circumstances is through the formation of associations such as stokvels.

According to Matuku and Kaseke (2014:5) stokvels are formed by groups of people for mutual social and economic benefits. This discussion will be continued in 2.6.2 of the literature review.

2.4.2 Informal associations and the theory of social capital

Friends, associates and the members of families together comprise a very significant asset which may be defined as social capital (Varshney, 2000:16). Communities are endowed with a rich proliferation of social networks and civic associations which contribute to their ability to deal effectively with the effects of poverty and vulnerability. Among these social networks and associations are stokvels.

Research has shown that the development of social capital constitutes one of the significant gains which is to be made from participating in stokvels (Verhoef, 2001: 21). Their participation in stokvels provides them with an opportunity to establish social networks and friendships, which provides them with a forum in which personal matters can be discussed, in order to enable them to learn from the experiences of others (Irving, 2005:51). Members of stokvel who are engaged in business activities regard stokvels as forums for social interactions in which ideas concerning business may be shared.

2.5 Informal financial associations and their role in the start-ups and growth of businesses in Cameroon

It takes more than a good idea to start and operate a business successfully. A considerable amount of financial capital is needed, apart from the knowledge and skills which are required to run a business in a sustainable manner (Taylor, 1992: 7). Commercial banks in Cameroon tend to regard small businesses as poor credit risks owing to their lack of collateral security and the difficulties which obtaining reliable information concerning their credit worthiness entails, which makes it difficult for them to provide financial assistance to small businesses. As a result, the Cameroonian financial market is dominated by informal, voluntary-savings mobilisation and credit groups which are known as njangis or tontines (Schenk, 2004: 8). These groups are formed mainly on the basis of ethnicity, professions, neighbourhoods or friendship and save on a daily, weekly or even monthly basis (Forje, 2006: 11). An estimated 70% of the total money supply in Cameroon is held outside of the commercial banks in these informal financial groups.

Consequently, it may be concluded that njangis and tontines play a vital role in the financial lives of Cameroonian people, as they provide them with finance for both their needs as individual consumers and for the creation of small businesses. Most of the successful entrepreneurs in the formal business sector of Cameroon are believed to have acquired the initial start up capital for their businesses from njangis or tontines.

The World Bank (2001) report classified Cameroon as being among the most poverty-ridden countries in the world. To a very large extent, its citizens are impoverished as a result of a lack of the financial resources which are necessary for initiating sustainable income-generating activities. From the report of the World Bank (2001), it is obvious that all of the investments which have been made by the Cameroonian government in the form of establishing financial institutions to promote small business activities have failed. In order to survive, the people have resorted to saving their slender financial resources through njangis and tontines and also make use of the few micro finance institutions in the country, in order to be able to raise capital for their small businesses. From this state of affairs, it may be concluded that informal financial groups in Cameroon play a crucially necessary role in the start-ups and development of small businesses.

2.6. Informal financial associations in South Africa

Informal financial associations in South Africa are popularly referred to as stokvels. It is believed that the term “stokvel” came into existence from English-speaking settler farmers in South Africa and that it is derived from a combination of the words “stock” and “fair”

(Nyamsogoro, 2010; NASASA, 2015) as a result of the practice of members of the indigenous population groups to pool their resources together in order to trade livestock at stock fairs, which became known as stokvels. This practice began in the early 19th century in the Eastern Cape province of South Africa. According to a survey which was conducted by African Response (2014), stokvels in South Africa had an estimated worth of in the region of R25 billion by 2014, with an estimated 8.6 million members of 421, 00000 stokvels.

Informal financial associations in South Africa are well organised compared with those of other African countries. A body which is known as the National Stokvel Association of South Africa (NASASA) coordinates the activities of stokvels in South Africa.

According to NASASA, (2015) before South Africa achieved a democratic dispensation in 1994, all but the wealthiest among the black population had been effectively excluded from the mainstream economy which had made it difficult for them to own land, which prevented them from acquiring a capital or obtaining access to credit. As a consequence, stokvels became a key mechanism for collective savings and credit which enabled black people to pool their capital. They also provided migrant labourers and displaced people with an opportunity to form viable social networks.

2.6.1. Types of stokvels in South Africa

According to the NASASA (2015), there are several different types of stokvels in South Africa which perform both economic and social functions. The various different categories of stokvels as they are classified by the NASASA will be explained in the sections which follow.

1. Rational stokvels

The main characteristic of this class of stokvel is that members contribute a fixed amount of money during their regular meetings. At every assembly, one of the members receives a lump sum which he or she has the right to use in any manner which he or she may desire. In these groups, a fixed sum of money is paid out at every meeting either every week or every month, depending on the interval upon which the members have agreed.

2. Savings stokvels

Savings stokvels are informal financial associations in which the members contribute a fixed amount towards a fund from which payments are either made to members or used by the group for a specific purpose or event. The intention of group of this sort is always to set a target for an amount to be served and collectively to save in order to achieve it. In these groups, money is

not paid out to any members or used at any particular meeting, but rather saved until it is needed.

3. Burial stokvels

Burial stokvels which are known as burial societies are formed in order to enable their members to obtain financial assistance in the event of a death in their families. The payments which are made to a burial stokvel are similar to the premiums which are paid on an insurance policy. Members contribute a fixed amount when they meet and pay out pre-determined amounts to members in their time of need.

4. Grocery stokvels

Grocery stokvels are groups which are formed in order to enable their members to save money by making bulk purchases of groceries. Most groups save towards regular bulk purchases, in which each member receives an equal share of the groceries which they purchase. These bulk purchases may occur annually or more frequently.

6. Investment groups

Investment groups do not convene for the sole purpose of saving money, but also in order to generate increase revenue. They either collect a lump sum or receive a monthly contribution from each member. The money may be invested through a financial institution in order to earn interest or be used to start or buy into a business.

7. Party stokvels

Party stokvels refer to groups whose main objective is entertainment. These types of groups often organise parties which are open to the public, for which an entrance fee is charged and food and drinks are sold. The profits are then shared among the members, saved by the group or paid to the member who hosts the party if the event rotates from house to house.

8. Borrowing stokvels

The main objective of borrowing stokvels is to pool funds together in order to provide loans to members of the group. These types of groups require fixed contributions from each member. Members are able to apply for loans from the group, which are often repaid at a very high rate of interest.

9. Business stokvels

Business stokvels are also known as business groups and are associations which consist of owners of businesses who are usually in the same line of business. As is the case for traditional stokvels, the members are required to make a fixed contribution to the group. These groups are often formed for the purpose of making bulk purchases which are shared among their businesses and for that of collective bargaining.

10. Multi-purpose stokvels

Multi-purpose stokvels are groups which are formed for more than one of the above-mentioned reasons for which the stokvels which have been covered are formed. They are usually large groups which have evolved over several years.

2.6.2 The importance of stokvels

Matuku and Kaseke (2014: 8), in their research study "*The role of stokvels in improving people's lives: The case of Orange farm, Johannesburg-South Africa*" identified a number of reasons which motivated people to participate in stokvels, in terms of the types of benefits which are derived from participating in stokvels. The classes of benefits which were identified by the participants in their study will be discussed in the sections which follow.

1. The ability to meet basic needs

Participating in stokvels enables their members to meet their basic needs. According to the participants in their study joining a stokvel had enabled to meet basic needs and to overcome food insecurity. This finding confirms the observation which was made by Chikadzi and Lusenga (2013: 18) that stokvels enable women to achieve what they would not be able to achieve on their own.

2. The ability to save and invest

Stokvels create an opportunity for members to save and, as a result, they are encouraged to engage in ambitious projects, such as the building of houses (Matuku & Kaseke, 2014: 11). Stokvels also provide their members with an opportunity to invest in household property. Chikadzi and Lusenga (2013:19) correctly point out that the participation of women in stokvels provides them with the means to break the cycle of poverty.

3. Easy access to credit and mini-loans

Another important benefit which members derive from belonging to stokvels is easy access to credit and mini-loans. Chikadzi and Lusenga (2013: 19) explained that borrowers from stokvels

are usually charged a reasonable rate of interest, which helps to increase the savings of their stokvels. The contributions which are made by their members and the interest which is charged on loans together enable stokvels to accumulate capital from which loans may be made to both members and non-members, which contributes towards the perception that many stokvels operate as credit institutions which enable people to borrow money at affordable rates of interest compared with those of formal financial institutions.

4 The empowerment of women

Chikadzi and Lusenga (2013:12) also point out that stokvels serve to empower women. According to them, their female members perceive that their stokvels by promoting a culture of saving also promote the empowerment of women, as most of the women whom they interviewed indicated that although they had initially depended a great deal on their husbands or partners to make their initial contributions to their stokvels over time, they had been able to overcome the cultural expectation that they would always be entirely dependent on men by becoming financially independent and self-sufficient. Mashigo and Schoeman (2010: 25) maintain that stokvels contribute to social empowerment because they promote the generating of income, responsible behaviour and economic independence.

5. Moral support and mutual assistance

Matuku and Kaseke (2014: 16) found in their study that moral support and mutual assistance together constituted one of the perceived benefits of belonging to a stokvel. Members provide support to one another particularly in difficult times such as on the death of a loved one which confirms that stokvels embody the notion of “*ubuntu*” which accompanies a spirit of unity or belonging together (Verhoef, 2001: 49).

2.7 Challenges faced by Stokvels

Like most other organisations, stokvels are faced with their own unique challenges. The continued participation of members determines the success of the groups (Moliea, 2007: 42). The rigidity of fixed periodic contributions can present problems as contributions which exceed the agreed amount are not accepted. This rule precludes members who have additional funds to invest at any particular time from doing so, which is likely to result in these funds being consumed, rather than being converted into savings (Seibel & Shresta, 1999: 3).

In ROSCAs, the order of rotation does not always favour every member as the money does not necessarily come at the time at which it is needed. According to Buijs (1998), a stokvel is likely to act as a `personal line of credit`, rather than as a means of providing lump sums to its

members as in most cases the rotational payments do not coincide with the need of individual members for cash.

From another perspective, Adeusi and Ibitoye (2014:7-8), in their paper “The problems and prospects of informal financial institutions in financing the agricultural sector in Nigeria identify the following challenges which are faced by informal financial institutions:

- i) The inadequate financial resources which informal financial institutions have their disposal.
- ii) A lack of trained manpower in the informal financial sector, which could result in poor judgements with respect to the selection of enterprises for financial support.
- iii) Limited resources of skilled manpower at the disposal of informal financial institutions to monitor and control the lending process.
- iv) A low demand for loans and credit from entrepreneurs owing to the fact that they do not wish to run the risk of being unable to repay loans (Adeusi & Ibitoye, 2014:7-8).

It may be conclusively concluded that stokvels are recognised as making a very significant contribution towards the alleviation of poverty and the empowerment of the poor particularly within the rural communities.

2.8. The concept of entrepreneurship

There can be no doubt concerning the role which entrepreneurship plays in modern economies and in the employment market. Entrepreneurship activities are to an ever increasing extent proving their importance and acting as catalysts for economic development in every economy throughout the world. This assertion is eloquently articulated by Constant and Zimmermann (2006:279) in the following quote:

“Entrepreneurship not only injects new dynamism into an economy but it is also of great importance for the economic prosperity and the future economic development of a country. Entrepreneurship is also a significant element in combating unemployment and welfare drain through job creation, at the very least for the self-employed themselves. Small entrepreneurs, in particular, have contributed in the creation of revolutionary businesses and they account for the majority of the employed workers”

Entrepreneurial activities take place at the nexus of people who think creatively and opportunities (Shane and Venkataraman, 2000: 305). Entrepreneurship finds expression when

alert people identify opportunities and then exploit them (Bygrave & Hofer, 1991). An opportunity appears when the conditions of specific situations, which encompass a confluence of variables, such as institutional prescriptions, new technologies, socio-cultural constraints, allow an entrepreneur to create value through developing new means or ends (Nathan & Neil, 2013:369). Opportunities are recognised by entrepreneurs when they bridge previously separated domain of knowledge to envision a source of potential value (Baron & Ensley, 2006). When opportunities are recognised, entrepreneurs then exploit them by acquiring and employing resources to create new ventures which provide value for society (Sirmon et al., 2007). Although this definition places emphasis on opportunities, entrepreneurs may act alone, as members of a team (Shane, 2003: 33), or in some other form of collective (Peredo & Chrisman, 2006). As a team or collective, an entrepreneur may draw upon the insights of other entrepreneurs to scrutinise and to exploit the opportunities by employing their resources jointly.

Historically, the term “entrepreneurship” has referred to the ability of individual people to translate their visions into successful business enterprises (Collins & Moore, 1994; Herbert & Link, 1988 cited by Keamey, Hisrich & Roche, 2009).

Matlay and Westhead (2004: 21) maintain that as a dominant paradigm, the concept of entrepreneurship has established itself firmly in the parlance of policy-makers, educators, advisors and business people. They go on to point out that as a generic term, the concept has been used in a variety of contexts and that it covers a broad range of interchangeable meanings and situations. Ritchie and Lam (2006:188) explain that according to UK Small Business Service (SBS) Limited, the agency of the government of the United Kingdom for small business, entrepreneurship is crucial to “boosting productivity, increasing competition and innovation, creating employment and prosperity, and revitalising our communities”

Otuteye and Sharma (2004), cited by Matlay (2005:6) define entrepreneurship of the economic activities which are carried out by a person who is known as an entrepreneur. From their definition, an entrepreneur is someone who endeavours either to maximise the profit or to reduce the costs of transactions in the exchange of goods and services. The management theory explains that entrepreneurs are first and foremost managers who are able to combine their managerial and innovative resources in order to produce or create value for a targeted or segmented group of consumers (Bhattacharya, 2006, cited by Mathews, 2008: 11).

Kirzner (1973:28) characterises entrepreneurs as those people who are sufficiently quick to recognise previously unnoticed opportunities for profit and to exploit them. For Kirzner, entrepreneurship entails from noticing opportunities which no one has noticed previously. However, some people are in a better position to identify particular opportunities for making

profit than others. To offer a few examples, people who have received training in electrical engineering are more likely to identify potential profit in the designing of generators than those who have training in the medical field, and someone who does not live in a high temperature area will not be in a position to notice an opportunity to establish an ice cream shop or T-shirt shop in that particular locality. People who travel constantly may discover particular opportunities for making profits simply as a result of noticing the amenities which they find in one place which may not be available in the country in which they conduct their business activities. There would be an opportunity for an entrepreneur who noticed that profit could be made in Douala by offering a service similar to one which is already operating profitably in Cape Town. Consequently, a correlation could be found between Hayek`s (1945) conception of the use of knowledge in society and Kirzner`s understanding of entrepreneurship.

From all of his reading concerning the topic of entrepreneurship, the researcher finds that his ideas concur most closely with those of Kirzner and offers as a working definition of entrepreneurship a function which involves the exploitation of the opportunities which exist in the market and which are commonly associated with the direction and combination of productive inputs. Consequently, an entrepreneur is the agent who identifies and exploits these opportunities. The nature of the dynamics of the market obliges all entrepreneurs to be prepared to take risks.

2.9. Immigrants and immigrant entrepreneurship

2.9.1. Immigrants

In simple terms, an immigrant could be defined as a person who moves from one country to another in order to find employment or for the betterment of his or her economic conditions. However, the simplicity of this definition can result in confusion when the process of moving from one place to another are classified. Moving from one part or province of a country to another in the same country is relocation and not migration (Faist 2000:17). Faist defines an immigrant as a person who moves from one country to another with the intention of taking up residence there for a significant period of time. Immigrants bring new skills to the countries which receive them, provide flexibility in their labour markets and help to reduce shortages of labour. They present themselves to the economies of their new host countries both as potential employees and also as providers of employment, through the establishing of new firms and businesses.

2.9.1.1 Immigration into South Africa

The first immigrants from Europe arrived in 1652, when Dutch settlers, under the leadership of Jan van Riebeeck, arrived in order to establish a refreshment station for the ships of the Dutch East India Company, which were making regular voyages to the East in order to trade. The Cape Colony was seized by force by Great Britain in 1795 and then returned to Holland in 1802 upon the signing of the Peace of Amiens, which temporarily halted hostilities between Britain and France under Napoleon Bonaparte. The Cape was re-taken by force by Britain in 1806 and British possession of the colony was affirmed by the Anglo-Dutch Treaty of 1814. It was to remain a British colony until the formation of the Union of South Africa in 1910. The first large influx of British settlers arrived in 1820, in order to consolidate the military position of Britain in the Eastern Cape in the territory which was then known as British Kaffraria. The British and the Dutch immigrants formed the bedrock of the white population of South Africa, whose privileged position in society was enshrined by the apartheid laws of the National Party government, which ruled South Africa from 1948 to 1994.

Brand South Africa (2004) explained that since the election of a new democratic government in 1994 and South Africa being re-admitted to the United Nations and becoming a member of the Organisation of African Unity, which today is known as the African Union, with its signed conventions concerning refugees, it has attracted many refugees particularly from other African countries. For the purpose of this study, these refugees will be referred to as immigrants.

2.9.2. Reasons for immigration into South Africa

Since the birth of a new South Africa in 1994 the country has continued to witness an influx of immigrants from all over the world (Fatoki & Patswawairi, 2012). This phenomenon has prompted Fatoki and Patswawairi (2012: 26) and Pendleton, et al.(2006) to adopt the epithet of Archbishop Emeritus Desmond Tutu, which describes South Africa as a “rainbow nation”, because it is comprised of diverse racial groups from every corner of the world.

Fatoki and Patswawairi (2012: 3) point out that certain factors such as globalisation, wars, and political instability in various different countries account for some of the reasons for which immigrants move to South Africa. Rogerson (1997:1) maintains that owing to the unprecedented political, social and economic transformation which South Africa has witnessed since 1990, it has attracted immigration by significant numbers of nationals of other countries. Rogerson (1997: 4) believes that the establishment of South Africa as a democratic nation and its

economic stability also provide reasons for it to be targeted by immigrants, as it is perceived by them to be a land of opportunities. Most immigrants to South Africa come from other African countries particularly from countries which are members of the Southern African Development Community (SADC) (Rogerson, 1997:35).

The mass movement of immigrants from other African countries, and not only from Cameroon, is influenced by the quality of life, the climate and the business opportunities which are to be found in South Africa. Recent records concerning immigration have proven that South Africa has become a colourful, multi-cultural melting pot, which is alive with possibilities. Thousands of applicants are granted resident status each year and the statistics for 2002 alone, revealed that there had been an increase of over 35% from the previous year (Kilatanyi, 2007:17).

2.9.3. Immigrant entrepreneurship

According to Miller (1986: 15), the unemployment rate for immigrants is almost always higher than that of native citizens, who have many advantages with respect to language, culture and social norms. Employers tend always to give preference to citizens of the host country over immigrants. Owing to the general inability of immigrants to find employment easily, they often engage in entrepreneurial activities, which has resulted in the emergence of a new phenomenon, which is known as “immigrant entrepreneurship” or “ethnic entrepreneurship” (Baycoan-Levent & Nijkamp, 2009: 60). In many countries, immigrant entrepreneurship plays a vital role to overcome unemployment for both the immigrants themselves and for the citizens of the host country.

In simple terms, immigrant entrepreneurship may be characterised as being represented by firms or businesses which are owned by immigrants. Chrysostome and Lin, (2010:78) have classified immigrant entrepreneurship into three distinct levels, namely a low, middle, and high level of integration. They also characterised immigrant entrepreneurs as people who share a common background and have common goals for future. Immigrant entrepreneurs arrive in their countries with the intention of starting new businesses and make contact and form networks with fellow immigrants from their former countries.

2.9.3.1. Types of immigrant entrepreneurs

According to Chrysostome (2010: 19), immigrant entrepreneurs can be classified into four main categories, namely, transactional immigrant entrepreneurs, contemporary diaspora entrepreneurs, traditional or ethnic entrepreneurs and global immigrant entrepreneurs. They are different from one another by virtue of the locations of their businesses, and the contributions which they make to the economies and societies of their host countries.

The first group, transactional immigrant entrepreneurs, refers to entrepreneurs who operate their businesses from two different cross-country perspectives, namely, those of both their host and their home countries. This phenomenon has given rise to what is known today as international business (Drori, Honig & Wright, 2009: 155). Transactional entrepreneurs have a particular advantage in terms of the information and networks which enable them to exploit improved entrepreneurial opportunities, as a result of working from two different locations. They maintain relations between two countries, either virtually or directly, which helps to develop their entrepreneurial knowledge and to increase their ability to maximise their resources. Their unique vantage point enables transactional immigrant entrepreneurs to adopt a wide range of different strategies in order to identify new business opportunities (Drori et al., 2009).

Contemporary diaspora immigrant entrepreneurs comprise the second group, which is made up of highly skilled, highly educated competent immigrants who usually conduct their business transactions in their countries of origin after returning from their former host countries. They return to their home countries owing to favourable economic policies at home and to equally favourable policies between their home and host countries (Lin, 2010). Most contemporary diaspora entrepreneurs tend to be involved mainly in technologically based entrepreneurship, a domain in which they find less competition than in other sectors and as a consequence enjoy a high rate of success (Lin, 2010:35).

The third group, traditional immigrant entrepreneurs are entrepreneurs who confine their entrepreneurial activities to their host countries or their countries of residence only. Any socio-economic contributions which are made by the immigrant entrepreneurs of any country are measured mainly in terms of the performance of the entrepreneurial activities of its traditional immigrant entrepreneurs. In this respect, the performance of their enterprises is measured in terms of the contribution which they make to the economic development of and the creation of employment in the host country (Starr, 2012).

The fourth group, international or global immigrant entrepreneurs are categorised mainly on the basis of their international ventures (Zolin & Schlosser, 2013).

2.9.3.2 Characteristics of immigrant entrepreneurs

Immigrants engage in entrepreneurial activities usually as a result of the difficulties which they encounter while endeavouring to enter the formal employment market of the host country (Chrysostome, 2010:138). Consequently, they create businesses as a means of survival or because they provide the best prospects for making a good living (Chrysostome & Lin, 2010), (Habiyakare et al., 2009:63). As their small businesses will inevitably be affected by an initial lack of financial capital, they usually have modest beginnings and expand over time (Chrysostome & Lin, 2010:78).

The following characteristics of immigrant entrepreneurs have been identified by Chrysostome (2010:138):

- ❖ They involve themselves in business activities as a means of surviving in their host countries.
- ❖ In most cases, they do not have sufficient capital to start even small businesses.
- ❖ They are mainly natives of developing countries.
- ❖ As they have received their education from their home countries they have not been educated in accordance with the requirements of the education system of their host countries.
- ❖ They attend to develop relationships of solidarity among immigrants from their home countries.
- ❖ Most immigrant entrepreneurs are middle class males (Chrysostome, 2010, Collins, 2002).

2.9.4. The contributions which are made by immigrant entrepreneurship to the host country.

The perception that immigrant entrepreneurs make a positive contribution to the socio-economic development of their host countries has gained a significant amount of ground over time (Turton & Herrington, 2013). As a result of a lack of trust and confidence concerning their qualifications and skills, immigrants are often unable to find jobs which enable them to make the best possible use of their skills in order to earn secure incomes. When immigrants are confronted with this situation in the employment market, they very often elect to become self-employed as entrepreneurs. When immigrant entrepreneurship began to attract a significant amount of attention in United States of America during the 1980s, analysts began the documentation of the fact that immigrants were more prone to becoming self-employed than the natives (Heibert, 2002:93) An important contribution is made to the economy of the US by immigrant owners of businesses, as it has been found that 17% of all new businesses are started by immigrants and

that they generate approximately 12% of the total income of all business in the United States (Fairlie, 2012: 1).

According to Hohn (2012:3), recent surveys indicate that 25.3% of all science and technology-based firms in the United States are either founded or else co-founded by immigrant entrepreneurs. Examples of these firms would include Google. Consequently, it may be concluded that immigrant entrepreneurship promotes the creation of employment and makes a positive contribution towards the economic development of host countries.

According to Vinogradov (2008:8), self-employment increases the incomes of immigrants which helps to create employment opportunities for other immigrants and also for citizens of the host country. In a great many cases, immigrant entrepreneurs bring new innovations to their host countries. They help to establish new links for international businesses and they also play a socially useful role the development of positive and appropriate role models for other immigrants (Vinogradov, 2008:9).

2.9.5. Immigrant entrepreneurship in South Africa

Rogerson (1997) maintains that immigrant entrepreneurship has gained ground in South Africa since 1994, with most immigrant entrepreneurs concentrating on the retail and service industries rather than on production and manufacturing. According to Kalitanyi and Visser (2010), about 80% of immigrant entrepreneurs employ South Africans in their businesses thereby transferring entrepreneurial skills to them which further support the conception that they make a positive contribution to the socio-economic development of South Africa. Tengeh et al. (2011) found that one of the factors which motivates immigrants to engage in entrepreneurial activities is the shortage of suitable employment opportunities in South Africa. Other studies of immigrant entrepreneurship in South Africa, such as those of Maharaj (2002) and Fatoki and Patswawairi (2012), indicate that immigrants embark upon entrepreneurial ventures owing to both push factors in the case of necessity, and pull factors, in the case of opportunities which present themselves.

2.9.6. Obstacles which impede immigrant entrepreneurship in South Africa

Azmat (2010) acknowledges that the relaxed geographical boundaries which have resulted from globalisation and technological development have given rise to a significant increase in immigrant entrepreneurship. However, immigrant entrepreneurs encounter a range of different

types of challenges which result from differences in social values, national policies, the institutional environment, culture and perceptions, particularly with respect to those of the indigenous populations of host countries. Some of these challenges are so detrimental to their entrepreneurial activities that they may even result in their withdrawing from participating in business. However, Basu (2011:2) points out that most of the challenges which are faced by immigrant owners of small businesses are similar to those which are faced by most owners of small businesses irrespective of their countries of origin. Some of the specific challenges which African immigrant entrepreneurs encounter in South Africa will be covered in the sections which follow.

2.9.6.1. Xenophobia

The term xenophobia is derived from the Greek words “xenos” and “phobos” which mean “strange or foreign” and “phobia” respectively. Xenophobia may be defined as the expression of socially undesirable emotions such as hatred, fear and jealousy directed towards a particular group or groups of people, on the basis of the notion that they are not indigenes or that they are foreigners living in the community or society (Crush & Ramachandran, 2009:5). The Oxford English Dictionary (2004) defines xenophobia as an intense or irrational dislike or fear of people from other countries.

For the past two decades, South Africa has become a prime destination or transit point for immigrants from other countries and regions of Africa (Landau et al., 2005).

The Human Rights Commission (1999) and Crush (2000) both maintain that in recent years, a significant portion of the population of South Africa has become increasingly xenophobic, with a large percentage of black South Africans regarding foreigners particularly black people from other African countries, as being undesirable and dangerous.

According to Cronje (2009), the failure to maintain the rule of law, unemployment, jealousy and corruption are among the many causes of xenophobia in South Africa.

2.9.6.2 The language barrier

Language, which is sometimes looked upon as being the mirror of a culture, is comprised of both verbal and nonverbal components (Hisrich, 2010:46). Hisrich goes on to differentiate between the two, by referring to verbal components as spoken words and tone of voice while nonverbal components include body position, eye contact or gestures. A business person, together with members of his or her team, need to have a good command of the language of the country in which their business activities take place as it enables them to gather and to analyse information

effectively (Hisrich, 2010:46). As a great many different languages are spoken in South Africa, immigrant entrepreneurs may find it difficult to communicate effectively with the indigenous people whom they employ and those who comprise their target markets.

2.9.6.3 Fluctuating sales

Hodgetts and Kuratko (2008:10) contend that small businesses are always prone to instability with respect to levels of sales, which in turn, results in fluctuating levels of income. Owners of businesses are also required always to balance their cash flows, in order to be able to cover the expenses which are incurred in the running of them. However, not only immigrant entrepreneurs are at risk of running afoul of this potential hazard as it is a reality for all owners of small businesses. In some cases, a drastic decrease in sales can result in the closure of a business.

2.9.6.4 Access to finance

Acquiring credit for the start-up of business is almost always more difficult for entrepreneurs in ethnic minority population than it is for members of indigenous populations (Basu, 2011:2). Zolin and Schlosser (2011:1189) acknowledge that immigrants are often at a disadvantaged when they attempt to raise financial capital, for a number of possible reasons. If their credit histories are not readily available, it would become difficult for them to apply for credit in their adopted countries.

According to Volery (2007:38), it is seldom an easy task to accumulate capital in order to start business enterprises, particularly for immigrant prospective entrepreneurs. Many researchers have reached the conclusion that banks and other financial institutions have never been easily accessible to ethnic minorities, which obliges them to rely on their personal savings and the resources of their ethnic networks (Piperopoulos, 2010:144).

Aldrich and Waldinger (1990:125) explain that a great many immigrants begin their forays into starting their own business ventures by obtaining temporary employment in small enterprises which provide them with opportunities to work long hours. Strategies of this sort enable them to accumulate capital and also to acquire business skills which they are able to use when they become self-employed entrepreneurs.

Tengeh et al. (2011:48) found that many Small, Medium and Micro sized Enterprises (SMMEs) do not have adequate access to finance, which severely impedes their growth. Nieman et al.

(2003:32) concur with this assessment by maintaining that access to finance has been and still is a major challenge which mitigates against the successful development of small businesses in South Africa.

2.9.6.5 The locations of small businesses

Most emerging entrepreneurs in the small business sector struggle to find premises to use as offices, warehouses and factories (Mugobo & Ukpere, 2012). According to Mugobo and Ukpere (2012), 46% of respondents in their study of rural entrepreneurship reported that a lack of business space constitute an obstacle to their success.

Geographical proximity is perceived by Fatoki and Garwe (2010:731) to have very significant implications for the market potential and growth rate of any new enterprise. The accessibility of a business location to customers and suppliers provides a basis for effective environmental scanning, which enables new enterprises to identify and exploit opportunities for growth in the market.

2.10 Conclusion

This chapter concentrated on the development of theories pertaining to the key concerns of the research topic, which include the informal financial associations which are otherwise known as stokvels, tontines or njangis, immigrants, entrepreneurship, and immigrant entrepreneurship. The various definitions were carefully elucidated and used specifically in the context of this research study. The literature which has been reviewed in this chapter has shown conclusively that a lack of access to formal financial institutions in order to obtain funding to start small businesses has not prevented emerging entrepreneurs from starting their entrepreneurial ventures, owing to a large extent, to the existence of stokvels. This chapter has also demonstrated the importance of entrepreneurship and the role which it plays in economies, particularly with respect to creating employment and economic development. It is also apparent from the literature that the concept of entrepreneurship can be a confusing one, as there is a veritable plethora of different definitions pertaining to the term “entrepreneurship”.

The urge for human beings to migrate under various circumstances and sets of conditions appears to be a fundamental one and a number of different reasons have been advanced for immigrants to become active in entrepreneurial activities, such as a lack suitable employment in the formal sector.

The next chapter is devoted to a detailed discussion of the methodology which was employed to conduct this study.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter covers the research methodology, the research paradigm which underpins the study, the research problem, the research questions, the research design, sampling procedures, the strategies which were adopted to collect the data, the reliability, the validity of the research instruments and the ethical considerations which were respected during the course of conducting the study. The reasons for which the methodology was adopted are also discussed and accompanied by an overview of the merits of the techniques which were chosen. The research methodology was designed and implemented in accordance with the concerns which emerged from the literature review and the scope of the research. A mixed method which combined both qualitative and quantitative research methods was adopted, in order to enable the results to be triangulated, in the interest of ensuring both the reliability and the validity of the findings.

3.2. Statement of the research problem

As mentioned in 1.3 above, It has been noted that in most host countries, immigrants are more likely to start businesses than their local counterparts (Maria, 2015:2).The motivation behind their electing to do so may result from the obstacles which immigrants encounter in their host countries such as experiencing difficulty penetrating local employment markets and also from their general tendency to take greater risks than members of indigenous population, who enjoy the social security benefits which their governments provide. By becoming entrepreneurs, immigrants create employment for themselves, indigenous citizens and other immigrants. Although immigrant entrepreneurs make a significant positive contribution to the alleviation of poverty and to enabling members of disadvantaged segments of the population to generate incomes (Fatoki, 2014), they nevertheless encounter a number of challenges such as language barriers, discrimination, xenophobia, and financial difficulties (Tengeh, 2011:48).

A lack of sufficient financial resources constitutes a significant impediment to the start-ups and the growth of most Small, Medium and Micro-sized Enterprises (SMMEs) regardless of the national origins of the emerging entrepreneurs concerned (Desiderio, 2014:4). However, credit limitations tend to pose greater obstacles for immigrant entrepreneurs than for members of the indigenous populations. The main reasons tend to stem from the characteristics of immigrant entrepreneurs and their enterprises and from the lack of familiarity of mainstream financial institutions with immigrant entrepreneurial activities and even possibly, from discrimination against immigrant borrowers. As a result, most immigrant entrepreneurs tend to search for

alternative solutions in order to obtain credit to finance the start-ups and the expansion of their businesses (Tengeh, 2011:48) As informal financial institutions such as stokvels represent one of the most viable alternative sources of finance for immigrant entrepreneurs, this study will endeavour to ascertain the role which stokvels play in Cameroonian owned businesses within the Cape Metropole in the Western Cape province of South Africa with respect to their start-ups and their growth.

3.3. Research questions

Most Small, Medium and Micro-sized Enterprises (SMMEs) which are operated by Cameroonian immigrants in the Cape Metropole fail owing to a number of reasons, some of which include a lack of education, a lack of experience and entrepreneurial culture and most significantly, a lack of financial resources .

This study has attempted to answer the following research question and sub questions:

3.3.1 Main research question

What is the role which stokvels play in financing the start-ups and the growth of small businesses which are owned by Cameroonian entrepreneurs in the Cape Metropole?

3.3.2 Research sub questions

The following research sub-questions were formulated in order to expand the remit of the main research question:

1. What is the motivation behind the formation of stokvels by Cameroonian immigrants in the Cape Metropole?
2. How difficult is it to obtain loans from these informal financial institutions?
3. What is the role which stokvels play in the start-ups of Cameroonian-owned small businesses in the Cape Metropole?
4. What is the role which stokvels play in the growth of Cameroonian-owned small businesses in the Cape Metropole?
5. What are the challenges which are faced by the stokvels which are formed by Cameroonian immigrants?

3.4 Objectives of the research

The following research objectives and sub-objectives were formulated in order to guide this study:

3.4.1 Main research objective

The main objective of this study was to assess the role which stokvels play in the start-ups and the growth of Cameroonian owned small businesses in the Cape Metropole and the challenges which are faced by the stokvels which are formed by Cameroonian immigrants.

3.4.2 Research sub objectives

The following research sub-objectives were formulated in order to expand and to articulate the main research objective:

- 1) To determine the motivation for the formation of stokvels by Cameroonians in the Cape Metropole
- 2) To determine the procedures which are required in order to obtain loans from these informal financial institutions.
- 3) To ascertain the role which stokvels play in the start-ups of Cameroonian-owned small businesses in the Cape Metropole.
- 4) To ascertain the role which stokvels play in the growth of Cameroonian-owned small businesses in the Cape Metropole
- 5) To identify the challenges which are faced by stokvels which are formed by Cameroonian immigrants.

3.5 Research design

A research design is defined by Tim (2011:4) as “the logic that links the data to be collected and the conclusions to be drawn to the initial questions of a study; it ensures coherence”.

Frank (2015:36) provides his own definition of a research design as “the plan and structure of an investigation, so conceived as to obtain answers to research questions”. This definition is particularly useful for clarifying an understanding of a research problem. In the case of this

study, the perspective will be employed to obtain answers to the research question “What is the role which stokvels play in financing the start-ups and growth of Cameroonian-owned small businesses in the Cape Metropole?”, a research question which, to the best of the researcher’s knowledge has received scant attention to date.

3.5.1 Types of research studies

There are three main categories of research studies in the social science, namely, exploratory, descriptive and explanatory studies. Owing to the nature of this particular study, use has been made of exploratory and descriptive research methods. Robson (2016:18) explains that an exploratory research is a good means of discovering “what is happening; to seek new insights; to ask questions and to assess phenomenon in a new light”. It was considered by the researcher that an exploratory approach would facilitate the obtaining of answers to the research question “What is the role which stokvels play in financing the start-ups and growth of Cameroonian-owned small businesses in the Cape Metro pole?”

The study also made use of descriptive research techniques. The aim of a descriptive study is to develop an accurate profile or to determine the precise characteristics of people, events or situations (Robson, 2016:24). In this study, the researcher used descriptive methods to augment the exploratory approach which had been adopted in order to conduct this research study, as it was believed that doing so would help to provide a clear picture of the situation of Cameroonian entrepreneurs in the Cape Metropole through the use of descriptive statistics.

3.5.2 Research strategies

There are several commonly accepted research strategies, such as experiments, surveys, case studies, action research, grounded theory, ethnography and archival research (Jill & Roger, 2014: 59). Although, each of these strategies can be employed for exploratory, descriptive and explanatory research, they are not mutually exclusive. The researcher considered that a survey strategy would best suit the purposes of this study.

3.5.2.1 Survey strategy

A survey strategy is used mainly in situations when questions which begin with “who”, “what”, “where”, “when”, “how much” and “how many” need to be answered. This is particularly well suited for exploratory and descriptive research (Saunders, 2009:48). Consequently, it was decided to adopt a survey strategy for conducting this study. In addition, the use of a survey strategy permitted the researcher to collect quantitative data, which he was able to analyse quantitatively through the use of descriptive statistics. The strategy also enabled the researcher

to assume control of the research process and to generate findings which were representative of the whole population of Cameroonian immigrant entrepreneurs in the Cape Metropole.

Many different techniques such as questionnaires, structured observations and structured interviews can be used to conduct surveys. The researcher made use of a questionnaire and semi-structured interviews in order to collect relevant data from a research sample of Cameroonian owners of small businesses in the Cape Metropole.

3.6 Choice of research methods

Research methodology is a framework which defines the procedures and methods which are to be used to collect and analyse data (Zikmund, 2003: 65)

It is described by Hofstee (2009: 115) as “the rudiment of the matter” in that it describes how the research design should be developed in terms of the methods which are to be used in order to collect the data. The elements of research methodology are classified according to three categories, namely, the research instrument, which could take a number of different forms, such as a questionnaire, or laboratory tests, the data, which may be quantitative, qualitative or a combination of both types, and analysis, which could be either statistical or textual. According to both Zikmund (2003: 68) and Marczyk et al (2005:123) there are three main categories of research methods for conducting research in the social sciences namely, qualitative, quantitative and mixed methods which is an approach which makes use of both qualitative and quantitative methods.

3.6.1 Qualitative research methodology

In qualitative research data is collected by gathering information through means such as interviews, which is then analysed through procedures such as the categorising of non-numerical data (Saunders et al, 2009:480). The data which is obtained through the use of qualitative research method is by definition, non-quantifiable.

Bricki and Green (2007: 2) explain that this type of methodology often attempts to generate a comprehensive depiction of social life and also to generate words, rather than numbers, as the data which is to be analysed. Punch (1998: 2) asserts that qualitative research is empirical and that the data which is generated by it is not in the form of numbers.

3.6.2 Quantitative research methodology

Quantitative methodology makes use of techniques such as the administering of questionnaires to collect data and procedures such as graphs or statistics to analyse the numerical data which

has been generated (Saunders et al, 2009:414). Quantitative research yields data which is quantifiable, as opposed to the non-numerical data which is generated by qualitative research.

Creswell (2003:18) characterised quantitative research as a type of research in which the investigator uses a post-positivist research paradigm in order to develop an understanding of a particular phenomenon through the use of cause effect thinking, while employing strategies of enquiry such as experiments and surveys and methods of collection which are pre-determined.

3.6.3 Mixed methods research methodology

This study adopted a mixed method research methodology by electing to make use of both qualitative and quantitative research methods. Johnson et al. (2007 :119) and Venkatesh et al., (2013:23) describe mixed methods research studies as studies which make use of both qualitative and quantitative research methods in order to provide a more in-depth understanding of the subject matter and to gain more confidence in the conclusions which have been generated by the research.

The reason for using mixed methods in this study was to provide the most comprehensive answers to the research questions which it was possible to obtain. The research strategy also enabled the researcher to make a rigorous evaluation of the extent to which the findings could be trusted. Questionnaires were used to collect descriptive data in order to assess the role which stokvels play in the start-up and growth of Cameroonian-owned small business, and interviews were conducted in order to obtain an in-depth understanding of the businesses of Cameroonian immigrant entrepreneurs, particularly with respect to their start-ups and growth.

3.7 Targeted population

A research population, is defined by Dorsten and Hotchkiss (2005:28) as a defined collection of all of the individual people or other units such as families, corporations, videos, textbooks from which data can be collected. In essence, a research population consist of all of the people or objects who possess a characteristic in which a particular researcher is interested such as all of the registered voters in South Africa. The target population for this study consisted of all of the Cameroonian immigrant owners of small businesses who carry out their business activities within the Cape Metropole.

The unit of analysis of a study refers for what or who should provide the data and at what level of aggregation (Zikmund et al, 2010:77). In this study, Cameroonian immigrant owners of small businesses who operate within the Cape Metropole comprised the unit of analysis, because the

researcher relied on them to provide responses which would yield data which was relevant to the research topic.

3.8 Location of the research

The research was carried out in the Cape Metropole in the Western Cape province of South Africa with the main reason being that many small businesses owned by Cameroonians are located here. Another reason was that this researcher happened to be base in this same locality hence, this helped to minimise cost and time. The Cape Metropole is defined by the researcher as covering the following municipal boundaries: Woodstock, Salt River, Mowbray, Observatory, Claremont, Retreat, Rondebosch, Maitland, Goodwood, Parow, Bellville, Kuils River, Khayelitsha, Delft, Philippi, Nyanga, Langa, Brooklyn and Milnerton.

3.9. Sampling technique

The sampling method which was used to select the research sample was judgemental or purposive sampling. Purposive sampling is a non-probability sampling method by means of which an experienced researcher uses his or her judgement in order to select a research sample which is comprised of members who possess the characteristics in which the researcher is interested. The researcher selects the sample to serve a specific purpose, even if doing so makes the sample less than fully representative of the overall population (Zikmund, 2003:382).

Purposive sampling was employed because it enabled the researcher to identify stokvels in the Cape Metropole whose members were Cameroonian immigrants. However, it was discovered that not all of the members of the stokvels were involved in economic activities. This finding enabled the researcher to choose his sample from only those members who engaged in entrepreneurial activities. The following selection criteria were used by the researcher to select the research sample:

- 1) Participants must be members of stokvels.
- 2) Participants must be engaged in business activities.
- 3) The meeting point of the members of each stokvel must be within the Cape Metropole.

Like any other sampling method, purposive sampling has its own specific advantages and disadvantages. The ease with which samples can be selected and the saving of time are among the advantages. However, the risk of collecting data, pertaining to perceptions, beliefs and opinions which do not necessarily reflect those of the target population is potential disadvantage (Labour Law Talk, 2007).

3.10 Sample size

A research is intended to represent the unit of analysis. Owing to a number of restrictions, including time, money and limited access to the participants, it was not possible either to collect or to analyse data from the entire target population. As Saunders (2009:486), had explained that between 8 and 12 interviews should be sufficient to study a fairly homogenous group, ten interviews were deemed to be sufficient for the qualitative component of this study.

Determining the sample size for the quantitative component of the study was more challenging, owing to the fact that there is no official data-base of immigrant-owned businesses in South Africa (Tengeh, 2010:20). This fact makes it very difficult to obtain a reliable estimate of the target population in order to determine an appropriate sample size of studies of this nature. In order to overcome this disadvantage, the researcher relied on other empirical studies of immigrant entrepreneurship in South Africa, in general and Cape Town, in particular (Khosa, 2014, Tengeh et.al., 2011, Tengeh, 2010, Kalitanyi, 2007, Rogerson, 1997) from which an average sample size of 118 was obtained. From this figure, an overall sample size of 123 respondents was settled upon. To this researcher, this is comparatively a good sample size because, while some of the above mentioned researcher covered the whole of South Africa to come out with their sample sizes, this researcher concentrated only on Cape Metropole hence making sure that the average sample size by others was exceeded.

The researcher was able to identify 22 njangi groups whose membership was comprised of Cameroonian immigrants in the Cape Metropole each of which had an average membership of approximately 16. As it has already been mentioned, not all of the members of these groups were engaged in economic activities. The researcher decided to be selective by considering only those members who were engaged in entrepreneurial activities for inclusion in the research sample through purposive sampling.

3.11 Collection and analysis of the data

3.11.1 Collecting the data

The collecting of data entails the process of gathering and collecting information, which can take a number of different forms in research in the social sciences, including observations and interviewing (Dorsten & Hotchkiss, 2005:30).

This study made use of survey research because it provided a quick, inexpensive but efficient, and accurate means of assessing information concerning the target population. Surveys are typically used in an attempt to describe a particular occurrence or phenomenon or to discover

the reasons for its occurrence or existence (Zikmund et al., 2010: 186). The ways in which the primary and the secondary data were collected will be described in the sections which follow.

3.11.1.1 Primary data

The primary data was collected through face-to-face interviews and the administration of a questionnaire over a period of approximately six weeks. The researcher distributed the questionnaires to the Cameroonian immigrant owners of small businesses who participated in the study, by either at the business premises or at venues which they used to meet with their peers. The interviews were conducted with the leaders of some of the stokvel groups as it was considered that they would provide the best source of comprehensive information concerning the functioning of their organisations.

3.11.1.2 Secondary data

Secondary data was obtained from the following sources:

- Library searches at universities and public libraries.
- Internet searches.
- Books and articles which were relevant to the research topic.
- Workshop and conference papers.

The data which was collected from these secondary sources made a significant contribution to the formulation of the theoretical framework for the study which, is covered in Chapter 2.

Table 3.1 Specific sections of the literature review in relation to the research questions

Research questions	Sections in the literature review related to specific research questions
1.) What is the motivation behind the formation of a stokvel?	➤ 2.6.2. The importance of stokvels and the motivations behind their formation
2.) How difficult is it to obtain loans from stokvels?	➤ 2.3 Organisational features of informal financial associations
3.) What is the role which stokvels play in the start-ups of Cameroonian owned small businesses in the Cape Metropole?	<ul style="list-style-type: none"> ➤ 2.5. Informal financial associations and their role in business start-up and growth in Cameroon ➤ 2.11.8. The role of finance in the start-up and growth of a business
4.) What role do stokvels play in the growth of Cameroonians` owned businesses in the Cape Metropole?	➤ 2.5. Informal financial associations and their role in business start-up and growth in Cameroon
5.) What are the challenges which are faced by stokvels which may hinder the growth and success of Cameroonian owned small businesses in the Cape Metropole?	➤ 2.7. Challenges faced by stokvels

Table 3.1 above provides a breakdown of the various topics which were covered in Chapter 2 as they relate to the research questions.

3.11.2. Analysis of the data.

The data which was collected from the respondents was captured through the use of SPSS statistical software, categorised and analysed according to the research questions and then presented in the form of frequency tables and graphs.

Research categories

In order to be able to answer each research question, the researcher formulated the following table of categories which were used to analyse the questionnaire and the interview transcripts.

Table 3.2: Categories for interpreting the findings

Categories	Indicators	Source
How difficult is it to obtain loans from stokvels?	Questions 27, 28, 29, 30, 31, 32 and interview question 9	Questionnaire and interview guide
The challenges which are faced by (stokvels).	Questions 33, 34 35 and interview questions 10 and 11	Questionnaire and interview guide
The motivation behind the formation of stokvels by Cameroonian immigrant in the Cape Metropole	Questions 21, 22 ,23, 24 and interview question 3	Questionnaire and interview guide
The role which stokvels play in the start-up of Cameroonian owned businesses in the Cape metropole	Questions no. 21,25 and interview question 7	Questionnaire and personal interview guide
The role that stokvels play in the growth of Cameroonian-owned businesses in the Cape Metropole	Questions 20, 26 and interview question 7	Questionnaire and interview guide

3.12 The credibility of the research findings

3.12.1 Reliability

Saunders et al. (2009:386) define reliability as the extent to which the techniques which are used to collect the data and the procedures which are followed to analyse it are able to yield consistent findings either by different observers or on different occasions. Notes were made and retained during the entire process of conducting this study, in order to ensure the reliability of the findings. These notes provided details relating to the research design, the reasons for using it and the data which was obtained by using it. This additional data should help other researchers to understand the processes by means of which the study was conducted, the nature of the findings and, should it be appropriate to do so, to re-analyse the data.

3.12.2 Validity

Validity is the criterion which determines whether the findings are valid with respect to the extent to which they enable the research questions to be adequately answered (Saunders et al., 2009:388). The validity of the findings of a research study in the social sciences attests to the degree to which the respondents have understood the questions which have been put to them. It is for this reason that a pilot study was conducted. The researcher took great care to make frequent checks at every step throughout the research process, which contributed greatly towards the validity of the findings.

3.13 Pilot study

Pilot-testing is carried out in order to check and to assess factors such as variations, perceived meanings, the difficulty of the task which the respondents are asked to perform, the attention spans of the respondents, and flow, order and timing of questions (Kalitany, 2007:36).

The questionnaire which was used in this study was submitted to the research committee of the Cape Peninsula University of Technology in order to ensure reliability and validity of its content. In addition, before embarking upon collecting the data for the research study, the researcher performed a pilot test. Ten questionnaires were distributed to Cameroonian immigrant entrepreneurs in order to check both the relevance and their understanding of the questions.

Those questions which appeared to be ambiguous and seemed to cause confusion were identified and modified and others were discarded in order to comply with the recommendations which were made by Baker (2003:68).

3.14 Triangulation

Triangulation refers to the use of two or more methods to conduct an investigation with the aim of answering particular research questions in order to improve and confirm the validity of the findings (Bryman, 2004:1). Denzini (1970) identifies four main categories of procedures pertaining to triangulation namely:

- 1. Triangulation of data**, which requires researcher to adopt several different techniques and procedures for collecting data
- 2. Triangulation of investigators**, which requires employment of more than one researcher to gather and interpret data.
- 3. Theoretical triangulation**, which employs several different theoretical positions in order to interpret data.
- 4. Methodological triangulation**, which refers to the use of more than one approach in order to collect data.

According to Webb et al., (1966), cited by Bryman (2004:1), when a proposition has been finalised through the use of several independent approaches to the making of measurements, the uncertainty of its interpretation is significantly reduced, which demonstrates the importance of a triangulation exercise for obtaining credible results. This study made use of methodological triangulation by employing both qualitative and quantitative research methods.

3.15 Development of the questionnaire

The developing of the questionnaire, which was augmented by the conducting of a pilot study was considered to constitute one of the most crucial stages of this study. The questions which were contained in the questionnaire pertained to the demographics of the respondents and their entrepreneurial activities particularly with respect to the funding of their enterprises. The responses which were provided by the respondents in the pilot study enabled the researcher to formulate questions which would suit the purposes of the research topic. According to Adams and Cox (2008:18), questionnaires which are used to conduct research need to be designed in such a way that readers are able to understand, interpret and complete them.

As Kalitany (2007:38) explains, effective communication depends on the designing and the phrasing of the questions. The researcher endeavoured to remain mindful of this point throughout the process of developing the questionnaire. Aspects such as complexity, layout and wording were also given due consideration. The questionnaire schedule was 6 pages in length and included open-ended, closed-ended, multiple choice questions. It consisted of three sections, with the first endeavouring to extract demographic and general information

concerning the respondents, the second containing questions which related to entrepreneurial activities and the third seeking to obtain information concerning the stokvels which they represent. The schedule was made up of a total of 35 questions.

3.16. Interviewing techniques

An interview is a formal means for a researcher to obtain verbal evidence from a knowledgeable informant (Remenyi, 2011:1). This description aligns with the qualitative research paradigm. Interviews typically provide researchers with opportunities to obtain information verbally from people who are knowledgeable concerning particular research topics (Fontana & Frey, 2000; Minichiello, Aroni, Timewell & Alexander, 1995).

According to Woods (2011:1), interviews are used to complement and expand the information which is collected through other means, through gaining an understanding of the opinions, feelings, actions values and interpretations of individual people by gathering detailed information through the use of face-to-face contact and oral questions. Interviews which are conducted for research purpose can be structured, unstructured or semi-structured.

3.16.1 Structured interviews

Structured interviews are characterised mainly by being based upon the use of pre-planned questions. The use of pre-planned questions enables researchers to cover precisely the same material with a number of different respondents and the interviews can be conducted through the use of several different methods, such as the face-to-face interviews, over the telephone, by videophone and through the internet. Surveys can be carried through the use of structured interviews (Woods, 2011:1)

In structured interviews, attention is always paid to a particular subject and richly detailed information can be obtained which enables the researcher to gain unique insights into the knowledge which is shared by respondents and provide opportunities to cover comprehensively the general principles and problem-solving strategies of the activities or disciplines which are being studied. However, structured interviews can also sometimes fail to provide insight into the procedural knowledge of respondents, as a result of not including necessary questions in the interview schedule (Klenke, 2005:125).

3.16.2. Unstructured interviews

Unstructured interviews are regarded as a way of understanding the difficult behaviour of individuals by not necessarily imposing any prior categorisation which might act as a limitation to the field of inquiry (Zhang & Wildemuth, 2009:1).

The purpose of unstructured interviews is to go beyond the surface on which only shallow responses are possible. They enable the true facts which interviewees may not be initially willing to disclose to be drawn out particularly in relation to their experiences and with respect to the intricacies of their personal attitudes and behaviour. The interviews are usually conducted through the use of open-ended questions (Klenke, 2008:125).

For Klenke (2005:126), the use of unstructured interviews to investigate highly significant events, occurrences and phenomena can prompt researchers to conduct further inquiries which ultimately result in gaining a very comprehensive understanding of the problem under investigation.

The disadvantages of using unstructured interviews include the fact that they consume a great deal of time and that their unstructured nature often result attention being diverted away from the problem which is under investigation (Klenke, 2008:126).

3.16.3 Semi-structured interviews

Woods (2011:2) explains that semi-structured interviews entail the use of pre-planned questions and are sufficiently flexible that they can be conducted over the telephone, or through the use of videophones, although face-to-face interviews are usually the most effective.

According to Klenke (2005:126), semi-structured interviews make use of both open-ended and closed-ended questions, which allows for great flexibility.

This study made use of semi-structured interviews. Although the process was time-consuming, the face-to-face encounters provided the researcher with an opportunity to use probing questions to draw out the unique standpoints of the interviewees with respect to their experiences and their situations (Taylor & Bogdan, 1984).

3.16.4 The interview process

In order to assess the applicability of the questions and whether they enabled the researcher to obtain appropriate responses for this study, a preliminary interview was conducted. The results

and the recommendations which were made by the interviewees helped the researcher to adjust the final questions before interviewing the remaining participants.

Most of the interviewees were reached by making telephone calls to them to request permission to interview them and in order to make appointments to conduct the interviews. The rest were visited by the researcher, in order to make the necessary appointments. Upon arrival on the days which had been scheduled for the interviews, the researcher formally introduced himself and presented a brief background to the study, explaining how it would benefit the interviewees and society as a whole. The researcher also presented an ethical clearance certificate from the Cape Peninsula University of Technology as proof that the research was for academic purposes only

The interviews were conducted at venues which had been chosen by the interviewees in order to ensure their comfort and that the interviews were conducted in settings in which the interviewees felt secure. The interviews were conducted in English and each interview lasted between 20 and 30 minutes. A tape recorder was used to record the proceedings, after permission to do so had been obtained from each participant. To supplement the tape recordings, the researcher also took notes during the interviews. At the end of each interview, the researcher expressed his appreciation to each interviewee.

3.17 Ethical considerations

As use was made of human subjects in this research study, the researcher gave due consideration to the relevant ethical implications, in order to ensure that the participants were not exposed to any physical or psychological harm of any sort whatsoever and that they were they not subjected to any form of stress or embarrassment. The researcher fulfilled his professional responsibility to the participants in these respects by adhering to the guidelines of the Ethics Committee of the Cape Peninsula University of Technology at all times during the conducting of the study.

As the Cameroonian community in the Cape Metropole has a well-organised association which is known as "the Cameroonian Association of the Western Cape" (CAASWECA), it was easy for the researcher to obtain consent to contact its members in order to conduct for this study. A letter of consent (Please see Appendix D) was obtained from the president of the association which gave the researcher permission to contact its members for information.

It was also made known to the members that their participation in this study would be strictly voluntary and that any member who agreed to participate would be within his or her rights to

withdraw from doing so at any time, without fear of repercussions of any sort whatsoever. The right of each participant to privacy was respected at all times and the information which they provided was kept confidential and used only for the purposes of this study. As an additional measure to ensure confidentiality, the names of businesses or respondents were withheld at all times.

3.18 Summary

The purpose of this chapter was to too provide a detailed discussion of the research design and the methodology which was employed to conduct the study. The chapter covered the research questions, the objectives of the study, the location in which it was conducted, the target population, the sampling technique which was employed, the methods which were employed to collect the data, the pilot testing of the research methodology, the criteria which were used to ensure the reliability and the validity of the findings and the ethical considerations which were respected.

The next chapter will take the form of a presentation and a discussion of the findings of the study.

CHAPTER FOUR: PRESENTATION AND DISCUSSION OF THE RESULTS.

4.1 Introduction

This chapter will take the form of a presentation, an analysis and a discussion of the findings of this research study, which enabled the researcher to draw conclusions and to offer recommendations on the basis of them.

Ten participants who were the leaders of stokvel groups were randomly selected to participate in the interviews and 123 other participants completed the self-administered questionnaires. All of these participants resided and conducted their business activities within the Cape Metropole as it has been previously defined.

The purpose of this study was:

1. To ascertain the role which stokvels play in the start-ups and growth of Cameroonian-owned businesses in the Cape Metropole.
2. To ascertain the role which stokvels in businesses which are owned by Cameroonian immigrant in the Cape Metropole.
3. To determine the procedures for obtaining loans from these stokvels
4. To identify the challenges which stokvels face which may hinder the growth and the success of small businesses which are owned by Cameroonian immigrants.

The results which were obtained from the questionnaires will be discussed in relation to the relevant sections of the questionnaires and the purpose of the study. A frequency distribution analysis was performed through the use of SPSS in order to assemble the results which were obtained. Frequency tables and, in some cases, graphs were used to present the data.

The results which were obtained from the analysis will be divided into two sections. The first will present the quantitative results from the analysis of the questionnaires, while the second will present the qualitative results from the analysis of the interview.

4.2 Results from the quantitative survey questionnaire

As was explained in Chapter Three, the survey questionnaire was the research instrument which was used to collect most of the data, although supplementary data was also collected through interviews. The results will be presented in the sections which follow, in accordance with the various different sections of the questionnaire.

4.2.1 Section A: Demographics

This section, will present the demographic information which was obtained from the respondents including their genders, ages, marital status and levels of education.

4.2.1.1 Genders of the respondents

Of the 123 respondents, 93 (75.6%) were males and 30 (24.4%) were females, which is shown in Table 4.1. This finding concurs with that of Tengeh (2011:184) who had found that the majority of immigrant entrepreneurs in the Cape Metropole were males. This gender disparity possibly has cultural component, owing to the fact that Cameroonian males are more likely to start entrepreneurial ventures of this sort than their female counterparts. In addition, male Cameroonians tend to enter into activities which are geared towards generating incomes, in order to support their families, while females tend mainly to concentrate on household activities. This finding also confirms that of Rogerson (1999) who found that immigrant-owned businesses are generally run by single, young male entrepreneurs who work for up to 64 hours per week, six days a week and, if they have employees, they are also required to work similar hours.

Table 4.1: Ownership of business in terms of gender

	Frequency	Percent age	Cumulative percentage
Male	93	75.6	75.6
Female	30	24.4	100.0
Total	123	100.0	

4.2.1.2 Age of the respondents

Table 4.2 below shows that out of a sample of 123 respondents, 15.4% fell within the age bracket of between 26 and 30 years, 38.2% within that of between 31 and 35 years , while a majority of 43.1% fell within that of 36 and 45 years and only 3.3% were 46 years of age or older. In an earlier study, Tengeh (2011:185) found that the majority of immigrant entrepreneurs were below the age of 41 years, which also aligns closely with the finding of Asoba (2016).

Act 19 of the South African National Youth Commission of 1996 defines the youth of a country as being comprised of people between the ages of 14 and 35 years (SA 1996). Consequently,

it may be concluded that most of the Cameroonian immigrant owners of small businesses, who fell between the ages of 26 and 35 years and comprises 53.6% of the research sample, could be classified as youths

Many researchers have found (Fatoki & Chindoga, 2011:162) that relatively few South African-youths are likely to start their own businesses, compared with their foreign counterparts. The low level of entrepreneurial involvement by South African youths has been identified as one of the main reasons for the low overall level of participation in the economy or entrepreneurial activity in the country. These findings are further supported by those of the report of the Global Entrepreneurship Monitor (GEM) (2012) which indicates that relatively few people start small businesses in South Africa and even fewer are able to sustain them.

It is easy to understand that engaging in entrepreneurial activities helps young people to achieve economic freedom, which in turn reduces their reliance on state welfare. In addition, entrepreneurship among the youth contributes to greater self-esteem and makes young people more productive members of their families and communities. It also promotes economic growth by providing employment and through the payment of taxes which contribute to the overall revenue which the government is able to generate. The low level of entrepreneurial activities in South Africa places an additional burden on a government whose resources are already strained by endeavouring to meet the needs of large indigent segments of the population (Fatoki & Chindoga, 2011:162).

Table 4.2: Ages of the respondents

	Frequency	Percentage	Cumulative percentage
26 - 30 years	19	15.4	15.4
31 - 35 years	47	38.2	53.7
36 - 45 years	53	43.1	96.7
46 years or above	4	3.3	100.0
Total	123	100.0	

4.2.1.3: Marital status of the respondents

Table 4.3 below shows that a majority of 53.7% of the respondents who completed the questionnaires were married 39.8 % were single. 4.9% were divorced and 1.5% had been widowed. From these findings, it may be concluded that Cameroonian-owned small businesses in the Cape Metropole are likely to be owned by males between the ages of 31 and 45 years who are married (Tengeh, 2011:185).

Table 4.3: Marital status of the respondents

	Frequency	Percentage	Cumulative Percent
Married	66	53.7	53.7
Single	49	39.8	93.5
Divorced	6	4.9	98.4
Widowed	2	1.6	100.0
Total	123	100.0	

4.2.1.4 Levels of educational of the respondents

A significant majority of 61.1% of the respondents proceeded at least as far as matriculation level in their education, while 38.9% had not matriculated. Khosa (2014: 87) stresses the importance of education in business, in that it enables entrepreneurs to manage businesses effectively. During the course of conducting the field work for this study, the researcher observed that businesses which were managed or operated by respondents who had at least a university degree were well organised and kept proper financial records, a respect in which their less educated counterparts tended to be lacking, which serves to confirm the assertion which Khosa (2014: 87) makes. Among the respondents who held matriculation certificates, 25.2% of the sample held matriculation certificate only while 22.8% were in possession of university degrees, 6% held trade certificates, 4.1% held advanced diplomas and the remaining 4.1% held postgraduate qualifications.

Table 4.4: Levels of education attained by the respondents

		Frequency	Percentage	Valid Percentage	Cumulative percentage
Valid	Below matriculation	48	39.0	39.0	39.0
	Matriculation	31	25.2	25.2	64.2
	Trade certificate	6	4.9	4.9	69.1
	Advanced diploma	5	4.1	4.1	73.2
	Degree	28	22.8	22.8	95.9
	Postgraduate qualification	5	4.1	4.1	100.0
	Total	123	100.0	100.0	

4.3 Section B: Entrepreneurial information

This section presents information concerning the entrepreneurial activities of the respondents, such as the periods for which their businesses had been in operation, the sector in which their businesses operated the numbers of people who are employed in them and their banking arrangements.

4.3.1 Numbers of years for which the businesses of the respondents have been in operation

Table 4.5 below shows that a majority of 40.7% of the businesses of the respondents had been in existence for between 3 and 5 years, while a further 37.4% had been in existence for 5 years or more. A total of 78.1% had existed for at least three years, while 21.1% had been in operation for between one and three years and only 0.8% had been operating for less than a year.

Table 4.5: Numbers of years for which the business of the respondents have been in operation

		Frequency	Percentage	Valid Percentage	Cumulative percentage
Valid	Less than 1 year	1	.8	.8	.8
	1 - 3 years	26	21.1	21.1	22.0
	3 - 5 years	50	40.7	40.7	62.6
	More than 5 years	46	37.4	37.4	100.0
	Total	123	100.0	100.0	

4.3.2 Sectors in which the businesses of the respondents operate

Table 4.6 below shows that a majority of 59.3% of the businesses of the respondents operated in the trading sector, while 37.4% operated in the service sector and 3.3% operated in the manufacturing sector.

Table 4.6 Type of industry

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	Manufacturing	4	3.3	3.3	3.3
	Service	46	37.4	37.4	40.7
	Trading	73	59.3	59.3	100.0
	Total	123	100.0	100.0	

4.3.3 Numbers of people employed by respondents

As can be seen in Table 4.7 below, 64.2 % of the respondents employed between one and five people while, 12.2% employed between six and twenty people, 0.8% employed from between twenty-one and fifty people 22.8% employed themselves only.

Table 4.7 Numbers of employees

		Frequency	Percentage	Valid percentage	Cumulative Percent
	0	28	22.8	22.8	22.8
	1 to 5	79	64.2	64.2	87.0
	6 to 20	15	12.2	12.2	99.2
	21 to 50	1	.8	.8	100.0
	Total	123	100.0	100.0	

4.3.4 Nationalities of employees

Table 4.8 below shows that of the total number of people employed by respondents, 33.6% were South African, 25.6% were members of their own families, 18.1% were fellow Cameroonians and 22.7% were immigrants from other countries.

Table 4.8: Nationalities of employees

	Number of South African employees	Number of family members employed	Number of employees who are co-ethnic	Number of employees who are immigrants from other countries
Number	67	51	36	45
Percentage	33.6	25.6	18.1	22.7

4.3.5 Number of respondents who held bank accounts

Table 4.9 below shows a fairly even distribution of 51.2% of the respondents who held bank accounts and 48.8 who did not.

Table 4.9: Number of respondents who held bank accounts

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Yes	63	51.2	51.2	51.2
No	60	48.8	48.8	100.0
Total	123	100.0	100.0	

4.3.6 Types of accounts held by the respondents

Table 4.10 below shows that of the 63 respondents in the sample who held bank accounts, only 18 of them operated business accounts, while the remaining 45 did not and, instead, held only personal bank accounts.

Table 4.10: Types of bank accounts held by the respondents

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	No account	60	48.8	48.8	48.8
	Business account	18	14.6	14.6	63.4
	Personal account	45	36.6	36.6	100.0
	Total	123	100.0	100.0	

4.3.7 Reasons for not opening a business account

Table 4.11 below shows that of those 45 respondents who did not open business accounts 62.2% acknowledged that they had been unable to do so because they lacked the proper documentation, while 35.5% maintained that they could not see the need for a business account, while a tiny minority of 2.3% had not known that a business account could be opened.

Table 4.11: Reasons for not opening a business account

	Frequency	Percent age	Valid percentage	Cumulative percentage
I cannot fulfil the requirements of the banks to open a business account	28	62.2	62.2	62.2
I do not see the benefits of a business account	16	35.5	35.5	97.7
I do not know that I could open a business account.	1	2.3	2.3	100.0
Total	123	100.0	100.0	

4.3.8 The ability of the respondents to obtain banking loans

As can be seen in table 4.12 below, only 12.7% of the respondents who actually held bank accounts were able to obtain loans from their banks, while a large majority of 87.3% could not.

Table 4.12: Is it possible for you to obtain loan from your bank?

	Frequency	Percentage	Valid percentage	Cumulative percentage
Yes	8	12.7	12.7	12.7
No	55	87.3	87.3	100
Total	63	100	100	

4.3.9 Reasons for not being able to obtain loans from banks

Table 4.13 below shows that 39 of the 55 respondents who could not obtain loans from their banks attributed their difficulties to a lack credit of history while the remaining 16 cited a lack of proper documentation as the reason.

Table 4.13 Reason for not being able to obtain loan from the bank

	Frequency	Percentage	Valid percentage	Cumulative percentage
Lack of credit history	39	71	71	71
Lack of proper documentation	16	29	29	100
Total	55	100	100	

4.3.10 Start-up finance

As can be seen in Table 4.14 below, the respondents made use of a variety of different sources of capital to finance the starting of their businesses. Their main sources of start-up capital were found to be:

- Personal savings
- Members of their families and friends
- Commercial banks and other formal commercial institutions
- Informal financial institutions such as stokvels

As can be seen in Table 4.14 below, a majority of 36.5% had made use of personal savings as their main source of start-up capital. This findings concurs with that of Tengeh (2011:208), who found that an overwhelming majority of African immigrants in the Cape Metropole who engaged in entrepreneurial activities had used personal savings as start-up capital. A further 35.1% of the respondents had obtained their start-up capital from family or friends, and 27.7% had relied on informal financial institutions such as stokvels. Only 0.7% of the respondents indicated that they had obtained their start-up capital from commercial banks. The main reason behind this finding has been covered in section 4.3.9 above.

Table 4.14: Sources of start-up capital

	Number	Percentage	percentage of cases
Family and friends	101	35.1%	82%
Personal savings	105	36.5%	85.4%
Commercial banks	2	0.7%	1.6%
Informal financial institutions such as stokvels	80	27.7%	65%
Total	288	100.0%	234%

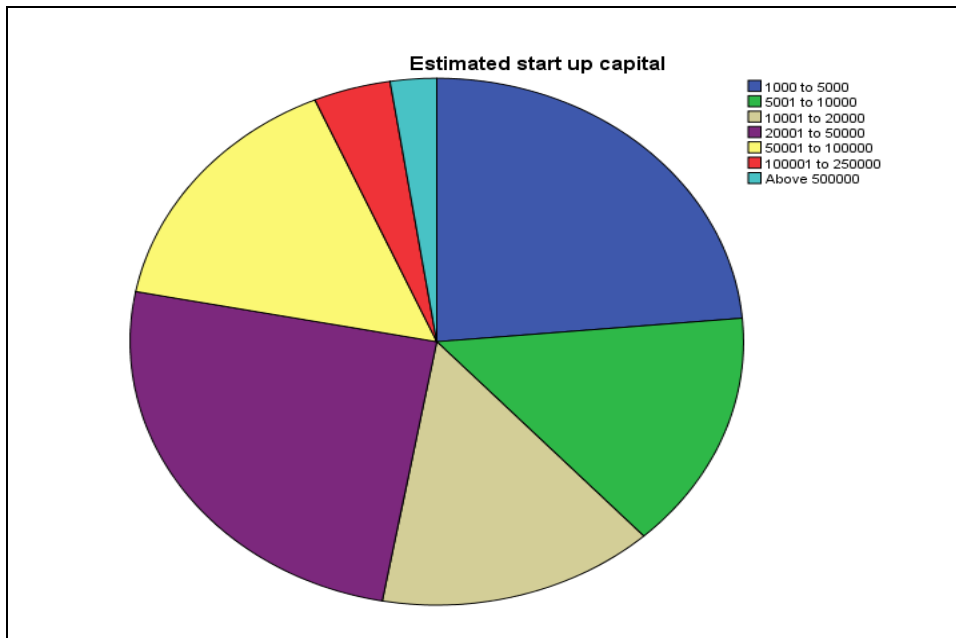
4.3.11 Estimated start-up capital

As is shown in Table 4.15 below, a small majority of 25.2% of the respondents indicated that they had started their businesses with capital within the range of R10 001 to R20 000. This finding contrasts with that of Tengeh (2011:186) who found that most of the African immigrants in his research sample had started their businesses with capital of R5 000 or less. However, 23.6% of the respondents in this study were found to have started their businesses with capital of R5 000 or less which aligns with the finding of Tengeh (2011:187). A further, 15% of the respondents had started their businesses with capital of within the range of R50 001 to R100 000 14.6% had started with capital of within the range of R5 001 to R10 000 and 14.6% had started with start-up capital of between R10 001 to R20 001. A very small minority of 4.1% had started their businesses with capital of between R100 001 to R250 000 and an even smaller minority of 2.4% had started their businesses with capital R500 000 or more.

Table 4.15: Estimated start up capital

	Frequency	Percent age	Valid percentage	Cumulative Percentage
R1000 to R5000	29	23.6	23.6	23.6
R5001 to R10000	18	14.6	14.6	38.2
R10001 to R20000	18	14.6	14.6	52.8
R20001 to R50000	31	25.2	25.2	78.0
R50001 to R100000	19	15.4	15.4	93.5
R100001 to R250000	5	4.1	4.1	97.6
Above R500000	3	2.4	2.4	100.0
Total	123	100.0	100.0	

Figure 4.1 Graphical representation of the estimated startup capital of the respondents



4.3.12 Estimated present capital

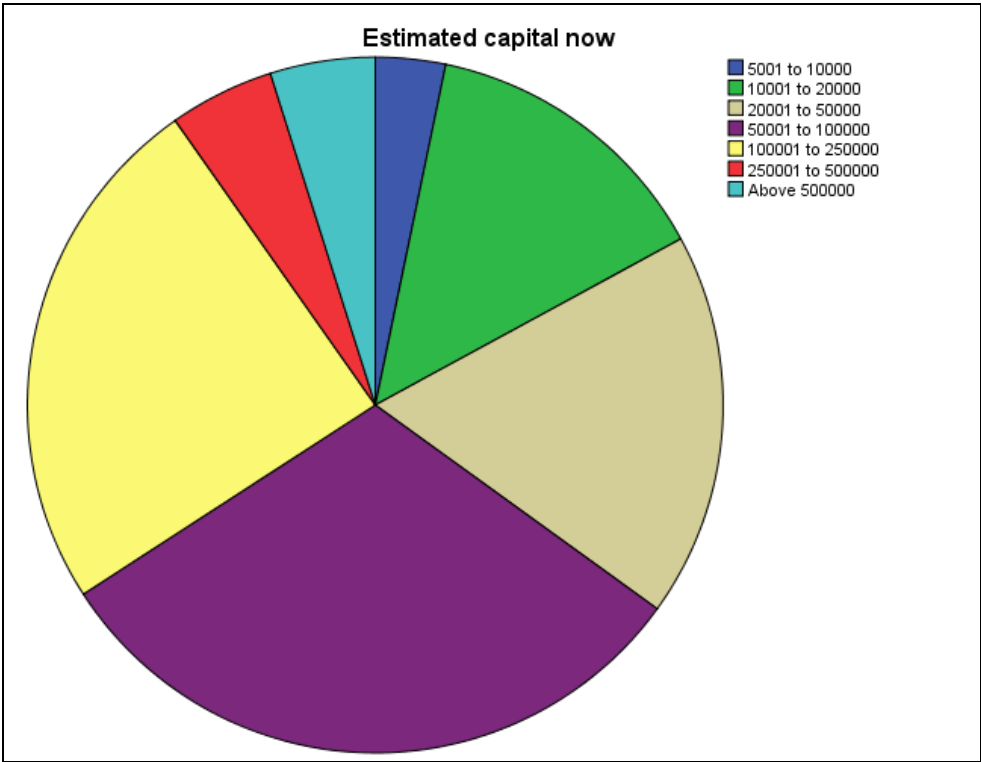
Table 4.16 below shows that the largest group of 30.9% of the respondents estimated that their businesses had capital of between R50 000 and R100 000 at present. A further 24.4% estimated that their present capital ranged between R100 001 to R250 000, while 17.9 % estimated that it fell within the range of between R20 001 to R50 000. It was considered to be significant that the present capital of the businesses of none of the respondents fell within the R1 000 to R5 000

bracket, despite the small amounts of startup capital with which some of the respondents had started their business.

Table 4.16: Estimated present capital

	Frequency	Percentage	Valid percent	Cumulative Percentage
R5001 to R10000	4	3.3	3.3	3.3
R10001 to R20000	17	13.8	13.8	17.1
R20001 to R50000	22	17.9	17.9	35.0
R50001 to R100000	38	30.9	30.9	65.9
R100001 to R250000	30	24.4	24.4	90.2
R250001 to R500000	6	4.9	4.9	95.1
Above R500000	6	4.9	4.9	100.0
Total	123	100.0	100.0	

Figure 4. 2 Graphical representation of estimated present capital.



By comparing the responses which had been obtained from the respondents with respect to their estimated startup capital with those of their estimated present capital, it may reasonably be

concluded that there has been a general noticeable growth in capital. It was found that only 3.3% of the respondents had an estimated present capital of between R5001 and R10000, compared with 14.6% who fell into this bracket during the startups of their businesses. In addition, as none of the respondents has an estimated present capital of less than R5000, as opposed to 23.6% during the start-up of their businesses, the assessment that there has been a significant growth in terms of financial capital is lent further support.

4.3.13 Problems encountered by immigrant entrepreneurs during the startup of their businesses in South Africa

From the results it may be concluded that the two most severe challenges which confront Cameroonian immigrant entrepreneurs during the start-ups of their businesses are a lack of adequate finance and a lack of customers. A general lack of skilled employees and language barriers also constitute significant obstacles. The results revealed that:

- An overwhelming 88.6% identified limited finance as an obstacle.
- 22.0% identified a lack of expertise in business area as an obstacle.
- 30.1% acknowledged a lack of skilled employees as a challenge.
- 64.2% identified a lack of customers as an obstacle which they had encountered during their start-ups
- 12.2% complained that a lack of relevant information had hindered their progress during their start-ups.
- Only 6.5% identified a lack of proper documentation as constituting a problem.
- 39% reported that language barriers had constituted one of the problems which they had encountered when they started their businesses.

Table 4.17 below summarises the challenges which the respondents encountered during the start-up of their businesses.

Table 4.17 Problems encountered during startups

	Number of responses	Percentage of responses	Percentage of cases
Lack of finance or credit	109	33.7%	88.6%
Lack of expertise in business	27	8.4%	22%
Lack of skilled employees	37	11.5%	30.1%
Lack of customers	79	24.5%	64.2%
Lack of information	15	4.6%	12.2%
Lack of proper documentation	8	2.5%	6.5%
Language barrier	48	15%	39%
Total	323	100%	262.6%

4.4 Section C: Information pertaining to stokvels

While the previous two sections focused on demographic and entrepreneurial information concerning the respondents, this section was concerned with matters pertaining to stokvels and it was in this section that relevant questions which were related to the research questions were answered. It provides an analysis of the information which the respondents supplied concerning the relationship between stokvels and their entrepreneurial activities.

4.4.1 The number of respondents who were members of stokvels

Table 4.18 below shows that all of the respondents were members of stokvels.

Table 4.18 The number of respondents who were members of stokvels

	Frequency	Percentage	Valid percentage	Cumulative Percentage
Yes	123	100.0	100.0	100.0

4.4.2 The numbers of stokvels to which the respondents belonged.

As is shown in Table 4.19 below, it was found that 83.7% of the respondents belonged to only one stokvel group. A further 14.6% belonged to two different stokvel groups while only 1.6% belonged to more than two different groups.

Table 4.19 The numbers of stokvel groups to which the respondents belonged

	Frequency	Percentage	Valid percentage	Cumulative percentage
Only one	103	83.7	83.7	83.7
Two groups	18	14.6	14.6	98.4
More than two	2	1.6	1.6	100.0
Total	123	100.0	100.0	

4.4.3 Reasons for belonging to more than one stokvel group

In Table 4.20 below, it can be seen that 51.5% of those respondents who belonged to more than one stokvel group did so because they wished to improve their prospects of obtaining adequate finance for their businesses while 36.5% did so in order to spread their risk in case of defaulting by members or the collapse of one group. Only 12% belonged to more than one group because they believed that their funding needed to increase as their businesses expanded.

Table 4.20 Respondents' reasons for belonging to more than one stokvel.

	Number of responses	Percentage of responses	Percentage of cases
To improve my chances of obtaining the required funding	17	51.5%	13.8%
Because my funding needs to increase as my business expands	4	12%	3.3%
Spreading my risk in case of defaulting by members or the collapse of one group	12	36.5%	9.8%
Total	33	100.0	26.9%

4.4.4 Stokvels provide capital for the startups of businesses

As can be seen in Table 4.21 below, a significant majority of 65% of the respondents agreed that stokvels provided capital for the startups of their businesses, while a further 27.6% strongly agreed and only 7% disagreed with 2% being undecided

Table 4.21 Stokvels provide startup or seed capital for businesses

	Frequency	Percentage	Cumulative percentage
Disagree	7	5.7	5.7
Undecided	2	1.6	7.3
Agree	80	65.0	72.4
Strongly agree	34	27.6	100.0
Total	123	100.0	

4.4.5 Stokvels serve as saving schemes for their members

As can be seen in Table 4.22 below, all of the respondents agreed that stokvels serve as savings schemes for their members, with 43.9% strongly agreeing. As none of them disagreed or expressed doubt concerning the veracity of this statement, it may be concluded that respondents all believed that belonging to stokvels enabled them to save money.

Table 4.22 Stokvels serve as savings schemes for their members

	Frequency	Percentage	Cumulative percentage
Agree	69	56.1	56.1
Strongly agree	54	43.9	100.0
Total	123	100.0	

4.4.6 Stokvels serve as platforms for discussing business ideas

Table 4.23 shows that although a majority of 52.8% of the respondents regarded stokvels as providers of platforms for discussing business ideas, 20.3% disagreed and a sizeable proportion of 25% were undecided.

Table 4.23 Stokvels serve as platforms for discussing business ideas

	Frequency	Percentage	Cumulative Percentage
Disagree	25	20.3	20.3
Undecided	31	25.2	45.5
Agree	65	52.8	98.4
Strongly agree	2	1.6	100.0
Total	123	100.0	

4.4.7 Stokvels grant interest-free loans to their members

Table 4.24 below shows that 73.2% of the respondents agreed and an additional 8.1% strongly agreed that stokvels granted interest-free loans to their members. This finding confirms the importance of the role which stokvels play in the businesses of immigrant entrepreneurs. It also aligns with the main research question which was formulated in order to determine the role which stokvels play in the start-up and the growth of businesses owned by Cameroonian immigrants. The fact that 17.1% of the respondents disagreed that stokvels provide interest-free loans to their members could be attributed to the characteristic of stokvels which results in not every member benefiting at an early stage of the life cycle of the stokvel, which could, in turn result in those members who benefit only much later not necessarily regarding the payment which they eventually receive as interest-free loans.

Table 4.24 Stokvels grant interest-free loans to their members

	Frequency	Percentage	Cumulative Percentage
Strongly disagree	1	.8	.8
Disagree	21	17.1	17.9
Undecided	1	.8	18.7
Agree	90	73.2	91.9
Strongly agree	10	8.1	100.0
Total	123	100.0	

4.4.8 It is relatively easy to obtain startups loan from stokvels

Table 4.25 below shows that an overwhelming majority of 88.6% of the respondents agreed and a further 10.6% strongly agreed that it was relatively easy to obtain loans for the startups from stokvels. This finding once again confirms the important role which stokvels play in small businesses which are owned by Cameroonian immigrants.

Table 4.25: It is relatively easy to obtain startup loans from stokvels

	Frequency	Percentage	Cumulative percentage
Strongly disagree	1	.8	.8
Agree	109	88.6	89.4
Strongly agree	13	10.6	100.0
Total	123	100.0	

4.4.9 It is relatively easy to obtain loans for the growth or expansion of businesses from stokvels

As can be seen in Table 4.26 below, almost all the respondents, 99.2% either agreed or strongly agreed that it was relatively easy to obtain loans from stokvels for the growth or expansion of their businesses.

Table 4.26 It is relatively easy to obtain loans for growth or expansion of businesses from stokvels

	Frequency	Percentage	Cumulative percentage
Undecided	1	.8	.8
Agree	110	89.4	90.2
Strongly agree	12	9.8	100.0
Total	123	100.0	

4.4.10 Members should provide business plans to obtain loans

Table 4.27 below shows that half of the respondents either disagreed (49.6%) or strongly disagreed (2.4) with the suggestion that members should present business plans as a prerequisite for obtaining loans. This finding may indicate a desire on the part of many members

of stokvels for the process of granting to be kept as simple as possible. Only 21% of the respondents believed that business plans should be provided before loans could be granted.

Table 4.27 Members of stokvels should provide business plans to obtain loans

	Frequency	Percentage	Cumulative percentage
Strongly disagree	3	2.4	2.4
Disagree	61	49.6	52.0
Undecided	30	24.4	76.4
Agree	26	21.1	97.6
Strongly agree	3	2.4	100.0
Total	123	100.0	

4.4.11 Members stokvels should provide reasonable explanations concerning why they need loans

Table 4.28 below presents the findings concerning whether the members of stokvels should be required to provide reasonable explanations concerning why they need loans. A majority of 48% agreed and a further 1.6% strongly agreed that members should be required to provide reasons concerning why they need loans. This finding could indicate a desire for security on their part, although 35.8% disagreed. 0.8% strongly disagreed and 14.6% were undecided.

Table 4.28 Members of stokvels provide reasonable explanations concerning why they need loans

	Frequency	Percentage	Valid percentage	Cumulative percentage
Strongly disagree	1	.8	.8	.8
Disagree	43	35.0	35.0	35.8
Undecided	18	14.6	14.6	50.4
Agree	59	48.0	48.0	98.4
Strongly agree	2	1.6	1.6	100.0
Total	123	100.0	100.0	

4.4.12 Members of stokvels should present collateral or sureties to obtain loans

Table 4.29 below shows that 53.7% of the respondents disagree and 0.8% strongly disagreed that collateral or sureties should be provided in order to obtain loans. Only 30.1% agreed and 1.6% strongly agreed that this provision should be necessary. It is understandable that this proportion of respondents who agree that collateral or sureties should be provided before loan can be granted do so for security reasons owing to the fact that, not everyone is born to be a business person. Some members may invest the loan wrongly and no turnover maybe realise. This then becomes a problem when it is time for repayment thus causing the stockvel not to function smoothly.

Table 4.29 Members of stokvels should present collateral or sureties to obtain a loans

	Frequency	Percentage	Cumulative percentage
Strongly disagree	1	.8	.8
Disagree	66	53.7	54.5
Undecided	17	13.8	68.3
Agree	37	30.1	98.4
Strongly agree	2	1.6	100.0
Total	123	100.0	

4.4.13 Challenges which threaten the smooth running of stokvels

Table 4.30 below shows that 52% of the respondents acknowledged that problems threatened the smooth functioning of their stokvels, while. 48% believe that their stokvels were not adversely affected by problems.

Table 4.30 Do problems threaten the smooth running of your stokvel?

	Frequency	Percentage	Cumulative percentage
Yes	64	52.0	52.0
No	59	48.0	100.0
Total	123	100.0	

4.4.14 Some of the problems which are encountered by stokvels

Stokvels, like other organisations, have their own unique problems. Table 4.31, shows that most of the respondents believed that the most significant problems which were encountered by their concerned a lack of trained personnel to manage the loan process and the fact that some members fail to respect loan repayment dates. It can be seen that these two problems were cited by a total, 72.3% of the respondents. Other problems which were cited were low turnout for making applications for loans and the untrustworthiness of some members, which is directly related to the tendency for some members not to respect loan repayment dates.

Table 4.31: Problems which affect the running of stokvels

	Number	Percentage	Percentage of cases
Some members fail to respect payment dates	61	42.1%	49.6%
Lack of trained personnel to manage the loan process	44	30.2%	35.8%
Low turnout for applications for loan owing to fear of risk	12	8.3%	9.8%
Some members are not trust worthy	28	19.4%	22.8%
Total	145	100.0	118%

4.4.15 Solutions to the problems which were suggested by the respondents

Table 4.32 below shows that 39.6% of the respondents believed that the members of stokvels should be educated concerning how to invest their loans wisely. This suggestion was made in order for them to profits to enable them to repay their loans on the dates which had been agreed upon. A further 29.5% of the respondents agreed that training should be provided to the personnel who were tasked with managing the loan processes. Only 8.1% agreed that members should provide collateral before loans can be granted, while 15.4% agreed that members should provide sureties in order for their loans to be granted. Another solution which was suggested was that members should be encouraged to obtain loans, but only 7.4% agreed.

Table 4.32: Suggested solutions to the problems which had been identified

	Number	Percentage	Percentage of cases
Training should be provided to personnel	44	29.5%	35.8%
Members should provide collateral before loans can be approved	12	8.1%	9.8%
Members should provide sureties before obtaining loans in cases in which they do not have collateral	23	15.4%	18.7%
Members should be encouraged to obtain loans	11	7.4%	8.9%
Members should be educated concerning how to invest their loans wisely	59	39.6%	48%
Total	149	100%	121.2%

4.5 Discussion and analysis of the qualitative study

Up until this point, the only results which have been presented have been quantitative and were derived from the survey questionnaires. In this section of the chapter, the qualitative results which were obtained from the semi-structured interviews will be presented and discussed. Ten interviews were conducted in order to capture the real life experiences and opinions of the managers of some of the stokvels to which the respondents belonged. While the questionnaires were completed by members of stokvels who were also engaged in entrepreneurial activities, for the interviews people who were in positions of leadership in some of the stokvels were targeted with the intention of juxtaposing their opinions and perceptions with those of the members of their stokvels. The findings which emanated from the interviews will be discussed in relation to the objectives of the study.

4.5.1 The motivations behind the formation of stokvels

Question: *What can you say was the motivation behind the formation of your stokvel group?*

One of the objectives of the interviews was to establish the motivation behind the formation of the various stokvels to which the respondents belonged. All of the participants who were interviewed their lack of access to the banking services which many South African citizens enjoy as the main motivation behind the formation of their groups. They believed that their best option had lain in pooling their resources together in order to help one another in a manner which was customary in the rural areas of their country. One of the participants, Interviewee A, said:

“Being a stranger in another country means your financial choices are limited and so we had to cooperate amongst ourselves by forming this njangi so that we could easily afford the needed finances since almost all of us are businessmen and women”.

According to Interviewee B:

“Because we are in a foreign land and since we understand that we have no voice, we decided to form this group in order to get mutual support. The group helps us to grow our businesses and also to save our money. Remember that it is not easy for a foreigner to open a bank account in South Africa. A majority of us foreigners do not possess the type of documents that the banks need so the only option left for us is to form our njangis after all, we don't need any documents to form them.”

To summarise these statements, the motivation behind the formation of their groups was to obtain facilities which they are unable to get from commercial banks, such as loans for the start-ups of their businesses, the expansion of their businesses, savings and other banking services. In effect, their stokvels assume the role of acting as their own banks.

4.5.2 Membership of stokvels

Question: *What are the requirements for a person to become a member of your group?*

When the participants were asked what the procedures were for people to be admitted to their group as members, each of them explained that their groups had constitutions which governed them and that in order for someone to become a member, he or she would be required to abide by the constitution and also to have been in their community for an acceptable period of time. One of the leaders of stokvel, interviewee C, said with respect to the requirements for membership:

“We have a constitution that guides our activities and for someone to become a member, that individual must be ready to respect our constitution and again, he or she must be someone well known by our members. We don’t give membership to someone who is not known by our members or who is not willing to dance by our constitution.”

From their responses to this question concerning the requirements for membership, it was apparent that their organisations possessed a significant degree of formal structure.

4.5.3 Capital for start-ups and growth of business

Question: *Some of your members who are engaged in business activities agreed that stokvels act as sources of capital for the start-ups and expansion of their businesses. How true is that?*

Another objective of the interviews was to ascertain the role which the stokvels play in the providing of capital for the startups and growth of the businesses of their members. From the responses of all the interviewees, it was obvious that their stokvels made a very significant contribution towards providing capital for startup and growth of the businesses of their members. Interviewee D said:

“Very true. Our group has done a lot to help members grow in business. For instance, most of us started our businesses after benefitting from contributions made by this group. Others have expanded their business thanks to these same contributions. So if you didn’t benefit at the time that you started your business, you must have benefitted somewhere along the line and this must have helped in increasing your capital”.

The finding was that there was a general consensus among the respondents that stokvels provided capital for the startups and expansion of the businesses of their members.

4.5.4 Interest-free loans

Question: *According to responses from your members through questionnaires, a majority of them also agreed that your group grants interest-free loans to members, some of them disagreed while others were undecided. As a group leader, what can you say is or are the reasons behind these differences in opinions?*

As it was apparent from the responses to the questionnaire that perceptions concerning whether or not stokvels provide interest-free loans to their members tended to vary, it was considered to be of crucial concern to clarify this matter during the interviews. From the researcher’s

discussions with the various participants in the interviews he was able to conclude that the stokvels do grant interest-free loans to their members. A good example could be provided by those cases in which members are sufficiently fortunate to benefit at an early stage of the life cycle of a particular round of contributions. In these cases the payments can be regarded as interest-free loans because the members continue to make the same contributions as those members who have yet to benefit while having enjoyed the advantage of investing their loans in their businesses. In those cases in which members benefit only at a later stage or at the end of a cycle, the payment may be regarded as a paying out of savings and not as a loan, the members would, in these cases, receive mainly funds which they had been saving. Interviewee E said:

“As the group leader, I think I can see the angle from which the difference in opinions is coming. You know, the order of our njangi beneficiaries is determined through balloting and members benefit in a rotating process which therefore means that those members who are lucky to pick early numbers benefit early and this can be considered as interest-free loans that have been granted to them. But you will not expect a member who benefits towards the end to see this as an interest free-loan. He will rather see it as savings”.

Another group leader, Interviewee F said:

“Our njangi sometimes recognises members who are in difficulties and in need of cash. In this case, we may unanimously decide to give the very early contributions to them so as to help them come out of difficulties. We see it as an interest free loan. Can a bank loan you money to be paying just the premium with no interest charged? I don't think so.”

4.5.5 The procedures for granting loans

Question: I understand that you always have funds in your coffers which you are able to provide to members in the form of loans. Can you briefly explain your loaning process please? I mean the steps which are required to follow in order to obtain a loan.

When stokvels have extra money in their funds, it can be paid out to members as loans at a minimal rate of interest. According to the interviewees, the procedure for the granting of loans is very simple: a member needs only to request the amount which he or she needs from the loan officer and, if it is available, it will be paid to him or her and he or she will be required to sign on receipt of the loan. One of the participants explained that for a member to be granted a loan, he or she will be required to fill and sign a loan application form and that the money would be paid

out if it was available. Stokvels conduct their business transactions on the basis of mutual trust among their members. No collateral is needed. However, some of the participants explained that in those cases in which a member fails to repay or delays the repayment of a loan on the agreed upon date, he or she may be sanctioned, either in accordance with the provisions of the constitution of the stokvel or on the basis of the decision which is taken by its general assembly. These procedures suggest that stokvels are far less reliant on paper-work than the commercial banks

A selection of some of the responses of the participants concerning the procedures which their stokvels follow in order to grant loans is provided below.

Interviewee G:

“Our loaning procedure is so simple. A member only needs to write his name down and the amount, whenever they are paying loans out, then the loan secretary will pay him after he has signed against his name in the loan book to acknowledge that he has loaned money”.

Interviewee H:

“For a member to be granted a loan, he has to fill in the loan form and return it to the loan officials for them to pay. It only becomes complicated if the member is a defaulter. Other than that, it is not a big deal”.

Interviewee A:

“We loan out money once a month and this happens during our sittings. You request your money and sign the loan book and then your money is paid to you. This only happens during our gatherings so, if you missed to loan money this month because you were absent from the meeting or something, you can only apply for a loan next month, when the money must have been repaid in by the loaners”.

4.5.6 Problems or challenges encountered by stokvels

Question: Do you encounter any problems or challenges which make it difficult for you to manage your group smoothly? If you do encounter any, could you describe them to me please?

One of the objectives of this research study was to identify the challenges which affect the smooth functioning of stokvels. Most of the respondents who completed the questionnaires acknowledged that their stokvels had encountered problems. In the interviews, the leaders of

stokvels also agreed that they had encountered a great many challenges. Excerpt from the interviews which pertained to the problems which stokvels encounter are provided below.

Interviewee I:

“If I tell you that everything moves just as it is supposed to be, I will be lying. We have our own problems, just like every other group. At times some members will loan money but when repayment dates come, you start hearing stories. Someone will benefit from the contribution today, then in the next two weeks he is not able to contribute for others also to benefit.”

Interviewee J

We come across a few problems though at the end of the day, we always manage to solve them. For instance, some members find loaning money very easy but when repayment day comes, we need to run after them before they can pay. In some cases, some individuals fail to do contribution because of various reasons such as sickness, Law enforcement officers confiscated their goods and so on. But one thing I can assure you is that they always meet up before the end of njangi session”

Interviewee B:

“I’m having problems with the way my present njangi secretaries are managing the process. They have no experience and so, I need to always be there in order for things to run well. Whenever I miss a session, my phone will keep on ringing because the secretaries are not doing their job well. Members call to complain. Because of this, I have decided always to be present so that I can take the time to groom them. It is a big call for me but I have to do it.”

Interviewee D:

“Our njangi is just about three months old now and so far, there are no problems, probably because we are not many.”

4.5.7 Measures which are taken to prevent problems from reoccurring

Question: What are the measures which you take to resolve problems and prevent them from recurring?

The intention behind this question was to determine whether or not the leaders were able to solve their problems and whether they attempted to solve them or relied upon external intervention.

Some of their responses are provided below.

Interviewee F:

“We keep on modifying our constitution frequently to prevent some of these problems from happening again.”

Interviewee A:

“Some of my members have been blacklisted because of failure to repay money. When you are blacklisted, you cannot loan any money again until after a defined period of time. In some cases, a defaulter is not even allowed to participate in the balloting process. You continue to contribute but only benefit toward the end or at the end after all the clean members have already benefitted. All these are well stated in our constitution so that no member should claim ignorance”

Interviewee B:

“Our constitution makes provision for a number of sanctions that will follow a member if he or she goes against the rules such as suspension of membership, monetary fines, and other fines.”

Interviewee C:

“Our constitution defines possible remedies for possible problems that we may face along the way. Whenever a problem occurs which is not defined in the constitution, the general assembly brainstorms on it and then comes up with possible solutions. From then, it can become a clause in the constitution which must be respected. After all, the constitution is drawn up by the general assembly.”

From these statements, it may be concluded that stokvels are always able to take care of their problems from within their organisations.

4.5.8 Overall appraisals of stokvel groups by their leaders.

Question: Generally speaking, can you give an appraisal of your group with respect to the role which it plays in empowering your members, particularly those who are engaged in business activities?

This question was intended to determine whether or not the leaders of stokvel groups had positive perceptions of the role which their groups played to promoting the businesses of their members. All of their appraisals were very positive. A selection is provided below.

Interviewee A:

“This njangi is the backbone of all our successes in this country. You will see most of the members owning big shops and driving nice cars. If you ask them the secret of their successes, those ones with clear consciences will tell you that this njangi is the source.”

Interviewee H:

“In spite of the minor problems that we continue to have, this group has done a lot to uplift the living standards of members. This is our source of finance and all our members are aware of this. It is through this njangi that I raised capital to start my business. A lot of members will tell you the same thing.”

Interviewee D:

“It is through this njangi that some of us save our money. It is through this njangi that some members acquired capital to start businesses. So, you can see that it is our own bank here in South Africa.”

Their answers confirm quite conclusively that their stokvel groups play a crucial role in the success of their businesses in their host country, from raising capital to start businesses, to discussing business ideas and to enabling them to save their money.

4.6 Summary

Despite the problems which stokvels appear to encounter, it is quite clear that they are doing a great deal to assist their members. The analysis of the results of this research study shows that most Cameroonian immigrants who are engaged in small, medium and micro sized enterprises rely heavily on stokvels as their own financial institutions, because they help them to raise

capital and also provide the means for them to be able to save their money. These findings explain why both their leaders and their members hold their groups in very high esteem.

This chapter has presented, discussed and analysed the data which was obtained from the questionnaires which were completed by members of stokvel groups and from the interviews which were conducted with the leaders of groups, all of whom were Cameroonian immigrants who were engaged in economic activities in the Cape Metropole. The aim of the study was to assess the role which stokvels play in their businesses, with respect to providing capital for their startups and their expansion with a particular emphasis having been placed on determining the motivation behind the formation of the groups. The study also endeavoured to investigate the processes through which loans are granted to the members of stokvels and to gain insights into the specific problems which they encounter. As both the quantitative and the qualitative results have demonstrated a great deal of shared consistency, the researcher has been able to draw valid and reliable conclusions, which will be presented in the final chapter of this thesis.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter presented and discussed the analysis of the results which had been obtained from the survey questionnaire and the interviews. This chapter now presents the conclusions which were drawn from analysis of the findings and make recommendations on the basis of them and the concerns which emerged from the literature which was reviewed in Chapter 2. The first part of this chapter takes the form of a series of brief summaries of the five chapters, which focus on the essential concerns of each chapter, followed by a summary of the limitations of the study. It also offers suggestions for further research, before concluding the thesis.

5.2 Summary of the study.

The outline below summarises the chapters of which this thesis is comprised, in order to provide a clear overview of its overall structure

5.2.1 Chapter One: Introduction and background

Chapter One introduced the research study and provided the background to it, before proceeding to explain how it would be carried out. The research problem, the research questions and the objectives of the research were formally stated and preliminary discussions of the research design, the methods which would be used to collect and analyse the data the significance of the study, the measures which would be taken in order to ensure the validity and the reliability of the findings and the ethical considerations which would be respected were provided.

5.2.2 Chapter Two: Literature review

The researcher presented the conceptual framework of this research study in this chapter by reviewing the relevant available literature, and also by considering the theories upon which the study had been based, such as the push and pull factors which motivated entrepreneurs to engage in economic activities.

The importance of informal financial associations, their characteristics and the challenges which they encounter, as they emerged from the literature which was reviewed, was also discussed comprehensively. The concept of entrepreneurship and the central role which it plays in the economic development of countries were elucidated, with a particular emphasis being placed

upon the contributions which immigrant entrepreneurship make to the economic development of many host countries.

5.2.3 Chapter Three: Research methodology

The third chapter was devoted to a detailed overview of the research design and the methodology which was adopted in order to conduct the study. A mixed methods approach, which combined both quantitative and qualitative research methods was adopted in order to collect the data. The quantitative data was obtained through the administration of questionnaires, while the qualitative data was obtained from face-to-face semi-structured interviews which enabled the leaders of stokvel groups to express their perceptions and opinions concerning the role which their stokvels play in the economic activities of their members in a frank and open manner.

Purposive non-probability sampling was employed, as the study concerned only members of stokvels who were engaged in entrepreneurial activities, as some members belong to stokvel groups for the sole purpose of saving money.

5.2.4 Chapter Four: Presentation, discussion and analysis of the findings

Chapter Four took the form of a presentation, a discussion and an analysis of the data which had been obtained. The data was presented in accordance with the structure of the questionnaire and the interview schedule. A total of 123 questionnaires were distributed to members of the target population of members of stokvel groups who were engaged in entrepreneurial activities and the interviews also conducted with ten leaders of stokvel groups who had been randomly selected. The purpose of the interviews was to compare the results which they generated with those which had been obtained from the questionnaires, in order to determine the extent to which the opinions and perceptions of leaders of stokvel groups aligned with those of their members. The results which had been obtained from the questionnaires were presented in the form of descriptive frequency tables and, in some cases, pie chart, which were derived from an analysis of the data through the use of the SPSS statistical software package.

It may be concluded from the findings which were presented in this chapter that there is a significant relationship between the role which is played by stokvels and the success of the entrepreneurial activities of their members. The results also revealed that foreign entrepreneurs find it difficult to raise capital for the start-ups and expansion of their businesses from commercial banks and other financial institutions. The success which they have enjoyed in their

various entrepreneurial sectors provides eloquent testimony for the high esteem in which they hold their stokvel groups.

It was also found that the stokvels of Cameroonian immigrant entrepreneurs are far from being problem-free. Although the responses of both the respondents to the questionnaire and the interviewees indicated that they encounter problems which hindered their functioning, it was also found that the groups possess sufficient organisational integrity to minimise their problems without needing to have recourse to external interventions.

5.2.5 Chapter Five: Conclusion and recommendations

The final chapter of the study summarises the study, provides a final discussion of the findings, presents the conclusions which were drawn from them, makes recommendations on the basis of the conclusions and offer suggestions for further research before closing with a concluding statement.

5.3 The findings in relation to the objectives of the study

The main objective of this study was to assess the role which stokvels play in the start-ups and the growth of Cameroonian owned businesses in the Cape Metropole. To achieve this primary objective, five subsidiary objectives were formulated in relation to the research topic.

5.3.1 Objective one

To discover the motivation for the formation of stokvels by Cameroonians in the Cape Metropole

An overwhelming 87.3% of respondents who held bank accounts acknowledged that they could not obtain loans from their banks. A very significant majority of 92.6% of them either agreed or strongly agreed that their stokvels had provided startup capital for their businesses, while almost all of them (99.2%) agreed that their stokvels had provided loans to facilitate the growth of their businesses. All of the respondents agreed that stokvels acted as savings schemes for them. All of these statistics have served to demonstrate that there had been sufficient motivation for the formation of stokvels by these Cameroonian entrepreneurs.

5.3.2 Objective two

To determine the procedures for obtaining loans from stokvels

All of the leaders of stokvel groups maintained, during their interviews that their procedures for obtaining loans were not very complicated. They do not require the amount of documentation which are required by the banks in the formal sector. Helmke and Levitsky (2003) explain that informal financial institutions are usually based on socially-shared rules, which are usually unwritten, and are created, communicated and enforced outside of the officially sanctioned channels. The leaders of the stokvel groups all agreed that their loan transactions were based on mutual trust among their members. It was also found that 54.1% of the respondents to the questionnaire did not believe that collateral or sureties should need to be provided in order to obtain loans from their stokvels. All of these findings suggest that the members of stokvels believe that the procedures for obtaining loans should be as simple as possible.

5.3.3 Objective three

To ascertain the role which stokvels play in the startup of Cameroonian owned businesses in the Cape Metropole

The acknowledgement by 27.7% of the respondents that they had obtained start-up capital for their businesses from their stokvels and the agreement by 92.6% of them that stokvels provided businesses with start-up capital both serve to demonstrate the significant role which stokvels play in start-ups of the businesses of their members

5.3.4 Objective four

To ascertain the role which stokvels play in the growth of Cameroonian in-owned businesses in the Cape Metropole

It was found that 99.2% of the respondents either agreed or strongly agreed that it was easy to obtain loans from their stokvels for the growth of their businesses. A further 12% of those who belonged to more than one stokvel indicated that they did so in order to expand their businesses. These findings all point to the significant role which stokvels play in the growth of the businesses of their members.

5.3.5 Objective five

To ascertain the challenges which are encountered by stokvels which may hinder the success of the businesses of their members

Of the respondents to the questionnaire, 52% agreed that their stokvels had encountered challenges. This finding was further confirmed by the leaders of their groups in the interviews. The problems were found to range from a failure on the part of some members to adhere to the agreed upon dates for the repayment of loans to untrained personnel managing the loans. Adeusi (2014) found that stokvels tend to have limited resources in terms of skilled manpower, which can sometimes result in poorly-advised decisions being taken. Another problem which was identified was that of low turnouts to apply for loans as a result of fear of risk. If the problems which have been identified by the study are not well managed, they could hinder the progress of many of the immigrant entrepreneurs who are reliant upon stokvels to finance their businesses, although some constructive suggestions were made by the respondents to the questionnaires and the leaders of the groups indicated quite clearly that they had the capacity to overcome the problems.

5.3.6 Other findings

1. Businesses which are owned by Cameroonian immigrants in the Cape Metropole are operated either by young or middle-aged people, the majority of whom are males. This finding aligns with that of Kalitanyi (2007) who found that the majority of African immigrant entrepreneurs tended to be males.
2. A majority of 53.7% of the respondents to the questionnaire were found to be married, which aligns with the corresponding finding of Tengeh (2011:185).
3. Nearly 23% of the respondents to the questionnaire were found to hold degree, while a further 25.2% held only matriculation certificates and a larger fraction which comprised 39% of the research sample had not matriculated. This finding contrasts with that of Tengeh (2011: 212) who found that only 1.5% of the African immigrant entrepreneurs in his study had obtained university degrees

4. It was concluded that the prospects for the businesses of the respondents were generally good, as 37.4% had been in existence for more than five years and a further 40.7% had been in existence for between three and five years.
5. Cameroonian immigrants who own businesses in the Cape Metropole do not generally rely on banks for financial support.
6. It was found that 48.8% of the respondents did not hold bank accounts, while only 51.2% did.
7. A majority of 33.6% of the employees of the respondents were South Africans citizens.
8. Many of the respondents had started their businesses with very small amounts of startup capital, usually between R1 000 to R5 000, before expanding.

5.4 Limitations of the study

This study was conducted in one area only, namely, the Cape Town Metropole as it has been defined in the study. The fact that the study was confined to specific areas and a specific ethnic community within it made it limited in the sense that the findings may not necessarily be generalizable to other immigrant communities in other parts of South Africa or other countries in the world. It was intended to investigate the informal financial associations which are known as njangis or tontines in the Cameroonian immigrant community and their effects on the businesses of Cameroonian immigrants. It concentrated on a cross-section of the Cameroonian immigrants who were engaged in small, medium and micro-sized enterprises in the designated area. Owing to the fact that there are too many Cameroonian immigrant entrepreneurs scattered throughout the Republic of South Africa and within the province of the Western Cape in particular, the study was limited to Cameroonian immigrant entrepreneurs in the Cape Metropole only. As a result of limited resources with respect to finance and time, it was decided not to take into consideration the possibility of any very large corporations which may be operated by Cameroonian immigrant entrepreneurs within this locality.

5.5 Suggestion for further research

As a result of the limitations which have been identified, it was suggested by the researcher that future research should include the entire Western Cape, or even the whole country. Communities of immigrant entrepreneurs from African countries other than Cameroon should

also be studied, in order to determine whether they have similar informal mechanisms for raising capital, as a result of not being able to raise loans from within the formal financial sector.

5.6. Significance of the research

This research was intended to develop a clear picture of the role which stokvels play in the start-ups and growth of businesses which are owned by Cameroonian immigrants vis-à-vis the host economy and also to clarify the role which immigrant entrepreneurs play in the development of the economy of the city of Cape Town in particular. It stands to benefit the government, individual people, students and other interested stake-holders and it is to be hoped that it will encourage the providing of support for immigrant entrepreneurship by the government, owing to the positive role which it plays in the economy of the country.

5.7 Recommendations

The recommendations for the study are based on the findings of this research. The following recommendations have been formulated by the researcher for immigrant owners of small, medium and micro-sized businesses, banks and the government.

The Government departments: Entrepreneurial activities help to create employment. Immigrant entrepreneurs do not create employment for themselves only, but also employ indigenous citizens, thereby making a valid contribution to the economic growth of the host country. The contribution which they make needs to be recognised and appreciated by the government. Although there are government agencies such as the Department of Trade and Industry (DTI) in South Africa which assist small, medium and micro-sized enterprises (SMMEs), they do not assist immigrant-owned businesses. The assistance which they provide includes coaching and financial support. If the government could extend these services to immigrant entrepreneurs, significant gains in the creation of employment would inevitably follow which could make a beneficial contribution towards combating the high rate of crime which bedevils socio-economic development in South Africa.

A complaint which is often made by immigrant entrepreneurs concerns their lack of proper documentation, for purposes such as obtaining finance from the formal financial sector. The Department of Home Affairs (DHA) should be encouraged to work in collaboration with the Department of Trade and Industry (DTI) to issue the necessary documentation to deserving immigrant entrepreneurs, in order to facilitate the growth of their businesses and increase the contribution which they make to the economic development of the country.

Immigrant entrepreneurs: Foreign entrepreneurs should become aware of the importance of partnering with their South African counterparts for mutual benefit. A partnership between South African citizens and foreign African entrepreneurs could be of symbolic significant and both sets of parties would stand to benefit in a number of different respects (Kalitanyi, 2007:107). Indigenous entrepreneurs would be able to benefit from entrepreneurial skills of immigrants, while immigrant entrepreneurs would benefit from reduced incidence of crime, reduced xenophobic attacks, reduced operating costs and access to government grants, as the DTI and most other related government departments require that applications for funding by non-South Africans should include South African citizens as shareholders.

It was also found by the study that some members of stokvels fail to meet their financial commitments as the repayment of loans, owing to the poor management of their businesses. In order to overcome this obstacle, entrepreneurial training is needed. Immigrant entrepreneurs have demonstrated a great capacity for creating effective networks which give them a competitive edge over their indigenous competitors. These networks surely hold the key to the developing of solutions to problems of this sort.

The banks: The banks should relax their banking policies in order to accommodate immigrant entrepreneurs, as there is more than sufficient evidence to confirm that they make a significant contribution to the growth of the South African economy.

5.8 Concluding statement

The main objective of this study was to assess the role which stokvels play in the start-ups and expansion of businesses which are owned by Cameroonian immigrants in the Cape Metropole. This objective has been successfully accomplished and appropriate recommendations have been made on the basis of its findings.

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APPENDIX A: QUESTIONNAIRE



Cape Peninsula
University of Technology

Faculty of Business and Management Science.

Dear Respondent,

This is a research survey which is being conducted in order to **ASSESS THE ROLE OF INFORMAL FINANCIAL ASSOCIATIONS (STOKVESL or NJANGIS) IN THE START-UPS AND GROWTH OF BUSINESSES WHICH ARE OWNED BY CAMEROONIAN IMMIGRANTS IN THE CAPE METROPOLE**, in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) in entrepreneurship in the faculty of Business at the Cape Peninsula University of Technology. My name is **Linus C. Nkem** and my student number is **210182407**.

This research will focus on assessing the role which the informal financial associations which are known in South Africa as STOKVELS and within the Cameroonian community as “njangis” and “tontines” play in the start-ups and growth of businesses owned by Cameroonian immigrants in the Cape Metropole of the province of the Western Cape in South Africa. By determining the meaningful role which these informal financial associations play in the Small, Medium and Micro-Sized Enterprises (SMME) sector, this research could make potential entrepreneurs aware of the importance of belonging to these financial institutions to the start-ups and growth of their businesses. Your participation in the study as a Cameroonian immigrant entrepreneur is needed and greatly appreciated. By responding to this questionnaire, you will already be contributing towards a positive intervention in both the field of entrepreneurship and the economic activities of immigrant entrepreneurs.

The information which is needed will be used strictly for academic purposes and, please be assured that all of the information which is provided will be treated as being strictly confidential

A) Demographic information:

Please tick with an X where applicable.

1) What is your gender?

Male	1
Female	2

2) To which age group do you belong?

0-25years	1
26-30	2
31-35	3
36 -45	4
46 and above	5

3).What is your marital status?

Married	1
Single	2
Divorced	3
Widowed	4
Other (Please specify)	5

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

Below matriculation	1
Matriculation	2
Trade certificate	3
Advanced diploma	4
Degree	5
Post graduate qualification	6

B). Entrepreneurial information:

4) For how long has your business been in operation?

Less than 1 year	1
1-3 years	2
3-5 years	3
More than 5 years	4

5) What best describes the sector to which your business belongs?

Manufacturing	1
Service	2
Trading	3
Other (Please specify)	4

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

None	1
1 to 5	2
6 to 20	3
21 to 50	4
More than 50	5

8).Of the people who are employed by your business, how many are:

South Africans	1
Members of your family	2
Co-ethnics (i.e. people from Cameroon, your country of origin)	3
Immigrants from other countries	4

9). Do you have a bank account?

Yes	1
No	2

If your answer to Q.9 above was yes, please continue to Q.10. Otherwise, please skip to the next question.

10).What type of bank account do you have?

a).Business or cheque account	1
b).Savings or personal account	2

If your answer in Q.10 above was 'b', please continue to the next question .If not, please skip to the next.

11). Referring back to Q.10,why have you not opened a business account?

I am not aware of that type of account	1
I cannot fulfil the requirements of the bank for a business or cheque account	2
I do not see the benefits of a business or cheque account	3
I do not know	4

12). Still referring to Q.9 above, if your answer was `yes`, was it possible for you to obtain a loan from your bank?

Yes	1
No	2

13). If you marked “no” in Q. 12 above, what makes it impossible for you to obtain a loan from your bank? You may choose more than one reason.

Lack of credit history	1
Lack of proper documentation	2
Lack of collaterals	3
Other(Please specify)	4

14). Which of the following best describes the source of your start-up capital (You may tick more than one option)

Family and friends	1
Own savings	2
Commercial banks	3
Development Finance Institutions	4
Informal financial institutions.e.g Stokvels	5
Other (Please specify)	6

15). Which of the following best describes your estimated startup capital?

R1,000 to R5,000	1
R5,001 to R10,000	2
R10,001 to R20,000	3
R20,001 to R50,000	4
R50,001 to R100,000	5
R100,001 to R250,000	6
R250,001 to R500,000	7
Above R500,000	8

16). Which of the following is the best estimate of your capital now?

R1,000 to R5,000	1
R5,001 to R10,000	2
R10,001 to R20,000	3
R20,001 to R50,000	4
R50,001 to R100,000	5
R100,001 to R250,000	6
R250,001 to R500,000	7
Above R500,000	8

17. Generally, which of the following best describes the problems which you faced when you started your business in South Africa? (You may choose as many options as possible)

Lack of finance or credit	1
Lack of expertise in business	2
Lack of skilled employees	3
Lack of customers	4
Lack of information	5
Lack of proper documentation	6
Language barrier	7
Others (Please specify)	8

C. Information pertaining to stokvels (njangi groups)

18).Are you a member of an informal financial association (“njangi” group)?

Yes	1
No	2

19). If you answer “yes” to Q 18 above, please indicate the number of informal financial associations to which you belong.

a	Only one group	
b	Two groups	
c	More than two	

20) If you belong to more than one financial (njangi) group please indicate your reasons.

a	To improve my prospects for obtaining the required funding	
b	Because my funding needs to increase as my business expands	
c	To spread my risks in case of defaulting by members or the collapse of one group	
d	Others(Please specify):	

Please indicate with an “x”, the extent to which you agree or disagree with the following statements:

Roles which “njangis” play in the start-ups and/or growth of the businesses of their members		Strongly disagree	Disagree	Undecided	Agree	Strongly agree
21	It provided the startup or seed capital for my business	1	2	3	4	5
22	It serves as a savings scheme for members					
23	It serves as a platform to discuss business ideas					
24	It grants interest-free loans to members					
25	It is relatively easy to obtain a startup loan from a njangi					
26	It is relatively easy to obtain a loan for expanding a business from a njangi					
27	Members should present a business plan to obtain loans					
28	Members should present reasonable explanations for why they need loans					
29	Members should not be required to provide any justification for why they need loans					
30	Members should present collateral or sureties to obtain loan					
31	The value of the collateral which is presented should be above or equal to the value of the loan which is sought					
32	Members should not necessarily need to provide any collateral or sureties to obtain loans					

33) Are there any problems or challenges which threaten the smooth running of your “njangi” group?

Yes	1
No	2

34) If your answer to Q.31 was “yes”, which of these suggestions relate to these problems faced? (You may tick more than one)

Some members fail to respect repayment dates	1
Lack of trained personnel to manage the loan process	2
Low turnout for applications for loans owing to fear of risk	3
Some members are not trustworthy	4
Other (Please specify)	5

35).Which of the following do you think could help to prevent some of the problems which are listed in Q34 above? (You may choose as many as possible).

Training should be provided to personnel	1
Members should provide collateral before loans can be approved	2
Members should provide sureties before obtaining loans if they have no collaterals	3
Members should be encouraged to obtain loans	4
Members should be schooled concerning how to invest their loans wisely	5
Other (Please specify)	6

Thank you for participating in this research.

Student:

Linus Nkem
 Email: linusnkem@yahoo.com
 Cell No.: 073 991 0585

Supervisor:

Dr Robertson K.Tengeh
 Office: 021 460 3450
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APPENDIX B: Interview guide: Interviews with leaders of stokvel groups

An interview with the leaders of stokvel groups

1. How long has your stokvel been in existence?
2. What are the requirements for a person to become a member of your group?
3. What can you say was the motivation behind the formation of your group?
4. How many members do you have in your stokvel group?
5. I understand that your members are made up of both business people and non-business people. Is that correct?
6. Can you say these two groups of members have different motivations for being members of your group and, if so, could you explain their different motivations, please?
7. Some of the members who are engaged in business activities agreed in nthe questionnaire that their stokvels provide a source of capital for the startups and expansion of their businesses. How true is that?
8. According to the responses from your members to my questionnaires, some of them agreed that your group grants interest-free loans, others disagreed, while some were undecided. As the group leader, what can you say is the reason behind these differences of opinion?
9. Could you briefly explain your procedure for granting loans? I mean the steps which a member is required to follow before obtaining his or her loan?
10. Do you encounter any problems or challenges which make it difficult for you as the leader to manage your group smoothly? If there are problems, could you describe them to me, please?
11. What types of measures do you take in order to prevent these problems from recurring?
12. Could you say proudly that your group has done a great deal and continues to do a great deal to help its members to succeed in business?
13. Generally speaking, could you give an appraisal of your group with respect to the role which it plays in empowering your members, particularly those who are engaged in business activities?

APPENDIX C: Ethical clearance from CPUT research committee



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Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
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At a meeting of the Research Ethics Committee on 17 February 2016, Ethics Approval was granted to NKEM, Linus C (210182407), for research activities

Related to the MTech/DTech: MTech: BUSINESS ADMINISTRATION (Entrepreneurship) at the Cape Peninsula University of Technology

Title of dissertation/thesis:	An assessment of the role of Stokvels in the start-up and growth of Cameroonian owned businesses in the Cape Metropole Supervisor: Dr RK Tengeh
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Comments:

Decision: APPROVED

	25 April 2016
Signed: Chairperson: Research Ethics Committee	Date

Clearance Certificate No | 2016FBREC346

Appendix D: Letter of consent: The Cameroonian Association of the Western Cape

Cameroon Association Western Cape



www.cawecap.org * UNITY—LOVE—PEACE * Tel: 082 692 9206

7th January, 2016

To Whom It May Concern

Dear Sir or Madam,

A LETTER OF CONSENT

This is to confirm that **Mr Linus C. Nkem**, with student number 210182407 at the Cape Peninsula University of Technology in the faculty of Business and Management Science has been granted permission to consult Cameroonian immigrant entrepreneurs operating within the Cape Metropole with regards to his studies.

He is currently busy with a Masters degree thesis and his topic of research is; **The role of informal financial associations (stokvels) in the start-up and growth of Cameroonian immigrants' owned businesses within the Cape Metropole.**

The Cameroon Association in the Western Cape is composed of many sub-groups representing various tribes in Cameroon. These sub-groups also operate as informal financial associations (stokvels) and most of the members are involved in entrepreneurial activities. These members should therefore serve as a rich source of information to his studies.

It must however be noted that any information obtained by this student should be used strictly for academic purpose.

For any further information, please do not hesitate to contact me.

Regards,

Larry-White Bofima
President

Email: boliwhite@yahoo.co



Appendix E: Editorial Letter

The Editor Editorial Services

(043) 726-4829 gailfrank@nahoonreef.co.za



24 - 04 - 2017

TO WHOM IT MAY CONCERN

This is to certify that the thesis titled "ASSESSING THE ROLE OF STOKVELS IN THE STARTUP AND GROWTH OF CAMEROONIAN-OWNED BUSINESSES IN THE CAPE METROPOLE" by Linus C. Nkem has been edited by David Masters.

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

Yours sincerely,

David Masters

Appendix F: SPSS ANALYSIS OF THE DATA COLLECTED FROM THE QUESTIONNAIRES

		Gender			
		Frequency	Percent age	Valid percentage	Cumulative percentage
Valid	Male	5	83.3	83.3	83.3
	Female	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

		Age groups			
		Frequency	Percent	Valid percent	Cumulative percentage
Valid	31 - 35 years	4	66.7	66.7	66.7
	36 - 45 years	2	33.3	33.3	100.0
	Total	6	100.0	100.0	

		Marital status			
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Married	4	66.7	66.7	66.7
	Single	2	33.3	33.3	100.0
	Total	6	100.0	100.0	

		Highest level of education			
		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Below matric	3	50.0	50.0	50.0
	Matriculation	2	33.3	33.3	83.3
	Trade certificate	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

Number of years for which businesses have been in operation

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1 - 3 years	1	16.7	16.7	16.7
	3 - 5 years	2	33.3	33.3	50.0
	More than 5 years	3	50.0	50.0	100.0
	Total	6	100.0	100.0	

Sectors in which businesses operate

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Service	2	33.3	33.3	33.3
	Trading	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Numbers of employees

		Frequency	Percent	Valid percentage	Cumulative percentage
Valid	1 to 5	1	16.7	16.7	16.7
	6 to 20	5	83.3	83.3	100.0
	Total	6	100.0	100.0	

Numbers of South African employees

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	2	33.3	66.7	66.7
	3	1	16.7	33.3	100.0
	Total	3	50.0	100.0	
Missing	System	3	50.0		
Total		6	100.0		

Numbers of family members as employees

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	2	33.3	50.0	50.0
	2	1	16.7	25.0	75.0
	4	1	16.7	25.0	100.0
	Total	4	66.7	100.0	
Missing	System	2	33.3		
Total		6	100.0		

Numbers of employees who are co-ethnic

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	2	1	16.7	100.0	100.0
Missing	System	5	83.3		
Total		6	100.0		

Numbers of employees who are immigrants

		Frequency	Percent	Valid percentage	Cumulative percentage
Valid	1	2	33.3	100.0	100.0
Missing	System	4	66.7		
Total		6	100.0		

Do you have a bank account

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Yes	5	83.3	83.3	83.3
	No	1	16.7	16.7	100.0
Total		6	100.0	100.0	

What type of bank account do you have?

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
Personal account	5	83.3	83.3	100.0
Total	6	100.0	100.0	

Reasons for not opening a business account

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
I cannot fulfil the requirements of the bank for opening a business account	4	66.7	66.7	83.3
I do not see the benefits of a business account	1	16.7	16.7	100.0
Total	6	100.0	100.0	

Is it possible for you to obtain a loan from your bank?

	Frequency	Percent	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
No	5	83.3	83.3	100.0
Total	6	100.0	100.0	

Is it possible for you to obtain loan from your bank?

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
No	5	83.3	83.3	100.0
Total	6	100.0	100.0	

What makes it impossible for you to obtain a loan from your bank? You may choose more than one response.

	Frequency	Percent	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
Lack of credit history	3	50.0	50.0	66.7
Lack of proper documentation	2	33.3	33.3	100.0
Total	6	100.0	100.0	

Reasons for not obtaining loans

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	3	50.0	50.0	50.0
Lack of credit history	1	16.7	16.7	66.7
Lack of proper documentation	2	33.3	33.3	100.0
Total	6	100.0	100.0	

Sources of capital

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	1	16.7	16.7	16.7
Family and friend	1	16.7	16.7	33.3
Own savings	3	50.0	50.0	83.3
Stokvels	1	16.7	16.7	100.0
Total	6	100.0	100.0	

Sources of capital

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Family and friends	4	66.7	66.7	66.7
Own savings	2	33.3	33.3	100.0
Total	6	100.0	100.0	

Sources of capital

		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid		2	33.3	33.3	33.3
	Stokvels	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Estimated startup capital

		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	1000 to 5000	2	33.3	33.3	33.3
	20001 to 50000	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Estimated present capital

		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	10001 to 20000	1	16.7	16.7	16.7
	100001 to 250000	4	66.7	66.7	83.3
	250001 to 500000	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

Which of the following best describes the problems which you faced when you started your business in South Africa?(You may choose as many responses as possible)

		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	Lack of Finance or credit	6	100.0	100.0	100.0

		Problems encountered			
		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	Lack of expertise in business	1	16.7	16.7	16.7
	Lack of skilled employees	1	16.7	16.7	33.3
	Lack of customers	3	50.0	50.0	83.3
	Lack of information	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

		Problems encountered during startup			
		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid		1	16.7	16.7	16.7
	Lack of proper documentation	1	16.7	16.7	33.3
	Language barrier	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

		Problems encountered during start-up			
		Frequency	Perce ntage	Valid percentage	Cumulative percentage
Valid		5	83.3	83.3	83.3
	Language barrier	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

		Are you a member of a stokvel group?			
		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	Yes	6	100.0	100.0	100.0

		Please indicate the number of stokvels to which you belong			
		Freque ncy	Percenta ge	Valid percentage	Cumulative percentage
Valid	Only one	6	100.0	100.0	100.0

Reasons for belonging to more than one stokvel.

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	6	100.0	100.0	100.0

Reasons for belonging to more than one group

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	6	100.0	100.0	100.0

Reasons for belonging to more than one group

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	6	100.0	100.0	100.0

It provides startup or seed capital for business

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Agree	5	83.3	83.3	83.3
Valid Strongly agree	1	16.7	16.7	100.0
Valid Total	6	100.0	100.0	

It serves as a savings scheme for its members

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Agree	4	66.7	66.7	66.7
Valid Strongly agree	2	33.3	33.3	100.0
Valid Total	6	100.0	100.0	

It serves as a platform discussing business ideas

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Undecided	1	16.7	16.7	16.7
	Agree	5	83.3	83.3	100.0
	Total	6	100.0	100.0	

It grants interest-free loans to its members

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Disagree	1	16.7	16.7	16.7
	Agree	4	66.7	66.7	83.3
	Strongly agree	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

It is relatively easy to obtain startup loans from stokvel

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Agree	5	83.3	83.3	83.3
	Strongly agree	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

It is relatively easy to obtain loans for the growth or expansion of businesses from stokvels

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Agree	5	83.3	83.3	83.3
	Strongly agree	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

Members should present business plans to obtain loans

		Frequenc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Strongly disagree	1	16.7	16.7	16.7
	Agree	5	83.3	83.3	100.0
	Total	6	100.0	100.0	

Members should present reasonable explanations for why they need loans

		Frequenc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Strongly disagree	1	16.7	16.7	16.7
	Undecided	1	16.7	16.7	33.3
	Agree	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Members should not be required to provide any justification for why they need loans

		Frequenc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Strongly disagree	1	16.7	16.7	16.7
	Disagree	5	83.3	83.3	100.0
	Total	6	100.0	100.0	

Members should present collateral or sureties to obtain loans

		Frequenc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Strongly disagree	1	16.7	16.7	16.7
	Disagree	5	83.3	83.3	100.0
	Total	6	100.0	100.0	

The value of the collateral should be equal to or above the amount of the required loan

		Freque nc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Strongly disagree	2	33.3	33.3	33.3
	Disagree	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Members should not necessarily need to provide any collateral or sureties to obtain loans

		Freque nc y	Percenta ge	Valid percentage	Cumulative percentage
Valid	Agree	6	100.0	100.0	100.0

Does your stokvel encounter any problems?

		Freque nc y	Percenta ge	Valid percentage	Cumulative percentage
Valid		1	16.7	16.7	16.7
	Yes	4	66.7	66.7	83.3
	No	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

Suggested problems encountered by your stokvel

		Freque nc y	Percenta ge	Valid percentage	Cumulative percentage
Valid		2	33.3	33.3	33.3
	Some members fail to respect repayment dates	4	66.7	66.7	100.0
	Total	6	100.0	100.0	

Problems encountered				
	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	3	50.0	50.0	50.0
Lack of trained personnel to manage the loan process	3	50.0	50.0	100.0
Total	6	100.0	100.0	

Problems encountered				
	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	3	50.0	50.0	50.0
Some members are not trust worthy	3	50.0	50.0	100.0
Total	6	100.0	100.0	

Suggested solutions to related problems				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	33.3	33.3	33.3
Training should be provided to personnel	3	50.0	50.0	83.3
Members should be schooled concerning how to invest their loans wisely	1	16.7	16.7	100.0
Total	6	100.0	100.0	

Suggested solutions to related problems

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	83.3	83.3	83.3
Members should be schooled concerning how to invest their loans wisely	1	16.7	16.7	100.0
Total	6	100.0	100.0	

