



**THE CONTEMPORARY INFLUENCE OF SOUTH AFRICAN IMMIGRATION LAW ON  
THE NATURE OF IMMIGRANT ENTREPRENEURSHIP IN CAPE TOWN**

**By**

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## **ABSTRACT**

Accommodating immigration laws attract and support the establishment and growth of immigrant entrepreneurship. An accommodating immigration law can be characterised as one that seeks to facilitate the integration of the immigrant into the host community by extending to him or her the basic rights and privileges of citizenship. Immigrant entrepreneurship can boost the economy and create jobs for citizens in countries with accommodating laws, especially when the establishment of small and micro enterprises is encouraged. Conversely, the absence of inclusive and appealing immigration laws and policies makes a country less attractive to entrepreneurship and investors alike. The small, micro and informal entrepreneurial sectors are dominated by African immigrant entrepreneurs in Cape Town, South Africa. These sectors have the potential to create jobs to improve the national economy. However, the government's stringent laws and policies towards immigrant entrepreneurs, particularly with regard to the issuing of visas/permits, indirectly deprive the country of benefitting from the full economic potential of this entrepreneurship. Instead of encouraging African entrepreneurs in Cape Town to grow their businesses, the treatment of immigrants at the Department of Home Affairs, public statements and the government's passive attitudes to issues facing immigrants such as xenophobia and the strengthening of laws to make Cape Town a less favourable place for Africans, are among the factors contributing to the slow growth of the economy as a whole. The stereotyping of non-nationals has beclouded the minds of nationals and policymakers into believing that African immigrants either steal jobs or are to blame for the misery of most South Africans. These facts are supported by the literature and the participants in this study. As a result, businesses owned by immigrants continue to suffer challenges that restrict their growth and confine them to certain types of endeavours. This research aimed at determining the influence of immigration law on the entrepreneurship of African immigrants. The significance of the research cannot be overemphasised as it unveils the role of immigration law and policies in restricting the business activities of African immigrants in Cape Town.

The study was conducted using mixed-method research. The target population was African immigrants within the Cape Metropole whose businesses are affected directly or indirectly by immigration law. A total of 161 self-administered questionnaires were used

in the research. The data collected was captured and analysed using SPSS statistical software, after which the findings were interpreted and discussed using tables, and figures.

It was found that visa/permit types had a great influence on the type of businesses owned by immigrants. African immigrants face numerous challenges, including difficulties with securing loans, long waiting periods for the renewal of visas/permits, strenuous and expensive processes to obtain documents, the high cost of rentals, stereotyping and frequent victimisation of immigrant businesses, non-recognition of entrepreneurship as a qualification for long-stay visa/permits, corruption, security threats and the uncertainty of saving money in banks.

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## **DEDICATION**

*This piece of research is dedicated to my mother, Pauline Embo-Ngem, my benefactors Samuel Ndongnyem Toh, Barrister Amaazee Amah and Mrs Nkouh Hyacintha Awah Eps E.M. Toh, for their constant and unconditional support and encouragement during the long journey of this research work.*

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## **CLARIFICATION OF BASIC TERMS AND CONCEPTS**

**African immigrant:** An African immigrant is any person – child, man or woman – from other African countries who is living in South Africa due to uncongenial circumstances in his or her country or who is attracted by the conditions of living in South Africa.



**Attitude:** in this research context, attitude refers to the way nationals think about or feel toward immigrants in general and that negatively affects their stay and contribution to the economy.

**Binding effect:** the effect the law creates between parties when they enter into a contract.

**Business culture:** In this research, business culture refers to the habits and culture of doing business among certain immigrants common to their environment and developed from childhood.

**Business education:** the business skills passed down or given to an apprentice or entrepreneur by an experienced entrepreneur or by a former business institution or sector.

**Cape Metropole:** the large central area of settlement within the Western Cape province of South Africa with the greatest socio-economic active population, which includes the Winelands, the CBD, and the Northern and Southern suburbs.

**Entrepreneurship:** the act of undertaking to put into action business skills by creating a new business or renovating an existing business in order to make a profit, impelled by coercive or attractive factors.

**Immigrant entrepreneur:** Immigrant entrepreneurs are foreign nationals living and running their own businesses in South Africa and contributing to the economy.

**Immigration law:** the rules, policies and requirements put together by the respective state organs and structures vis-à-vis visas, stay, work, study, investment, business and marriages of people living in a country other than their own.

**Immigration:** the act of an individual leaving his country of birth because of pull or push factors to another country to live there for a considerably long or life time.

**Influence:** The ability of law to affect businesses in a particular way. For example, in this study, African immigrant businesses struggle to grow due to immigration laws affecting their businesses.

**Juristic person:** a recognised or duly registered company under the South African law that contributes to the economy.

**Legal status of entrepreneurship:** this simply means the legal status of the business, whether it is formerly registered in the South African system or informal (not registered).

**Mandate:** In this study, a mandate is the power given by law to an officer of Home Affairs, for example, to deal with the evaluation and issuing of immigration/migration documents under fair, legal and non-discriminating conditions.

**Nature of enterprise:** Describing the type and size of the enterprise that the majority of African immigrant entrepreneurs own in Cape Town, South Africa.

**Non-profit organisation:** an organisation with the goal of improving the society or section of the society by providing services, usually without a price tag.

**Prohibited persons:** Anyone outside South Africa who wants to come into the country but is disqualified from a visa because he/she has a certain infectious disease or virus defined under the International Health Regulations Act, 1974 (Act No. 28 of 1974), unless they are travelling for medical treatment.

**Protocol:** In the context of this study, refers to any terms of an international diplomatic treaty draft document that South Africa has signed and is a party to.

**Psychology of risk:** Psychological or the state of preparedness of mind to undertake a business endeavour though aware of the risk involved which might end up in failure.

**Self-confidence:** contextually, it stands for inner acceptance and confidence of being optimistically able to do business and succeed no matter the challenges that may be encountered.

**Stereotype:** The general conception South Africans have of African immigrants that does not change with the passage of time, for example, that foreign blacks in South Africa steal their jobs, commit crimes and destroy their women, etc.

**Stokvel:** a rotational method of financial support where members concerned contribute money to give to a beneficiary according to need or ballot depending on the rules set by members from the beginning.

**Verification of visas:** the process of checking on the system to ensure that a particular visa has gone through the process before it is issued.

## **LIST OF ABBREVIATIONS AND ACRONYMS**

AU	African Union
BRICS	Brazil, Russia, India, China and South
CANSIM	Statistics Canada
CIAA	Commissioner of Immigration and Asiatic Affairs
CIPC	Companies and Intellectual Property Commission
CPUT	Cape Peninsula University of Technology
DHA	Department of Home Affairs
DJCS	Department of Justice and Correctional Services
DRC	Democratic Republic of Congo
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
ECRE	European Council on Refugees and Exiles
FBMS	Faculty of Business and Management Sciences
FFIs	Formal Financial Institutions
FICA	Financial Intelligence Centre
FIFA	Fédération Internationale de Football Association
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor ← Global Entrepreneurship Monitor
ICESCR	International Covenant on Economic, Social and Cultural Rights
ID	Identity
IDC	Industrial Development Corporation
IDE	Innovation Driven Entrepreneurship
IMF	International Monetary Fund
IOM	International Organisation for Migration
IRCC	Immigration, Refugee and Citizenship Canada
IRDC	International Relations and Diplomatic Core
IRL	International Refugee Law
NAE	New American Economy
NCA	National Credit Act
NDF	The National Defense Force
NDP	National Development Plan

NGO	Non-Governmental Organisation
NPC	Non-Profit Company
NPO	Non-Profit Organisation
NPS	National Police Service Department
NSBA	National Small Business Act
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
PCA	Principal Component Analysis
SA	South Africa
SADC	Southern African Development Community
SAMP	Southern African Migration Program
SAPS	South African Police Services
SBA	Small Business Administration
SCA	Supreme Court of Appeal
SEDA	Small Enterprise Development Agency
SMMEs	Small, Medium and Micro Enterprises
SPSS	Statistical Package for the Social Sciences
Stats SA	Statistics South Africa
UK	United Kingdom
UNESCO	United Nations Education Scientific and Cultural Organisation
UNHCR	United Nations High Commissioner for Refugees
UNHRC	United Nations Human Rights Council
UNO	The United Nations Organisation
USA	United States of America
VFS	Visa Facilitation Services
VOA	Voice of America
WWI	First World War

# CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE RESEARCH

## 1.1. Introduction

Entrepreneurial development is universally acclaimed for its positive socio-economic impact (Luke et al., 2007:312; Handelman & Brynen, 2019). Enterprises provide employment, pay taxes and develop the environment, thereby creating a ripple effect that advances socio-economic growth, with multiplying advantages (Choto et al., 2014:93; Idemudia & Amaeshi, 2019:8; Salisu, 2019:78). This is why contemporary governments of developed as well as developing countries encourage not only the creation of new ventures but also the growth of existing businesses, for all entrepreneurs in their countries (Guerrero & Urbano, 2019:1348; Puente et al., 2019:6). Entrepreneurs have either thus enjoyed support or have been stifled in their entrepreneurial endeavours (Shane et al., 2010). As a matter of high priority, the governments of developed nations attract and encourage immigrant entrepreneurship activities through equitable legal policies (Newland and Tanaka, 2010source?). Many developed countries such as Australia, Canada, the United Kingdom (UK) and the United States of America (USA), experience high rates of business immigration because of favourable visa programmes for immigrant entrepreneurs (Lofstrom, 2014: 2).

On the other hand, developing countries have not consistently provided an enabling environment for entrepreneurial development (Newland and Tanaka, 2010. source?). In South Africa, the growth of entrepreneurship has been discouragingly slow for decades, despite the context of high unemployment, poverty and social inequality (Morgan & Dalberg, 2012). One of the reasons attributed to the slow growth of entrepreneurship in South Africa is the numerous challenges encountered by immigrant entrepreneurs in the area of finance, limited skills in management, marketing education and entrepreneurial culture in the country (Gwija et al., 2014; Choto et al., 2014; Madzivhandila & Dlamini, 2015). Though such challenges might appear to be global entrepreneurial impediments, Madzivhandila and Dlamini (2015:612) are of the view that high and steady economic growth for close to ten years

in some African countries has been directly caused by an increase in entrepreneurship. The International Monetary Fund (IMF, 2016:5) raises the question of why South African entrepreneurship has not been doing well, despite the country's second economic position and supposed role of gateway and giant to the continent of Africa. At least a partial answer to this question is the neglect of immigrant entrepreneurs' contribution to the economy of South Africa, which serves significantly to slow expected growth.

Given today's growing number of immigrants in South Africa and the high level of unemployment, there should be far-reaching enquiry into how immigrants can make a significant contribution to the economy through self-employment. Yet so far, scholars and researchers have generally ignored the situation of immigrant-owned enterprises in South Africa. Immigrant-owned companies have seldom been singled out and treated in their own right, despite the fact that studies undertaken on immigrant-owned enterprises elsewhere all testify to the immense potential of immigrant entrepreneurs and the positive contribution they can bring to reducing unemployment (Glinka & Jelonek, 2020:10). The government depends on entrepreneurial growth for job creation in the country (South Africa Budget Review, 2013:21). And to attain this objective requires the coordinated effort of all entrepreneurs – both citizens and immigrants – residing in South Africa with the necessary skills and interest in entrepreneurship.

Immigrant entrepreneurs in South Africa encounter a plethora of difficulties (Tengeh, 2011; Gwija et al., 2014; Khosa & Kalitanyi, 2014; Madzivhandila & Dlamini, 2015). These stem mainly from poor legal and infrastructural support, both for potential entrepreneurs and those already operating in South Africa. Legally speaking, permission for a foreigner to own a business in South Africa is determined under various laws in various government departments. Further complexities arise when an immigrant entrepreneur endeavours to grow his/her business in South Africa. The presidential decree made by President Zuma and endorsed by parliament forbidding foreigners from buying land in South Africa certainly deters immigrant entrepreneurs wanting to undertake agricultural enterprise in the country (Zuma, State of the Nation address, February 12, 2015). Immigrant entrepreneurs may be holders of a visitor's

visa, study visa, treaty visa, business visa, crew visa, medical treatment visa, relative's visa, work visa, retired person visa, corporate visa, exchange visa, asylum transit visa, or permanent residence (Sections 11-23 of Immigration Act 13 2002, regulated in 2014) (South Africa. Department of Home Affairs [DHA], 2002). This would have been obtained either from the consulate or embassy of their country of origin, or upon arrival from the designated port of entry into South Africa (Section 11[6], [a] and [b] of Immigration Act 13 2002, regulated in 2014; Articles 10[a] and [b] of 2014) (South Africa. DHA, 2014).

While certain limited privileges exist amongst the different categories identified above, they also face different legal challenges. For instance, the business permit rules – under section 14 (1) (b) and (4), and corporate section 20 (2) and (3) of the Immigration Act 13 of 2002 and Immigration Regulations, 2014 – are to the effect that a foreign or immigrant entrepreneur has to make an undertaking that at least 60% of the total staff complement employed during operations in South African must comprise South African citizens or permanent residents. Compliance with this provision must be proven within 12 months of the issuance of the visa or permit.

In other cases, an immigrant entrepreneur with an asylum seeker permit is permitted under the regulations of the Financial Intelligence Centre (FICA) Act (Part 1 of Chapter 3 and Part 2, sections 3–6) neither to open a bank account in his name, in his business's name, nor to appoint another person with the required documents to do so. Despite a court decision to permit asylum seekers and refugees to open a bank account in the name of the basic financial security rights that is every human being's right, the Department of Home Affairs (DHA) in collaboration with FICA has over the years turned down applications from such permit holders even if the account was for their companies. This alone reduces the number of entrant entrepreneurs and hampers the growth of existing entrepreneurs, many of whom are asylum seekers from Africa and Asian countries with different attitudes towards business from South African citizens (Charman & Piper, 2012). Immigrant entrepreneurs would contribute directly to economic growth and development in South Africa, but they are formally prevented from doing so.

Rather, the SA government's policy on growing the economy for job creation is focused more on foreign direct investors and high impact, well-established ventures and less on black economic empowerment in the area of small and micro enterprises (Choto et al., 2014). No formal structural policy has been put in place by the government for asylum seekers, permit holders, refugee status holders, student permit holders and other categories of immigrant entrepreneurs hampered by documentation. On the other hand, graduates from South African institutions of higher learning easily emigrate to start enterprises in countries with favourable entrepreneurial policies and structures for immigrant entrepreneurs (Agbenyegah, 2013; South Africa. DHA. Green Paper on Migration, June 24, 2016).

As will be obvious from the above, immigration laws seek not only to regulate the number of people moving into and out of the country, but also to regulate their activities during their stay in the host country. It must be noted that immigration is a function of several factors including the desire to seek economic refuge (Farris & Holman, 2017:3). But those who seek economic refuge in other countries often encounter challenges in their pursuit of economic liberation, challenges emanating from the myriad laws that exist in the host countries. Suffice it to say that many of those who immigrate are unable to find paid employment and, determined somehow to 'survive', engage in some form of informal business.

Lack of familiarity with a country as well as the numerous laws that govern the country present enormous challenges to the immigrant who starts an informal business. In South Africa, for instance, small businesses face two major challenges: a lack of financial support (Agbenyegah, 2013:75), and very complex legal regulations (Agbenyegah, 2013: 75). According to Mkubukeli and Tengeh (2015:190), during both the start-up process and the post-start-up phase of their companies, small-scale mining entrepreneurs in South Africa face pervasive challenges. Research has shown that some of the regulations are restrictive and have not allowed the unleashing of immigrants' full potential. Research has also shown that immigrant entrepreneurs can contribute to the socioeconomic development of an emerging economy such as South Africa's (Tengeh, 2013).



## 1.2. Statement of the research problem

Globally, there is much need for economic growth, job creation and better living standards. To achieve these, entrepreneurs are needed to start businesses and grow them to benefit society. One of the most important benefits of business expansion is the creation of more employment opportunities for the people. Unemployment is one of the world's greatest challenges in the 21<sup>st</sup> century, especially in the developing nations of Africa and Asia. In South Africa, the low growth of entrepreneurship is caused in part by challenges faced by immigrant entrepreneurs. Even though the government has put in place numerous interventions for entrant entrepreneurial development, these measures are limited to SA nationals and exclude immigrant entrepreneurs.

Furthermore, there are no institutional, financial or legal structures that support the growth of immigrant entrepreneurs. The result is that many enterprises owned by non-South African nationals in South Africa either exist in stagnation or have collapsed. Most businesses owned by immigrant entrepreneurs continue to exist at the starter or survivalist stage, though some grow into micro or even small enterprises. Very rare are cases of medium-size businesses owned by immigrant entrepreneurs.

The global economic downturn and security threats have accelerated the rate of migration of nationals who leave their countries of origin for countries that offer promising socio-economic advantages or security. Their presence in those countries has often been welcomed and admired for the economic impact they have. Many developed countries see the advantage of attracting useful immigrants who can establish businesses to contribute to their economies. While the international law of treaties places an obligation on member states to accommodate immigrants from distressed countries, it remains the discretion of the recipient states to decide on what portion and proportion of immigrants can or will be absorbed. Factors of number, gender, age, profession, skills and the environment for growth are commonly reflected in the immigration laws and policies of each country.

As stated earlier, immigration laws are there to protect the host nation as well as to regulate the entry and exit of immigrants. Often immigrants find it difficult to achieve

the goal of greener pastures because of the peculiar realities of the country. When they are unable to find jobs, they set up small businesses which also confront several challenges. Immigrant entrepreneurs are known to have the capacity to contribute to the economy of a country. But this knowledge has never been recognised by the South African government: instead, immigrant entrepreneurs suffer from xenophobia, racism, denial of financial assistance to advance their businesses. The result is that the society does not fully benefit from their skills.

The above outlines the background against which this study was initiated – to investigate the nature of immigrant business affected by immigration laws in Cape Town, one of the cities in South Africa where immigrant entrepreneurship appears to be struggling. In this study, particular focus was given to how immigration laws hinder the growth of already existing businesses.

### **1.3. Main research question**

How does immigration law influence the nature of immigrant entrepreneurship in Cape Town, South Africa?

#### **1.3.1 Sub-questions**

1. Which immigration laws influence immigrant entrepreneurship in Cape Town?
2. What sort of support do immigrant entrepreneurs desire from the government of Cape Town?

### **1.4. Main research objectives**

To determine the influence of immigration laws on the nature of African immigrant entrepreneurship in Cape Town.

#### **1.4.1 Research sub-objectives**

In line with the research questions outlined above, this research sought to achieve the following:

1. To find out the different ways in which immigration laws influence the nature of immigrant business in Cape Town.
2. To determine the support that immigrant entrepreneurs desire from the government in Cape Town.
3. To identify the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town.

#### **1.5. Research design and methodology**

This study was governed by a descriptive research design and used a mixed-method methodology. According to Bless et al. (2016:58), “mixed-methods attempt to combine the advantages of quantitative and qualitative and avoid their disadvantages” (cf. Quinlan, 2011:340). To account for the choice of mixed methods, the advantages and disadvantages of quantitative and qualitative methods are discussed below.

Quantitative research is a research strategy that emphasises quantification in the collection and analysis of data (Rahman, 2020). Quantitative research is associated with positivism, where knowledge is obtained through empirical experimentation (Bryman, 2012). Such a method typically answers questions that begin with how much, how many and to what extent (Rasinger, 2013; Rahman, 2020:106). In this study, the methodology informed descriptive research which systematically provided information about the current state of African immigrant entrepreneurs’ businesses as a result of immigration law. The importance of this method was that the sample gave the researcher an understanding of the effect of the law as experienced by the whole population of African immigrant entrepreneurs (Powers & Powers, 2015). The methodology has been criticised for over-generalisation by Katzenberger & Meilijson (2014), Bouwer et al. (2015), and Gu (2015), which is why this study also included an element of qualitative research.

Denzin and Lincoln (2003:4-5) define qualitative research as “a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible. These practices transform the world. They turn the world

into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self.” The importance of the qualitative method was to address some of the shortcomings of the quantitative method such as over generalisation of findings. To ascertain and validate quantitative findings, interviews as part of qualitative method were carried out. Participants had the opportunity to reveal in-depth, the influence of immigration law on African immigrant entrepreneurship in South Africa. Therefore, qualitative method provided much more real and detailed information on the research objectives.

The purpose of this study was therefore achieved through a mixed-method approach incorporating elements of both quantitative and qualitative research directly or indirectly relating to the influence of immigration law on immigrant entrepreneurs in Cape Town, South Africa. Both questionnaires and interviews were used as techniques to obtain information from the participants

### **1.6 Immigration Act and subsequent amendments**

The Immigration Act, Act 13 of 2002, is the official document in South Africa governing immigration issues. Since its enactment, the Act has undergone several reviews. Amendments have not only affected legal aspects of immigration but also some of the terminology commonly used when discussing the subject. A synopsis of the effects of the legislation was provided in the opening sections of this chapter, and a more detailed discussion will follow later.

### **1.7 Target population**

The target population was the population of immigrant entrepreneurs in the informal sector whose difficulties in establishing and growing their businesses were attributable to immigration laws. The age, gender, race and marital status of immigrants were not relevant in this case, though minors did not form part of the target group. Though the research was not intended to be biased in terms of ethnicity, immigrant entrepreneurs from Cameroon, Congo, Nigeria, and Somalia were numerically more dominant than those from Southern African countries. The outcome of the interviews from the

targeted population was used for the sampling technique to describe the situation of the entire immigrant entrepreneur vis-à-vis immigration laws in Cape Town.

The sample size for the quantitative research was 161 immigrant entrepreneurs. This number was determined by the number of participants that were available in business during pilot testing. A total of 5 immigrant entrepreneurs with small or micro-businesses, mostly in the informal sector within the Cape Town metro municipality, were interviewed for in-depth, qualitative information. The face-to-face interviews were recorded and later transcribed and analysed by the researcher.

### **1.8 Research Ethics**

Ethics can be defined as “a set of moral principles, especially ones relating to or and response in blueaffirming a specified group, field, or form of conduct” ([https://www.lexico.com/ definition/ethic](https://www.lexico.com/definition/ethic), 2021). As an important consideration in research, ethics is characterised by Quinlan (2011:69) as “a process of reasoning in terms of the right thing to do,” and notes that ethical implications attend all the different stages in the research process. Ethical issues arise from the fact that research, whether quantitative or qualitative, has a direct impact on the community or society where the research is being carried out (Guillemin & Gillam, 2014:262). The following ethical principles were observed during this study:

- First, participants’ consent was sought and obtained before the study commenced. This was reinforced by the approval received from the Faculty of Business and Management Sciences Research Ethics Committee (FBMS Ethics).
- Second, protection from harm was another ethical issue given careful consideration. The researcher ensured that there was no harm or chance of harm to the participants. This was achieved by effective co-operation between participants and the researcher and the application of high standards of professionalism, for instance, by ensuring that appointment times were reasonable and safe. The right time and place for the interview solved the issue of harm because the research did not involve experimentation where other risk and harm factors might have arisen.

- The third ethical consideration was voluntary participation. It was made clear to participants that their participation in the research was voluntary and that they were under no obligation at any stage. It was impressed upon participants that they were at liberty not to answer questions they did not want to, and were also free to withdraw from the research at any time, with no personal consequences.
- Fourth, the issues of anonymity, confidentiality and privacy were explained to the participants. The researcher guaranteed the anonymity of participants and the complete confidentiality of all the information they provided.

Essentially, the researcher adhered to the Cape Peninsula University of Technology's (CPUT) institutional ethical principles, especially those of the Faculty of Business and Management Sciences.

### **1.9 Delineation of the research**

The delineation of a research project includes its methodology and geographical limitations (Asoba, 2020:9). Geographically, this study concentrated in and around the Cape Town metropole area, with particular attention to major city areas where immigrant entrepreneurs were running businesses. The study did not include African immigrants who have naturalised and have South African identity documents. Such people stand to benefit from the advantages extended to South Africans that are denied to immigrants by immigration law. Furthermore, only African immigrants who ran micro and very small formal and informal businesses were considered. Another requirement for participants who took part in the research was that they had to have been in business within the city for a period of at least 12 months. Data were collected using purposive and snowball sampling, in the main areas of the metropole such as Bellville, Blackheath, Brackenfell, Brooklyn, Cape Town CBD, Claremont, Delft, Durbanville, Epping, Goodwood, Grassy Park, Khayelitsha, Kraaifontein, Kuilsrivier, Maitland, Milnerton, Mowbray, Nyanga, Observatory, Parow, Rondebosch, Simon's Town, Stellenbosch, Vasco and Salt River-Woodstock.

To establish the method and design, samples of the questionnaire were first randomly distributed to African immigrant businessmen to answer some of the main questions as follows: Were they aware of immigration laws? How did the law affect their

businesses as immigrants? And if they expected or hoped for any future change from the lawmakers in their favour? The answering of these questions assisted the researcher to structure the questionnaire in such a way as to answer the research questions.

### **1.10 Significance of the study**

South Africa is looked upon by other African states and the world as the 'gateway' to Africa's economic development and growth. Its infrastructural advancement in terms of a good road network, referral hospitals, hotels, educational institutions, airports, telecommunications, seaports, stadia, studios and many other facilities are positive attractions to many people in Africa. Comparatively speaking, the production of goods and services in South Africa is still amongst the highest in Africa. In terms of finished and semi-finished goods and services, the Republic of South Africa leads other African countries. For example, the car assembly plants in Port Elizabeth (now Gqeberha) and Uitenhage (Kariega) have been operational for a considerable period of time. Also, South Africa's pharmaceuticals and medical research enjoy a reputation for excellence in the continent as well as in the world (Nicolaides et al., 2011). The first heart transplant ever took place in Cape Town. Politically, there is a sound practical and participatory democracy in South Africa, with one of the best legal systems protecting human rights and liberties in the world. The legalisation of gay and lesbian formal unions (marriage) and the guarantee of freedoms and rights found in the Bill of Rights entrenched in the 1996 constitution of South Africa distinguished the country from the rest of Africa and the world. Considering the uneasy states of affairs prevailing in African and Asian countries at the time of the research, it is not surprising that many immigrants will choose South Africa as a destination. A large number of them prefer to settle in Cape Town, one of the most beautiful cities in the world.

Even though recent crime statistics suggest that some parts of Cape Town (for example, Nyanga and Crossroads) remained notorious for crime, the overall safety enjoyed by residents of Cape Town (as opposed to places like Johannesburg where the crime rate is high) may be the reason why the city remains attractive to immigrants (Edelstein et al., 2020:8). Its unique climate is deemed favourable by many Westerners and provides another reason why entrepreneurs from Europe would want

to establish their businesses in South Africa. Again, social cohesion has been proven stronger in the city of Cape Town and its environs than elsewhere in the country, with few cases of xenophobia recorded compared to other major cities like Johannesburg and Durban (Charman & Piper, 2012:90). Cape Town also ranks very highly in terms of decent jobs and employment rates in South Africa, and seems to offer residents greater purchasing power and a higher standard of living than elsewhere. Though it can also be argued that the city is essentially elitist, with highly expensive housing and other living costs, this might seem an advantage to the businessman and hence remains a strong reason why entrepreneurs would settle in the environment.

In spite of the intentions and achievements of entrepreneurs, many South Africans still interpret immigration to South Africa as a threat or disadvantage to their economy. This research investigates whether immigrant entrepreneurs are affected by immigration laws from effectively doing business and thereby contributing to the economy. Since 1997, the immigration laws of South Africa have undergone continuous amendments negatively affecting the full realisation of the potential with which immigrant entrepreneurs are endowed.

The current study was imperative in that little or no formal research has been conducted on the effect of immigration laws on immigrant entrepreneurs in Cape Town. The researcher hypothesised a direct negative influence of these laws on the entrepreneurs. The negative influence served to limit the creation of job opportunities anticipated by the government and the city in particular. It is suggested that a majority of the immigrant entrepreneurs in Cape Town have the skills and the desire to expand their businesses, but are restricted from doing so by various aspects of immigration laws. This claim is expatiated upon in Chapter Two of this study.

### **1.11 Contribution of and justification for the study**

The economic situation of South Africa could be defined as, among other things, beset by pitifully high unemployment levels. According to Statistics South Africa (Stats SA, 8 December, 2020), unemployment experienced a sharp increase from 23,3% in the second quarter to 30,8% in the third quarter of 2020, and a further increase to 32,6% in the second quarter of 2021(Stats SA, 1 June, 2021; Maskaeva & Msafiri, 2021).



Contributing to this alarming situation is the absence of a strong and growing culture of entrepreneurship to create jobs. The situation is alarming because South Africa can still be considered one of the countries in Africa with the best infrastructural development (a strong requirement for economic growth), yet seems unable to generate the job creation that such development might have been expected to enable. In this respect, the country falls well short of the expectations of the National Development Plan (NDP), which has been adopted as part of the City of Cape Town Business Support policy. Section 5(1) (a-c) of that policy reads as follows (City of Cape Town Business Support Policy, 2018:9).

a) In the National Development Plan (NDP), the National Planning Commission argued that job creation was South Africa's most important challenge; that the majority of jobs will be created in the private sector; and that private sector growth was reliant on the development of and support for an entrepreneurial corps that can identify and seize business opportunities.

b) This policy is aligned with the priorities outlined in the NDP regarding support for entrepreneurs as potential job-creators, the need to create an enabling environment for entrepreneurs to thrive, and recognises the role of entrepreneurs and enterprise development in transforming ownership in the economy.

c) As such, this policy supports the proposals of the NDP to develop a culture of entrepreneurship, lower the cost of doing business and reduce barriers to entry in various value chains.

Yet immigration laws continue either directly or indirectly to limit immigrant entrepreneurship to a level too low to bring about the change needed for economic growth. Such laws are not always direct in their effect and include municipal policies and bylaws that favour South African nationals only. For instance, Section 3 of the City of Cape Town Business Support Policy (2018:9) indicates that "the desire[d] outcomes of business in the city" included, among other things mentioned in section 3.1, "reduce[d] red-tape in processes related to small, medium and micro enterprises (SMMEs) development, establishment, and incubation thereby providing a coherent

business support package for SMMEs and entrepreneurs within a transparent regulatory environment.” All well and good; but this policy targeted at South African nationals does not necessarily help to enhance their business skills and commitment to entrepreneurship. On the other hand, there are many skilled, experienced, eager African immigrant entrepreneurs and potential entrepreneurs in the City of Cape and South Africa more generally. It is hoped that a review of immigration laws might be considered, especially because these laws inhibit the development and growth of small businesses.

### **1.12. Validity and reliability**

The concepts of validity and reliability are used in assessing the credibility of both qualitative and quantitative research projects. Validity is a concept associated with quantitative research that corresponds to the concept of credibility in qualitative research, and measures the accuracy of the research to the researcher, participants and readers of the study (Creswell & Miller, 2000; Yilmaz, 2013: 319). For validity to be ascertained, the research instruments used must produce or measure what they are intended to produce or measure. According to Kumar (2011), validity is said to exist when the aim of research, the research questions and the research results are all consonant with each other. A pilot study is often conducted to ensure this.

On the other hand, reliability is a consequence of the accuracy of a research instrument. It reflects the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions. The terms dependability and auditability are also used in conjunction with qualitative research to characterise the consistency of the research (Yilmaz, 2013: 319). Validity and reliability are thus to a large extent a function of the instruments chosen to carry out the research. In this research, the primary instrument for data collection – the questionnaire – was trialled in a pilot test of 24 (approximately 15% of the sample) participants across the Cape metropole. The purpose of this pilot testing was to uncover any problems or issues the researcher might encounter during the actual research process. The pilot testing checked and established feasibility, cleared up ambiguities in the questions, and tested the questions for length and clarity and any

other shortcomings that might have impaired the smooth administration and analysis of the questionnaires.

Both the study's supervisors and the statistician at the Cape Peninsula University of Technology were satisfied with the validity and credibility of the instrument before it was used in the research.

### **1.13. Research outline**

The study consists of five chapters, as follows: Chapter 1: An introduction to the research, including a brief description of the background and problem statement. This is followed by the research question and sub-questions, research objectives, significance of the research and the nature of its contribution. Brief accounts are given of the research methodology, target population and ethical issues.

Chapter 2 presents a literature review, in three parts. The first part focuses on an overview of immigrant entrepreneurship, concepts of immigration, the legal status of entrepreneurship in South Africa, types of immigrant entrepreneurship, and factors in favour of entrepreneurship. The section ends with commentary on the sources of immigrant entrepreneurship. The second section examines immigration laws at three levels: international, national and regional. Attention is paid to the treaties and policies on migration to which South Africa is party. The third section covers the nature of business and South Africans' stereotypical perceptions of African immigrants as a whole. The chapter ends with notice of some theories of migration.

Chapter 3 is devoted to an account of the study's research methodology. The main topics covered by the chapter include the following: research philosophy and philosophical assumptions, research objectives reviewed, research paradigm, research methods, quantitative and qualitative methods defined, the sampling technique used, data collection and instruments, pilot testing of questionnaires, data analysis and interpretation, and ethical considerations.

Chapter 4 discusses the self-administered questionnaires used for data collection. The data gathered was captured, presented in tables and figures, and analysed under

themes. The discussion of themes emanating from the data analysis includes reference to relevant sources discussed in Chapter 2 to achieve synchrony and coherence.

Chapter 5 presents the conclusion of the study. Recommendations are made and contiguous areas for future research are identified.

#### **1.14. Summary**

Chapter One provided a road map of the research by explaining the essential components, methods and objectives of the investigation into the contemporary influence of immigration laws on African immigrant entrepreneurship in Cape Town.

The chapter started by ventilating the worldwide recognition of entrepreneurial activities for the important economic benefits they achieve. The role and potential of African immigrant entrepreneurs were highlighted.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

In this chapter, extant literature relevant to the research topic is reviewed. Bangert-Drowns (2005:232) defines a literature review as a descriptive, theoretical account of the current material relevant to a specific subject or field of research. A literature review synthesises the area under study with previously published works that are directly linked to it. It is a process that sets out the current knowledge on a subject and in doing so creates a basis from which the new research can proceed (Feak et al., 2009; Kumar, 2011:31). This chapter therefore reviews apposite literature on the influence of immigration law on the nature of African immigrant entrepreneurship in South Africa, more specifically, Cape Town. The cases of some selected countries with 'accommodating' immigration laws and advanced economies are reviewed. The USA, Canada, Germany, UK, Switzerland, Cameroon, Nigeria, Kenya and Rwanda are used to illustrate how accommodating immigration laws can influence a country's economy. For example, Alesina et al. (2018:10) note that, in the USA, immigrants find it easy to start a business idea and grow it, which undoubtedly contributes to the country's position as the world's strongest economy. Their immigration policies encourage immigrant entrepreneurship. Canada is another strong economy with potential for economic growth while hosting relatively many immigrants. Germany, the European economic powerhouse, is one of the most generous receptor countries for immigrants, with the UK also attracting many immigrants through its immigration policy (Haberfeld et al., 2017; Tanis, 2018). Bennour and Manatschal (2019:196) identify Switzerland as the European country with the highest number of foreign nationals with citizenship rights. Nigeria, known as the West African economic powerhouse, has open policies for foreign entrepreneurs to invest and is also attractive to many Africans. Kenya, the East African economic giant has the highest number of refugees and nationals from other African countries. Finally, Rwanda is recognised as a country with a turnaround economic policy yielding the fruit of fast economic growth. This has been attributed to immigration laws that are friendly to entrepreneurs (Park, 2019:156).

This chapter unfolds as follows: an overview of immigration, the legal status of entrepreneurship/businesses in Cape Town, the concept of the entrepreneur,

immigrant entrepreneurs, factors contributing to the successful establishment of immigrant entrepreneurship, and sources of immigrant entrepreneurs in Cape Town. These topics are succeeded by a review of immigration laws and policies, attitudes of countries toward immigration law reforms and policies, the OAU Convention governing forced immigrant problems in Africa, the Department of Home Affairs (DHA) and immigration law, and amendments affecting immigrant entrepreneurial powers. Next attention is given to the nature of businesses undertaken by African immigrant entrepreneurs, the need for African immigrant entrepreneurship in South Africa and its contribution to the economy, benefits of immigration law of selected countries vis-à-vis South African, immigration law and policy challenges to the growth of African immigrant entrepreneurship. The chapter concludes with discussion of the prevalent stereotyping as a challenge to the African immigrant entrepreneur, amendments to immigration laws in South Africa that are desired or expected by African immigrants, and immigration theories underpinning the research.

### **2.2.1 An overview of immigration**

The term 'immigration' is hard to distinguish from the term 'migration'. According to Khan (2018:40), international migration consists of crossing the frontier of a state and entering the geographical region of another country for a certain period. An immigrant is also an emigrant, since his or her relocation involves movement both out of and into a country, a process invariably subject to law. In this research, immigration and migration are used interchangeably to intend the same meaning. Migration is a population movement, encompassing any kind of movement of people, whatever its length, composition and causes; it includes migration of refugees, displaced persons, economic migrants, and persons moving for other purposes, including family reunification (International Organisation for Migration [IOM], 2018). Migration can also be defined broadly as a permanent or semi-permanent change of residence. No restriction is placed upon the distance of the move or the voluntary or involuntary nature of the act, and no distinction is made between external and internal migration (Lee, 2007:49).

McNeill and Adams (1978) and King (2012:4) stress that migration is an ancient and unavoidable human phenomenon that is bound to continue as long as humans exist.

King (2012:8) distinguishes between national and international migration, noting the origins of internal migration in the movement of people from the rural to the urban areas to improve their living standards and at the same time provide the labour necessary for urban development (Lewis, 1954; Fei & Ranis, 1961; Kuznets, 1964). This view reveals a balance of interests: immigrants to cities help swell the labour force needed for economic development, but at the same time seek to improve their standard of living. The implication is that urban areas cannot successfully function without immigrants. Immigrants directly help solve the labour shortages needed to support production and economic progress in urban areas. This proposition is supported by neoclassical macro migration theory's explanation of migration as a vital aspect of economic development (Hagen-Zanker, 2008:6). Internal migration is inevitably associated with territorial imbalances in economic activity.

Todaro (1976:362-363) demurs, claiming that there is now a problem of unemployment in urban regions, notably in third world countries. Rural-urban migration exacerbates a problem already facing urban areas (Todaro 1976). To Todaro, those migrating to cities do not create jobs but seek jobs there. This is different from international migration in terms of conceptualisation, distance, laws and duration, among others.

According to the International Organisation for Migration (IOM, 2020:57), the number of immigrants grew from 221 million in 2010 to 272 million in 2019, marking an increase of 51 million, with high-income nations consistently featuring as migration destinations (UN, 2020). Reasons for the prevailing pattern of migration are essentially the advantages of living in developed countries as opposed to developing countries.

The United Nations Population Division (2015:6) statistics show that from the year 2000 to the present, 2.8 million people on average migrate from developing regions like Africa, Asia, Latin America and the Caribbean annually. Increasingly, according to research, the causes of migration have been polarised between pull and push factors.

Despite consensus in the literature and the common sense of pull and push factors as accounting for migration, reasons for migration, be it internal or international, remain complex and sometimes obscure (Mabogunjes, 1970; Kritz & Zlotnik, 1992). One

gathers from these authors that trends in migration are difficult to pre-empt in any country because migration is unstable and ever-changing.

### **2.2.2 Entrepreneurship**

According to the Cape Town Business Support Policy (City of Cape Town. Business Support Policy, 2021), “entrepreneurship” means “any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business. Similarly, an entrepreneur is someone who engages in entrepreneurship activities”. Entrepreneurship may thus be characterised as the act of undertaking an activity pulled by an opportunity – be it economic, political, educational, social, artistic, among others – whose end is characterised by risk and uncertainty but which enfold the possibility of profit-making (Glancey et al., 2000). Academics have over the years since 1730 when the French economist Richard Cantillon coined the term (Hébert & Link, 2009:241) tried to come up with a consensual definition but have seemingly not succeeded. There are nevertheless several acceptable working definitions. The term entrepreneur comes from the French word *entreprendre* (Skousen, 2014) which means to undertake something. For its originator, Cantillon (1730), the word meant to undertake a business venture, with organisation, management and risk involved. Renowned economists and researchers on the concept of entrepreneurship like Adam Smith, Alfred Marshall, Frank Knight and Jean Baptiste Say, have built on Cantillon’s work by adding elements like leadership and defining entrepreneurship through its essential components of organisation, production, risk-taking and profit-making. The last mentioned – risk-taking and profit-making – are consistently deemed the core characteristics of entrepreneurship (Carree & Thurik, 2006:31; Ahmad & Seymour, 2008:2; Rwigema et al., 2008:11; Hébert et al., 2011:252; Bula, 2012:83). A more modern definition of entrepreneurship has been ventured by Schumpeter (Long,1983:47), who characterises the entrepreneur as a business innovator who creates new combinations to bring about change in markets through: 1) the introduction of a new good or quality thereof, 2) the introduction of a new method of production, 3) the opening of a new market, 4) the conquest of a new source of supply of new products or components – or through some



new way of implementing or combining these (Drucker, 1986; Sarkar, 2007: 58; Kayed & Hassan, 2011:28).

In broader terms, entrepreneurship represents all forms of business undertaken by an individual (Drucker, 1986; Low & MacMillan, 1988; Venkataraman & Sarasvathy, 2001; Hart, 2003; McMullen & Sheppard, 2006) at all levels of an organisation. It might involve undertaking to renovate an existing business or starting an entirely new business (Rwigema et al., 2008:11; Hebert et al., 2011:252; Bula, 2012:83).

Regarding innovation, Schumpeter describes entrepreneurship as the act of identifying business opportunities and using innovative techniques to exploit them and maximise them for societal benefit or market advantage (Carree & Thurik, 2006:22; Kayed & Hassan, 2011:28). Schumpeter's definition of entrepreneurship remains the most valued working definition (Omer Attali & Yemini, 2017:3; Filion, 2021), though other formulations worth recording include that of the Organisation for Economic Co-operation and Development (OECD) Survey (2008). According to the Survey, entrepreneurship, is the complex process of recognising and acting on economic opportunities by creating, generating and selling goods and services. The definition was based on three dimensional facets – to have foresight in being able to identify an opportunity, to employ the factors of production and to take the product to consumers.

While Cantillon's notion of entrepreneurship (*entreprendre*) is about the act of undertaking something, Schumpeter focused on the different circumstances in which this undertaking might occur. The world of economic activity is expanding and the division of labour and specialisation in all economic endeavours is growing; the world of production has become unthinkable without interdependence among companies or people. For instance, the entrepreneur who invents an aircraft would not necessarily make its tyres but would depend on another entrepreneur for the manufacturing of tyres. According to Morris et al. (2012), entrepreneurship is a highly personal and subjective process that requires an entrepreneurial mindset for encountering, assessing, and reacting to numerous processes, experiences, situations, and events brought about by cultural, economic, political, legal and social dynamics. Such dynamism reorients the living conditions and personal lifestyle of the entrepreneur.

Hence, Kuratko & Audretsch (2009:577) describe entrepreneurship as the application of energy and passion to create and implement new ideas and creative solutions.

The dominance and proliferation of capitalism in the nineteenth and twentieth centuries witnessed modification and a paradigm shift of the concept of entrepreneurship through the facets of competition, innovation and technological advancement, while remaining in line with Schumpeter's idea of innovation (Carree & Thurik, 2006:31; Rwigema et al., 2008:12).

Aulet and Murray (2013:3) distinguish two principal arenas of entrepreneurship: innovation-driven entrepreneurship (IDE) and small and medium entrepreneurship (SME). The former is prevalent in the technology industry where continuous innovation and technological advancement take place, while the latter is more common in smaller and less developed communities (Aulet & Murray, 2013:3; Brooks et al., 2014:4427).

In sum, the function of entrepreneurship is the discovery, assessment and exploitation of new opportunities, through the production of products, services or production processes using new strategies, organisational forms and market products (Cuervo & Roig, 2007:2; Dana, 2011:44). Erasmus et al. (2013:42) go so far as to say that entrepreneurship is in essence the process of developing and creating something out of nothing.

## **2.3 Legal status of entrepreneurship/ businesses in Cape Town, South Africa**

The choice to start a business is made by entrepreneurs who may be either juristic or natural persons and whose choice must fall within the categories of business recognised under the law. In South Africa, companies may be either non-profit or for-profit companies.

### **2.3.1 Non-profit company**

This category was formerly known as Section 21 companies but is now defined in Section 8(1) of the South African Companies Act of 2008. Non-profit businesses are those set up to support the public economically, socially, educationally, through religious, scientific, charity or leisure work (Choto et al., 2020:590). The property,

income and/or profit made by the company goes to satisfy the objective of its formation and not to the individuals involved in it. This business category is further divided into non-profit companies (NPCs) and non-profit organisations (NPOs). NPCs can be registered with the Companies and Intellectual Property Commission (CIPC), while the registration, supervision, and support of NPOs are the remit of the Department of Social Development.

### **2.3.2 Profit company/business or enterprise**

Micro, very small, small and medium-size enterprises are among the profit companies recognised in South Africa. They may trade in the formal or the informal sector. Micro, very small and small enterprises often operate in the informal sector. In terms of the South African Companies, Act 71 of 2008, for-profit companies in the formal sector comprise four legal entities: sole proprietorship, partnership, private company and business trust. There is also provision for personal liability companies (for members of professions such as attorneys, medical practitioners, accountants or quantity surveyors) and for combinations of legal entities. Most entrepreneurs in South Africa are involved in for-profit companies.

### **2.4 The concept of entrepreneur**

According to Dana (2011:41), the word 'entrepreneur' when defined by the role of the person thus designated may mean venture creator, technopreneur, intrapreneur, entrepreneur, social entrepreneur, self-employed and many others. Historically, entrepreneur is a compound word comprising two French words, *entre*, which means 'between' and *preneur* meaning 'taker' (from the verb *prendre*, to take), literally meaning a 'between taker' (Dana, 2011:42). Richard Cantillon coined and popularised the term in his book *Essai sur la nature du comerce en general* (Essay on the Nature of Trade in General) in 1755 (Rusu et al., 2012:5371). In Cantillon's view, an entrepreneur is a risk-taker who invests for a more-than-average profit. Jean-Baptiste Say and Alois Schumpeter both viewed an entrepreneur as an innovator, though Say explained innovation as involving something new, while Schumpeter explained it in terms of improving on an existing idea. Scarborough (2011:3) defines an entrepreneur as a person who, in the face of risk and uncertainty, develops a new company with the

goal of profit and development by finding significant opportunities and gathering the resources needed to capitalise on them. Panda (2000:4) claims that an entrepreneur is someone who combines factors of production with managerial processes and principles of innovation, monitoring and coordination while competing with other variables in the market. Lazear (2005) concurs with Panda by characterising an entrepreneur as anyone who specialises in taking decisions that involve combining factors of production and coordinating limited resources to produce valuable and innovative goods and services. Kuratko and Audretsch (2009) as cited by Rusu et al. (2012:53-71) observe that the term entrepreneur designates someone who can create wealth by taking major risks through fairness and equilibrium, patience in time, and commitment in offering value in the form of some products or services. Implicit in these formulations are the skills and talents that a successful entrepreneur needs to possess (Baron & Henry, 2010).

## **2.5 Immigrant entrepreneur**

From the definition of entrepreneur, an immigrant entrepreneur is a foreign national engaged in entrepreneurial activity while residing anywhere that is not his home country, whether as a result of pull or push factors (Khosa & Kalitanyi, 2015). Immigrant entrepreneurs have the ability and skills to combine factors of production, take reasonable risks and exercise patience to realise valued and innovative products or services – with the ultimate goal of making a profit (Mateus et al., 2014). Immigrant entrepreneurship may be diverse as the term is widely applicable. Obviously, the concept is used to describe migrants or immigrants who end up undertaking a business endeavour even if their original motive was not business-oriented. African immigrant entrepreneurs are commonly known to invest in grocery merchandising, restaurants and taverns (Pophiwa, 2020). In South Africa, running such ventures was a staple occupation of black South Africans before the influx of migrants in the 1990s (Pophiwa, 2020). Since arriving in South Africa, immigrants have embarked on ventures such as sewing traditional African wear, craft businesses, African restaurants, African food shops, cyber cafés, mechanical garages, and hair salons.

Naturally, the desire for gain or profit-making forms the motivating factor for entrepreneurship. But an individual normally weighs other options before finally

deciding to become an entrepreneur. There are two main reasons for deciding to undertake an entrepreneurial endeavour. The first is to take advantage of a particular opportunity that exists or presents itself, while the second is the result of necessity, when – in the absence of employment – entrepreneurship seems the only option available (Dencker et al., 2021:6). These reasons are characterised as pull and push factors, respectively.

### **2.5.1 Types of immigrant entrepreneurs**

There is no unanimity among researchers on a typology of immigrant entrepreneurs, but the majority agree that there are essentially two types of entrepreneurs, those driven by necessity and those enticed by opportunity (Williams & Williams, 2014:23; Nikolaev et al., 2018:6). A necessity entrepreneur is responding to push factors that include, but are not limited to unemployment, a non-commensurate job, non-market related and deplorable salary, or unfavourable conditions of work. An opportunity entrepreneur, on the other hand, is one whose decision to become a business owner is based on an independent decision despite other options being available at the time of the decision (Nikolaev et al., 2018:7). Fairlie & Fossen (2018:6) argue that the parameters used to distinguish between necessity and opportunity entrepreneurs derive from their initial employment status before taking such a decision. To them, an entrepreneur of working age who was not employed before starting a business fall into the category of necessity entrepreneur. If s/he was working but decided to try something else, s/he falls under opportunity (Fairlie & Fossen, 2018:6). This distinction is artificially limiting in that it ignores the case of naturally skilled entrepreneurs whose passion from birth is to carry out a business.

In South Africa, the two types are differentiated by the circumstantial conditions influencing the decision to embark on an entrepreneurial venture, such as:

- a) high unemployment rate (World Bank Report, 2018);
- b) acute shortages of entrepreneurial skills in manufacturing and retail;

c) the apartheid legacy of exclusion of certain amenities, services and economic development in certain areas like the townships;

d) the absence of a mixed or diverse business model where consumers get goods and services very close to them; and

e) the inability of the government to create jobs.

These factors all culminate in the creation of business opportunities attractive to African immigrant entrepreneurs.

Such opportunities are either underutilised, not discovered, or have been abandoned by South Africans who appear not to see any reason for engaging in entrepreneurial ventures (Gwija et al., 2014:14). But they create pull factors attractive to foreigners who come to make use of them. Most immigrant entrepreneurs in South Africa view the circumstances described above as opportunities that can better their lives if ventured into. That explains why many black entrepreneurs fall into the category of opportunity entrepreneurship (Williams & Williams, 2014:23; Nikolaev et al., 2018:6). According to Brewer and Gibson (2014), about one billion entrepreneurs globally are necessity-based, meaning that they had no option but to take up an entrepreneurial activity for survival. This situation is mostly true of developing countries, where governments generally do not have proactive and realistic job creation strategies for their growing populations. Margolis (2014) claims that half of those employed in developing countries are entrepreneurs. These perspectives refer to entrepreneurship in one's country of birth and do not necessarily include entrepreneurs in foreign countries.

The possibility of foreign entrepreneurs in South Africa being classed as necessity entrepreneurs is slim because the employment and labour laws prevent non-South Africans from taking advantage of employment opportunities, which are meant to serve the high numbers of local unemployed people. Rather, foreign black entrepreneurs are attracted by the pull factor of business opportunities. Because of the opportunities available, even uneducated Somalis who cannot read or write English are still able to excel in their businesses in the country, just as an educated Cameroonian, Ghanaian

or Nigerian would. The majority of the few who are employed also undertake some entrepreneurial endeavour. To make the opportunities work for them, foreign blacks have developed various financial methods to assist start-ups, such as bootstrapping, stokvels and family support (Tengeh & Nkem, 2017: 4).

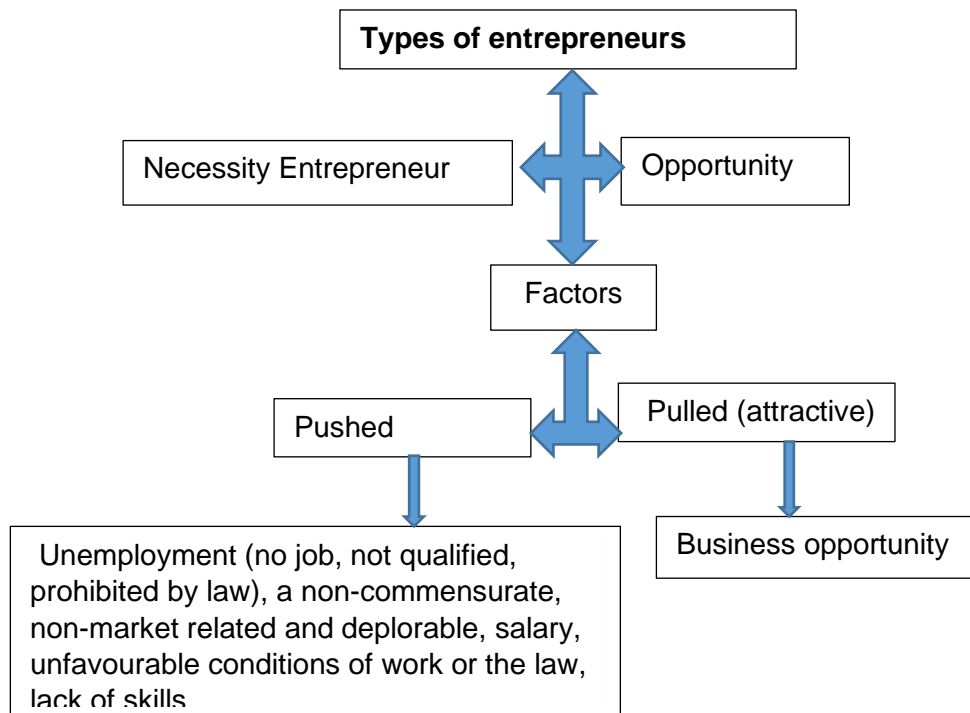


Figure 2.1: Factors affecting the different types of entrepreneurs. Source: Created by researcher.

## 2.6 Factors contributing to the success of immigrant entrepreneurship

Immigrant entrepreneurs are outstandingly successful in many countries around the world. This success brings with it huge positive economic contributions, which is the reason why many governments make laws to promote entrepreneurship at both national and local levels (Lofstrom, 2017:503). The factors that feed into this success need to be studied, if only to encourage native entrepreneurs (Fatoki, 2019:2) who may be disheartened by the success achieved by immigrants in the same business or, holistically speaking, when nationals see immigrant entrepreneurs succeed. According to the World Bank (World Bank Report, 2018) and Banking Association of South Africa (2018), about 40% of the gross domestic product (GDP) and 60% of total employment of developing countries like South Africa comes from small, medium and

micro enterprises (SMMEs). But it is no easy thing to raise the capital to start a small business, and the way immigrant entrepreneurs go about this merits some attention.

### **2.6.1 Ability to raise capital from nothing through stokvel**

According to Tengeh and Nkem (2017:4), stokvel is an old African cultural practice of mutual assistance. It was practised in different forms before the introduction of the monetary system. It could be through labour services rendered, for example, where members might work on each other's farms on different days. It was essentially a barter system of contribution that enabled all the members to benefit in time. The nature of stokvel was not affected by the introduction of money. Instead, it remains a widespread practice in SA and plays a major role as a form of saving to raise capital among many African immigrant entrepreneurs.

Capital represents the nerve centre of a business: without it, the vision of an entrepreneur will not be realised (Sahasranamam & Nandakumar, 2020:3). A common method of accumulating capital is by way of stokvel. A group of people contribute money to a pool whose contents is awarded to each member or beneficiary on a rotational basis. A member with pressing business plans will often be allowed to benefit early so as to enable them to start the business. It is expected of them to continue to contribute to the stokvel, so typically the entrepreneur will work very hard to succeed. This method has been the magic behind capital generation among African immigrants in Cape Town in particular and South Africa as a whole. It is most common amongst entrepreneurs from the West African countries of Cameroon, Ghana and Nigeria. Many successful entrepreneurs have arrived in South Africa with little or nothing apart from a business idea. Through the stokvel system, they have been able to achieve their dreams of establishing businesses. This tends to baffle South Africans, who fail to understand how a foreigner can come empty-handed but is soon running a business. There is a tendency to assume that the funds have been obtained illegally.

### **2.6.2 Family support**

In some cases, the entrepreneur's capital is a family concession entrusted to the business idea as a way to foster family growth and progress. In this context, the



entrepreneur is seriously committed to making the business succeed, because failure will mean the ruin of the entire family. Success, on the other hand, can ensure an entrepreneurial legacy for the family. In common with beneficiaries of the stokvel system is the determination to succeed, motivated by the burden to repay the stokvel or keep the family promise (Tengeh 2011; 2013).

### **2.6.3 Ability to start with little start-up capital**

Although financial capital is needed to kick-start a business, the amount involved can be crucial to the success of the idea (Bates, 1994:253; Tengeh & Nkem, 2017:1684). Especially in the contemporary world of keen competition, it is generally difficult to run a business with little capital. Financial institutions like banks have programmes to sponsor or promote the business ideas of South African nationals. Many potential entrepreneurs among foreign nationals in South Africa are denied access to these programmes and waste business opportunities for lack of financial capital. Most borrow from friends, family members and informal socio-cultural organisations like stokvels. Yet some have forged a new paradigm by demonstrating that it is possible to grow a business with very little initial finance. Despite the limitations imposed by immigration laws on loans, manufacturing and business permits, many African immigrant entrepreneurs are able to initiate a business with as little capital as R1000 and grow it to R500 000 (Tengeh, 2013). They may start by hawking goods but eventually establish big shops and productive business activities.

### **2.6.4 Trust and reliability**

Trust is widely discussed in several disciplines, including management, organisational theory, philosophy, sociology, economics and political theory. Welter (2016:3) notes that trust is an “elusive concept” with no authors agreeing on a definition (see also Baier, 1986; Lane & Bachmann, 1998; Lewicki et al., 1998; Rousseau et al., 1998; Sztompka, 1999; Luhmann, 2000; Ostrom & Walker, 2003; Bachmann & Zaheer, 2006; Saunders et al., 2014).

Trust plays a very important role in establishing a business. For a start-up needing support, trust can serve as lifesaving leverage for raising capital and satisfying other

requirements necessary for the sustainability of a business. Formal and informal financial institutions like banks and stokvels can neither exist nor be helpful to entrepreneurs without the element of trust. It becomes the duty of the entrepreneur to build trust through their attitude, behaviour and habit with individuals and institutions in a way that will pay off when assistance is needed. Many immigrant entrepreneurs with no source of capital understand that trust is in itself entrepreneurial capital that can afford them the financial and social support they need to activate their potential, and without which their ideas will not be realised. Institutions have various requirements for the testing of trust. With most formal institutions, collateral is required in the first instance.

Informal financial institutions will usually depend on referrals and suretyship as currency for trust. In a typical stokvel, money cannot be lent to an individual unless there is a surety who guarantees the timely and safe recovery of the amount given out. The key traits of trust are dependability, honesty, loyalty, integrity, empathy, sincerity and sympathy. Audretsch et al. (2011) characterise trust as a form of social capital that can be used to promote the creation of new businesses. Against the backdrop of immigration laws that do not favour the growth of immigrant entrepreneurship, immigrant entrepreneurs have created an environment of trust among themselves to help sustain their businesses in South Africa. This is a way of mitigating the risk-taking behaviour inevitably involved in entrepreneurial ventures.

### **2.6.5 The psychology of risk-taking**

Taking risks can also mean making many painful sacrifices to achieve goals, taking to heart the realisation that you are the one who has to make things work. According to Hoogendoorn et al. (2019:1139), risk-taking is the most challenging factor in entrepreneurship in three different domains: perception, attitude and actual risks. It is linked to uncertainty and the absence of clarity regarding what might happen to affect the business even before profit is realised. The degree of risk can vary with the individual's views, background, skills and strength of determination in the undertaking (Hoogendoorn et al., 2019:1139). Many black entrepreneurs are ready to face the challenge of business risk, with its corollary, unpredictable and even hostile circumstances. Risk varies according to the type of entrepreneur, business and

quantity of resources that stand to be sacrificed (Block et al., 2015:184). According to Block et al. (2015:184), necessity entrepreneurs are more vigorous in the face of risk than opportunity entrepreneurs, whose business involvement is determined by choice. Risk factors can manifest in the obligation to pay rents or employees, or buy stock during the early stages of the venture when there is little or no profit. In some instances, this situation may last for a long time, for months or years of expenditure and investment from the entrepreneur, who might have to earn an income from another source to sustain the investment (Åstebro et al., 2014). Despite all, risk demands for attitude differentiation from that of the employee (Riepe et al., 2020:4). Apart from risk-taking, business know-how, culture and education are important traits in the entrepreneurial environment.

#### **2.6.6 Business skill, culture and education**

The self-made South African millionaire Richard Maponya has remarked: "I am disturbed to see local markets dominated by foreign nationals. I am not xenophobic but would prefer locals to be the dominant force in South African business. The Indian and Jewish communities have been very good at working together and I don't understand why black Africans have never been able to do likewise" (Maponya, 2015). Regrettably, it would appear that differences in business culture between South Africans and immigrants persist.

According to Waldinger et al. (1990), doing business can be a natural skill or be learnt from an institution. Traditionally, business was an inheritance experience, in terms of which children would go out to do business with their parents or a master under whom an apprenticeship is served for a defined period. The person volunteering to serve receives practical business training from his master, who oversees, directs, and reviews all operations, including personal and private life. This is crucial in shaping the mindset and emotional development in respect of establishing and running a business (Waldinger, 2002). Apprentice-boss service and settlement contracts are a way of empowering young potential entrepreneurs in the East, West and Central African states. Most conspicuous in this practice are Cameroonians, Ghanaians, Nigerians and Somalians. Most of them complete their apprenticeship of three to five years (or more) before embarking on their own venture (Asoba & Tengeh, 2016). Mabadu

(2014) notes that the basics of financial literacy, management and investments are learnt during this period of business apprenticeship, which empowers the young and makes them better entrepreneurs with high ambitions of becoming independent.

### **2.6.7 High ambitions and determination to be independent**

Having great ambition brings about determination to make it in life. There is no doubt that the pace with which African immigrants adapt and thrive in business in other countries is because they come from a strong background of 'must succeed' in life. From that notion, an average immigrant wants to build a mansion, transform their family's status through education and investment, and make sure their parents are comfortable. Igwe et al. (2018:5) observe that becoming rich is mandatory among the Igbos of Nigeria because poor people do not have a voice in society. A virtual cultural injunction makes it intolerable for a man to travel out of the country and return poor. Working for someone for a salary is slow in terms of wealth accumulation (unless embezzlement, fraud, theft or corruption come into play) and not considered an option. Most immigrants therefore prefer taking up a business opportunity that, if properly managed, can make them rich quite rapidly.

Emigration is typically a family decision: choosing the one who is most fit and industrious to carry the dreams of the entire family (Gheasi & Nijkamp, 2017:3). When such a person is found, s/he becomes the worth of the family, whose trust and hope rest upon his or her success. Failure will have a ripple effect on the lives of many in the family line. This is in large part why foreigners collaborate, share information, support one another and work so hard to make it in business.

### **2.6.8 Self-confidence**

Self-confidence is an important motivation for entrepreneurs. It provides the internal drive to pull one through a business, irrespective of the challenges an entrepreneur always faces. It softens the threat of risk that deters many beginners from daring to go into business. According to the Global Entrepreneurship Monitor (GEM, 2019:14), self-confidence is influenced by factors such as cultural and social norms. The level of self-confidence among people wanting to start up a business varies from country to country

(GEM, 2019:14). The prevailing political and economic systems are other factors that will affect self-confidence. Many African entrepreneurs undertake businesses with great confidence in their ability to succeed. This self-confidence is characterised by Maslow as self-actualisation in terms of his famous Hierarchy of Needs (see Figure 2.2, below).

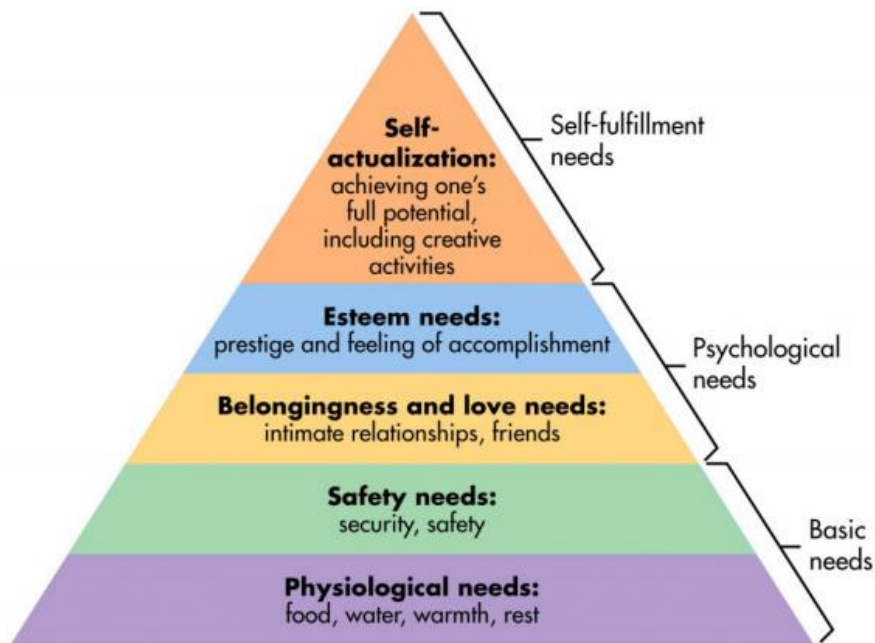


Figure 2. 2: Maslow's Hierarchy of Needs. Source: Hopper (2020).

The very first level of the hierarchy is foundational to self-confidence and the growth of entrepreneurship. Iwu and Opute (2019) agree that the satisfaction of basic needs is one of the reasons immigrants will decide to start a business in Cape Town, where the cost of living is very high and there is no support system for the immigrant.

### **2.6.9 Having an appropriate permit/visa to reside in the country**

The importance of having the appropriate documents in the host country is often ignored despite its inevitability (Prokopenko & Hou, 2018). Practically speaking, seeking work or a business opportunity in any country must begin with the acquisition of authorisation to live in that environment. With that authorisation come certain economic, financial and legal benefits (Lindsay & Avato, 2014:84). Not having the right visa or permit can have psychological, emotional and legal implications capable of

destabilising the other factors that contribute to entrepreneurial success. For instance, the uncertainty of visa provision or renewal may create fear, doubt and resentment in the mind of the entrepreneur.

Certain visas/permits qualify certain holders for certain opportunities (Lindsay & Avato, 2014:84). This is a universal phenomenon, by no means unique to South Africa.

## **2.7 Sources of immigrant entrepreneurs in Cape Town**

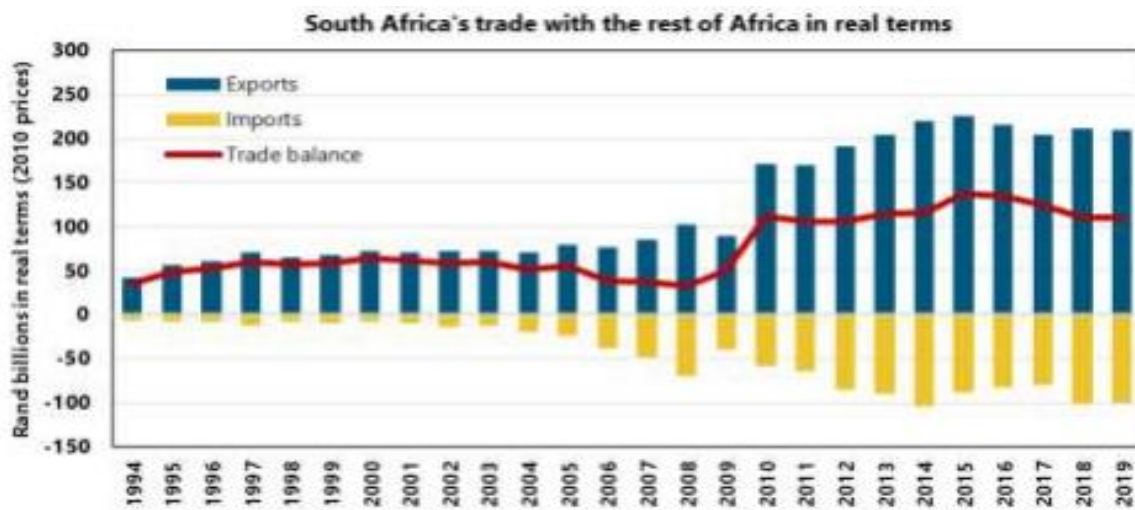
### **2.7.1 Pre-colonial, colonial and postcolonial**

The immigration of entrepreneurs to Cape Town started as early as 1652 when the Dutch landed at the Cape of Good Hope and established the Dutch East India Company outpost to supply fresh produce to all the ships that were passing through the Cape from Europe to Asia, and vice versa (Begg, 2011). The number of European entrepreneurs grew very rapidly, with many settling on the land to carry out agricultural enterprises. Dairy and crop cultivation were the main occupations of European immigrant entrepreneurs, particularly of Dutch origin.

A chain of events in Europe expedited the movement of entrepreneurs to South Africa. The Napoleonic Wars in Europe of 1799 to 1815 resulted in a high rate of unemployment, bringing British citizens to the Cape in 1820, and the search for raw materials to supply burgeoning industries intensified. The discovery of natural mineral resources and subsequent colonisation of Africa brought many Europeans and Asians to the country.

A hundred years later, the abolition of apartheid and the introduction of democracy also brought with them an increase in the movement of immigrant entrepreneurs to South Africa, which welcomed foreign investment. Immigration laws were designed to attract entrepreneurs of different categories to help expand the economy. There has been a 27% increase in businesses established by immigrants since 1994 (OECD/ILO, 2018:99). According to Mekonn (2018), immigrant entrepreneurs in South Africa come from various backgrounds – Africans, Asians (Chinese, Bangladeshi, Pakistani, Koreans) Jews and other Europeans. African immigrant entrepreneurs make up about

27% of the total number. From 1994 to 2012 the economy of South Africa grew as shown in the Figure below.



**Figure 2.3: South African economic growth statistics between 1994 to 2012.**  
Source: Industrial Development Corporation (IDC): South African economy (2019).

### 2.7.2 Education

Most of the immigrant entrepreneurs in South Africa have acquired some form of education, formal or informal, on how to establish a business of some sort. Immigrants own many SMMEs, including tuckshops, salons, fast food businesses, among others (Charman & Piper, 2012; Charman et al., 2017:16). The considerably lower cost of education and business culture in other African countries offer many Africans education and business experience before they migrate from their countries. The presence of quality universities in Cape Town has contributed to the number of immigrant entrepreneurs who after studying start a business, either because the opportunity presents itself or because they are unable to find a job (Iwu et al., 2016; Iwu et al., 2020:187). The education of South Africans, on the other hand, does not conduce to entrepreneurship because South Africans do not have a culture of business.

### **2.7.3 Tourism**

South Africa has many tourist attractions and attracts many tourists every year (De Klerk & Haarhoff, 2019:210). During their visit, some of the tourists discover business opportunities and possibilities and later return to set up businesses or make investments that create jobs for South Africans (Jackiewicz & Craine, 2010). Most investors and entrepreneurs will first travel as tourists, especially where the conditions for obtaining a business visa are stringent and characterised by red tape. Obtaining a business permit for South Africa is very expensive to an SME entrepreneur, most of whom are from Africa. The process of obtaining a business permit in South Africa may even be more complicated for an asylum seeker or refugee.

### **2.7.4 Refugees: economic, political and social refugees**

The wars in the Democratic Republic of Congo (DRC), Angola, Burundi, Mozambique, Rwanda, Somalia, Ethiopia, Cameroon, Central African Republic, Chad, Ivory Coast, Lesotho and the political crises in Zimbabwe and Libya in the last four decades have increased the number of refugees in Africa (DeJesus, 2018; Udoh, 2018). Brell et al. (2020) note that considerable numbers of the refugees are men and women with talent in one field or another. The refugee policy of South Africa allows for refugees and asylum seekers to work and study. But because of limited job opportunities, the government has rendered the employment of asylum seekers and refugees very difficult, if not impossible. The only way for such people to survive is to fend for themselves through entrepreneurship.

## **2.8 A review of immigration laws and policies**

South African immigration law has a long historical influence dating to the time of colonisation, apartheid, the introduction of democracy and post democratic eras. For the purpose of this study, the laws were looked at under the sub headings below: a review of immigration laws and policies, the pre-1900 migration laws, the industrial revolution and immigration, migration after World War Two, attitudes of countries toward immigration law reforms and policies, the developed world and immigration



laws, legal framework on migration in South Africa, South African international legal framework on migration and immigrant rights under international law.

### **2.8.1 The pre-1900 migration laws**

The period before 1897 was the pre-border control period which saw the free movement of people across borders without controls or restrictions (Khan, 2018:24). Most countries including South Africa had not yet developed border control laws. That partly explains the steady movement of settlers from Europe to places like South Africa and the USA in the eighteenth century (Khan, 2018:24). Legal restrictions, controls and limitations on movement started with colonisation and Europe's acquisition of external territories in the nineteenth century. Restrictions on movement were introduced in Africa, America, Asia and Australia (Sabol, 2017).

### **2.8.2 The Industrial Revolution and immigration**

The beginning of the Industrial Revolution resulted in a quest for foreign territorial possession and influence, as well as subsequent conflicts between world powers, such as the First and Second World Wars. After the First World War (WWI), influential world powers continued the repartitioning and consolidation of spheres of influence amongst themselves, instituting border controls and regulation of the movement of people (Mulligan, 2017).

South Africa was governed regionally by different powers that developed different immigration laws for different reasons (Enaifoghe & Adetiba, 2018). The internal migration laws formalised restrictions on blacks, who needed a "pass" when moving across what are known today as provincial boundaries. In the eighteenth century, numerous acts were issued in the Cape Colony limiting the movement of black people. In 1809, the British officially passed a law obligating blacks to carry a pass before entering white areas. A later set of laws restricted the free movement of Asians, though the Cape Agreement of 1927 between India and South Africa paved the way for the recognition of people of Indian origin as South Africans.

The four polities comprising the Cape, Natal, Orange Free State and Transvaal, under British rule since the Anglo-Boer War (1899-1902), united to form the Union of South Africa in 1910. From then on, the mobility of Africans was controlled in ways that did not apply to Europeans in South Africa, and Asians were largely restricted to Natal (Orange Free State General Immigration Laws 1899; Cape Immigration Act 47 of 1902 and Asiatic Law Amendment Ordinance of 1906).

### **2.8.3 Migration after World War Two**

The collapse of the economy in 1945 caused by the Second World War (WW2) necessitated the relaxation of immigration laws both internally and internationally (Friedman, 2017:24). Africans were allowed to move freely into white areas, but this was quickly reversed three years later when the National Party came to power and began to introduce apartheid laws (McKeever, 2017:117). From 1948 onwards, the movement of Africans within South Africa was subject to numerous controls, and although these were gradually relaxed, apartheid was only abolished in 1990. The first democratic election in 1994 and the adoption of the constitution drew Africans and the rest of the world back to South Africa, bringing economic growth (Tepeciklioğlu, 2018:127). On the other hand, since 1994 South African immigration law – governing movement across its borders – has undergone countless amendments unfavourable to the situation of African immigrant entrepreneurs.

## **2.9 Attitudes of countries toward immigration law reforms and policies**

Migration laws act serve to regulate and limit migration, creating a dynamic scenario with complexities that vary from country to country (Hollifield, 2021). Immigration laws and policies are generally not established for rational reasons, but to serve the political interests of the host country.

### **2.9.1 The developed world and immigration laws**

Internationally, developed countries have wisely used attractive immigration laws to accommodate immigrants to their advantage. The United States has until comparatively recently welcomed immigrants, though in the past several decades,

certain restrictions have been introduced. Most recently, the “Partnership for a New American Economy” seeks to retain and integrate immigrants in the strategic interest of the USA (Price, 2015:10). This organisation comprises 100 mayors and 400 corporate leaders working in accord to reform immigration laws to accommodate economically active immigrants (Price, 2015). It should be recalled that the USA has come, as have many developed nations, to understand that rigid immigration laws that exceed the requirement of maintaining security stagnate a country’s aggregate development (United States. Immigration and Nationality Act of 1965; Price, 2015). Canada, the closest neighbour of the United States, has also revised its immigration laws in the direction of inclusivity.

The Canadian Charter of Rights and Freedoms established in Canada in 1982, one of the top three things that Canadians name as foundation stones of Canadian identity, is a relatively robust legal structure that outlawed discrimination, affirmed equality, protected equity hiring, and even advised justices to keep Canada’s multicultural heritage in mind when rendering decisions (Bloemraad, 2012:11). While other countries see immigrants as liabilities, the Canadian government has continuously through inclusive immigration laws encouraged immigration to Canada. Bloemraad (2012) asserts that “support for immigration is widespread among almost all segments of the Canadian population, and it has been steadily growing for more than a decade, despite large inflows of migrants, the global recession, and fears of foreign terrorism”.

Another country that welcomes immigrants is Denmark. In spite of the influence of certain factors that made countries apply stricter immigration laws – for instance, the global economic recession of 2008 – the Danish government still services its need for immigrant labour and students in different fields (Jørgensen & Thomsen, 2013:2). This does not mean that Denmark is free and open to every immigrant. The process is regulated and controlled. Even though stricter rules have been put in place to restrict naturalization, deserving immigrants are fitted into the society, protected and able to apply for permanent residence without any complications (Sainsbury, 2012). This is in sharp contrast to South Africa, where procedures for obtaining an immigrant permit are never reliable.

## **2.9.2 Legal framework on migration in South Africa**

The immigration law framework in SA is a combination of international law and local legal instruments. International immigration law is made up of conventions and treaties which South Africa has ratified and adopted (Jiménez-Alvarez et al., 2020:7). Treaties can be signed between two countries (bilateral) or between more countries (multilateral), for example, the economic treaty between Brazil, Russia, India, China and South Africa (BRICS). Regional organisations like the Southern African Development Community (SADC), to which South Africa belongs, is another multi-lateral agreement that privileges the citizens of these countries with certain travel exemptions and other advantages over non-member citizens (Babatunde & Odularu, 2017). South Africa is a signatory to many international treaties and conventions, and the hierarchy of laws provides for the supremacy and binding effect of international over national law (Hodgetts et al., 2018:2754).

South Africa's national immigration law consists of regulations that the state applies to immigration issues derived from other internal laws, policies or statutes (Kalitanyi & Visser, 2010). While other law- and policy-making bodies contribute to the development of national immigration laws and policies, the department in charge of dealing with immigration issues on a day-to-day basis is the Ministry of Home Affairs.

South African immigration law is the product of contributions from various institutional stakeholders and consolidated by the Immigration Act of 2002. The multifarious nature of its structure means that it has a variegated effect on immigrant entrepreneurship. Article 4 of this Act provides for the designation of an advisory board comprising representatives from different ministries and departments, for instance, the Department of Trade and Industry, the Departments of Labour, Tourism, Finance, Safety and Security; the South African Revenue Service, the Departments of Education, Foreign Affairs and Defence (South Africa Immigration Act, 2002:19-20).

Article 5 of the Act states the following:

The Board shall advise the Minister of many departments in respect of –

(a) the contents of regulations made in terms of this Act; (b) the formulation of policy pertaining to immigration matters; (c) the implementation of immigration policy by the Department; (d) the reviewing of a decision of the Department in terms of section 8 if and when requested by Minister; (e) such other matters relating to this Act on which the Minister may request advice.

The immigration laws affecting immigrant entrepreneurs are thus influenced by several of the departments listed above. The result has been the application of rapidly changing, unstable and unpredictable immigration laws to immigrant entrepreneurs in South Africa.

### **2.9.2.1 South African international legal framework on migration**

An international legal framework on migration seeks to assist individual states to resolve issues relating to migration. In this section, there will be notice of the most relevant legal instruments, conventions and treaties on migration to which South Africa is a signatory, and how immigrant entrepreneurs ought to be treated in terms of these international laws (Jiménez-Alvarez et al., 2020:7). The 1951 United Nations Convention on the Status of Forced Immigrants and its 1967 Protocols were agreed to by South Africa on January 12, 1996. South Africa is still the only African country to have fully incorporated this instrument of international law into its domestic law. The Convention is concerned with the welfare of refugees and asylum seekers, setting out acceptable reasons for migration and guidelines on how they should be treated in the host country. A significant provision of the Convention is that refugees be extended the rights and freedoms compromised and denied them in their home countries (Zimmermann et al., 2011).

Reasons for migration do not fall within the ambit of this study and will not be discussed here.

### **2.9.2.2 Immigrant rights under international law**

Some of the legal instruments guaranteeing the rights of immigrants are generic, extending to all human beings, while others are specific to immigrants. Article 217 of

the Universal Declaration of Human Rights (UDHR) affirms that “all humans are born free and are equal in dignity and rights”. Dignity and rights are thus fundamentally applicable to all (Ansari, 2019). Leubsdorf (2019) asserts that dignity is what makes man, in the absence of which he is equivalent to an animal. Another immigrant right under international law is the International Covenant on Economic, Social and Cultural Rights (ICESCR). Articles 6, 7, 9, 10,12 and 13 of the Covenant make provision for employment under decent conditions, family protection, social security, health, education and cultural rights for all people in a particular country unless these institutions are not well developed or constrained from accommodating immigrants (Khan, 2018:17).

### **2.9.2.3 Self-employment and job creation**

Article 18 of the 1951 Convention and its associated protocols relating to the status of refugees states:

The Contracting States shall accord to a refugee lawfully in their territory treatment as favourable as possible and, in any event, not less favourable than that accorded to aliens generally in the same circumstances, *as regards the right to engage on his own account in agriculture, industry, handicrafts and commerce and to establish commercial and industrial companies.* (Emphasis added)

This article requires all signatory states to ensure that refugees have the same rights, freedoms and recognition given to other qualified desirable foreigners under any recognised status. Most immigrants owning businesses in South Africa were forced by circumstances to immigrate. They come in with skills hoping to find a job or to continue doing the business they were doing in their country of origin. However, the high unemployment rate and unfavourable labour laws have forced most of them to become self-employed. While migrants with status and asylum permits can start businesses in South Africa, African immigrant entrepreneurs do not have the same leverage, recognition, opportunities and rights as their Chinese and European counterparts. The provision on self-employment for refugees provided by the 1951 UN Convention serves not only to promote self-reliance among the refugees but also, indirectly, to bring some employment opportunities to

the host nation.

However, the backlog of undecided cases of asylum seekers in the country presents a backlash to the 1951 UN Convention on refugees. In a joint meeting held by the DHA and representatives of the United Nations Human Rights Council (UNHRC), it was noted that about 150 000 appeals were reported pending at Home Affairs in May 2019 (<https://www.sahrc.org.za/index.php/sahrc-media/news/item/1933-home-affairs-asks-united-nations-for-help-with-refugee-backlog>).

The UNHCR Chairperson asked whether progress was being made to resolve the backlog, if immigrants were being notified of the challenges, and whether there was a timeframe within which the appeals were to be resolved? The answer given by the DHA did not seem to suggest that the problem would be resolved any time soon. Some immigrants have been waiting for more than a decade for the DHA to decide whether or not their case is valid.

## **2.10 The OAU Convention governing forced immigrant problems in Africa**

The 1951 UN Convention on the Status of Refugees and its Protocols of 1967 are the foundation of the Organisation of African Unity (OAU) Convention on the Status of Refugees (Abebe et al., 2019). According to the United Nations Human Rights Commission for Refugees, the OAU Convention on refugees of 1967 complements the 1951 UN Convention and Protocols, providing more substance to the concept of refugee and his or her rights to legal protection. Its main objective is to strengthen cooperation between African states on the problem of refugees within the continent. States are expected to provide asylum and refugee status to those fleeing their countries because of unfavourable conditions defined by the UN as qualifying one for refugee status. In addition, recipient states are called upon to meet the basic human needs of refugees such as shelter, water, health and education. Article 29 of the OAU Convention governing specific aspects of refugee problems in Africa and the Cartagena Declaration on Refugees (1992) served to reinvigorate the protection of asylum seekers.

Because the OAU Convention complements its UN equivalent, it goes without saying

that Article 18 of the 1951 Convention and protocols relating to self-employment are applicable. In the light of this, the lives and business activities of immigrants in SA are recognised and protected under international law for the benefit of both the individual and the state.

South Africa's DHA appears to be acting in contravention of international law because it no longer issues refugee permits to citizens from West African countries like Ghana, Nigeria, Ivory Coast and even Cameroon, where there have been civil war and genocide.

### **2.10.1 SADC Protocol on Immigration**

The Southern African Development Community (SADC) Protocol on immigration was established in 1992 to harmonise the legislation on the movement of people within the organisation's fifteen member states (SADC Protocol on the Facilitation of Movement of Persons, 2005). The legislation consolidated immigration law common to all members and provided a legal framework within which member states could enter into bilateral agreements or treaties under the auspices of the organisation. For example, within the SADC community, South Africa has different agreements with different member states on the conditions for work permits, and on the circumstances under which a citizen may be exempted from requiring a visa before coming to the country, and how long a visit might thus be allowed. The official SADC maximum visa-free time for member states is 90 days (South Africa. DHA, Countries exempt from South African Visas, 2015).

The SADC Protocol emphasises working together for the advancement of member states through sharing of skills and resources and ensuring that safety and educational programmes are communicated to member states (SADC, 2012:2). Articles 3 (4) and (5) and 17(3) of the SADC Protocol on Transport, Communications and Meteorology have harmonised provisions for immigration between member states, particularly for reasons of economic activity, by simplifying immigration procedures and establishing an institutional framework to facilitate regional development corridors between member states.



### **2.10.2 Binding effect of the SADC Protocol**

While the Protocol has no binding effect on member states, it does function as a moral compass for efforts to synergise and consolidate development within the region. Another important provision of the SADC Protocol is its recognition of the needs of asylum seekers and refugees, and the protection of their human rights against discrimination by all members states as provided for in articles 3(4) and (5), and 17(3). According to this standard, African immigrants from SADC countries should be treated fairly and allowed to develop their potential in the same way as a citizen of the host country.

Unfortunately, that provision is not being implemented in South Africa, apparently on the basis of a perception that other members states do not have the same aspirations, visions, values, development levels and plans. Citizens from countries with stable economies like South Africa, Botswana and Namibia are favoured (Oucho, 2007:9), while immigrants from countries with struggling economies like Zimbabwe, Lesotho, Mozambique and Malawi are disregarded and poorly treated (Evans, 2010:110). This perception has distorted the judgment of law and policymakers in South Africa, who see African immigrants as liabilities to the government and make conditions very difficult for them, even in the area of business (Thonke & Splid, 2012:43; Toh, 2020). For example, a Namibian citizen born in South Africa before 1990 is automatically eligible for a South African identity (ID), while those born after 1990 are eligible for permanent residency and an ID. The reverse is true for the less economically privileged states cited above. In the case of Zimbabwe, for example, the special dispensation permit that was issued to Zimbabwean citizens between 2014 and 2017 was a means of recording the total number of illegal or amnesty-receiving Zimbabweans who were suspected of using South Africa IDs fraudulently (Alfaro-Velcamp et al., 2017).

### **2.11 The Department of Home Affairs (DHA) and immigration law**

The Department of Home Affairs (DHA) is the institution in charge of immigration affairs in South Africa. It collaborates with other departments or agencies like the United Nations High Commissioner for Refugees (UNHCR), National Police Services

(NPS), Department of Trade and Industry (DTI), Department of Justice and Correctional Services (DJCS), the Presidency, National Defence Force (NDF), International Relations and Diplomatic Core (IRDC), the Legislature and the Judiciary. These departments may make laws or design policies that will affect the mandate of the DHA.

### 2.11.1 The mandate of the DHA

The mandate of the Department of Home Affairs is, first, to render civic service to citizens through the custody, protection, issuing and verification of identifications, travel documents, certificates and citizenships, and to provide other benefits to both the private and public sectors attaching to the status of citizenship (Lodge, 2021).

The DHA also facilitates immigration processes and procedures by controlling and regulating the movement of immigrants through the borders or ports of entry or providing services to them at foreign missions abroad (Kock, 2018:10-12). Another mandate in accordance with international norms is to determine the status of asylum seekers and refugees (McNeely et al., 2020).

With the power to control the borders and ports of entry, the department together with other agencies seeks to protect the nation from immigrants and international crime syndicates that threaten national security (Eghosa, 2020). At the international level, the DHA is the link through which the country's friendships with other nations can be established, strengthened or destroyed. It is generally the will of nations to be in good relationships with other nations, which bring with them many potential benefits.

Table 2.1, below, summarises the mandate of the South African DHA:

**Table 2.1: The mandate of the South African DHA**

Mandate of the Department of Home Affairs	
Civic Services	Services to Immigrants

<ul style="list-style-type: none"> <li>• keeping the National Population Register (NPR)</li> <li>• Issuing, managing and keeping the birth, marriage and death records of citizens</li> <li>• Issuing travel documents and passports</li> <li>• Issuing identity documents (IDs)</li> </ul>	<ul style="list-style-type: none"> <li>• Administering visas and other admissions into the country</li> <li>• Determining the residency status of foreigners and issuing permits therefor</li> <li>• Determining and granting citizenship</li> <li>• Custodianship of refugee affairs</li> <li>• Inspectorate</li> <li>• Policy directives and readjustment</li> <li>• Liaising and collaborating with other departments on immigration issues</li> </ul>
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Source: Researcher's own construct

### 2.11.2 Essential amendments to the Immigration Act of 2002

The Immigration Act, Act 13 of 2002, was Gazetted under No. 23478, Notice No. 766, and came into force on 12 March 2003. It has since been amended as follows:

- Prevention and Combating of Corrupt Activities Act, Act 12 of 2004: Government Gazette 26311, Notice No. 559, commencement date: 27 April 2004.
- Immigration Amendment Act, Act 19 of 2004: Government Gazette 26901, Notice No. 1206, dated 18 October 2004. Commencement date: 1 July 2005.
- Immigration Amendment Act, Act 3 of 2007: Government Notice 656 in Government Gazette 30095, dated 18 July 2007.
- Criminal Law (Sexual Offences and Related Matters) Amendment Act, Act 32 of 2007: Government Gazette 30599, Notice No. 1224, dated 14 December 2007. Commencement date: 16 December 2007.
- Immigration Amendment Act, Act 3 of 2007.
- Immigration Amendment Act, Act 13 of 2011: Government Notice 690 in Government Gazette 34561 dated 26 August 2011. Commencement date: 26 May 2014 [Proc. Nos. R32 and R33, Gazette No. 37679].

### **2.11.3 Amendment of words to change meaning**

In the Immigration Amendment Act, Act 13 of 2011, certain terms were changed in the ways described below:

Under Sections 16(a) and (b), the words “permit”, “permits” and/or “temporary residence permit” or “temporary residence permits” were replaced with the words “visa” or “visas”. An exception in Section 16(a) is found in Section 16 (a)(i), which retains the term ‘permit’ or ‘permits’ where the word(s) are used to mean permanent residence(s).

To the words “condition” or “conditions” in Section 16(c) was added the word “terms” to create the phrase “terms and conditions” wherever applicable.

Lastly, the majority age of 21 years was changed to 18 years.

### **2.12 Amendments affecting immigrant entrepreneurial powers**

The South African Immigration Act, Act 13 of 2002, has gone through numerous amendments in subsequent years. The direction taken in the amendments has not been favourable to immigrant entrepreneurs. Most of them complain of immigration law difficulties and negative influence. At the same time, the government of South Africa and the DHA have alluded to labour insecurity and the need for protectionism as among the reasons necessitating the constant review and amendment of immigration law. Some of the areas of amendment that impinge directly on the would-be immigrant entrepreneur are outlined below.

#### **2.12.1 New applications at Missions**

From the amendment of 2014 (amending the Immigration Amendment Act 13 of 2011) to date, all new applications for visas have had to be made at South African Missions abroad or overseas, and in person. This has meant that anyone whose visa needed to be renewed was required to go back to his or her country of origin, or place of original application other than the Republic of South Africa. The amendment did not take cognisance of those who had been renewing their visas (previously called

permits) in South Africa before the coming into effect of the new law. Policy-makers maintained that the *raison d'être* for the measure was to implement a risk-based approach to immigration management, via the verification of applicants before their arrival in the Republic.

The explanation falls short of showing good faith towards immigrants as it raises costs and causes frustration. It also implicates the immigrant when a mistake is made by an immigration officer. Verification centres should be created in the countries where visas are issued, so that renewal can be possible even in South Africa.

### **2.12.2. Extension of visa duration to certain visitors and BRICS immigrants to South Africa**

As already mentioned, some SADC member country citizens have a grace period of three months or 90 days visa-free in South Africa. The 2014 amendment of the Act saw the extension of the visitor's visa for multiple entries from the former three months to three years, for visitors who frequently visit South Africa for business reasons. Nevertheless, the visitor is not allowed to spend more than ninety days in the country at a time. If this is infringed, s/he runs the risk of being declared an undesirable immigrant. New and exceptional in the amendment is the establishment of a special long-term visa for business executives from the BRICS countries, who are now entitled to a visa of up to ten years in duration. This is an exceptional extension not available to many immigrants, not even SADC or African businessmen who frequently cross the borders for business purposes.

### **2.12.3 Change of conditions for business visa**

Formerly, getting a business visa required an immigrant entrepreneur (among other requirements) to show proof of possession of the sum of R2.5 million as capital to the Department of Trade and Industry (DTI) (Mouelle & Barnes, 2018:7). This clause was amended by increasing the amount required to R5 million. In addition to this condition, potential immigrant entrepreneurs have to show proof to the Department of Labour that the employees engaged by business venture would be made up of at least 60% South Africans or people with South African ID or permanent residence (Mouelle &

Barnes, 2018). The amendment is intended to discourage immigrants with capital below the R5 million mark so that South Africans with less capital will be encouraged to open businesses. As contemplated by the policymaker, the visa is only issued to those immigrants who can create large numbers of jobs in South Africa. As for the opportunities created for small South African enterprises, the limited funding schemes available and the low rate of entrepreneurship sustainability amongst South Africans has meant that local entrepreneurship has done little to advance the economy (Preisendörfer et al., 2012:3).

### **2.13. Different visas (permits) used by immigrants**

South African immigration law recognises a variety of visas and permits that allow immigrants and refugees to legally migrate and live in the country. Sections 10-27 of the South African Immigration Act, 2002, and its subsequent amendments, provide that the following visas can be issued to immigrants: transit visa, visitor's permit, study permit, treaty permit, business permit, crew permit, medical treatment permit, relative's permit, work permit, retired person permit, corporate permit, exchange permit, asylum transit permit, cross-border permit, permanent residence, direct residence and residence on other grounds (South Africa. Immigration Act, 2002:19-32). These permits (now visas) are divided between those allowing temporary residence and those allowing permanent residence.

It is important to note that though a good proportion of African immigrant entrepreneurs are using either the asylum visa or refugee status permit, the issuance of this status is determined under the UN international law on refugees. The government of South Africa, like any other member state of the UN, only follows guidelines and uses its discretion to determine who is qualified for either the asylum or refugee permit.

#### **2.13:1 Temporary visas**

Temporary means that the visa has a limited time frame, upon the expiry of which the immigrant have to cease to reside in the country. The majority of visas fall into this category, which includes visitor, business, student, medical treatment, work and transit visas. The validity of temporary visas lasts from 14 days to a maximum of 5 years, with

the exception of the special visas granted to certain countries with diplomatic or bilateral agreements with South Africa, like China and Zimbabwe.

### **2.13.2: Permanent residence permit**

This category of permit is meant for immigrants who for at least 5 consecutive years have been residing and working in South Africa, are married to spouses and have dependents who are South African citizens or permanent residence permit holders. A permanent residence permit obtained by meeting these requirements is also known as a direct residence permit. The application may be made through a consulate, embassy or diplomatic mission before coming to South Africa, or through the DHA while in the country.

An immigrant can also obtain a permanent residence permit on other grounds, as determined by the Director-General of Home Affairs. The grounds for the award of this permit include: a permanent work offer in South Africa, critical skills and qualifications, a doctoral degree obtained in South Africa, the intention to establish a business in South Africa that can create employment (which will be assessed by the DTI in collaboration with the DHA), qualification as a refugee in terms of Section 27(c) of the Refugee Act (South Africa. Refugee Act 130, 1998), retired persons who are also financially independent and/or have biological or judicially adopted relatives who are South African citizens or permanent residence permit holders.

### **2.13.3: Category of immigrants considered illegal in South Africa**

Just as immigrants are granted visas and permits under different conditions and requirements as prescribed by the DHA of the Republic of South Africa, there are also situations in terms of which a person may be declared unwanted in the country. Under Sections 29 and 30 of the Immigration Act (2002) and its subsequent amendments which came into effect in 2014, unwanted persons can be characterised as prohibited or undesirable.

### **2.13.4 Prohibited or undesirable persons**

Section 29 prohibits anyone from being issued a visa or permit because of certain

health conditions, or having been convicted of capital or felonious crime, fraud or corruption, as defined by international law. Any immigrant who is suspected of or found to have certain infectious diseases or viruses defined under the International Health Regulations Act, 1974 (South Africa. Act No. 28 of 1974) is not qualified for any visa or permit unless s/he is travelling for medical treatment and obtains special permission from the Director-General of the DHA. It is generally accepted that it is the duty of the state to protect its people against disease, insecurity and crime of any type.

### **2.13.5 Immigrants' legal rights**

The legal rights of immigrants are protected under international law and national laws in the Republic of South Africa. International recognition stems from the Universal Declaration of Human Rights (UDHR), while national legal protection is enshrined in the 1996 Constitution of South Africa. As in any other country, immigrants' rights are limited in content and context compared with the rights of nationals.

## **2.14 Nature of businesses undertaken by African immigrant entrepreneurs**

### **2.14.1 Nature of immigrant entrepreneurship in Cape Town**

The nature of immigrant entrepreneurship is expressed in the type, size and characteristics of the businesses run by black African immigrants in South Africa. It is worth noting that certain types of enterprise are run by the majority of African immigrant entrepreneurs in Cape Town, South Africa, due to factors beyond their control. The overall picture is one of limited growth on the part of these enterprises. To understand the reason behind the growth challenges encountered by African immigrant businesses, it is crucial to know the classification of enterprises in South Africa. According to the South African National Small Business Act (South Africa. NSBA, Act 102 of 1996), four categories of enterprise are distinguished, according to factors such as number of employees, annual turnover and gross fixed property assets. The NSBA classifies enterprises into survivalist, micro, very small, small and medium (NSBA, Act 102 1996). A summary of the definitions is set out by Falkena et al. (2001) in the table below.



**Table 2.2: Categories of enterprise in South Africa**

Enterprise Size	Number of Employees	Annual Turnover (in South African rand)	Gross Assets, Excluding Fixed Property
Medium	Fewer than 100 to 200, depending on industry	Less than R4 million to R50 million, depending upon industry	Less than R2 million to R18 million, depending on industry
Small	Fewer than 50	Less than R2 million to R25 million, depending on industry	Less than R2 million to R4.5 million, depending on industry
Very Small	Fewer than 10 to 20, depending on industry	Less than R200 000 to R500 000, depending on industry	Less than R150 000 to R500 000, depending on Industry
Micro	Fewer than 5	Less than R150 000	Less than R100 000

Source: Falkena *et al.* (2001)

In a study conducted in Cape Town, Khosa (2014:7) sought to establish the categories into which immigrant entrepreneurs' businesses fall. His findings appear in Table 2.3, below.

Table 2.3: Immigrant enterprises in Cape Town: category of enterprise and number of employees

Employee No.	Frequency	Percent
0 employees	26	28.0
1-5 employees	47	50.5
11-15 employees	7	7.5
6-10 employees	13	14.0
<b>Total</b>	<b>93</b>	<b>100.0</b>

Source: Khosa (2014)

According to Khosa (2014:7), more than 50 per cent of African immigrant entrepreneurs in Cape Town run micro-enterprises. Most of them have lived in Cape Town for more than three years with, against expectation, no substantial growth in their businesses. The explanation advanced was that African immigrant entrepreneurs share common challenges hindering the advancement of their business from micro to medium size concerns, challenges that seemingly do not diminish with time (Khosa, 2014:7). According to Bushe (2019:24), the number of medium-sized enterprises

creating more job opportunities does not correlate with the duration of their proprietors' stay in South Africa, demonstrating ongoing growth difficulties. It is worth noting that, although there is no great advancement in these businesses, they remain sustainable with small numbers of employees.

What factors influence the nature and size of businesses owned by immigrants? The challenges cited by Khosa (2014) are sales, fluctuations, competition, obtaining start-up and growth funding, obtaining a business location, high rent and crime (see also Khosa & Kalitanyi, 2014). Khosa neglects to mention one very important challenge, which is posed by official legal and policy matters. But Tengeh (2013:350) remedies this by citing a wide range of factors including "legal and regulatory, access to markets, providing finance and business premises (at affordable rentals), the acquisition of skills and managerial expertise, access to appropriate technology, quality of business infrastructure in poverty areas, and the tax burden". According to Tengeh's (2013:350) assessment, most of the factors can be explained in terms of official law and policy decisions, suggesting the extent to which legal factors weigh against the growth of African immigrant enterprises.

#### **2.14.2 Category of enterprises owned by African immigrant entrepreneurs**

According to Rogerson (1997:19), SMMEs owned by foreigners play an important role in the diversification and growth of the economy of South Africa. While there are no official statistics on the types of business owned by African immigrants in South Africa, researchers have characterised the sorts of business typically owned by African immigrants. Rogerson (1997:19) points out that immigrant businesses are predominantly retail or service sector, to the exclusion of production. The selling of curios, the retailing of ethnic artefacts and traditional foods, motorcar repairs/panel beating and hairdressers are among the business types owned by foreign African nationals in South Africa. Kalitanyi and Visser (2010) maintain that the only visible area of production in which African immigrant entrepreneurs are engaged is the production of African clothes, wedding dresses, and general tailoring services.

According to findings reported by Tengeh (2011:16) on start-ups and going concerns operated by African Immigrants in the Cape Town Metropolitan area of South Africa,

69.9% of African immigrants described trading as their main business, with only 0.7% declaring an involvement in manufacturing activities. Though manufacturing as a term does not per se describe the size of an enterprise, its functional processes in many cases call for different skills to keep the enterprise in business, thereby increasing employment and turnover and changing the company's category. The types of business types cited by Tengeh (2011:16) included clothing, cell phone repairs, crafts retail, fridge repairs, mechanics and shoe repairs. The great number of immigrant entrepreneurs falling within this micro-business domain is not the result of their inability to grow, but is rather attributable to unfavourable legal and regulatory factors as identified by Tengeh (2013:350). These constraints undoubtedly destabilise the business vision and/or discourage an entrepreneur from optimally using their skills to benefit the economy.

Many foreigners in Cape Town and its environs are found in small and medium retail businesses in both the Northern and Southern suburbs, along main roads and around the townships. Most of these businesses have endured years of stagnated operations, mainly attributable to the lack of a work permit, permanent residence (PR) or proper identification documents to access the kind of financial support made available by financial institutions to South African entrepreneurs (Botha et al., 2020).

According to the more recent data collected by Muchineripi et al. (2019:3), enterprises owned by immigrants are mainly micro and include salons, barbershops, computer shops, web designing, general retail, mechanical repairs, tyre repairs, cleaning, tree felling, commercial dry-cleaning, night clubs and African food restaurants. These businesses do not employ more than five people each. Elsewhere in the world, African immigrant enterprises grow from one level to another with relative ease, accruing financial and employment benefits to society and the state. The USA is among those countries with systems designed to encourage businesses to grow, irrespective of the race and background of the owner. According to the New American Economy (2018:11), African businesses grow easily from micro to medium-size enterprises and from one state to another. There follow some pictures depicting businesses commonly run by immigrants in Cape Town.



Figure 2.4: A Cameroonian African and modern clothes designer store in Cape Town: Photo by Researcher.

The African and modern clothes designer business run by a Cameroonian, depicted in Fig. 2.4, is a small business with three employees who design traditional African clothes, wedding and modern clothes according to the customer's preferences. Customers like to patronise the business because of the value the tailor-made clothing delivers (Ngome, 2016). One aspect of this value is the uniqueness of the clothes, which is difficult to find on the general market, dominated by bulk producers from China and elsewhere.

Most traditionally-designed West African clothes are hand-made. This entails a lot of time and concentration. Traditionally, the clothes are embroidered using a special thread different from the thread normally used in sewing machines. Interestingly, the market for such beautiful traditional regalia has grown across the globe. Some examples of these traditional clothes are shown below.

1. Men and women completely embroidered for the market



Source: CRCRM3

2. Embroidering in progress



Source: [blog.rachelchaikof.com](http://blog.rachelchaikof.com)

3. Family and relatives in traditional attire



Source: [hotelaldem.com](http://hotelaldem.com)

4. Short hand-embroidered goods for summer outdoors occasions



Source: [Pinterest.com](http://Pinterest.com)

5. Traditional festival with dignitaries in traditional attire



Source: [Pinterest.com](http://Pinterest.com)

6. Michelle Obama in traditional attire



Source: [Pinterest.com](http://Pinterest.com)

Figure 2.5: Traditional Cameroonian attire hand embroidered and worn by all age groups

There are many traditional African clothes designers producing a diversity of African traditional and modern outfits in and around Cape Town. There are, for example, Nigerian, Ghanaian and East African traditional clothes of various kinds.



Figure 2.6: Leather bags and sandals hand made by immigrant Nigerian women. Source: Photo by researcher

Leatherwork is another entrepreneurial skill that immigrants undertake in the metropole. Most northerners from West and Central African countries, the majority of them Muslims, have an inter-generational culture of leatherwork (Adewopo et al., 2014). Through immigration, these skills are transferred. The leather workers produce bags, sandals and shoes, purses and wallets. The quality of their product is very high since the manufacturing process does not involve the kind of technology through which the leather might be mixed with other materials and chemicals. This skill is quite different from shoe mending and repairs.

Repairing shoes is another skill practised by African immigrants, notably Ghanaian and Congolese nationals. Their services are spread over the city of Cape Town. They can be found using power generators in the CBD to ensure customer service is available at all times.



Figure 2.7: A Congolese shoe design and repairs shop. Source: Photos by researcher

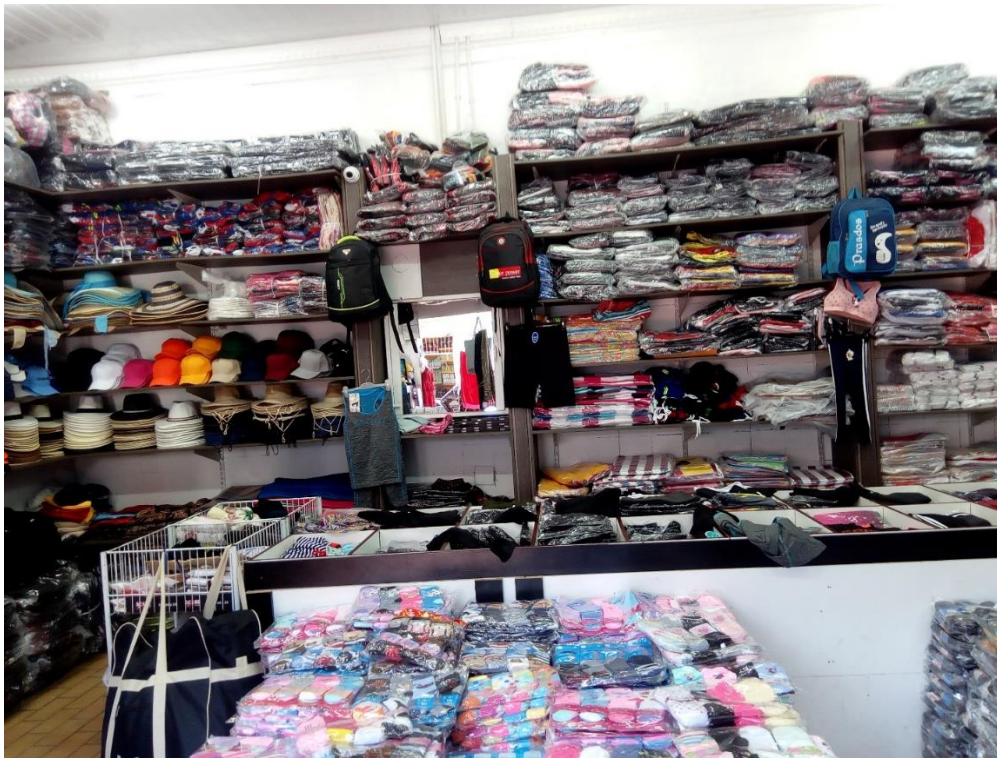


Figure 2.8: A Somali shop with mixed goods in Bellville. Source: Photo by researcher.

Bellville does not only serve as a hub for Somali and Ethiopian business barons but also as a concentration point for most of the nationals from those two countries living in Cape Town. Their presence has turned the centre of Bellville into an active business

area attracting customers from across the province. They sell to both retailers and wholesalers and specialise in common goods like clothing, foods and beverages and hardware. The picture above is an example of one of the businesses, selling a mix of products like socks, clothing and domestic cloths. Those with more operating capital run their businesses from shop buildings. But those who are still struggling to raise capital are to be found in cubicles/stalls outside in the open spaces mapped by the city council. An example is to be seen in the photo below.



Figure 2.9: African immigrants' retailers of clothing in the open space in Bellville. Source: Photo by researcher





Figure 2.10: A Congolese African food store and cubicle. Source: Photo by researcher

The figure above shows an African food shop and a food store cubicle operated by another entrepreneur. They are selling similar goods, with the cubicle owner specialising mostly in the sale of dried foodstuffs – notably different dry fish known as *Makayabu* (salt fish), *Thomson* (horse mackerel) and *Ndakala* (small dried fish). In addition, there are perishables like green pepper, beetroot, cabbage, onion, garlic, ginger and carrots.

Operating on a larger scale, the store owner has a combination of food items, both fresh and dried, with the capacity for preserving the former. Ample space with shelves, refrigeration and security marked the difference between them.



Figure 2.11: An African food store owned by a Cameroonian. Source: Photo by researcher

The African food business is predominantly owned by African immigrants whose stock of food items and beverages corresponds with the staple foods in their countries of origin. For example, they might have yams, egusi, bitter leaf, eru, cocoyam, plantain, beans, rice, potatoes, pumpkin, fermented cassava bread or pap, cassava and cassava leaves, crayfish, peanuts (groundnuts), water-fufu, magi cubes, palm oil, palm wine, or a soya drink. The foodstuffs are imported from Cameroon, Nigeria, Ghana, Tanzania, Kenya or Southern African countries, or carefully selected from various

South African food merchants who supply products from subsistence as well as commercial farmers. This type of food business is dominated by Cameroonians, Ghanaians and Nigerians because of the geo-cultural similarities among people from those nations.

Nevertheless, all African immigrants run food businesses to satisfy their respective populations. It is common to find food stores run by Congolese, Eritrean, Ethiopian, Malawian, Somalian, Tanzanian and Zimbabwean immigrants.

However, variation in the choice available is narrowing with time among Africans living in South Africa. Food choices and dishes are interrelated among nationals, making the African food business a big market. For example, Congolese customers will find a similar fermented cassava bread (*kwanga*) in a Cameroonian shop called *bobolo*. The market demand for all African foods now includes South African nationals who, through interacting with African immigrants in one way or another, have discovered their food and are liking it. Most believe that the food sold at African immigrant restaurants (most commonly Nigerian restaurants) is organic, healthy and cheaper than Western-style takeaways. Some of the traditional dishes commonly prepared in Nigerian restaurants are illustrated below:



Figure 2.12: A Nigerian African restaurant menu. Source: Photo by the researcher



Figure 2.13: A cosmetic shop owned by a Nigerian entrepreneur. Source: Photo by researcher

The cosmetics business is also popular among African immigrants. Some of the lotions they sell come from African countries. There is steady demand among immigrants whose bodies have long been acquainted with certain body lotions not produced in South Africa. Certain creams are imported to serve the needs of Cameroonians, Congolese, Nigerians and Tanzanians where there is a culture of skin lightening. This culture is shared by many South Africans, particularly women.

The desire to look good on the part of men and women nowadays creates considerable demand for cosmetic products. Usually, cosmetic businesses can be found near barbershops and hair salons run by different entrepreneurs but juxtaposed for the convenience of customers and/or to reduce the burden of rent payment by sharing it. All have to do with beauty: families presumably appreciate a one-stop-shop where the father and sons have their hair cut, while the mother and daughters' hair is treated or braided and they have a manicure. Some salons are designed such that barbers or hairdressers rent kiosks commonly called tables.

In a perfect situation, the cosmetic shop section complements the hairdressing service as products are needed during and after the hair is treated, braided or styled.

Illustrated below is such a situation, where a barbershop and a hair salon owned by different micro-entrepreneurs operate together.



Figure 2.14: A Congolese barber and hair salon. Source: Photo by researcher



Figure: 2.15: Hair salon cubicles at the Cape Town taxi terminal. Source: Photo by researcher

In some circumstances, as shown in Figure 2.14 above, under-resourced entrepreneurs resort to working with others on commission while raising capital to start up their own. This is typical of hairdressers on the deck of the Cape Town train station close to the taxi rank, the majority of whom are immigrants (Fig. 2.15). A hairdresser may have multiple workers whose job it is to attract customers (usually women) to their business cubicle in return for a commission.



Figure 2.16: Motor mechanic and panel beating garage in open space by Burundian and Congo Brazzaville. Source: Photo by the researcher

Although there are many garages and panel beaters in Cape Town, those owned by African immigrants are far cheaper. The mechanics and panel beaters have the skills to repair cars and do bodywork to the required standard. They acquired their skills in their countries of origin, where the availability of motor parts, whether new or second hand, is likely to have been poor and extremely slow, due to financial and importation difficulties. Corruption and heavy taxes on dealerships in motor parts push mechanics and panel beaters to develop ways of refurbishing old parts for re-use at little cost.

These garages are found operating in open spaces under deplorable conditions with no shade or shelter. Work is obliged to stop if it rains. An example is shown in Figure 2.16, where the garage functions in the open with parked cars waiting to be serviced while others are attended to. In such conditions, the parking lots of some buildings are used to run garages.



Figure 2.17: Spaza shops owned by two Somalian brothers. Source: Photo by the researcher

Spaza shops, also known as tuckshops, are small grocery businesses that operated in townships during apartheid (Kgaphola et al., 2019:17; Masibane et al., 2020). They fall under the informal sector of the economy where businesses are not regulated to ensure compliance. The introduction of democracy in 1994 opened the industry to competition between immigrants and nationals (Landau, 2011). In Cape Town today, spaza shops are mostly associated with African immigrants (Charman & Piper, 2012:87). Though no official statistical data exists vis-à-vis entrepreneurs in the informal sector, it has been studied quite extensively (Landau, 2006; Tengeh, 2013; Fatoki & Oni, 2016; Hikam & Tengeh, 2016; Mukwarami & Tengeh, 2017; Kgaphola et al., 2019; Masibane et al., 2020). According to Masibane et al. (2020), for instance, a survey conducted in selected townships in South Africa reports that 68% of spaza shops were owned by Ethiopians (34%) and Somalians (34%).

While a lot of research has been conducted on spaza shops and the involvement of immigrants in the sector, little or nothing has been done to explore why it is that so many immigrants enter this sort of business. It is the general argument of this study that African immigrants' lack of appropriate documentation and unaccommodating immigration laws contribute greatly to their choice of the informal sector for entrepreneurial activities.

## **2.15 The need for African immigrant entrepreneurship in South Africa and its contribution to the economy**

The development of every country's economy is linked to the growth of its entrepreneurial enterprise (Benlamri & Sparer, 2017:572). South Africa's ex-Minister of Small Business Development, Ms Lindiwe Zulu, in her budget speech on 12 May 2016 emphasised the importance of entrepreneurship for the transfer of skills, job creation, and socio-cultural change and development (<https://www.gov.za/speeches/address-minister-small-business-development-ms-lindiwe-zulu-mp-occasion-delivering-budget>).

### **2.15.1 Immigrant entrepreneurship in South Africa**

In South Africa, there is a general need for entrepreneurial activities. This need might be met by two classes of people: citizens of South Africa and immigrants who share the same viewpoint (Gatwiri & Anderson, 2021). But immigrant entrepreneurs who are determined to advance their business as their only source of livelihood do not enjoy the same recognition and encouragement as locals. Research shows that many South Africans perceive an immigrant entrepreneur as a threat to their economic interests, as someone who comes into the country to take the available opportunities away from them.

### **2.15.2 Benefits of immigration law of selected countries vis-à-vis South African**

Nations with good immigration laws and policies have acknowledged the positive role played by immigrant entrepreneurship in their respective economies. These nations understand the reality that no state is self-sufficient and therefore will always depend on others for one thing or the other. There is no state in the world without immigrants. The understanding and use of the concept of interdependence (Rana, 2015;291) for one benefit or another is fundamentally necessary in the case of entrepreneurship and indicates the need for profitable immigration policies. According to Kalitanyi and Visser (2010:382) job creation and economic growth is enabled by immigrant entrepreneurship. It is not the number of immigrants so much as the potential for economic growth that makes immigrant entrepreneurship relevant (Ngek & Smit,

2013:3046). Unlike the USA, China, Germany, Nigeria, Rwanda, Kenya and Cameroon, South Africa has been slow to make the necessary legal adjustments to fully accommodate and benefit from the entrepreneurial skills of immigrants. This section will briefly examine some success stories of how other countries have through good immigration laws and policies benefited from immigrant entrepreneurship.

Immigrant or migrant entrepreneurs make tremendous economic contributions in their destination countries. It has been noted that, worldwide, from 1880 onwards, immigrants have been likely to create their own employment (Bryant, 1999). Countries like Brazil, Chile and India have benefitted to the extent of approximately 20 per cent of GDP from SMMES and co-operatives, which employ about 60 million people (Zulu, 2016). The USA is the world's leading economy, thanks to the ongoing industry of immigrant entrepreneurs – both educated and not educated, necessity and opportunity. Many of the businesses owned by immigrants are on a small scale, that is, small, medium and micro-sized enterprises (SMMEs). That is why the Obama administration on 4<sup>th</sup> August 2015, for the first time in American history, celebrated the importance of immigrant entrepreneurs in the USA on an occasion known as “White House Demo Day”. In reporting on the day, Cecilia Muñoz (August 5, 2015) makes this statement: “Just as America is a nation of entrepreneurs, it is also a nation of immigrants”. Indeed, the US Small Business Administration (SBA) found that immigrants are more likely than American-born individuals to start businesses. Canada is one of the world's great nations that recognises the usefulness of immigrant entrepreneurs. Just as is the case with the USA, research has consistently proven that immigrant entrepreneurs in Canada are more likely to create job opportunities for themselves than native Canadians (Li, 2001:1108; Frenette, 2002:26).

### **2.15.3 Contributions of immigrant entrepreneurship to the United States economy**

Generally speaking, being an immigrant is very challenging: one has, initially at least, to put up with the suspicion, hatred, rejection and accusations felt and spoken by the native majority (Torres & Rollock, 2004; Yakushko et al., 2008; Nkrumah, 2018:7; Toh, 2020:9). Fear, racism and xenophobia are encountered by immigrants in almost all host countries. But immigrants have developed means of overcoming or living with



such challenges, and by so doing have continued to create and sustain the invariably positive economic impact that they make in host countries. The ease of surviving a particular immigration challenge will depend on the immigration laws and their application in any particular country (Yakushko, 2010:257). Countries with a sound understanding of the importance of favourable or balanced immigration laws have benefitted most from immigrants, as demonstrated below.

### **2.15.3.1 China**

As populated, advanced and powerful as China may be, the country still needs immigrants' entrepreneurial skills for its sustainability (Bork-Hüffer & Yuan-Ihle, 2014:576). In 2012, China issued 1,202 permanent resident permits out of the 1700 applications that year (Bork-Hüffer & Yuan-Ihle, 2014:576). According to Cui (2011) in Lam (2015), China overtook the USA as the biggest trading partner of Africa in 2001 when the country joined the World Trade Organisation. According to Lam (2015:292), the Chinese city of Guangzhou in Guangdong province became a promised land to Africans by adopting an open-door immigration policy which has since attracted many Africans to the city and country at large. Guangzhou's development as one of the world's most interactive business megacities is attributable to this policy, which has drawn in many businessmen from Africa and elsewhere.

### **2.15.3.2 Cameroon**

Cameroon was one of the most prosperous economies in Africa after independence, till 1984 when an economic crisis set in through currency devaluation and a decrease in commodity prices. However, the economy was still able to float because of the active role played by agricultural activities and a blend of micro and small businesses run by African entrepreneurs, notably Nigerians. Although poor governance and corruption have taken their toll, the Cameroonian economy is still the biggest in the central African, Gulf of Guinea region (The World Bank report on Cameroon, 1 July 2021). The country is also the only one in the region hosting large numbers of immigrants from the Central African Republic, Chad, Congo, Gabon and Nigeria. The influx of foreign nationals has not been seen as a threat to the economy and there have been no cases of gross discrimination on the part of the citizens or the government. In the

early 1960s, the Cameroon economy was dominated by Lebanese, Ghanaian and Nigerian nationals. A recent estimate suggests that there are about five million Nigerians residing in Cameroon (Voice of America [VOA], September 09 2019), many of whom are business owners. The presence of immigrants has over the years played a transformative role in the lives of Cameroonians, who have learned business skills from them.

### **2.15.3.3 Canada**

According to Nkrumah (2018), “entrepreneurship is an important backbone of any country’s economy because it creates jobs and serves as the engine for economic growth”. In the case of Canada, Li (2002) and Bird & Wennberg (2016) agree that immigrants constitute an important source of entrepreneurship. According to the Canadian Annual Report to Parliament on Immigration (December 31, 2019), since 2016 about 260,000 employment opportunities for people in Canada had been created by 600,000 self-employed immigrants. As a consequence, the Canadian government has tailored immigration policies and laws to attract immigrants under the programme known as “Business-Class Category” (Satzewich & Liodakis, 2013). This programme accommodates investors and entrepreneurs both out of Canada and inside Canada. According to Zhang & Reay (2018), about one out of five entrepreneurs in Canada is an immigrant.

On average Canada receives approximately 250,000 immigrants a year (Marwah et al., 2018:96). Many of these people help to rescue and stimulate the economies of smaller provinces like Manitoba, Saskatchewan, and the four Atlantic Provinces. According to Akbari & Haider (2017), the policy deliberately seeks to retain immigrants in certain provinces to reverse the negative repercussions of population decline in those areas.

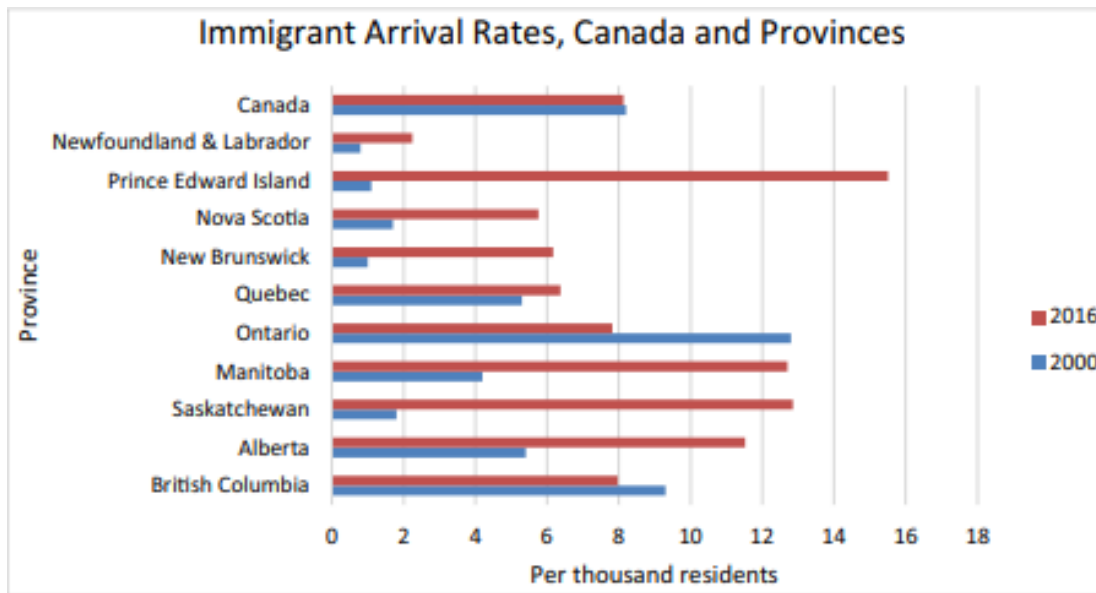


Figure 2.18 Immigrant arrival rates, Canada and Provinces. Source: Citizenship and Immigration Canada (2014).

This accommodating immigration policy has helped make Canada the 10<sup>th</sup> greatest economic power in the world, with the potential for further growth driven in part by immigration. One factor worth acknowledging is the ease and speed with which immigrants can obtain long-stay documentation in Canada compared to South Africa.

#### 2.15.3.4 Germany

Szarucki et al. (2016:599) note that 60% of immigrants to Germany between 2003 and 2004 came from other European countries. And though this initially looked like a threat to the German economy, the immigrants' propensity towards self-employment rather boosted the economy (Kontos 2003; Constant & Zimmermann, 2006). Germany is now the second most desirable destination for immigrants worldwide after the USA (OECD, 2015). The German economy is the biggest in Europe, at approximately 3.948 trillion USD (World Bank, 2018). This economy is sustained in part by immigrants from Africa and Eastern Europe. According to the UN statistical estimates of 2017, about 12,165,083 people living in Germany are immigrants, which is about 14.8% of the German population. This percentage is a reflection of how attractive and favourable German immigration laws and policies are to nationals of different countries around the globe. Despite some popular qualms, the government has seldom

perceived the influx of immigrants as a threat to the German economy, rather advocating the acceptance and protection of people from other countries who seek asylum during both normal and abnormal times.

This is not in any way to suggest that Germany takes in everyone who illegally arrives in the country. Nevertheless, the country's experimentation with and valuing of the contribution of immigrants over the past decades has yielded positive economic fruits. Below are the 2019 statistics for immigrants accepted into Germany between 2006 and 2018.

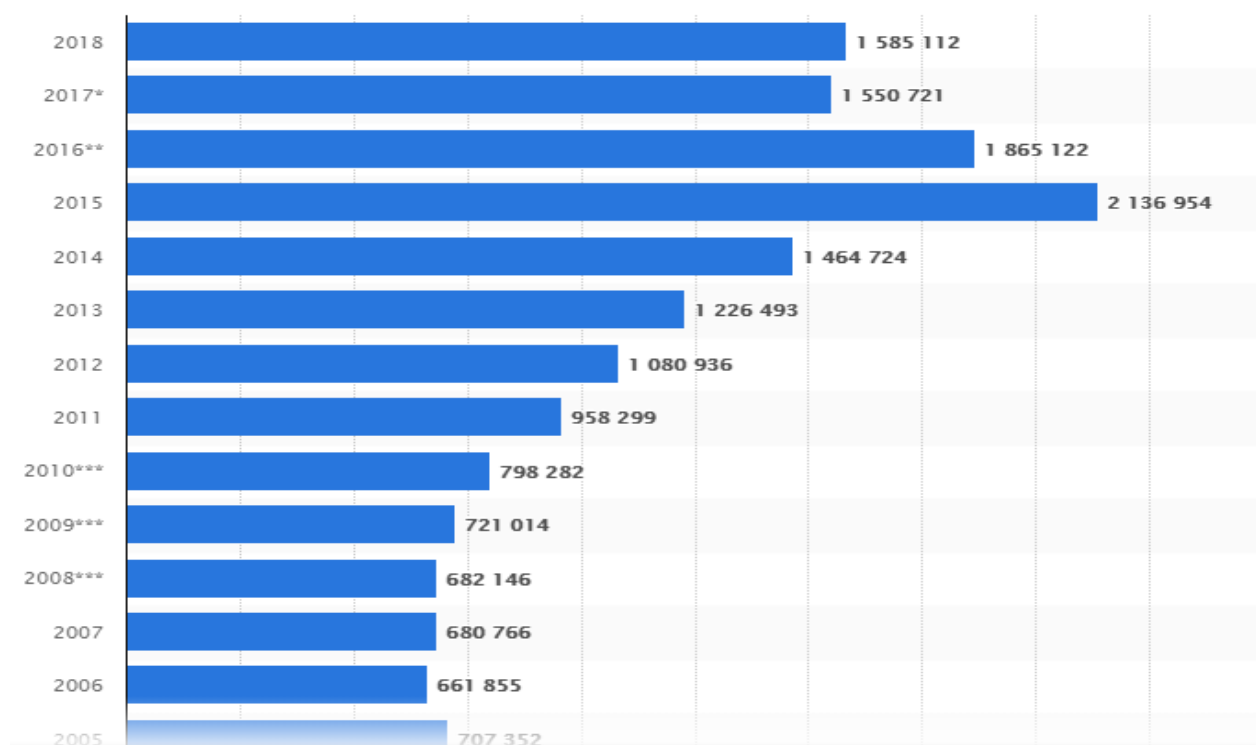


Figure 2.19: Statistics for immigrants accepted into Germany between 2006 and 2018. Source: Heins and Unrau (2019).

The statistics show that between 2006 and 2011, immigrants did not consider Germany a particularly favourable destination. But from 2012 onwards, immigrants have flooded into Germany. Destabilisation elsewhere in the world coupled with favourable laws and the fair treatment of migrants helps to account for the increased presence of immigrants in the country.

### **2.15.3.5 Kenya**

According to the World Bank Group (2019), Kenya's economic growth rate is 5.7%, positioning it as one of the fastest-growing economies in Sub-Saharan Africa. The many immigrants in Kenya contribute immensely to the economy. About 1,084,357 immigrants, mostly Somalians, make up 2.35% of the total population of Kenya (World Bank Group, 2019). Hassan (2014:66) cites the example of Eastleigh Estate in Nairobi, where businesses run by Somalians have a source of development, piloting economic activities and creating jobs.

The National Migration Policy of Kenya, formulated in collaboration with the International Organisation for Migration (IOM) in 2009, has greatly contributed to the wellbeing of immigrants and as a result the country has benefited from their skills. The policy is aimed at protecting immigrants' rights and wellbeing. It proscribes exploitative labour tendencies, the abuse of immigrants' human rights, human trafficking and discriminatory practices, while seeking to foster an atmosphere of solidarity and fair treatment. Most immigrants in the region of East Africa choose Kenya as their immigration destination.

Though there have been reports from Kenya of poor conditions in confinement, shortages of food and contraventions of the international law on refugees and asylum seekers, as well as numerous repatriations of immigrations deemed undesirable, such allegations are minor when compared to the general treatment of immigrants provided for by the government.

### **2.15.3.6 USA**

According to the US Census Bureau (United States. Census Bureau, 2012), 13% of the American population is made up of more than 40 million immigrants. Many of these people contribute to the growth of the economy through entrepreneurial activities.

According to Brooks et al. (2014:4427), entrepreneurial start-up ventures contribute almost 20% of the annual new job creation in the United States. Sherman et al. (2019) note that immigration has assisted in growing industries such as housing to the extent

of 39.5%. The earnings of African immigrants in the USA stood at \$55.1 billion in 2015 (New American Economy [NAE], 2018:3). Their spending was estimated at \$10.1 billion in federal taxes and \$4.7 billion in state and local taxes, leaving African immigrants with \$40.3 billion in spending power. A further breakdown of the spending power of African immigrants from south of the Sahara appears in the diagram below.

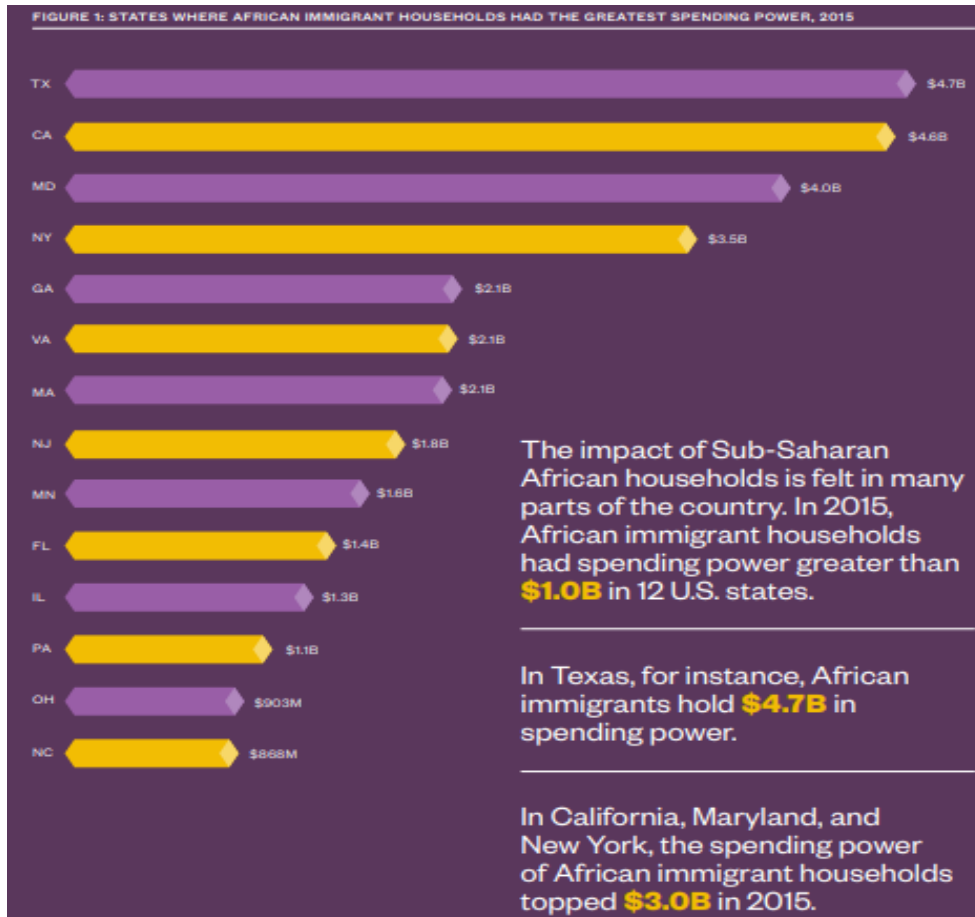


Figure 2.20: The earnings of African immigrants in the USA. Source: New American Economy (NAE), 2018

Texas has the most African immigrants and is ranked highest with \$4.7 billion in spending power. Second, third and fourth are California (\$4.6 billion), Maryland (\$4.0 billion) and New York (\$3.4 billion) (New American Economy, 2018:3). Another finding by the NAE (2018:11) is that African immigrants include about 90,700 entrepreneurs who do not only take up abandoned business opportunities but also create jobs for themselves and many Americans. African immigration thus provides the kind of entrepreneurial developmental transformation that is greatly needed to boost the

economy.

## **2.16 Immigration law and policy challenges to the growth of African immigrant entrepreneurship**

Immigration law constitutes one of the main challenges hindering the growth of African immigrant entrepreneurship in South Africa. Much research on immigrant entrepreneurship has dealt with the challenges faced by immigrants in setting up, running and growing their enterprises. Though some mention has been made of the legal challenges, there is a need for more research on this subject. It is possible that most of the challenges faced by African immigrants stem from legal and policy issues. Immigration law and policy do not only cover entry into South Africa. These laws and policies also determine the extent to which one can stay in the country and exercise one's entrepreneurial talents.

Many African immigrant entrepreneurs suffer from the effect of delays associated with the issuing of their visas by the DHA. In most instances, such delays render the performance of business activities impossible, in that entrepreneurs undertaking export and import activities will not be able to travel for fear of being labelled and documented as undesirable immigrants. Some permits take more than three or four years to be processed by the DHA. These delays are attributed by the Department to large volumes of applications and insufficient staff, but effectively work against the spirit of the preamble the Immigration Act, Act 13 of 2002, as amended by Section 1 of Act 13 of 2011, which claims:

... the Immigration Act aims at setting in place a new system of immigration control which ensures that: (a) visas and permanent residence permits are issued as expeditiously as possible and on the basis of simplified procedures and objective, predictable and reasonable requirements and criteria, and without consuming excessive administrative capacity.

In practice, there is speedy treatment of permanent residence permits only. The criteria for permanent residence are very stringent and allow only a few immigrants to qualify. For example, Sections 26 and 27 of the Immigration Act (2002, as amended

in 2011) establish that for foreigners or immigrants to qualify for a permanent residence permit they must meet one or more of the following requirements:

- is in possession of a permanent work offer in South Africa fulfilling the conditions that require a foreigner to be permanently employed in South Africa;
- has critical skills and qualifications;
- must prove to have the intention to establish a business in South Africa;
- is a qualified as a refugee in terms of Section 27(c) of the Refugees Act;
- is a retired person;
- must prove to be financially independent;
- must be a relative (as recognised by the law) of a South African citizen or permanent residence permit holder;
- must be a spouse of a citizen or permanent resident for five years and the Director-General is satisfied that a good faith spousal relationship exists;
- has the right to a pension or an irrevocable annuity or retirement account which will give such foreigner a prescribed minimum payment for the rest of his or her life;
- must have a minimum net worth as prescribed by the Director-General
- intends to open a business in South Africa worth about R5 million and of which at least 60% of employees for a period of at least 12 months shall be citizens or permanent residents of South Africa.

### **2.16.1 Legal and policy impediments to opening a business bank account**

A bank account is an important component of any business: in its absence, a lot can go wrong (Larquemin, 2020). Apart from using it to safeguard the money the company has, an account is viewed by clients and business partners as a basis for business trust, confidence and reliability. Through an account, the business gains credibility and can be easily evaluated for financial compliance when it comes to the payment of debts, taxes, transactions and employees' wages (Motlhabane, 2017). It is the medium through which money will commonly flow from the business to clients, employees and creditors, and vice versa. Without a business account, apart from the obvious convenience associated with it, a business may suffer from a lack of trust and seeming



legitimacy.

Yet banks prohibit asylum seekers from opening business accounts, even though the DTI allows an asylum visa holder to register a business, as a director, in his or her name. The unfortunate situation is that most immigrant businesses in South Africa are owned by African immigrants who are on asylum visas (Ramachandran et al., 2017). A major consequence is that money raised by these businesses cannot be put into an account. As a result, the government may not receive income taxes and employees will not be entitled to certain labour regulations and benefits. It may also result in illegal capital flight.

The lack of a business banking account prevents the business from purchasing property, cars or becoming a member of certain business organisations. Day-to-day transactions with suppliers and customers become highly inconvenient. In the case of a car, the policy of the Department of Transport does not recognise the asylum visa for the registration of vehicles. That means that any enterprise owned by an African immigrant under the asylum seeker visa regime cannot own a car in its name. This type of policy seriously hinders the growth of the business in general.

### **2.16.2 Lack of access to bank loans**

The inability to obtain loans from financial services providers is widely recognised as an obstacle in the way of many small and micro enterprises in South Africa. This is due to the inability of this category of business to meet the requirements demanded by the banks. According to Fuhrer et al. (2016), the possession of collateral is the main deciding factor if a company qualifies for a loan or not. And because of having an asylum visa, a business owner is denied the right to possess many of the conceivable forms of collateral, like real estate, liquidity, shares and other assets. His or her business is as a result automatically disqualified from getting loans needed for growth.

### **2.16.3 Administrative delays in issuing or renewing visas**

As pointed out above, the time it takes for a visa or permit to be issued in South Africa is uncertain and characterised by delays. In some cases, an application can go for

years without any response from the DHA. It is common to find students having to wait more than a year for a student visa. The administrative processes and machinery producing visas and permits grind very slowly, to the detriment of applicants. The policy advises that applications be submitted three months before the expiry of the visa so that renewal can be completed before the document expires. But this never happens. The DHA is understaffed and managed under bureaucratic principles, in terms of which the Director-General has a lot to do with visa approvals and processing.

Internally, many banks in South Africa suspend immigrants' rights to access banking services when a visa expires. Administrative delays can cause grievous loss to an entrepreneur who might be needing the documents for business transactions either within or outside the country. Business deals and opportunities that depend on face-to-face contact will be jeopardised.

#### **2.16.4 Requirement of R5 million**

One way of encouraging entrepreneurial growth is to attract foreign micro, small and medium-sized enterprises. To attract entrepreneurs and investors to South Africa one should surely set rational and moderate criteria. The legal requirement of R5 million to qualify for a business visa is an insurmountable obstacle for many potential African immigrant entrepreneurs. Generally speaking, small businesses are more than capable of creating the jobs needed in most countries in the world with start-up capital of less than R5 million. Especially when this amount is converted into any weak African currency, it is a huge sum. It is certainly more than small businesses can afford and explains why there is no major advancement in small-scale entrepreneurial development in the country.

#### **2.16.5 The 60% native employment requirement**

At least 60% of those employed in a business owned by an immigrant entrepreneur must be South African. It is in theory a good policy to help create employment. Many businessmen have been doing so, but the problem is that most African immigrants run businesses that need people with certain skills. For example, a West African restaurant run by a Cameroonian, Ghanaian or Nigerian may need a person with

appropriate experience to prepare food, and there is unlikely to be a local candidate. The acute shortage of critical skills in the country is one of the factors discouraging investment. There should be another clause to soften the 60% employment requirement in case it is impossible to meet.

#### **2.16.6 Restricted mobility under asylum status regime**

Once in South Africa, an asylum visa holder is not permitted to travel out of the country. Failure to adhere to the rule will result in the asylum visa being cancelled and the individual declared an undesirable immigrant, only eligible to return after five years. Typically, seeking asylum is an indication that one's life in one's country of origin is under threat or in danger and hence needs protecting. It will normally take a government a few weeks or months to determine if the grounds under which a person is applying are valid or not. If the outcome is positive, an immigrant is granted refugee status in the form of another visa or permit. The refugee is allowed to travel and is only restricted from going to his or her home country. This is not the case in South Africa, where more than 90% of immigrants running micro-businesses are under the asylum regime, unable ever to leave the country. This is bound to have a negative effect on the status of their business.

#### **2.16.7 Selective recognition of visas or status**

Having an asylum permit or refugee status (which many immigrants have) is very challenging when it comes to dealing with documentation and the legalisation of certain activities. Despite the authenticity of asylum status documents, many offices in South Africa remain sceptical about accepting those documents as valid for entering into any contract with their possessor. For instance, property owners are generally not willing to lease their business property to immigrants with such visas. Immigrants in such circumstances are forced either to lose the business premises or negotiate with someone whose visa might be used. Many have lost strategic business locations because of this challenge.

### **2.16.8 Uncertainty of time frame for verification of visas**

Any documents apart from the South African identity card and permanent residence visa will be sent back to the DHA for confirmation that the document is registered in the system. In some instances, it is possible to enter the asylum visa number directly into the system to verify its authenticity, but unfortunately, the system is not universally online. Verification must therefore be done by the DHA, which has generally proved to be slow and inefficient. Verification may take weeks. There is neither a proper online system nor responsive staff to timeously attend to such issues of concern, which is very frustrating to immigrants trying to do business.

### **2.16.9 Administrative inconsistency**

Inconsistency is one of the major challenges faced by immigrants. It is common to have different people in the same office give different opinions or directives on the same matter pertaining to an immigrant. This mostly has to do with the kind of visa used by the immigrant. Fair treatment is given to those with an ID card, but not those with asylum status or other visas. This is stressful and often leads to anxiety and conflict between the immigrant and the administrator. There is a lack of consistency in the implementation of immigration laws. For example, opening a personal bank account is allowed by some banks but not others. Opening an account may even depend on the attitude of the employee you happen to meet. One might refuse you while another employee in the same branch will later agree. Some branches flatly refuse while others gladly consent without any complications.

### **2.16.10 Prohibition on retailing branded goods**

Foreigners are restricted from retailing all brand name goods such as Adidas, Nike, Quiksilver, Puma, etc. The motive is to allow South Africans an edge in business over immigrants. The South African market is pro brand: many consumers are brand-oriented, especially the youth who do most of the buying in the clothing industry. This legal prohibition negatively affects both manufacturers and wholesalers because many potential retailers in South Africa are foreigners. Because there is a ready market for such goods, the smuggling of brands occurs, as well as attempts to produce fake

branded goods to satisfy the costumer’s needs. There are a lot of fake goods in South Africa, which directly affect the original companies who cannot sell on the market.

### 2.16.11 Frequent reviews

As discussed above, immigration law in South Africa suffers from frequent visitations. The frequency of reviews and amendments is close to 12 times or sections per year. This is alarming and disturbing for immigrants. There is a lot of mistrust and uncertainty regarding the reliability of immigration law. Immigrant entrepreneurs are not sure what the next law will bring? Will it favour them or not? A review of the trend of amendments over the years shows that, on the whole, immigrants are not favoured, and that the rules evince a tendency to discourage immigrant entrepreneurs. Many complain that the laws are making everything around business very difficult for them, which leaves them with no option but to look for somewhere else to invest. This helps to explain the decline in business growth for more than a decade now in South Africa, as illustrated in the graph below.

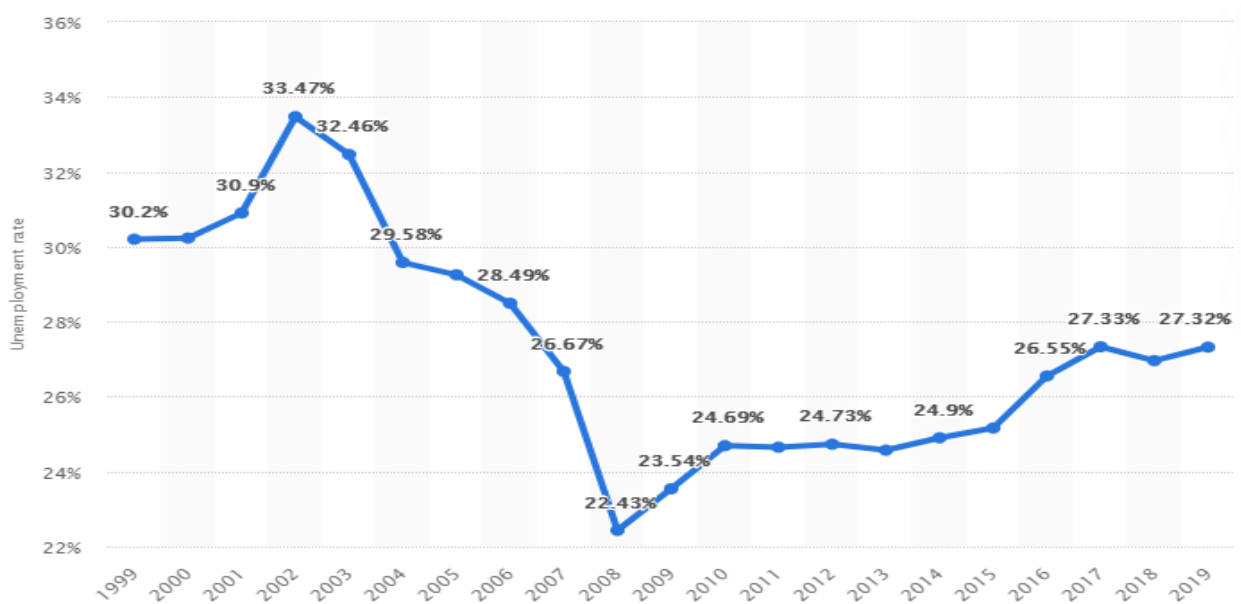


Figure 2.21: Business Growth and unemployment in South Africa, 1999 to 2019. Source: Stats SA, 2020.

The Immigration Act of 2002 is one of the most fraught legal texts in the country, with about 200 amendments, substitutions and reviews (South Africa. DHA. Immigration

Amendment Act, 2011). Since 2002, about 112 sections of the Act have been reviewed for possible change. Most of these amendments came into effect on the 12 of May 2014. It follows also that since then, the economy of South Africa has experienced a downward trend with less investment and less economic growth, with a spiking unemployment level of 27.33% (Statistics South Africa, 2020; Toh, 2020:1462). These amendments are not intended to create a level playing field for all investors, whether big or small. Rather there have been increased costs and stricter conditions for African immigrants who increasingly have little choice but to exit the country.

#### **2.16.12 Waivers and exemptions to another to visa or permit**

Until the 2014 immigration amendments, asylum seekers and refugees who qualified were allowed to apply for other visas and permanent residence in accordance with Section 31(2)(c) of the Immigration Act, Act 13 of 2002, and the preamble to the Constitution, Act 108 of 1996, which states that South Africa belongs to all who live in it. However, the issuing of Immigration Directive 21 of 2015 outlawed the above Act, while Circular N<sup>o</sup> 10 of 2018 confirmed the 2003 High Court Order in the Dabone Case. In the judgment of *Dabone v Minister of Home Affairs* (Dabone order), the Western Cape High Court ordered the Department of Home Affairs “to no longer require that an asylum seeker cancel her asylum seeker permit in order to apply for a permanent or temporary residence permit under the Immigration Act or that she must possess a valid passport in order to make such an application” (Theron, 2018:5).

This decision handed down by Justice Theron overturned DHA directives which were also found to be inconsistent with the Constitution and international laws and conventions for the protection of refugees and asylum seekers. Though the Appeal Court maintained it was illegal to deny an asylum seeker the right to apply for another temporary visa and that the decision in the case of *Dabone* remains valid, it recognised the condition of first applying for a waiver under Regulation 9(5) (Waiver of Regulation 9[5]). It is only after obtaining the waiver certificate that an asylum seeker with a passport is qualified to apply for a temporary permit.

In Paragraph 61 of the judgement the court effectively made an order to the effect that the Department could no longer refuse to accept applications on the basis that

the applicant did not have a passport. As firmly stated by Justice Theron: “It must be stressed that no administrative hurdles, relating to the possession of passports and the like, may be introduced by the Department in order to disallow or discourage these kinds of applications”. The court held that the regime as envisaged by Circular 10 of 2010 was still in effect and that “there is nothing preventing an asylum seeker from applying for a visa or permit under the Immigration Act without a valid passport”.

Despite the court’s intervention, immigrants still swim in a pool of struggles and difficulties that beset their attempts to obtain the right documents, difficulties that directly affect their businesses.

#### **2.16.13 The cost of visas**

The processing of visas is by no means free of charge. Since 2014, all visa and permit applications (except the asylum and refugee status visa), must go through Visa Facilitation Services (VFS). The sum of R1350 is the legal amount for VFS processing fees. Meanwhile, the DHA charges R1520, so the process is expensive. Usually, immigrants go via immigration agents whose prices are exorbitant for an average immigrant entrepreneur on the micro-level.

#### **2.16.14 Other challenges**

Besides the legal challenges explained above, there are other problems linked to socio-economic and political factors. These factors have a considerable influence on the running of immigrant businesses, too, in that the intentions of policy and lawmakers and public officials are based on other considerations.

##### **2.16.14.1 Xenophobia**

Xenophobia and Afri-phobia have been sufficiently prevalent in South Africa over the past decade to have made international news. African immigrants’ businesses and lives are frequently targeted by black South Africans, and the damage inflicted on them has been considerable. Unfortunately, there are no concrete statistics on the extent of

the damage, due to a lack of proper institutions to systematically tackle and criminalise the acts of xenophobia.

Some politicians have identified the presence of African immigrants as a problem in order to win votes during campaigns. They know that scapegoating African immigrants by blaming them for unemployment, poverty and crime will appeal to ordinary black South Africans. Others have indirectly incited black South Africans against African immigrants by their conduct, while continuing to deny the presence of xenophobia. In such a context, the African immigrant entrepreneur is haunted by fear of the unknown and restrained from fully investing. Most of the immigrant entrepreneurs targeted have operated in the informal sector in the townships.

#### **2.16.14.2 Government policy on immigrants' informal business ownership**

For more than a decade now, the ownership of informal businesses by foreign nationals has been a topic of debate on the government's agenda at national, provincial and local levels in South Africa. Most of the debates centre on how to discourage or prevent foreign nationals from running mostly informal businesses in the country.

##### **a. National government**

The South African state has devised and still is devising ways to discourage the running of small and informal businesses by foreign nationals. A plethora of policy documents have been developed, revised, reviewed and amended. Some of the policies are the Licensing of Businesses Bill (South Africa. DTI, 18 March, 2013), the Immigration Act of 2002 as amended by the Immigration Regulations (2014) and the Refugees Amendment Bill (2015). The White Paper on International Migration (2017:61) proposes that asylum seekers be confined in camps pending approval of their claims, meaning that they will be unable to run a business, work or study. The National Informal Business Development Strategy Policy (2013) was created by a reference group within the DTI (2012) tasked with controlling the numbers of foreigners (mostly asylum seekers and refugees) entering the informal sector and competing with the local population. According to the DTI (2012), foreigners running small and micro



businesses have “compromised the successes of locals” within the small and micro-enterprise sectors.

## **b. Local and provincial**

By way of example, in 2012 the Limpopo provincial government began charging foreign nationals, asylum seekers and refugees for illegal trading and business ownership in the province. In support of this move, in 2013 a joint court action was initiated in the North Gauteng High Court by the Department of Home Affairs, the Department of Labour, the South African Police Services (SAPS) and two municipal governments. The aim was to delegitimise immigrant small and micro-business ownership. Yet the court decided in favour of immigrants’ rights to do business and own a business in the country. The joint team then appealed to the Supreme Court of Appeal (SCA), which ratified the decision of the High Court in 2014.

### **2.16.15 Public statements from politicians and government officials**

According to Scherer (2005), political shifts and appointments have consistently endorsed discriminatory practices. This is evidenced in public statements against immigrants made by public officials. Elizabeth Tabete (Tabete, 2013), then Deputy Minister of Trade and Industry, suggested that South Africans’ inability to sustain economic growth in the townships was a result of the presence of immigrants in business: “...the scourge of South Africans in townships selling and renting their businesses to foreigners unfortunately does not assist us as government in our efforts to support and grow these informal businesses”. In further expressing her dislike of foreigners’ entrepreneurial skills, she said, “you still find many spaza shops with African names, but when you go in to buy you find your Mohammeds and most of them are not even registered”. Such strongly worded public statements encourage already angry township dwellers without a balanced sense of judgement to attack foreigners and loot their shops.

In addressing the public in 2015 on a strategy to manage the informal and small business sector, Minister, Lindiwe Zulu acknowledged the effect of apartheid in disabling the business skills of blacks. SA blacks lacked any institutional or hereditary

background in business, which justified the need for foreign blacks and immigrants to do business in the country. Yet in 2015, Zulu declared that foreigners should not expect peaceful coexistence if they fail to reveal their business secrets. In that year (2015), Zulu's view was upheld by the co-chair of the Parliamentary Committee on Home Affairs investigating the xenophobic attacks in early 2015, who blamed immigrants for the attacks by saying: "they roam, they go to townships to occupy the economic space. We never invaded economic space in exile." As Vanyoro and Ncube (2018:78) assert, discriminatory statements by people in public office can be seen as far back as 1994, with the ex-Home Affairs Minister Mangosuthu Buthelezi, Zulu King Goodwill Zwelithini, Johannesburg Mayor Herman Mashaba, Minister of Police Fikile Mbalula, and deputy Bongani Mkongi, et cetera, all being guilty of this. Such statements empower, fuel and legitimise attacks on foreign nationals who may either lose their life, business or both, most especially in the townships. Hewitt et al. (2020) argue that politicians promote xenophobic attacks in South Africa when they blame publicly blame foreigners or African immigrants.

#### **2.16.16 Bribery and corruption**

There is well-established systemic and endemic bribery and corruption at the DHA. Alfaro-Velcamp and Shaw (2016:985) hold that there is corruption at the DHA in the granting of permits to immigrants who have come to the country solely for economic reasons. As applications move from one stage to another, the officials involved demand money from the applicant to push the document through. This is done through a network of agents who claim to have a direct connection to those with the power to decide on the fate of the permits. If one has "bad luck" with an application, the only way to rescue the situation is by paying the people concerned for extra services to sort things out. To do this would not be so much a case of bribery as an act consonant with an entire culture. To many African immigrants, this is unfortunately "normal" and the only way you to go if you want your documents sorted out. The bribery and corruption affect all immigrants, irrespective of race and background, but the impact is arguably greater on African immigrants from countries with weak currencies. Because of corruption, those who can afford to pay for it secure the right visa or permit, whether or not they really qualify or contribute positively to the country or not.

### **2.16.17 Lack of education and training**

Many immigrant entrepreneurs lack the necessary managerial and legal education (Tengeh & Nkem, 2017) required to protect their rights. The few that have taken up cases decided against them have received a positive response from the high court, the supreme court of appeal or even the constitutional court. For example, it is illogical and legally untenable that an individual is allowed to open a personal account, to register a business in his or her name, but is refused the right to open a business account.

According to Tengeh & Nkem (2017), many African businessmen have entrepreneurial skills but lack the management skills needed to grow their businesses. The result is that their business continues at the same level year after year. because of a lack of education, most immigrant entrepreneurs operating small and micro-enterprises do not commit to the keeping of business records such as bookkeeping and accounts.

### **2.16.18 Lack of institutional support**

There is neither an association of African immigrant entrepreneurs nor a state institution to assist immigrants' businesses in the country. The government of South Africa sluggishly condemns xenophobic acts and has never really shown any sign of seriously wanting to combat this crime against humanity. Many of the issues faced by migrants are resolved on an individual basis, with discretionary assistance from attorneys, courts and other organisations and well-wishers – civil society organisations, NGOs, NPOs and religious bodies. The lack of an institutional organisation leaves foreigners in a vulnerable position, which is a major reason for the periodic xenophobic attacks since the introduction of democracy in 1994.

### **2.16.19 High rentals**

Many immigrants in Cape Town suffer because of very high rentals for both their business premises and residence. Dube et al. (2021) maintain that Cape Town is one of the most expensive cities in Africa. One of the main sources of income for the city

is tourism. Tourists frequently visit the oceans, Cape Point, the various bays, wine farms and Table Mountain, one of the United Nations Education Scientific and Cultural Organisation's (UNESCO) Seven Wonders of the World. The influx of these tourists makes the city's cost of living very high. This, in concert with the other challenges identified, acts to limit immigrant entrepreneurs from fully realising their business potential. In a bid to assist, the city of Cape Town during the 2010 World Cup renovated the parking deck above the main city train station into small stores to accommodate some of the immigrant and South African small business operators at a monthly cost of between R1000 and R1500. But this is not enough to satisfy the hundreds of thousands of immigrants struggling with high rentals.

In Central Bellville, Cape Town, the business presence of Somalians and Ethiopians has since 2008 pushed up the rentals in that environment. Property owners demand higher rentals and longer leases from immigrants.

### **2.17 Stereotyping as a challenge to the African immigrant entrepreneur**

The formulation, adoption and amendment of immigration laws in South Africa have shown a progressive imbalance in respect of immigrant entrepreneurs. These laws are influenced by popular opinion and based on socio-economic and political factors affecting the country (Stephan et al., 1998: 560). Various media outlets and national channels are used to portray African immigrants as being responsible for the country's many problems. Politicians directly and indirectly scapegoat African immigrants during political campaigns (Dixon & Linz, 2000; Entman & Rojecki, 2000; Gilliam & Iyengar, 2000). This has given rise to hatred, xenophobia, Afro-phobia and racism. This stereotyping attitude is common towards minority ethnic groups in most countries around the world where policies motivated by public opinion are biased and unfavourable (Stephan et al., 1998: 560). Below are some of the ways in which stereotyping is practised in South Africa. African immigrants are responsible for:

- The taking away of our jobs
- A negative influence on our women
- Polluting the cities
- Being crime lords, especially selling drugs

- Being too numerous
- Taking away our businesses
- High Government expenditure
- Expedient politicking.

### **2.17.1 Immigrants take away the jobs of South Africans**

Immigrants (foreigners) are believed to take jobs away from South Africans (Vermaak & Muller, 2019). Their talents, work ethic and expertise are the reasons why they get preference. But while there is a longstanding perception that foreigners take jobs away from South Africans (King, 2016), research has proven that immigrants create rather than steal jobs (Tella, 2016). According to Kalitanyi and Visser (2010:387), out of 120 immigrant entrepreneurs canvassed, 98 or 82% of them preferred to employ South Africans. According to Alfaro-Velcamp and Shaw (2016:984), foreigners come to South Africa to make use of the business opportunities that locals have not discovered or are unwilling to grasp.

### **2.17.2 Negative influence on our women**

Many South African men are of the view that foreigners spoil their girls by giving them money and sexual satisfaction. Foreigners have been nicknamed moving ATMs, always having money at their disposal to spend on girls, something seemingly not normally done by South African men. As a consequence, the thinking goes, having tasted easy money, the women can no longer be faithful or have the same traditional attitude toward their native South African men.

Another factor is the alleged physical strength to sexually satisfy the women. The majority of immigrants living in South Africa are from other African countries whose foods are organically processed. That and the fact that they are allegedly well-endowed means that they will always attract South African women, rendering their South African counterparts less competitive.

### **2.17.3 Polluting the cities**

There exist different domains of pollution – air, water and land (Gong et al., 2020). In this context, pollution means the act of creating litter in the streets. For some reason, this is attributed to foreigners, especially in the major cities' CBDs. In a part of Bellville commonly called Somalia Town, there is a lot of work to be done in terms of cleaning around the streets – not because the Somalians are dirty but because of the sheer amount of human traffic in that environment. The arrival of African immigrant entrepreneurs in Bellville in recent years has completely transformed the area into one of the busiest business centres in South Africa.

The perception that foreigners come from inferior and filthy towns leads some to conclude that foreigners are the reason for the filthiness of the city streets. But it can easily be pointed out that the areas predominantly occupied by SA nationals are equally filthy.

### **2.17.4 Crime lords**

According to Crush (2014), 55% of South Africans believe that immigrants are primarily in South Africa for criminal activity. Zimbabwe, Somalia, Nigeria and Ethiopia are the countries with the highest negative score in this regard. “When President Jacob Zuma's son, Edward, mused last month March, 2015 that foreigners were not only drug dealers but a ‘security threat’ and must go, he was reflecting an entrenched idea linking migrants to criminality” (Alfaro-Velcamp & Shaw, 2016:984). Immigrants are commonly viewed as criminals who violate the law by unlawfully crossing a sovereign border, sell drugs in the country and get involved in other unlawful activities. Crime is a universal human phenomenon and individuals committing it should be punished for what they have done and not on account of their national identity. African immigrants' shops and businesses are easy targets to nationals when there are allegations of crime in a community. Shops are looted and the owners sometimes hurt or murdered.

Crime statistics have been increasing steadily since 1994 (Statistics South Africa [Stats SA], 2019). While crimes like money laundering and drug dealing are typically attributed to immigrants, ironically, most of the crime-infested areas in the townships

are predominantly inhabited by South African locals. Murder, rape and robbery are ranked highest on the list of crimes occurring in townships.

According to the South African Police Service (SAPS) statistics on crime for 2017/2018, seven of the ten top stations where murders are reported are in the Western Cape (Lamb, 2021:99). The statistics can be further broken down by region. In descending order of intensity, they are:

1. Nyanga, Western Cape
2. Umlazi, KwaZulu-Natal
3. Philippi East, Western Cape
4. Inanda, KwaZulu-Natal
5. Delft, Western Cape
6. Khayelitsha, Western Cape
7. Kraaifontein, Western Cape
8. Gugulethu, Western Cape
9. Mthatha, Eastern Cape
10. Mfuleni, Western Cape.

**Table 2.4: South African Police Service (SAPS) statistics on crime for 2017/2018**

Crime category	Periods							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
<b>Contact crimes (Crimes against the person)</b>								
Murder	2	4	4	20	18	26	37	30
Total sexual offences	8	10	8	31	42	45	88	74
Attempted murder	11	5	3	17	18	27	17	32
Assault with the intent to inflict grievous bodily harm	40	25	25	89	113	166	246	252
Common assault	62	23	22	61	103	187	243	189
Robbery with aggravating circumstances	23	12	11	30	77	121	122	78
Common robbery	12	8	5	17	35	50	54	26
<b>Contact related crime</b>								
Arson	1	2	1	3	5	6	10	5
Malicious damage to property	26	33	16	52	67	119	136	134
<b>Property related crime</b>								
Burglary at non-residential premises	3	1	0	0	7	18	21	37
Burglary at residential premises	41	33	18	82	138	222	268	224
Theft of motor vehicle and motorcycle	6	7	12	24	29	42	30	51
Theft out of or from motor vehicle	6	8	6	20	35	44	49	68

Stock-theft	0	0	0	0	0	0	0	1
Crime detected as a result of police action								
Illegal possession of firearms and ammunition	2	1	3	10	20	20	33	36
Drug-related crime	7	14	6	54	70	129	256	579
Driving under the influence of alcohol or drugs	11	5	1	12	12	31	79	104
Other serious crimes								
All theft not mentioned elsewhere	34	37	34	143	215	393	409	234
Commercial crime	1	0	0	1	1	4	15	4
Shoplifting	6	1	0	0	2	7	2	4

Source: Statistics South Africa (2019)

### 2.17.5 Too many foreigners in the country

According to Stats SA (2019), there are about 3.6 million foreigners in South Africa altogether. Seventy per cent (70%) of this number is made up of nationals from neighbouring Zimbabwe, Mozambique, Lesotho and Congo DRC (Stats SA, 2019). The number may not be large when compared to a country like Cameroon which, with less development and territory, is host to approximately five million immigrants from Nigeria, Central African Republic, Chad, and Congo. The number of Chinese, Europeans and Asian others is not known. It is illogical to believe that a lot more foreigners live in South Africa, given its functional data system that captures immigration statistics. Moreover, gaining entry to South Africa is much more difficult than other African countries. For example, South Africa has not yet adopted the new African Union (AU) visa-free law for all African states, whereas (for example) Rwanda and Ghana have. In addition, the currency is one of the strongest in Africa, which makes the initial expenses difficult for many to afford. Most African immigrants are from troubled neighbouring countries like Mozambique and Zimbabwe.



**South Africa Population: Nationality and Place of Birth, Census 2011**

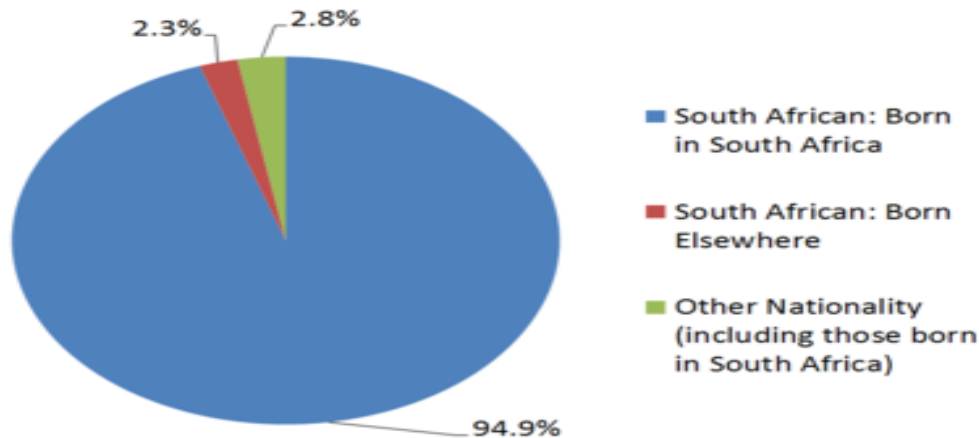


Figure 2.22: South Africa population census statistics 2011

The diagram above reveals that about 2.8% of foreign nationals reside in South Africa (2011 statistics). This figure has possibly been reduced by the events of recent years. Stricter immigration laws and policy development, frequent xenophobic attacks, protracted delays in finalising asylum visas and refugee permits, and the change of leadership in Zimbabwe, are among factors that could have contributed to would-be immigrants changing their destination to elsewhere than South Africa.

#### **2.17.6 They take away our businesses**

According to Crush and Skinner (2017:11), immigrants own about 48% of businesses in the informal settlements of both Cape Town and Johannesburg. The question must be asked: why are African immigrants so successful in running these businesses? What methodology do they apply and what can South Africans learn from it? Answers to these questions should resolve the problem of fear that leads to anger and confrontation. According to Tengeh (2016), Somalian businesses survive in the township because of their resilience and ability to adjust. For example, they have adopted the strategy of being prepared to accommodate any transaction, however small. Tomatoes, bread, sugar and many other products can be bought for as little as R1 or R2. This retail method makes sure that customers are able to afford what they

need with the amount they have.

In an open economy such as South Africa's, training nationals with business and entrepreneurial skills is necessary to equip them for competition against immigrants. Immigrants do not take away businesses from South Africans. Rather, they see business opportunities that South Africans are not able to see, let alone take up (Crush & Skinner, 2017:7).

### **2.17.7 High government expenditure**

Another topic debated in the country is the government's spending on foreigners. It is assumed that the South African government spends a lot of money on foreigners, in areas like education, health, security, food, etc. This claim is entirely a product of prejudice. There is simply no budget in the DHA for expenditure on immigrants. Between 2008 and 2014, African immigrants from certain countries could not come to South Africa without depositing a repatriation guarantee fee of about R12,000 at the embassy where the application was lodged.

The misconception about state expenditure might arise as a result of a failure to differentiate between a refugee and a purposeful immigrant. Though a refugee may also be an entrepreneur, in terms of immigration law, there is a need to distinguish between their reasons for coming to the Republic. As indicated earlier, this study ignores reasons for migrating to South Africa to focus on how immigration law affects the African immigrant entrepreneur. Nevertheless, it is fair to say that refugees and asylum seekers constitute the greatest number of African immigrant entrepreneurs. Defined under international law, "the term 'refugee shall apply to any person who has been considered a refugee under the Arrangements of 12 May 1926 and 30 June 1928 or under the Conventions of 28 October 1933 and 10 February 1938, the Protocol of 14 September 1939 or the Constitution of the International Refugee Organization ... owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is

unable or, owing to such fear, is unwilling to return to it” (UN Conference on Refugees, 28 July 1951).

## **2.18 African immigrants’ expectations of amendments to immigration laws in South Africa**

One of the factors keeping immigrants in Cape Town and South Africa is hope for more balanced and better immigration laws. Many keep hoping that through sensitisation, research, workshops and civil society activism, amendments to the law and policy may turn in their favour. Hope also stems from the role of the judiciary. So far, the courts have played a significant role in defending the rights of immigrants in many instances where the law has been misinterpreted or wrongly applied by the DHA.

Among the many expectations for immigration law amendments, there is hope that the fiscal policy will influence the monetary policy of the banking sector to allow for an inclusive loan regime that includes African immigrant entrepreneurs running businesses in South Africa. There is also the hope that information centres to assist entrepreneurs should not discriminate against immigrant business owners; that proper documentation is afforded to entrepreneurs who are creating employment and/or have been in the country for a long time; and that the government should criminalise xenophobia and institute an annual programme for the recognition of immigrants’ contribution to economic growth.

The most frustrating lacuna in immigration law is the rejection of an asylum visa or refugee status permit as an identity document for the opening of a business account. Rejecting the asylum visa and refugee status permit creates ambiguity between state institutional powers. One should certainly be able to expect some uniformity of application and consistency of institutional recognition of immigration laws and policies on documentation.

## **2.19 Immigration theories framing the research**

There are various theories characterising the role of immigration law in promoting immigrant entrepreneurship. In this study, four theories contribute to a theoretical

framework: individual rights theory, domestic interest theory, national values theory, and global welfare theory.

### **2.19.1 Individual rights theory**

The theory of individual rights dates back to Aristotle's discussion of Natural Law (Bowie & Simon, 1998). The idea was not considered in the context of immigration law until after Thomas Hobbes, Immanuel Kant and John Locke development developed the concept about two centuries later (Johnson, 2014:1219). They saw people as naturally having the right to cross borders to any other country to either visit or unite with family members or for medical needs. If one extrapolates that understanding, there should not be any reason for a country to refuse any immigrants. Hobbes's advocacy of open borders should oblige South Africa to open its borders at least to people who are fleeing their home country because of push factors. The theory of individual rights regards all humans as equal and has no room for bias, racism, or xenophobia. But in South Africa, there is indeed bias in the application of immigration law. Africans struggle for everything, including proper documentation and guarantees of security. Europeans, Chinese, Americans, Australians and Indians have more than African immigrants.

According to Benhabib (2004), the open borders principle has wide support and is currently being assimilated into the international law on refugees and asylum seekers. In terms of such law, state signatories are under moral and legal obligation to accept immigrants, especially those fleeing from war and life-threatening conditions in their home countries. The idea of open borders is also practically implemented in the treatment of tourists' visas.

The main criticism of the individual rights theory is that it brooks no exceptions and can seem sweepingly wide in context. However, it is up to every state to put in place criteria to decide on the merits of individual cases under the broad terms of the theory. South Africa has been implementing the theory when opening its borders to tourists (all African countries) and to refugees from some but not all African countries.

### **2.19.2 Domestic interest theory**

According to domestic interest theory, the rationale for law-making is the benefit that the law brings to the people of a particular nation. It differs from the national values theory in that while values may change in a country, domestic interest theory will seek to know at all times what benefit that change brings to the nation. Explained in other terms, domestic interest theory considers the consequences of immigration law for the nationals. If the act of allowing immigrants into the country will compromise the wellbeing of the people, then such a law must be amended or repealed. Acts of immigrants that undermine the freedom and best interests of nationals must have consequences. This is relevant in South Africa in all aspects of life, including business and law.

Immigrants are seen as undermining the wellbeing of South Africans through the grabbing of their jobs and hijacking their businesses. While invoking the theory can set a balance between welcoming immigrants indiscriminately and protecting the rights of the host country's citizens, allegations against immigrants must be based on facts and not stereotypes.

### **2.19.3 National values theory**

This theory is about the protection of national values. Every country has values upon which its economic, legal, social and political systems are based. The values of South Africa are enshrined in the 1996 Constitution. Section One states,

The Republic of South Africa is one, sovereign, democratic state founded on the following values:

- (a) Human dignity, the achievement of equality and the advancement of human rights and freedoms.
- (b) Non-racialism and non-sexism.
- (c) Supremacy of the constitution and the rule of law.

(d) Universal adult suffrage, a national common voters' roll, regular elections and a multi-party system of democratic government, to ensure accountability, responsiveness and openness.

These values must be protected by educating immigrants to become part and parcel of the society in which they are hosted. The USA is by design a country where immigrants are trained to become American. It benefits the economy of the US as people spend, eat and feel like Americans. They have a stake in the country and its development. This became important during the Cold War to eliminate looming fears of Communist sympathies (Schorr & Yale-Loehr, 2003). The success of Americanisation is what attracts many around the world to America.

In South Africa, the constitution – line 5 of the preamble read together with Sections 1(a) and (c) – announces that South Africa belongs to all who live in it and that equality and human rights are generally protected. No exceptions are mentioned, so the “all” must include immigrants. By extension, the clauses mean that while in South Africa, an immigrant is free to participate in nation-building, with rights like any other. Sadly, there are many exceptions to this principle. The businesses of African immigrants are constantly being attacked, looted and lives lost. The corollary is that, unless they are given a South African ID, immigrants receive no formal training or instruction regarding the professed values of the country.

#### **2.19.4 Global welfare theory**

Global welfare theory defends the principle that all humans deserve to be treated equally well wherever they go. In terms of this principle, immigrants are to be given the same treatment as nationals and locals. Under international refugee protocols, most recipient countries ensure the welfare of refugees is safeguarded by providing them with allowances, housing and considerable protection. In line with Kant's theory of “cosmopolitan right” (*jus cosmopolitanum*) (Brimelow, 1995), global welfare recognises the need for interaction between all human beings, whom Kant viewed as “moral persons”. Any individual can affect any other individual and, by implication, a whole nation.

Caution against criminals' exploitation of this all-inclusive theory must be taken during its application. The difference in South Africa is that, in effect, all immigrants are treated like criminals. The global theory helped in the buttressing of the usefulness of African immigrants in the country considering that every human is useful to the exception of criminals. And that criminals should be treated as such and law abiding immigrants supported.

## **2.20. Summary**

From the foregoing, it emerges that entrepreneurship is dependent on the law. In countries with good immigrant laws, notably Western countries, the laws have supported the growth of the economy. But in South Africa, there appear to be several hurdles facing black immigrants' entrepreneurship. The literature consulted has revealed that stereotyping, public statements from politicians and government officials, xenophobia, the psychology of immigrants, family support, business skills, culture and education and self-confidence are among the hurdles that African immigrant entrepreneurs face. These are surmountable if immigration policies and laws are amended in favour of immigrant entrepreneurs, recognising the contribution they make, allowing them to open business bank accounts and criminalising acts of looting and xenophobia. The next chapter explains the research design and methods used in carrying out this study.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

While Chapter Two presented a literature review on the concepts of entrepreneurship, immigrant entrepreneurship, and immigration law in South Africa and its challenges. This chapter focuses on the research design and methodology used in the study. The chapter is divided into sections devoted to research philosophy, the research paradigm, research methods, data collection techniques, data analysis, ethical considerations, population and sampling. As mentioned in Chapter One, the methodology in this research was mixed method, combining quantitative and qualitative approaches. Flick (2015:12) argues that it is possible to combine qualitative and quantitative analysis to compensate for each approach's weaknesses and create synergies. Researchers also maintain that the mixed-method approach is expedient (Hulme, 2007; Tenge et al., 2011:375; Khosa & Kalitanyi, 2014:210; Rahman, 2016:105). Schoonenboom and Johnson (2017:108) observe that mixed methods research combines elements of qualitative and quantitative research approaches (including the incorporation of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration. The degree of mixing may vary from one researcher to another, depending on variables and preferences.

The research employed a descriptive design. According to Maxwell (2013:2), design is "a plan or protocol for carrying out or accomplishing something or a prescribed series of stages or tasks in planning or conducting a study. It can be argued that design and methodology are intertwined and inseparable in research". Kothari (2004:8) defines research methodology as "a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them". Despite the intrinsic interlinking of design and methodology, an attempt to distinguish between the two is made in the interests of conceptual clarity.

Generally speaking, research design describes the procedure or set of procedures



required to undertake the different tasks within a research project (Fellows & Liu, 2021; Kazdin, 2021). It guides the researcher, keeping him or her from wandering off the research path following every step to a logical end. Additionally, design aids the researcher in finalising the research question, problem statement and objectives accurately, consistently and reliably. In essence, the research design is simply the plan conceived to answer the research question (Schoonenboom & Johnson, 2017; Stokes, 2017).

Research methodology, on the other hand, is the method or set of methods undertaken to answer the research questions and objectives (Kumar, 2018). The research methodology helps illuminate the necessity of the research undertaken by the researcher. From the methodology, the researcher's hypothesis, data collection and analysis are convincingly explained (Taguchi, 2018; Cooper et al., 2019). Methodology explains 'why' a particular procedure (the 'how') was necessary when conducting the research.

The complementarity of mixed research is featured in the Table below, which tabulates the differences between the quantitative and qualitative methods applied in this study.

**Table 3.1: Difference between qualitative and quantitative research methods**

	<b>Qualitative Research</b>	<b>Quantitative Research</b>
<b>Focus</b>	Quality (features)	Quantity (how much, numbers)
<b>Philosophy</b>	Phenomenology	Positivism
<b>Method</b>	Ethnography/Observation	Experiments/Correlation
<b>Goal</b>	Understand, meaning	Prediction, test hypothesis
<b>Design</b>	Flexible, emerging	Structured, predetermined
<b>Sample</b>	Small, purposeful	Large, random, representation
<b>Data Collection</b>	Interviews, observation, documents and artefacts	Questionnaire, scales, tests, inventories
<b>Analysis</b>	Inductive (by the researcher)	Deductive (by statistical methods)
<b>Findings</b>	Comprehensive, description detailed, holistic	Precise, numerical

Source: Adapted from Saunders et al. (2018)

### **3.2 Research objectives reviewed**

As mentioned in Chapter One, the overall objective of this research is to establish how immigration law influences the nature of African immigrant entrepreneurship in Cape Town. The specific objectives are the following:

- To find out the different ways in which immigration laws influence the nature of African immigrant businesses in Cape Town
- To identify the specific immigration laws that influence the nature of African immigrant entrepreneurship in Cape Town
- To determine what support African immigrant entrepreneurs desire from the municipal and national governments in order to advance their businesses.

### **3.3 Research paradigm**

A paradigm is a shared worldview that represents a set of beliefs and values in a discipline and guides how problems are solved. Mackenzie and Knipe (2006) concisely characterise a paradigm as a 'researcher's worldview'. And a worldview is in this context the conceptual lens through which the researcher examines the methodological aspects of their research project to determine the research methods that will be used and how the data will be analysed (Kivunja & Kuyini, 2017:26).

According to Tashakkori and Teddlie (2003a; 2003b), paradigms can be grouped into four types across all disciplines: positivist, interpretivist, critical and pragmatic. The first two of these are the most widely recognised in social sciences research (Blanche et al., 2006:7). Both positivist and interpretivist paradigms are invoked in this study. The positivist paradigm informed the quantitative approach adopted in the survey questionnaire, and the interpretivist paradigm gave credence to the answers to the questions posed during the in-depth interviews.

### **3.4 Research methods**

Application of the positivist paradigm yields quantitative data, and application of the interpretive paradigm produced qualitative data. Mixed methods research incorporates qualitative and quantitative data in a single study (Johnson & Onwuegbuzie, 2004; Greene, 2007; Leech & Onwuegbuzie, 2009; Teddlie & Tashakkori, 2009; Tashakkori & Teddlie, 2010; Creswell & Plano Clark, 2011; Zhou, 2014:22). It is gaining more application than ever in contemporary research endeavours in the social science disciplines (Rahman, 2016:102).

#### **3.4.1 Quantitative and qualitative methods defined**

According to Bryman (2012: 35), the quantitative research approach can be defined as “a research strategy that emphasises quantification in the collection and analysis of data”. In other words, quantitative research is concerned with the measurement of social variables or aspects of social behaviour that can be quantified and patterned by answering questions such as ‘how much?’ and ‘to what extent?’ (Rasinger, 2013; Rahman, 2016:105). Quantitative research is positivistic, deductive and objective, concerned with collecting data that can be expressed in numerals, facts and figures (Yilmaz, 2013:312). There is little concern with the experience or perceptions of individuals.

The opposite is true of qualitative research, which – through gathering non-standardised data and interpreting texts and photographs rather than numbers and figures – attempts to explain the contextual significance of human experience, or the social development of problems, events, or activities as perceived by individuals (Flick, 2014:542). Babbie and Mouton (2001:55) maintain that the qualitative research method is a subjective method designed to achieve an in-depth understanding of the perceptions, opinions and beliefs of participants about an event of particular interest and significance to the researcher.

#### **3.4.2 Justification for mixed-method research**

Creswell (2009:215) states that mixed-method research takes advantage of using

multiple ways to explore a research problem. It is particularly appropriate in the present instance because the topic combines two areas of enquiry, law and entrepreneurship. Combining two methods is intended to compensate for the limitations inherent in each method and produce synergies between the two (Flick, 2015:12). Fielding (2012) & Guest (2012:148) refine this notion by characterising the advantages of mixed methods as illustration, which means using one set of data to explain the other; convergence, which means using both data sets to illustrate their uniqueness; and the development of analysis which represents the use of each set of data to complement the other. Qualitative research was deemed necessary to deepen and personalise the quantitative research on the influence of immigration law on African immigrant entrepreneurship in Cape Town. Employing the qualitative method enabled the researcher to understand the personal experiences and real-life daily struggles of African immigrant entrepreneurs in Cape Town. The interviews also afforded the researcher a deeper understanding of the legal challenges encountered by African immigrants.

On the other hand, the qualitative method alone would have been inadequate. First, it uses a much smaller sample size to generalise or represent the whole population (which may or may not be a true reflection of the situation in place) (Thomson, 2011; Harry & Lipsky, 2014; Lam, 2015). Secondly, qualitative research is time-consuming and difficult to analyse with any precision (Berg & Lune, 2012:4; Flick, 2014). Thirdly, using a qualitative approach invites one to focus either on the context or on the unique personal experience of the participant (Silverman, 2013; Wilson, 2014). Finally, one has to reckon with the academic bias against the qualitative method. Most supervisors, companies and research establishments have a strong conviction that quantitative research offers more reliable answers than qualitative. They would prefer to see figures and statistics than sympathetic narrative analyses (Ravitch, 2010).

Taking all of the above into consideration, the researcher was inclined toward the systematic integration of quantitative and qualitative data.

### **3.4.3 Participants and location**

Cape Town is one of the main cities in South Africa where African immigrant

entrepreneurs continue to find it challenging to grow their businesses from micro and small to medium and large enterprises because of the immigration laws. This is true of a wide range of sectors, including agriculture, business services, creativity, engineering, information technology, manufacturing, marketing and media, oil and gas, retail, leisure, finance and insurance. In order to test the validity of this claim, the researcher selected participants from areas with a high concentration of African immigrant enterprises: Bellville, Blackheath, Brackenfell, Brooklyn, Cape Town CBD, Claremont, Delft, Durbanville, Epping, Goodwood, Grassy Park, Khayelitsha, Kraaifontein, Kuilsriver, Maitland, Milnerton, Mowbray, Nyanga, Observatory, Parow, Rondebosch, Simons Town, Stellenbosch, Vasco and Salt River-Woodstock.

The influence of immigration laws on African businesses differs from area to area, and this is to some extent historical. The introduction of a democratic system in South Africa did not automatically abolish the racialised effects of settlements created under the Group Areas Act of 1950.

#### **3.4.3.1 The City Bowl**

The City Bowl of Cape Town is the centre of trade and investment and a magnet for prospective ventures. Its touristic nature attracts both local and international buyers and sellers. It has a large number of African immigrant entrepreneurs spread over the Bowl but mostly concentrated at the train station, the Parade, Shortmarket Square and the taxi rank, in sizable kiosk-type shops rented from the Cape Town City Council. Most of the shops were constructed in preparation for the 2010 FIFA World Cup in South Africa (Prasa, 2017:4).



**Figure 3.1: Map of the City of Cape Town.** Source: Municipalities.co.za

The locations that the research covered are shown in the maps below, which portray the two main sectors of Northern and Southern Suburbs.



### **3.4.3.2 The Northern Suburbs**

The Northern Suburbs is a large area comprising districts such as Bellville, Bothasig, Brackenfell, Durbanville, Edgemoed, Goodwood, Joostenberg Vlakte, Kuils River, Loevenstein, Matroosfontein, Panorama, Parow, Philadelphia, Platteklouf, Tygervalley and Welgemoed. Bellville and Parow were selected for research because of the number of immigrant entrepreneurs in these regions. Bellville is dominated by Somalian and Ethiopian businessmen (*City Press*, 2012-08-04), mostly involved in the clothing business. Historically, Bellville was occupied by Afrikaans-speaking whites for residential but also business purposes. But since 1994, the area has become a business centre for immigrants. Some of these are renting and running businesses for South African owners.

### **3.4.3.3 The Southern Suburbs**

The Southern suburbs are known to be an area dominated by middle-class, English-speaking South Africans. The area includes places like Rosebank, Rondebosch, Observatory, Mowbray, Pinelands, Claremont, Kenilworth, Newlands, Bishopscourt and Wynberg. Though this area is mainly residential, it is also the location of the University of Cape Town (Mowbray/Rosebank/Rondebosch). The huge student body makes Mowbray a suitable market for small businesses. There are large numbers of Cameroonians, Nigerians and Senegalese in the beauty and hair business.

Another place in the Southern Suburbs selected for research is Wynberg, a busy centre and a transport hub with links to Mitchell's Plain, Retreat, Hout Bay, Khayelitsha and Mannenberg.

### **3.4.3.4 The Cape Flats**

The Cape Flats is the most dangerous area for business and residence, an environment where xenophobic incidents are widespread. It is nevertheless a good business place because of its high population density. Rents for both residence and business are far more affordable. One of the reasons for selecting the Cape Flats was to hear from the participants how the people there understand the immigration laws and implement them against foreigners. Khayelitsha and Delft are the two areas the



researcher selected for participation.

### **3.5 Target population**

A target population of this research was the African population of African immigrants businesses men and women having businesses within the Cape metropole. The participants were randomly selected to take part in the research. According to Haralambos and Holborn (2008:815), a target population is a group of people with, for research purposes, significantly similar characteristics. The target population in this study comprised African immigrant entrepreneurs selected from the areas listed above in Section 3.4.3.

### **3.6 Sample size**

According to Tengeh (2011:189), making use of a sample involves “the collection and examination of data from a sample to make an interpretation about the whole”. A sample is a small group drawn from a particular population (a group nevertheless deemed large enough to represent that population) for the purposes of the research (Peck et al., 2014:6; Alvi, 2016:11).

Deciding on what sample size to use in a research study can be daunting to the researcher considering that a sample has to be both manageable and representative of the total population. Knowing the size of the population under study obviously makes it easier for the researcher to decide on a sample. The fact that for African immigrant entrepreneurs in Cape Town and in South Africa as a whole, this number is unknown (Tengeh, 2011), made it difficult for the researcher to establish a suitable sample size. To resolve this challenge the researcher relied on previous research findings on immigrant business in Cape Town, which enabled an approximation of the sample size: Asoba (2020) had 150 participants, Kum (2018) had 135 participants, Tengeh and Nkem (2017) worked on 123 respondents, Khosa and Kalitanyi (2014) had 93 participants and Fatoki and Patswawairi (2012) used 150 respondents.

The quantitative sample initially comprised 171 respondents, but after cleaning and verification for accurate and reliable results, information from 161 participants was

gathered, which was considered satisfactory.

For the qualitative part of the study, five African immigrant entrepreneurs were interviewed. They all have micro or small businesses, and all are leaders or representatives of different associations of African immigrants. This amounted to a total of 166 participants from areas with a high concentration of African immigrant businesses within the Cape Town Metropole.

**Table 3.2: Participants for interview**

<b>Participants</b>	<b>Position</b>	<b>Occupation</b>	<b>Gender</b>	<b>Country</b>
Participant 1	President of Association	Business owner	Male	Cameroon
Participant 2	President of Association	Business owner	Male	Nigeria
Participant 3	V. President of Association	Business owner	Female	Congolese
Participant 4	Secretary of Association	Business owner	Male	Somalia
Participant 5	Representative of Association	Business owner	Male	Ethiopia
Participant 6	Representative of Association	Business owner	Male	Ghana

**Table 3.3: Quantitative Statistics**

<b>Business Area</b>	<b>Method of collecting data</b>	<b>Sampling technique</b>	<b>Sample population</b>	<b>Sample size</b>
Bellville	Questionnaire	Snowball	25	17
Blackheath	Questionnaire	Snowball	1	1
Brackenfell	Questionnaire	Snowball	1	1
Brooklyn	Questionnaire	Snowball	3	3
Cape Town CBD	Questionnaire	Snowball	20	17
Claremont	Questionnaire	Snowball	4	4
Delft	Questionnaire	Snowball	2	2
Durbanville	Questionnaire	Snowball	1	1
Epping	Questionnaire	Snowball	2	2

Goodwood	Questionnaire	Snowball	7	7
Grassy Park	Questionnaire	Snowball	4	4
Khayelitsha	Questionnaire	Snowball	15	10
Kraaifontein	Questionnaire	Snowball	3	3
Kuilsriver	Questionnaire	Snowball	2	2
Maitland	Questionnaire	Snowball	10	6
Milnerton	Questionnaire	Snowball	1	1
Mowbray	Questionnaire	Snowball	11	11
Nyanga	Questionnaire	Snowball	2	2
Observatory	Questionnaire	Snowball	2	2
Parow	Questionnaire	Snowball	38	32
Rondebosch	Questionnaire	Snowball	3	3
Simons Town	Questionnaire	Snowball	1	1
Stellenbosch	Questionnaire	Snowball	8	6
Vasco	Questionnaire	Snowball	6	4
Woodstock - Salt River	Questionnaire	Snowball	10	8
Wynberg	Questionnaire	Snowball	12	7
Unknown	Questionnaire	Snowball	4	4
Total			172	161

### 3.7 Sampling technique

Sharma (2017:749) defines sampling as a “technique, procedure or device employed by a researcher to systematically select a relatively smaller number of representative items or individuals (a subset) from a pre-defined population to serve as subjects (data source) for observation or experimentation as per the objectives of his or her study”. The technique used here was non-probability sampling, more specifically, purposive sampling. According to Alvi (2016:14), nonprobability sampling grants the researcher the liberty to decide his/her preferences. In this instance, the convenience both of the researcher and the business people was of paramount concern. The participant population was engaged in business, which meant that time was scarce and a precious commodity. Getting the respondents to participate was not easy, so

initially purposive sampling was employed, which gave way to snowball sampling as the numbers grew. Tengeh (2011:169) notes that snowball sampling is useful when the researcher finds it difficult to approach participants directly.

According to Etikan et al. (2016:4), purposive sampling, also known as decision sampling, involves the selection of a sample based on the characteristics they possess. It is a non-random technique that does not require any fundamental hypotheses or a fixed number of participants. Simply put, the researcher determines what information is needed and sets out to find people with the experience or expertise to provide it. The initial participants were presidents and senior members of organisations representing the different African communities in Cape Town. These representatives are the custodians of their respective groups of people, involved in their day-to-day lives. They were able to put the researcher in touch with other potential participants. Atkinson & Flint (2001) describe snowball sampling as “[a] technique for finding research subjects. One subject gives the researcher the name of another subject, who in turn provides the name of a third, and so on”. This method was particularly helpful in this research project.

### **3.8 Data collection and instruments**

Both primary and secondary data were drawn upon in this research. The primary data consisted of results from the two data collection instruments used, questionnaire (for the quantitative research) and in-depth interviews (for the qualitative research) (Abawe, 2013). The secondary data consisted of previous relevant research and other published sources.

#### **3.8.1 Quantitative data**

Quantitative data was gathered through the administration of questionnaires. According to Rovai et al. (2014:4, in Almalki, 2016:291, quantitative research is regarded as a “deductive approach towards research ... [measuring] an objective reality independent of any observations”.

### **3.8.1.1 Questionnaire**

The questionnaires were self-administered by the researcher, who began the distribution exercise by explaining to the participants the nature and importance of their participation. Some important aspects like keeping participants anonymous, that participation was voluntary and that they had the freedom not to answer questions they might find uncomfortable, gave them the confidence freely to share their experience of the effects of immigration law on their businesses. It was also made clear that the information shared would be used for research purposes only and that there would be no legal repercussions whatsoever.

#### **3.8.1.1.1 The nature of the questionnaire**

The questionnaire consisted of five sections. Section A was devoted to the different immigration laws and types of permit/visa immigrant entrepreneurs used. Section B looked at the legal challenges faced by immigrant entrepreneurs' businesses. Section C covered the demographic information of each participant while section D took care of the business profile. And lastly, section E aimed to discover what factors favoured the launch of the business.

The questions were couched in simple, concise and clear English. No linking or chain questions were added. The researcher intentionally eschewed such questions to avoid having incomplete answers where a participant might have started answering a question and ended up not completing the whole chain. Additionally, the line spacing and font made it legible and easy for participants to understand and to save time. It was estimated that it would take approximately 10 to 15 minutes to complete the questionnaire.

#### **3.8.1.1.2 Submission of questionnaire for correction**

The questionnaire were sent to the supervisors for review and correction. Certain recommendations were made. Some recommendations came also from the CPUT statistician for postgraduate research. The researcher made the necessary changes to prepare for pilot testing.

#### **3.8.1.1.3 Pilot testing of instruments**

Pilot testing commenced in Parow and Bellville in February, 2017. The responses to the first draft necessitated some adjustments. Certain questions needed to be separated or rephrased. Some sub-headings needed to be changed and some sections removed. The purpose of the pilot was to guard against receiving too few, poor quality or unusable returns.

#### **3.8.1.1.4 Administration of questionnaires**

The delivery of the questionnaires was preceded by making an appointment with each putative participant. Being businessmen and women, some were not available at convenient times. The actual administration occurred in two ways. While some of the participants completed the questionnaire on their own, others required the researcher to read out the questions for them to answer, or to explain the meaning of some of the English terms. Some took the questionnaire home to complete.

#### **3.8.1.1.5 Capturing of data**

After the collection of the quantitative data was completed, the researcher made an appointment with the CPUT statistician, who assisted in uploading the Statistical Package for the Social Sciences (SPSS) software. The next step was to filter out questionnaires that were incomplete or inconsistently answered by participants. Then the numbering and coding of questions for capturing proceeded systematically. In the process of coding, variables were employed to differentiate between nominal and ordinal levels of measurement. Data was entered into the SPSS software, making sure that each questionnaire was entered once. The data enabled the generation of charts, graphs, and tables.

#### **3.8.2 Qualitative data collection**

To capture qualitative data, face-to-face interviews were conducted by the researcher at various times, on appointment. Most of the interviews occurred at the beginning of the week at the business places of the participants. The chief informants were representatives of the Cameroon Association of the Western Cape, the Nigerian Association of Cape Town, Somalian businessmen in Bellville, the Ghanaian

Association, the Ethiopian Association and the President of a meeting of immigrants from the Eastern Democratic Republic of Congo (the DRC does not have a national organisation like other Africans residing in Cape Town). The consent letter was presented, read and signed by each participant before the commencement of the interview. The interviews were recorded using a voice recorder, with a cell phone as backup. The interviews lasted an average of 45 minutes. The data from the interviews was contextualised by other sources of data, such as journal articles, books, dissertations, newspaper articles and other documents.

### **3.9 Data analysis and interpretation**

Data is defined by Antonius (2003:2) as information systematically collected in an organised way and recorded to enable the reader to interpret the information correctly. But data requires analysis.

According to (Zhou, 2014), data analysis is the process of bringing or restoring orderliness, meaning and structure to a bulky set of raw data. Through analysis, the mass of data is reduced to a manageable size with sub-units and discernible patterns (Cooper & Schindler, 2003:87, cited by Mugobo, 2013:203). Reducing data to meaningful coherence requires the logical application to the research process of deductive and inductive methods (Graue, 2015; Morrison, 2012:22, 24).

The data used in this study was mostly quantitative. The data gathered from the questionnaire were analysed using the SPSS software presented as themes, categories, tables and graphs. The qualitative data derived from the interviews was recorded, transcribed, captured and, using content analysis, presented and discussed.

#### **3.9.1 Reliability**

In research, reliability is a measure of consistency or the extent to which the research instruments would give the same results in a similar study under similar circumstances. Consistency can also mean correlation, when two researchers using the same instrument and testing the same data will come out with the same results (Yilmaz, 2013:219). The importance of reliability is that it gives credibility to the

outcome of a study, so that it can be used with confidence by subsequent researchers (Neuman & Dickson, 2003; McMillan & Schumacher, 2006). Yilmaz (2013:218) notes that there are various versions of reliability: test-retest reliability, parallel forms reliability, internal consistency reliability and Inter-rater reliability.

In order to enhance precision and hence reliability, a pilot test (Venter et al., 2019:14) was conducted in which 24 copies of the questionnaire (15% of the target population) were distributed to respondents dispersed over the Cape Town Metropole. This process identified areas and aspects of the instrument that needed further attention. The same was done with the interview schedule, but on a smaller scale of five interviewees. Following the piloting of the data collection instruments the supervisors, in conjunction with the resident statistician at the Cape Peninsula University of Technology, validated them and confirmed their credibility before their use in the research.

The reliability of the study was further strengthened by using statistical software to analyse the data. Finally, consistency-enhancing triangulation was achieved by comparing the quantitative data with the qualitative data.



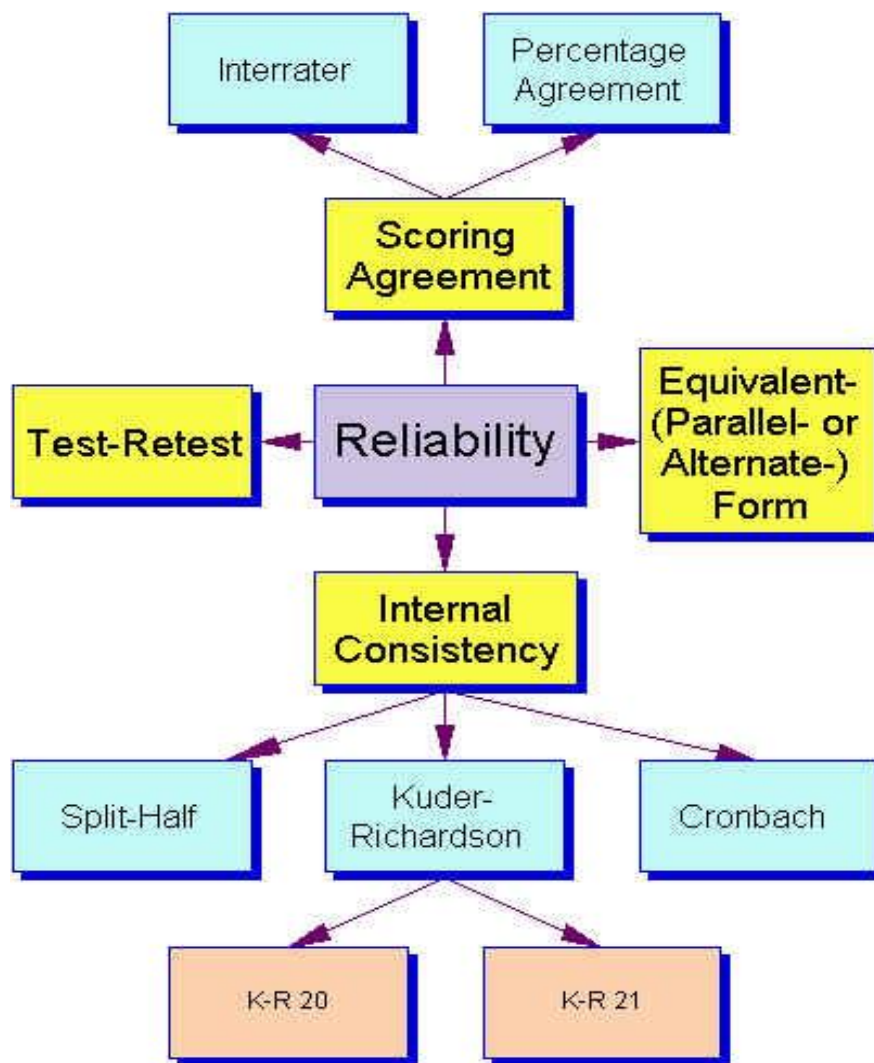


Figure 3.4: Reliability and Validity Concept Map. Source: Siegel (2019).

### 3.9.2 Validity

According to Blumberg et al. (2005) and Robson (2011), validity is used to describe the extent to which an instrument measures what it was designed or made to measure. In qualitative research, accuracy can be difficult to achieve, so it is also an important element of validity (Creswell, 2014).

As was the case with reliability, the validity of the questionnaire and interview schedule was demonstrated through the results of the pilot testing of these instruments. Other ways of characterising validity are in terms of the accuracy of the research findings compared to initial expectations, or the accuracy of the research findings in relation to

the topic under research (Asoba, 2020:129).

Validity can be subdivided into content validity, external validity and face validity (Binti Daud, 2021; Findley et al., 2021; Jiménez-Buedo & Russo, 2021; Norshahira & Lukman, 2021; Parcel, 2021). Face validity is not far removed from logical common sense and does not require treatment here. To achieve content validity, the researcher ensured the questionnaire satisfactorily covered the content relating to the variables the study intended to measure. This was achieved by adding expert input and the results of the pilot test to the researcher's own formulations. Construct validity was achieved in a similar way, but through comparing the results to those of comparable studies as well through pilot testing refinement. There is no doubt that the statistical data faithfully reflects the real-life challenges posed by immigration law to the businesses of immigrants.

### **3.10 Ethical considerations**

Considering that this research touched on certain sensitive areas, there was every reason to foresee some ethical challenges. The research subject and procedure were cleared in accordance with the ethical principles stipulated by the Cape Peninsula University of Technology (CPUT) research committee. In keeping with declared ethical principles, the researcher observed the following.

- **Informed consent and voluntary participation**

After a brief self-introduction, the researcher explained to each participant the purpose of the research. The next step was to solicit their participation in the research, and crucial to this step was to make it clear that their participation was voluntary and that they should not expect anything in return. Thus, every participant contributed to the research in the full understanding that their participation was voluntary and that they were free to withdraw at any time or refuse to do anything that made them feel uncomfortable, without any repercussions.

- **Anonymity and confidentiality**

Another important ethical consideration was the assurance that all participants were to be kept anonymous, and any information they supplied was to be kept confidential.

The researcher thus committed himself not to reveal the identity of participants to anyone, nor to use the information supplied for any purpose other than research.

- **Academic honesty**

Generally speaking, it is ethical to acknowledge the sources of one's data. It is academically dishonest not to cite one's sources, a form of theft known as plagiarism. The researcher therefore ensured that he acknowledged all the sources of information drawn upon in the course of the research.

- **Feedback to participants**

Feedback completes the ethical commitment to the research participants, who were promised that at the end of the research, the work would be published for all to see on the CPUT website.

### **3.11 Demarcation of the study**

The research focused on the effect of immigration laws on the nature of African immigrant entrepreneurship in South Africa. The researcher sought to discover how immigration laws have contributed to the kind of businesses run by African immigrants in the Cape Town metropole. The study was thus limited to a sample of immigrant owners of micro and small businesses in the Cape Town area.

### **3.12 Summary**

This chapter has described the research methodology used in the study. Key to the chapter is the notice given to the utility of mixed research methods in uncovering the relationship between the law and entrepreneurship. The mixed-method strategy aimed to ensure both that sufficient quantitative data was obtained from the sample to be significant and statistically authoritative, and that the statistical profile was complemented and enriched by qualitative detail. Every effort was made to ensure that the research was valid and reliable and that, given the sensitive nature of its scope and focus, ethical protocols were strenuously observed.

## **CHAPTER 4: DATA PRESENTATION AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the data collected with the following research objectives in mind:

- To find out the different ways immigration laws influence the nature of immigrant business in Cape Town
- To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town
- To determine the support immigrant entrepreneurs desire from the national and municipal governments.

These objectives informed the composition of the questionnaire administered to obtain data. The questionnaire was divided into five sections:

- Section A: the various immigration laws affecting the respondents and the types of permits/visas they have
- Section B: the different ways in which immigration laws influence African immigrant entrepreneurship
- Section C: the support that immigrant entrepreneurs would like to receive from the government
- Section D: demographic information
- Section E: business.

The data were subjected to descriptive, frequency and factor analysis using the SPSS. Descriptive analysis was applied to three subtopics: the various immigration laws and types of permits/visas immigrants used, the different ways immigration laws influenced African immigrant entrepreneurship, and the support that immigrant entrepreneurs desire from the government of South Africa. Frequency analysis characterised by percentages is presented in five sections: different immigration laws and types of permits/visas immigrant use; the different ways immigration laws influence African immigrant entrepreneurship; the support immigrant entrepreneurs' desire from the

South African government; demographic information and business profile. The factor analysis is generated from three main sections of the data as described above. Further sub-topical presentation makes use of Correlation Matrix, KMO and Bartlett's Test, Communalities, Total Variance; Component Matrix; Pattern Matrix; Structure Matrix Component; Correlation Matrix; Scale; Case Processing and Reliability. Each topic is presented in the form of a graph or a table.

## **4.2 Method of analysis**

### **4.2.1 Data format**

Data collected from the questionnaires was first coded, then captured, checked and corrected by the researcher and the statistician. It was then analysed using SPSS statistical software. An important correction made was in the coding order. The value "1" which stands for "Agree" in the questionnaire was changed to the value "2" which is "Strongly Agree" in the data coded, because in the Likert Scale Method "Strongly Agree" should be coded as 1, "Agree" as 2, "Disagree" is 3, and "Strongly Disagree" is coded as 4. A 4-point Likert Scale was chosen without the option of "indecision or neutrality" option (Croasmun & Ostrom, 2011:20). While Croasmun and Ostrom (2011:20) argue that the inclusion or exclusion of a neutral point does affect the data to a certain degree, they note that there is no unanimity among researchers about which scale – the four-point or the five-point – is more effective, and suggest that it probably depends on the context.

A complete copy of the questionnaire with the different sub-topical sections and variables is attached under **Appendix 3**.

The results in this study are presented using the following format: **data frequency, descriptive data, factor analysis and RA**.

### **4.2.2 Validation of survey results**

A descriptive analysis of the survey results follows. For ease of reference, responses to the questions are indicated in summative table format. Data validation is the process of ensuring that a programme operates on clean, correct and useful data. As mentioned in the previous chapter, construct validation was addressed in the planning

phases of the survey, when the questionnaire was developed (Pallant, 2020).

### **4.2.3 Frequency tabulation**

Frequency tabulation is a listing of the values or scores and in terms of how frequently they occur. The values are in the “value” column and the number of cases for each value in the “n” column. The “percentage” column shows the number of cases as a percentage. The “cumulative percentage” column shows what percentage of cases obtained a value equal to or less than the mean.

### **4.2.4 Descriptive Statistics**

Descriptive statistics is a way of summarising the variables in a dataset. Below is an explanation of each of the columns in a descriptive statistical table, summarised from Field (2013):

- Variable: The name of each variable in respect of which descriptive statistics have been calculated
- N: The number of cases for each variable
- Mean: The average value for the variable
- Standard deviation: An indication of how closely values are clustered around the mean
- Minimum: The smallest value obtained for a variable
- Maximum: The largest value obtained for a variable
- Median: The middle value when the values are arranged from smallest to largest. If the median is smaller than the mean it is an indication that most values are smaller than the mean and fewer values are larger than the mean. If the median is larger than the mean, the indication is that most values are larger than the mean and fewer values are smaller.

Cronbach Alpha test: An index of reliability associated with the variation accounted for by the true score of the “underlying construct”. This construct comprises the hypothetical variables that are being measured. Another way to put it would be that Cronbach’s Alpha measures how well a set of items (or variables) measures a single uni-dimensional latent construct.

Chi-square tests for nominal data: Chi-square (two-sample) tests are the most widely used non-parametric tests of significance that are useful for tests involving nominal data; they can be used for higher scales as well, such as cases where persons, events or objects are grouped in two or more nominal categories, such as yes and no. The technique is used to test for significant differences between the observed distribution of data among categories and the expected distribution based on the null hypothesis. It has to be calculated with actual counts, rather than percentages.

SPSS software: Computes a P-value (Probability value) that measures statistical significance when comparing variables with each other, determining the relationship or association between variables. Results will be regarded as significant if the p-values are smaller than 0.05 ( $p \leq 0.05$ ), because this value presents an acceptable level on a 95 per cent confidence interval. The P-value is the probability of observing a sample value as extreme as, or more extreme than, the value actually observed, given that the null hypothesis is true. This area represents the probability of a Type 1 error that must be assumed if the null hypothesis is rejected (Cooper & Schindler, 2008:164; Zamiri et al., 2012).

- The P-value: Is compared to the significance level ( $\alpha$ ), and on this basis, the null hypothesis is either rejected or not rejected. If the P-value is less than the significance level, the null hypothesis is rejected (if  $P\text{-value} < \alpha$ , reject null). If the P-value is greater than, or equal to the significance level, the null hypothesis is not rejected ( if  $P\text{-value} \geq(\alpha)$ , do not reject null). Thus, with  $\alpha=0.05$ , if the P-value is less than 0.05, the null hypothesis will be rejected. The P-value is determined by using the standard normal distribution. A small P-value represents the risk of rejecting the null hypothesis.
- Linear by Linear Association: This is a random variable that is defined as a linear function of several random variables. A difference has statistical significance if there is good reason to believe the difference does not represent only random sampling fluctuations. Results will be regarded as significant if the P-values are smaller than 0.05, because this value is used as the cut-off point in most behavioural science research.

#### 4.2.5 Reliability Testing

Reliability is described as the consistency, stability and repeatability of an instrument used to collect data (Mohajan, 2017). Reliability is thus associated with the credibility of a study's findings. In this study, reliability tests (Cronbach's Alpha coefficient) were conducted on the groups of questions/statements in the different sections of the questionnaire. The results for the raw variables are shown in Tables 4.2 to 4.31 and Appendices A-D. The tables show the correlation between the respective item and the total sum score (excluding the respective item) and the internal consistency of the scale if the respective item were to be deleted.

### SECTION A. Frequency Analysis: The various immigration laws and types of permits/visas that immigrants have

#### 4.3.1 – Knowledge of the various immigration laws

This first section of data presentation and analysis pertains to the different kinds of immigration laws that exist in South Africa. The aim of this section was to explore the understanding and awareness among immigrant entrepreneurs of the laws governing their businesses within the Cape Town metropole. The information enabled the researcher to discover how much legal awareness immigrant entrepreneurs have.

**Table 4.1 New immigration law on legal representation**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	66	41.0	41.0	41.0
	Agree	69	42.9	42.9	83.9
	Disagree	18	11.2	11.2	95.0
	Strongly Disagree	8	5.0	5.0	100.0
	Total	161	100.0	100.0	

According to Table 4.1, which represents the value distribution of participants' responses to a statement about their knowledge of the new immigration law limiting legal and agent representation when submitting documents at DHA and its Visa Facilitation Service (VFS) agent. The largest set of responses (69), accounting for



42.9% of the respondents, agreed with the statement, while 66, a percentage of 41%, strongly agreed that “the new law did not allow for direct legal representation to assist in applying for my permit/visa” via VFS. The answers indicate that most entrepreneurs were aware of the law, as opposed to the 26 (16.2%) who disagreed or strongly disagreed with the statement. Lack of awareness demonstrates less concern about the wellbeing of the economy and a limited participation in correcting, building and contributing to the advancement of the economy. Being aware and reacting helps the government realise some of the issues preventing economic growth from the legal perspective. Section 46 of the Immigration Act of 2002, with its 2007 and 2011 amendments on Immigration Practitioners, was repealed and replaced by Section 9(2) of the Immigration Regulation of 2014 which provided that applicants having to apply in person at the South African foreign mission in the country of origin or where they permanently reside (New Immigration Regulations for South Africa, 14 July 2014).

An immigration practitioner or legal representative can accompany the application to VFS, but the applicant must be there in person for the biometrics. The response of the majority of participants corroborated the fact of immigrants’ struggle for the protection of their social and legal rights (Masuku & Rama, 2020:4). The existence of the regulation seems to confirm Mbiyozo’s (2018:5) assertion that: “Home affairs is prioritising restrictive measures that disproportionately and negatively affect African migrants from the country’s immediate and regional neighbours”. By insisting on the presence of the applicant, the VHS might be excluding many who might be prevented by circumstances such as sickness, pregnancy etc. from meeting the deadline. Failure to do this can a fine or a lengthy process of proving one’s case.

**Table 4.2 Payment of fine for failing to renew permit on time**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	97	60.2	60.2	60.2
	Agree	43	26.7	26.7	87.0
	Disagree	14	8.7	8.7	95.7
	Strongly Disagree	7	4.3	4.3	100.0
	Total	161	100.0	100.0	

Table 4.2 portrays the reactions of participants regarding the law that imposes a fine on immigrants who fail to renew their permits on or before the expiry date. As shown in the table, 97 participants who represent 60.2% strongly agreed that failure to renew permits on time would attract a fine while another 43 participants (26.75%) agreed that a fine was levied on immigrants who approach DHA after the expiry of their permits. Thus, a total of nearly 87% of respondents were aware that the penalty for late renewal of a permit was a fine.

On the other hand, only a small percentage of respondents (13%) were not aware of the levying of fines or of the existence of the law that authorised this. These fines can be caused by sluggishness on the part of employers, by bribery and corruption, or by the slow and outdated system used by the Department of Home Affairs in processing visas. The fines become an additional burden on immigrants who receive no support from the government and are already struggling for survival.

**Table 4.3 Having to change permit condition back in country of origin**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	38	23.6	24.4	24.4
	Agree	25	15.5	16.0	40.4
	Disagree	60	37.3	38.5	78.8
	Strongly Disagree	33	20.5	21.2	100.0
	Total	156	96.9	100.0	
Missing	System	5	3.1		
Total		161	100.0		

Table 4.3 displays the respondents' awareness of the new immigration law that requires certain permit holders to go home if they decide to change the basis on which their permit or visa was originally granted. Regulation 20(11) of the South African Immigration Amendment of 2011 stipulated that the holder of a Corporate visa may not renew or change the status of the visa while in South Africa. Also, visitors' permit

or visa holders are not allowed to change the document status or renew to a longer-term permit or visa within South Africa. They have to return to their countries of origin (Regulations to the Immigration Act, 26 May 2014) to renew permits such as tourist's and visitor's permits, which have a very limited duration of not more than 3 months. From the data collected, 38 (23.6%) strongly agreed that there was a law to that effect. Twenty-five (15.5%) others agreed it was true. But a considerable majority of 60 (38.5%) disagreed and 33 (21.2%) strongly disagreed with the statement. This large proportion suggests that the majority of the respondents are not on short-term visas or permits and do not have to worry about renewing them.

This regulation appears illogical in the case of, say, a visitor who was here for a short visit but saw an entrepreneurial opportunity and decided to stay. This was possible without further travel before 2010, when the economic contribution made because of the flexible immigration law of 2002 assisted in the economic growth trajectory of 3.4 per cent (OECD, 2002:268) with an inflation reduction rate of 5.4 per cent (OECD, 2002:268).

**Table 4.4 Uncertainty about the validity period for refugee status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	56	34.8	37.3	37.3
	Agree	37	23.0	24.7	62.0
	Disagree	27	16.8	18.0	80.0
	Strongly Disagree	30	18.6	20.0	100.0
	Total	150	93.2	100.0	
Missing	System	11	6.8		
Total		161	100.0		

Here, out of the 161 participants, a total of 93 or 62% were aware that the former period of four years' validity for refugee status had been reduced to a year for most African citizens who had applied to the Standing Committee for Refugees (SCR). Thirty-seven (37) participants (24.7%) agreed as did the first set of 56 mentioned

above. The number of participants who had no knowledge of this change in the law was 57 or 38%. According to Ziegler (2020:67), the coming into force of the Refugees Amendment Act (South Africa. RAA, 2017) withdrew status and protection from certain refugees otherwise recognised under international refugee law (IRL). Since then, the frequency of the need to visit Home Affairs has been increased, consuming precious time and negatively affecting personal and business security.

#### 4.5 Becoming illegal in a life-partnership once a partner gets married

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	53	32.9	34.2	34.2
	Agree	41	25.5	26.5	60.6
	Disagree	41	25.5	26.5	87.1
	Strongly Disagree	20	12.4	12.9	100.0
	Total	155	96.3	100.0	
Missing	System	6	3.7		
Total		161	100.0		

According to Regulation 424 (DHA Regulations, 25 April 2000), a “life partner” means: any person who is a party to a heterosexual or homosexual relationship with a person who is permanently and lawfully resident in the Republic or an alien to whom a temporary residence permit has been issued; provided that such relationship must be intended to be permanent, exclude any other person and involve cohabitation, an obligation of mutual emotional support between the parties and a reciprocal obligation to support one another financially in circumstances where the one has the means to do so and the other requires such support in order to maintain, without recourse to public funds, his or her financial and social standing and standard of living: Provided further that “life partner” shall not include any person who: (a) for the purposes of section 25 (5) of the Act, is the spouse of a person who is permanently and lawfully resident in the Republic; or (b) for the purposes of section 26 (5) of the Act, is the spouse of an alien to whom a temporary residence permit has been issued....”

It is another type of temporary permit or visa issued to immigrants in a stable relationship with either a permanent resident or holder of South African identification documents. It is based on reciprocal care and assistance between the parties. Though it gives the holder considerable advantages such as business, work and study with multiple entries into and out of the country, its validity may be terminated at any time if either of the parties gets married. As a consequence, any party that decides to get married renders reliance on the “life partner” null and void.

The statistics regarding life-partnership are presented in the Table above, with the following values: a total number of 104 participants (64.6%) strongly agreed or agreed that according to immigration law a person will become illegal in South Africa immediately his/her partner in a life-partner relationship gets married. On the other hand, 61 participants (37.8%) were ignorant of this provision. The Table above thus shows considerable awareness among immigrants about this particular law, perhaps because of the importance of such relationships for business as well as personal reasons.

**Table 4.6 Immigrant businesses are prohibited from selling brand products**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	100	62.1	62.5	62.5
	Agree	28	17.4	17.5	80.0
	Disagree	18	11.2	11.3	91.3
	Strongly Disagree	14	8.7	8.8	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

The positive response here was significantly high with 128 participants (79.5%) strongly confirming or confirming that they knew about a law that completely barred immigrant entrepreneurs with asylum and refugee documents from dealing with brand products. This suggests that a majority of the participants tried or would have tried to venture into brand products but were barred. Some did not know of the existence of

such a law (32 or 19.8%).

**Table 4.7 Obligation to renew certain permits in home country**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	41	25.5	25.9	25.9
	Agree	16	9.9	10.1	36.1
	Disagree	70	43.5	44.3	80.4
	Strongly Disagree	31	19.3	19.6	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

The table above presents the results of participants' views regarding whose permits by law have to be renewed back home. Out of the total of 161 participants in the study, 57 (35.4%) strongly agreed or agreed that they knew about a law requiring certain permit holders to go back to their countries of origin to renew their permits. Yet as many as 101 (62.7%) claimed to be unaware of such a law.

**Table 4.8 The prohibition of asylum seekers and refugee status holders from changing to another permit**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	72	44.7	45.0	45.0
	Agree	48	29.8	30.0	75.0
	Disagree	18	11.2	11.3	86.3
	Strongly Disagree	22	13.7	13.8	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

Table 4.8, above, captures the responses to the legal injunctions issued in 2014 by the Department of Home Affairs that holders of asylum seeker permits and refugee status were no longer allowed to change from one kind of permit to another. A total of 120 respondents (74.5%) indicated their awareness of this provision by strongly agreeing or agreeing with the statement. But as many as 40 (24.8%) did not know about this law. It would seem that those who disagreed with the statement either had a permit other than those for asylum seekers or refugees, or had not recently visited Home Affairs to attempt to renew their permit.

Before the Amendment of the Immigration Act in 2014, asylum seeker and refugee status holders could submit a direct application to the DHA for a change of permit/visa. The new regulation did however allow for an option called a 'waiver'. As stated under Section 31(2)(c) of the Act, 2014, the Minister of Home Affairs "may, for good cause, waive any prescribed requirement or form" for an application from a foreigner who can contribute positively to the advancement of the country socio-economically. But the problem is that the contribution from immigrant entrepreneurship is not recognised as critical and essential to the advancement of the economy. Yet Urbano et al. (2020), for example, insist that economic growth is linked to entrepreneurship. Cumming et al. (2018) add that institutional factors such as finance and policy must be significantly developed to encourage the start and growth of entrepreneurship for economic development.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	68	42.2	42.8	42.8
	Agree	44	27.3	27.7	70.4
	Disagree	32	19.9	20.1	90.6
	Strongly Disagree	15	9.3	9.4	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

**Table 4.9 An asylum seeker permit holder cannot open a business bank account.**

According to the data collected, opening a bank account with an asylum seeker permit is prohibited by law. Out of the total number of 159 participants who answered this question, 112 (70.4%) strongly agreed or agreed that such a law was in place. The remaining 47 (29.6%) were unaware of the existence of the law preventing them from opening an account. This is in line with the fact presented in the literature review that accounts could be opened before 2010 with an asylum permit. Between 2010 and 2014, it became difficult to say whether banks could or could not open an account for someone with an asylum seeker permit, with some continuing to do so. Since 2014 it has been illegal. The fact that so many respondents knew about this indicates the extent to which it affects them and prejudices their business operations.

**Table 4.10 Uncertainty about opening an account with refugee status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	60	37.3	38.0	38.0
	Agree	38	23.6	24.1	62.0
	Disagree	39	24.2	24.7	86.7
	Strongly Disagree	21	13.0	13.3	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

The results in Table 4.10, above, suggest that 98 (62%) of the African immigrant entrepreneurs in Cape Town who took part in the survey agree that uncertainty prevails regarding refugees' right to open a bank account. On the other hand, 62 or 38% of the respondents disagreed with the statement. Whether they thought there was no uncertainty or were indicating disbelief in the existence of such a preventive law was unclear. According to the 1951 International Refugee Act, a refugee has the right to work and benefit from the social programmes of the country where he or she is granted this status. But due to deliberately sluggish compliance with this Act in South



Africa, many immigrant entrepreneurs do not actually care about being updated on the law of opening an account. They appear to have accepted that the country refuses to grant foreigners/ immigrants the right to access banks.

**Table 4. 11 With an asylum permit, a loan cannot be granted by the bank**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	100	62.1	63.3	63.3
	Agree	42	26.1	26.6	89.9
	Disagree	10	6.2	6.3	96.2
	Strongly Disagree	6	3.7	3.8	100.0
Total		158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

The respondents vehemently agreed that it was impossible for an asylum seeker to get a bank loan (100 or 63.3% strongly agreed and 42 or 26.6% agreed). They presumably have direct knowledge of this because many of those running SMMEs are asylum seeker permit holders. It is revealed in Figure 4.13, below, that 70 out of the 161 participants were asylum seekers. Their businesses have for as long as five to ten years operated at the same level, with little or no capital injection. A mere 16 or 10.1% were unaware of any law barring asylum seekers from obtaining a bank loan. These participants either have other permits qualifying them for loans or they have asylum and have never had an interest in growing their businesses.

The inability of asylum visa holders to access loans from formal financial institutions (FFIs) is arguably based on supply-side sentiment (Asah & Louw, 2021:2). Lenders such as FFIs (OECD, 2017) and the World Bank (2019) have requirements and guidelines for lending. Among the requirements are collateral security and identity documents. They also take into account the nature of the business, efficient bookkeeping, an active bank account and the credit history of the business as well as the owner. Unfortunately, an asylum seeker's documentation is short-term and does not qualify in this context. Overall, most SMEs run by foreign nationals or immigrants

are considered not compliant.

Another concern is the general volatility and failure rates associated with SMMEs worldwide. According to Daniels et al. (2017), 75% of SMEs in South Africa collapse in the first five years of their existence. The Small Enterprise Development Agency (SEDA) (2017) confirms the numerous rejections of loan applications from SMEs applicants. This continues to be a real problem for immigrant entrepreneurs, despite the contributions made to the economy.

Table 4.12 Refugee **status is not accepted for the granting of a bank loan**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	94	58.4	59.9	59.9
	Agree	41	25.5	26.1	86.0
	Disagree	14	8.7	8.9	94.9
	Strongly Disagree	8	5.0	5.1	100.0
	Total	157	97.5	100.0	
Missing	System	4	2.5		
Total		161	100.0		

Out of the 157 respondents who answered this question, a total of 135 (86%) agreed or strongly agreed that a loan cannot be granted by the banks in South Africa to an applicant with refugee status. On the other hand, a cumulative total of 22 (14%) respondents were not aware of this difficulty.

Access to finance is a major challenge to South African entrepreneurs generally (Maas & Herrington, 2006; Herrington et al., 2009; Tengeh & Nkem, 2017; Kum, 2020). The lack of financial support for immigrants in particular is mostly ascribed to the type of visa or permit possessed by the immigrant concerned. The focus of the government is not on the possible positive economic contributions to be made. Instead, the government is more concerned about redressing historically determined inequalities among its own people.

Most immigrant businesses depend on their family's savings or contributions to finance

their entrepreneurial endeavours due to a lack of support from the government (Fatoki & Odeyemi, 2010; Kalitanyi & Visser, 2010; Tengeh et al., 2012; Choto et al., 2014; Khosa, 2014; Nambei, 2014; Asoba & Tengeh, 2016; Tengeh & Nkem, 2017; Asoba, 2020; Kum, 2020).

**Table 4.13: What permit are you using in South Africa**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Asylum	70	43.5	43.8	43.8
	Business	7	4.3	4.4	48.1
	Critical Skill	4	2.5	2.5	50.6
	Life Partner	5	3.1	3.1	53.8
	Permanent Residence	3	1.9	1.9	55.6
	Refugee	25	15.5	15.6	71.3
	Relative's	5	3.1	3.1	74.4
	Retired Person	15	9.3	9.4	83.8
	Study	6	3.7	3.8	87.5
	General Work	2	1.2	1.3	88.8
	Spousal	18	11.2	11.3	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

The Table above presents the kinds of documents possessed by immigrants under different visa regimes. The results show that out of 12 different visa types, a sizable majority of 95 (59.3%) immigrants were using asylum and refugee visas in South Africa. These two visa types outnumber the other 10 combined. This statistic confirms the finding of the literature covered in Chapter Two and the statistics at the DHA, which show the deadlock of applications relating to asylum seekers and refugees and cases launched by immigrants against the DHA. Next were those using the spousal visa (18 or 11.3%), the retirement visa (15 or 9.4%), business visas (7 or 4.4%), life partner permit and relative's permit (5 or 3.1% each), critical skills visa (4 or 2.5%), permanent residence (3 or 1.9%) and general work permit (2 or 1.3%).

It appears from this that a very small number of African immigrants have documents with a long lifespan that allow them to travel out of the country, open a business account or take out loans from financial institutions. This is the reason why most African immigrants do the kind of business that they do.

**SECTION B: The different ways immigration laws influence African immigrant entrepreneurship**

This section explores the challenges that African immigrant entrepreneurs encounter because of immigration laws in South Africa. The challenges range from the renewal of visas, to access to banks and lack of support for business expansion.

**Table 4. 14 Renewal/extension of visa/permit status takes a lot of time**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	83	51.6	51.9	51.9
	Agree	61	37.9	38.1	90.0
	Disagree	14	8.7	8.8	98.8
	Strongly Disagree	2	1.2	1.3	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

According to Table 4.14, a massive number of 144 with a corresponding percentage of 90% agreed that there were long delays in the process of renewing visas/permits in Cape Town, which presumably detrimentally affected their businesses. Only 16 (10%) reported no delays when it came to renewing their visas. The timeframe for the treatment of visa applications in a country is not provided for under international law (European Council on Refugees and Exiles [ECRE], 2016). While legal and human rights advocates may oppose or complain about unreasonable delays in the handling of immigrants' documents, it remains the prerogative of the host country to determine what time may be appropriate for response to an application, given its internal circumstances. Yet in South Africa, many applications have been waiting for review

for more than a decade (Crush & Skinner, 2017:20). This ranks the country at the very bottom among states dealing with immigrants, especially asylum seekers and refugees.

**Table 4.15: My business must close because I must go in person to home affairs for renewal**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	83	51.6	52.2	52.2
	Agree	49	30.4	30.8	83.0
	Disagree	23	14.3	14.5	97.5
	Strongly Disagree	4	2.5	2.5	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

A majority of 132 (83%) African immigrant entrepreneurs confirmed that they had to go to Home Affairs in person to renew their visas, and that their businesses had consequently to close for however long that took. As many as 27 (17%) maintained that they did not have to go in person. It has to be presumed that these respondents have required no renewal since the amendments made in 2014.

The DHA directives of 2014 ended third-party representation for immigrant visa applications or renewals. Every immigrant has therefore physically and personally to make the application. Unlike was the case where legal representation could be carried out.

Given that the process may require going to the DHA multiple times, and also that some visas, like the asylum seeker's visa, only last for six months maximum, the business is bound to suffer and even close down.

**Table 4.16: I need to study how to compile all the documents required by home affairs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	70	43.5	44.3	44.3
	Agree	53	32.9	33.5	77.8
	Disagree	29	18.0	18.4	96.2
	Strongly Disagree	6	3.7	3.8	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

A large majority of 123 participants (77.8%) affirmed that the questions of which documents and how to put them together for applying for a visa here in South Africa are frustrating. The cumbersome nature of the documentation required frustrates many immigrants in the country, who might end up being discouraged from continuing to reside in the country. To entrepreneurs, it may pose the difficulty of accessing their personal bank accounts for obvious financial needs. The problem raised by the amendment requiring in-person application was exacerbated by the fact that many of the immigrants did not know how to compile the documents needed. Though the majority were aware of the effect of the law on their businesses, they were unable to compile the documents to go through the strenuous procedure. There is also a lot of corruption amongst officials, who are always looking for the least mistake as a pretext to reject the application. The VFS as a verification agency has as one of its objectives assisting clients with advice on how to compile documentation. But due to a shortage of staff, such services are not rendered. Many people believe that there is a lot of corrupt networking at Home Affairs, and this may be true in Cape Town. At the time of writing, there were no formal institutions where an individual could publicly access training on the compilation of immigration documents. Elsewhere in the world, immigration experts are allowed to represent their clients.

**Table 4.17 I will pay a huge fine if I fail to renew my permit within the specific time frame**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	116	72.0	73.0	73.0
	Agree	29	18.0	18.2	91.2
	Disagree	10	6.2	6.3	97.5
	Strongly Disagree	4	2.5	2.5	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

Under the White Paper on immigration (2016), an immigrant who fails to renew the asylum visa (section 22) or refugee visa (section 24) after one month is termed illegal and liable for payment of a fine and/or imprisonment for up to five years. The statistics presented in Table 4.17 indicate awareness among a majority of 145 respondents (91.2%) that a fine awaits them should they fail to renew their visas in time. Despite the applicant having woken up as early as 3 am to go to the DHA, stood in long queues and experienced administrative delays, it may take more than a month to renew the documents (Sutton et al., 2011; Crush & Skinner, 2017:8). In some cases, after repeated fruitless attempts to renew their documents, immigrants have given up and are later dragged to court to pay huge fines. In extreme cases, some have been repatriated on the basis of undesirability as orchestrated by the DHA's inefficient and ineffective work programme.

The 14 respondents (8.8%) who disagreed with the statement are either ill-informed, have visas or permits of longer duration, or are for some reason privileged to access services in time. In most cases, immigrants have to pay a bribe to get their documents renewed (Crush & Skinner, 2017:8; DHA, 17 August 2020).

**4.18 I will be labelled an undesirable immigrant in South Africa if I fail to pay the fine**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	87	54.0	54.0	54.0
	Agree	57	35.4	35.4	89.4
	Disagree	15	9.3	9.3	98.8
	Strongly Disagree	2	1.2	1.2	100.0
	Total	161	100.0	100.0	

A very small number of 17 respondents (10.6%) denied that they stood to be labelled an undesirable immigrant upon the expiration of their visa. A vast majority of 144 (89.4%) agreed that this was the case. In terms of Section 30(1)(h), read together with Section 50(1) of the Immigration Act, Act 13 of 2002 and its subsequent amendment 13 of 2011, **an** immigrant will be declared undesirable if he or she has overstayed the permitted period in the country (Smith, 2018:7). In addition, a fine is to be paid to the DHA as determined by the court. In the worst-case scenario, an immigrant who does not have a valid reason for not appearing at the DHA by the due day may be denied a visa, and in some cases, even locked up. In most cases, the reasons for the failure to renew immigrants' visas appear to be conservativeness, dislike, suspicion, inconsistency and administrative sluggishness on the part of under-skilled employees. The universal right of documentation for immigrants is threatened (Ruedin, 2019). According to Crush and Skinner (2017:6), such poor treatment tends to portray South Africa as an undesirable nation to investors and thereby slow down economic growth.

**Table 4.19: Travelling home to renew my documents affects my business**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	72	44.7	50.7	50.7
	Agree	53	32.9	37.3	88.0
	Disagree	14	8.7	9.9	97.9
	Strongly Disagree	3	1.9	2.1	100.0
	Total	142	88.2	100.0	
Missing	System	19	11.8		
Total		161	100.0		



A large number of immigrant participants, 125 or 88%, confirmed that travelling home for the renewal of permits would affect their business through delays and administrative complications. A figure of 17(9%) disagreed, possibly because they were in possession of documents not affected by this law. Though not directly affecting those who have secured asylum or refugee status, the law affects students, tourists and other visas holders. The problem with the policy is that it involves unnecessary cost and effort. It drives away entrepreneurs who have already started business in the country, irrespective of the visa that brought them into the country. The right thing to do would be to investigate the type of activity they are engaged in and the contribution they are making, so as to allow them to renew their documents while still in the country. The sources of immigrant entrepreneurs suggest that a good number of investors come from the student and tourist cohorts.

**Table 4.20: My business will be closed should my partner in terms of my Life Partner Permit get married**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	61	37.9	41.8	41.8
	Agree	28	17.4	19.2	61.0
	Disagree	43	26.7	29.5	90.4
	Strongly Disagree	14	8.7	9.6	100.0
	Total	146	90.7	100.0	
Missing	System	15	9.3		
Total		161	100.0		

The statistics reveal that those who agreed with the statement number 89 (62%), while 57 (39.1%) disagreed. The life partnership visa is usually of 3 years' duration, but it can be rendered useless anytime one of the partners gets married, irrespective of the time to run before its expiry. Should a partner get married, for instance, while an immigrant is away, even for business purposes, the immigrant will be unable to return to South Africa and will lose his business.

**Table 4.21: Lack of required documents to access goods on credit**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	100	62.1	62.9	62.9
	Agree	41	25.5	25.8	88.7
	Disagree	13	8.1	8.2	96.9
	Strongly Disagree	5	3.1	3.1	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

Credit providers require certain documents to give credit to consumers. These include an ID document, or a permit/visa with a relatively long lifespan. Without one of these, one will not qualify to be granted credit. In business, debt is inevitable, especially in the short run or when an investment is being made. The credit system has a positive effect on economic development by permitting good ideas to be developed by entrepreneurs without the required capital.

**Table 4.22: I cannot keep a large sum of money at the bank for fear that the bank will require verification of documents from time to time**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	88	54.7	55.0	55.0
	Agree	46	28.6	28.7	83.8
	Disagree	20	12.4	12.5	96.3
	Strongly Disagree	4	2.5	2.5	98.8
		2	1.2	1.3	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

Many participants (134 or 83.8%) refused to put their money in the bank due to fear of delays in the verification of visas or permits after renewal. On the other hand, a small

number of immigrants were in favour of depositing money in the banks, presumably those with permits that allow them to create a business account. Most immigrants running businesses without bank accounts resort to means of saving their money other than the conventional banking system. The fear is to avoid a situation where, upon expiry of their documents, they might not have access to the bank account. This has been the case with some banks, especially in the case of asylum seekers whose papers are only valid for a maximum of six months at a time. The constant threats, frequent amendments of immigration law and policy and xenophobia create a lot of uncertainty and fear of the unknown in the minds of immigrants running businesses. Private saving and capital flight are among the disadvantages associated with the policy of having to verify documents each time a permit is renewed. Streamlining the system would instil confidence and encourage immigrants to make use of banking facilities.

**Table 4.23: No formal institution promotes immigrant entrepreneurship in South Africa**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	110	68.3	69.2	69.2
	Agree	38	23.6	23.9	93.1
	Disagree	7	4.3	4.4	97.5
	Strongly Disagree	4	2.5	2.5	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

The lack of formal support or encouragement for immigrant entrepreneurship in South Africa led to the following responses. An alarming majority of 148 (93.1%) agreed that there was no institution tasked with assisting immigrant businesses. Only a few respondents disagreed (11 or 6.9%). There is indeed no institution in South Africa that supports immigrant entrepreneurship in any form. Those that exist, like the Small

**Table 4.24: I do not keep money at the bank for lack of the documentation required to open an account**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	76	47.2	47.5	47.5
	Agree	50	31.1	31.3	78.8
	Disagree	21	13.0	13.1	91.9
	Strongly Disagree	13	8.1	8.1	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

Enterprise Development Agency (SEDA) of the Department of Small Business Development (DSBD), and the City of Cape Town Business Support Service (2018) exist to support and encourage local entrepreneurs. One might contrast this with the USA, where there is a formal establishment and programmes that recognise the value of immigrants in the economy and seek to promote them (Lofstrom, 2002; Ngota et al., 2019:7). According to Toli and Tengeh (2017:2), little is known about the contribution made by immigrant entrepreneurs in South Africa. Yet any government support would go a long way to facilitate the business operations of immigrants and increase the resultant economic growth (Dzomonda & Fatoki, 2018:2).

The results above show that 126 (78.8%) are disadvantaged by the documents they have and are unable to keep their money in the bank. On the other hand, 34 (21.2%) do make use of banks. As indicated in Chapter Two and borne out by the study's findings, many immigrants hold asylum visas and refugee permits for identification in South Africa. Due to the uncertainty surrounding the asylum seeker visa, many financial institutions do not regard it as an official identification document that can be used to open a bank account. Many immigrants remain without bank accounts, a situation that makes it difficult for them to save money (Groundup, 3 June 2020). In recent years, newcomers and asylum seekers have been obtaining asylum papers from Musina in Limpopo. In most cases, the visa is only good for six months. This means having to go back to Musina every six months to renew it. Until the visa is renewed there is a period of uncertainty when one's bank account has to be

suspended. Immigrants in such situations prefer keeping their money out of the banking system.

**Table 4.25: I cannot grow my business for lack of the documents required to take out a loan**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	101	62.7	63.9	63.9
	Agree	37	23.0	23.4	87.3
	Disagree	13	8.1	8.2	95.6
	Strongly Disagree	7	4.3	4.4	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

The number in agreement that their inability to access loans prejudiced their business was 138 (87.2%), with 20 respondents (12.4%) disagreeing. The meaning of ‘loan’ in this context may be different from the ordinary meaning which might include credit. Loan here is limited to the act of taking money to pay back with interest at a later date. Credit here constitutes another variable, denoting the taking of goods to be paid for at a later date. It is necessary to distinguish the two because of the different requirements expected of an immigrant when applying for a loan. The importance of loans to the growth of businesses cannot be overemphasised (Nzibonera & Waggumbulizi, 2020:164). Also referred to as capital, many businesses struggle to raise the amount needed to realise their dreams (Gafni et al., 2020:3). A businessman may want to expand his business or explore new areas of business, which requires a large investment. And the only source of funding is a bank or other financial services institution. Immigrants’ rights to survive and prosper are thus undermined by their lack of accepted documentation (Bartik et al., 2020:8).

**Table 4.26: Because of the law, I cannot travel to other countries to learn new ideas to help grow my business**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	70	43.5	44.3	44.3
	Agree	44	27.3	27.8	72.2
	Disagree	31	19.3	19.6	91.8
	Strongly Disagree	13	8.1	8.2	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

Of the total of 161 participants, 114 or 72.2% are adversely affected by the legal prohibition on travelling with the documents they hold. These are presumably asylum seeker visa holders. The remaining 44 (27.8%) who are not prohibited from travel are probably refugees, who may travel anywhere except the country from which they have run away and seek refuge. The law demands that while waiting for the finalisation of one's status as a refugee, one is not allowed to travel to another country (UNHCR, 1950). Being a prohibition in terms of international law, its application is automatic in South Africa. The problem here is that the applicant my way for over ten years for an official decision.

**Table 4.27: I pay very high rent for my business premises as a sub-tenant**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	101	62.7	64.3	64.3
	Agree	50	31.1	31.8	96.2
	Disagree	5	3.1	3.2	99.4
	Strongly Disagree	1	.6	.6	100.0
	Total	157	97.5	100.0	

Missing	System	4	2.5		
Total		161	100.0		

High rents constrain the growth of many businesses in Cape Town (Khosa & Kalitanyi, 2014; Crush et al., 2015.) Cape Town is the most expensive town in South Africa. A majority of the spaces available for business use are private and independently used by owners to maximise profits by inflating the rent. Almost all the participants (151 or 96.2%) agreed that rents are generally expensive. Only a few (6 or 3.8%) disagreed. The situation is worse where immigrants are running businesses. For example, the cost of renting a shop around the Bellville market in Cape Town increased drastically when the Somalians set up to do business there. It is the same with other areas predominantly occupied by African immigrants, like Parow, Maitland, the Cape Town CBD and Wynberg.

**Table 4.28: Other ways in which immigration laws influence African immigrant entrepreneurship**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		147	91.3	91.3	91.3
	2	1	.6	.6	91.9
	Under constant threat from robbers	1	.6	.6	92.5
	Because of fear of xenophobia, I can't grow my business. No active laws to combat xenophobia	1	.6	.6	93.2
	Constantly changing procedures at Home Affairs	1	.6	.6	93.8
	Complications with business people obtaining visa from embassies	1	.6	.6	94.4
	Confusing people at home affairs	1	.6	.6	95.0
	Doing business in South Africa is full of uncertainty	1	.6	.6	95.7
	High cost of capital transfer into South Africa	1	.6	.6	96.3

I can't freely move around without insecurity as a foreigner	1	.6	.6	96.9
I can't register a business in my name because I need an expensive business permit	1	.6	.6	97.5
Inconsistency in the implication of the laws	1	.6	.6	98.1
Limit of students' money by the bank	1	.6	.6	98.8
Neighbours are jealous	1	.6	.6	99.4
South African immigration laws are changing everyday	1	.6	.6	100.0
Total	161	100.0	100.0	

When immigrants were invited to reveal other challenges they faced while running their businesses in Cape Town, the above were the issues raised. Each challenge suggests cognate challenges ranging from legal and administrative to socio-economic and security issues.

The issues raised point to the frequency of changes to directives, laws and policies on immigration, as decreed by directors, ministers and parliament. Such circumstances create uncertainty, doubt and fear in the minds of immigrant business owners whose future is under constant threat.

More immediate threats from criminals are difficult to bear. The City of Cape Town and its environs are partitioned by gangs or men of the criminal underworld who claim to have authority over certain areas and regions. The implication of this for the immigrant business is the burden of regular payment to such groups of what is known as security tax. Immigrants are threatened or attacked for failure to pay the required amount. Amounts vary according to the region and the business size. Competition between immigrants and locals running businesses in the same area leads to jealousy and friction. Most disagreements emanate from claims of customer share and accusations that immigrants set their prices too low.



**SECTION C: Determining the support immigrant entrepreneurs' desire from the South African or Western Cape government**

**Table 4.29: Government should make laws/policy to allow for immigrant entrepreneurs to have access to financial loans**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	85	52.8	53.1	53.1
	Agree	73	45.3	45.6	98.8
	Disagree	1	.6	.6	99.4
	Strongly Disagree	1	.6	.6	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

The effect of lack of access to loans is possibly the most serious legal obstacle impeding the growth of African immigrant entrepreneurship in Cape Town and South Africa. Credit provision to an entrepreneur causes the wheels of his or her business to turn. It enables a business idea to be established. The National Credit Act (NCA) (2005) was established to facilitate South Africans' access to loans and credit, to grow their ideas thereby growing the economy. Should such access be made available to entrepreneurs from African countries with proven ability, even under the regime of the asylum seeker, the result would be economic expansion. Almost every participant agreed to the need for the government's intervention to enable access to loans: 158 or 98.8% agreed with the statement and only 2 or 1.2% disagreed. This is an indication of the seriousness of the problem.

**Table 4.30: Information centres should be created to train immigrant entrepreneurs in how to manage their business**

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Agree	80	49.7	50.3	50.3
	Agree	64	39.8	40.3	90.6
	Disagree	10	6.2	6.3	96.9
	Strongly Disagree	5	3.1	3.1	100.0
	Total	159	98.8	100.0	
Missing	System	2	1.2		
Total		161	100.0		

Despite the skills, education, and experience that give African immigrant entrepreneurs an edge in business over South Africans, they still need training in formal management skills and compliance standards to grow their businesses. It was for this reason that a large number of 144 (90.6%) participants affirmed that training in business management was necessary. According to Iwu et al. (2016) and Tengeh (2013), education is one of the factors that affects African immigrant entrepreneurship. An insignificant number of 15 (9.3%) immigrant participants did not agree that training in business management was necessary. In line with the question whose responses are set out in Table 4.30 above, SEDA has introduced a programme to assist in training and upskilling South African informal traders and entrepreneurs. The programme mainly incubates businesses for training in bookkeeping, basic accounting and financial management.

**Table 4.31: Proper documentation should be given to immigrant entrepreneurs who give employment to South Africans.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	90	55.9	55.9	55.9
	Agree	64	39.8	39.8	95.7
	Disagree	7	4.3	4.3	100.0
	Total	161	100.0	100.0	

The most important outcome of investment in a country is arguably the provision of jobs. This explains why many governments in the world lobby international

corporations and investors – by way of accommodating immigration laws and policies – to come and invest in their counties. Such immigration policies provide for immigration visas and permits that allow entrepreneurs creating job opportunities to have access to certain opportunities which help them grow their businesses. There is no such law in South Africa, which is why 154 (95.7%) of the participants agreed that the absence of proper documentation was discouraging them as entrepreneurs who could contribute immensely to the growth of the economy through job creation. The number of people currently employed by immigrants might look insignificant, but sympathetic laws will allow for more immigrants already in business to fully realise their potential. The number of participants who disagreed (7 or 4.3%) was negligible, dramatising the importance of this issue to immigrant entrepreneurs.

De Haas et al. (2019) emphasise the necessity for proper documentation to be issued to qualified immigrants, a policy practised by most of the developed world to attract and absorb skills from developing countries. These include the skills evinced by necessity entrepreneurs who, dissatisfied with the wages paid for labour (Wang et al., 2017:3), eventually resort to entrepreneurial ventures. It must be conceded that entrepreneurial skills are in dire straits in South Africa.

**Table 4.32: Long-stay documents should be given to potential immigrant entrepreneurs who want to grow their businesses in South Africa**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	99	61.5	63.9	63.9
	Agree	49	30.4	31.6	95.5
	Disagree	5	3.1	3.2	98.7
	Strongly Disagree	2	1.2	1.3	100.0
	Total	155	96.3	100.0	
Missing	System	6	3.7		
Total		161	100.0		

An overwhelming majority of 148 participants (95.5%) were in support of the government’s issuing long-stay documents to those who have been in the country for some time and are engaged in or committed to entrepreneurial activity. Only 7 (4.7%)

did not agree. One of the most frustrating aspects of immigration is acquiring the right visa or permit, which determines what rights and freedoms the individual can have. South Africa has a history of protracted delays in the issuing of visas and permits to immigrants, especially long-stay visas or permits. As indicated in Chapter 2, there is a huge backlog of applications from immigrants, most of whom are entrepreneurs. This problem paralyses the running and expansion of businesses. The White Paper on Migration (2016) suggests the award of long-stay visas to those who have been in the country for a very long time.

**Table 4.33: Special, favourable conditions for awarding business premises to immigrant entrepreneurs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	60	37.3	38.2	38.2
	Agree	56	34.8	35.7	73.9
	Disagree	31	19.3	19.7	93.6
	Strongly Disagree	10	6.2	6.4	100.0
	Total	157	97.5	100.0	
Missing	System	4	2.5		
Total		161	100.0		

The city of Cape Town has started this process but is very slow in implementing it. In 1998, part of the road to the Parow train station was transformed into an open market by the City of Cape Town. Immigrant refugees and asylum seekers have ever since been trading together with South African nationals without any conflict.



Figure 4.1: Parow train road Informal Business Site Source: Photo by the researcher

The newly designed area in Parow accommodates start-ups and micro businesses, irrespective of nationality. Coincidentally, most of the business owners are immigrants, among whom are women over 60 years old selling second-hand clothes and shoes.



Figure 4.2: Parow train road view of immigrants and South African nationals doing business

The great majority of the business owners around the Parow train road are African immigrant entrepreneurs selling mainly clothes and African foods in the cubicles, and

operating hair salons, tuck shops, furniture shops and fish and chips shops in the permanent buildings. South African nationals sell mostly fruit and vegetables and fresh fish in the cubicles and cold stores and charity shops.

The policy has helped many, including immigrants, to start and expand to fully registered businesses that create employment. The City Council under this special policy lowers the monthly payment of rentals for the space to R107.00 per month in 2021, and only immigrants without employment who are fully committed to business are qualified to apply for business premises there. To the question of whether the government should create special conditions, 116 (73.9%) responded in the affirmative, while 41 (26.1%) felt differently.

**Table 4.34: Affordable rentals for business premises**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	73	45.3	46.8	46.8
	Agree	71	44.1	45.5	92.3
	Disagree	11	6.8	7.1	99.4
	Strongly Disagree	1	.6	.6	100.0
	Total	156	96.9	100.0	
Missing	System	5	3.1		
Total		161	100.0		

According to Tengeh (2013), the high cost of rent is one of the reasons African immigrants prefer to set up their businesses in the townships to compete with South Africans in the informal markets there. In response to the question on whether participants hoped that the government would intervene to help with the rental issue, the following statistics were registered: 144 (92.3%) agreed and 12 (7.7%) disagreed. There is a direct link between job creation and immigrant entrepreneurship in Cape Town. The government should therefore adopt a policy like the one that obtains in China, where rental amounts are determined by the government on behalf of tenants (Yang et al., 2018). Though the question of the role of government in such matters is open to debate, it would in this particular instance serve to encourage the growth of the economy.

**Table 4.35: A special protection unit for immigrant entrepreneurial business**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	63	39.1	40.4	40.4
	Agree	60	37.3	38.5	78.8
	Disagree	26	16.1	16.7	95.5
	Strongly Disagree	7	4.3	4.5	100.0
	Total	156	96.9	100.0	
Missing	System	5	3.1		
Total		161	100.0		

Table 4.35, above, shows that a total of 123 (78.8%) participants believed that a special protection unit was necessary for immigrants' businesses, while 33 or 21.2% disagreed. It has been the desire of many immigrants to have special protection supplied by the government of South Africa. The businesses of foreigners have been subject to attack by South African mobs over the years. Many have lost their lives in these attacks. Foreign nationals or immigrants running businesses in the townships are tantamount to an endangered species. Protection is especially needed in those areas with frequent xenophobic attacks.

**Table 4.36: Regular sensitisation campaigns against xenophobia and Afro-phobia**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	114	70.8	71.3	71.3
	Agree	44	27.3	27.5	98.8
	Disagree	2	1.2	1.3	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

A very large majority of 158 respondents (98.8%) agreed that regular sensitisation campaigns against xenophobia and Afro-phobia should be conducted. Only 2 (1.3%) were not in support of the idea of regular sensitisation. They may be running businesses in places that are safe from frequent xenophobic attacks. Xenophobia is souring the economy of South Africa. Many potential investors, predominantly African,

are uncomfortable about investing when they know their businesses can be attacked and possibly destroyed at any time. It can be argued that the persistence of xenophobia in the country is fuelled by the government's apparent lack of will to combat it (Hewitt et al., 2020). One of the ways to combat xenophobia and Afrophobia is through systematic efforts to educate and sensitise people, while at the same time making any act that is the product of xenophobia a crime. The number of participants in favour of the statement is eloquent testimony to the negative impact xenophobia is having on the ability of African immigrant entrepreneurs to fully commit to the business they do. In this way, xenophobia has a negative impact on the economy of South Africa (Vanyoro & Ncube, 2018:78; Angu, 2019; Ogunnoiki & Adeyemi, 2019; Masikane et al., 2020; Toh, 2020).

**Table 4. 37: Local language training programmes for immigrant entrepreneurs**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	46	28.6	30.3	30.3
	Agree	53	32.9	34.9	65.1
	Disagree	42	26.1	27.6	92.8
	Strongly Disagree	11	6.8	7.2	100.0
	Total	152	94.4	100.0	
Missing	System	9	5.6		
Total		161	100.0		

The table above shows that 99 or 65.1% believe that training programmes are necessary to improve their grasp of the local language(s) of South Africa. This view is not shared by the remaining 53 respondents (32.9%). According to Miller (2017), speaking the language of the people shows a sense of belonging, identity and love for the people. It convinces the people and instils in them the confidence to work with the immigrant businessmen. Mayell (2003) argues that language is the main attribute in the success of business people and adventurers. In this context, it facilitates communication between the entrepreneur and the consumers or customers and increases the customer base (Doughty, 2019; Ortega, 2019). South Africa is a multilingual country (Hickey, 2019) where the first language of the majority of the people is other than English. Learning an indigenous language will give an entrepreneur an edge over others who speak only English in addition to their home



language.

**Table 4.38: Annual awards ceremonies for immigrant entrepreneurs in South Africa**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	61	37.9	53.0	53.0
	Agree	42	26.1	36.5	89.6
	Disagree	9	5.6	7.8	97.4
	Strongly Disagree	3	1.9	2.6	100.0
	Total	115	71.4	100.0	
Missing	System	46	28.6		
Total		161	100.0		

Many respondents supported the idea that their contribution to the economy of Cape Town be officially recognised. Thus 103 (89.6%) agreed that the government should make annual awards. Only a small number of 12 (10.4%) disagreed. But there is no institution supporting African immigrant entrepreneurship in South Africa, whether at the national or provincial government level. Instead, Africans running businesses in South Africa are generally seen as a threat to the businesses of local men and women. There is the possibility that an annual award (such as those made in the USA) will be criticised by the many citizens who are already uncomfortable with the African entrepreneurial presence in the country, and could spark more anger and attacks.

#### **Section D. Demographic Information**

In this section demographic information about the participants is presented.

**Table 4.39: Country of Origin**

		Frequency	Percent	Valid Percent	Cumulative Percent
	1. Angola*	1	.6	.6	1.2
	2. Cameroon*	47	29.2	29.2	30.4
	3. Congo Brazzaville*	3	1.9	1.9	32.3
	4. Congo DRC*	17	10.5	10.5	42.9
	5. Ethiopia*	9	5.6	5.6	48.4

6. Gabon*	2	1.2	1.2	49.7
7. Ghana*	16	9.9	9.9	59.6
8. Malawi	7	4.3	4.3	64.0
9. Mozambique*	1	.6	.6	64.6
10. Nigeria*	26	16.1	16.1	80.7
11. Senegal*	4	2.5	2.5	83.2
12. Somalia*	16	9.6	9.6	92.8
13. Ugandan*	2	1.2	1.2	93.8
14. Zimbabwe*	10	6.2	6.2	100.0
Total	161	100.0	100.0	

From the above Table, the following statistics can be read. The largest set was 47 (29.2%) from Cameroon, followed by those from Nigeria (26 or 16.1%). There were 16 (9.9%) from Ghana and the same number from Somalia (16 or 9.9%). They were followed by 13 (8.0%) from the DRC, 10 from Zimbabwe (6.2%), 9 from Ethiopia (5.6%), 7 from Malawi (4.3%), 4 from Senegal (2.5%), 3 from the Republic of Congo (1.9%), 2 Ugandans (1.6%), 2 from Gabon (1.2%) and one each from Angola (0.6%) and Mozambique (0.6%). The statistics on country representation do not differ from those produced in previous research on African immigrant entrepreneurship (Tengeh et al., 2010; Tengeh et al., 2012; Tengeh, 2013; Khosa & Kalitanyi, 2014; Asoba & Tengeh, 2016; Tengeh & Nkem, 2017; Kum, 2018). What is different, though, is the research focus. While this study looks at the influence of the law on all African immigrant entrepreneurs, former researchers looked at specific aspects of businesses run by African immigrants. Some countries may have a stronger culture of business diversification than others: for example, immigrants from Cameroon, Nigeria and Ghana, as compared with Somalians, who mainly target clothing (Kum, 2018:63) and groceries.

**Table 4.40 Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	107	66.5	66.9	66.9
	Female	53	32.9	33.1	100.0
	Total	160	99.4	100.0	
Missing	4	1	.6		
Total		161	100.0		

Out of the 160 participants who took part in the research, 107 or 66.9% were men and 53 or 32.9% were women. Traditionally, Africa is patriarchal, with men functioning as economic leaders and breadwinners (Blackden et al., 2011:72; Nsengimana, 2017:36; Iwu et al., 2020:188). As is the case in India, the woman's role in the family is to follow the instructions of the man in whatever they do, including business (Siddiqui, 2012:2,6). Stereotypically, women are responsible for domestic work and childbearing. Men may have to leave home to fend for the family while leaving behind the woman and children. The results here are consistent with those of almost all researchers who have investigated the gender of African immigrant entrepreneurs in Cape Town and South Africa as a whole.

**Table 4.41. Marital Status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	53	32.9	32.9	32.9
	Married	97	60.2	60.2	93.2
	Divorced	4	2.5	2.5	95.7
	Widowed	7	4.3	4.3	100.0
	Total	161	100.0	100.0	

The figure of 97 or 60.2% of participants, as seen in the table above, indicates that most of the respondents who represent African immigrant entrepreneurs are married people. This is in line with the finding of Kum (2018:65), which showed that 71.1% of

immigrants were married and Tengeh (2011:75) (69.6% married). This result suggests that African immigrant entrepreneurs come to the country with intention of establishing and growing their businesses for the benefit of their families.

**Table 4.42: Age of immigrants**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 18 years	1	.6	.6	.6
	19 - 30 years	30	18.6	18.6	19.3
	31 - 40 years	75	46.6	46.6	65.8
	41 - 60 years	48	29.8	29.8	95.7
	Above 60 years	7	4.3	4.3	100.0
	Total	161	100.0	100.0	

From Table 4.42, above, 75 or 46.6% of the respondents were in the age group 31-40. The age range of 41-60 registered the second-highest total, 48 or 29.8%. The third highest group comprised respondents between the ages of 19 and 30: 30 or 18.6%. These results are in line with the findings of other researchers on the age range of African immigrant entrepreneurs in Cape Town, such as Kalitanyi (2007), Chrysostome (2010), Tengeh (2011), Kum (2018:64) and Asoba (2020). The results, with a high proportion of young and middle-aged individuals, demonstrate the growth potential of immigrant businesses operating in the economy of South Africa.

**Table 4.43. Home Language**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Arabic	15	9.3	9.4	9.4
	English	93	57.8	58.1	67.5
	French	31	19.3	19.4	86.9
	Pidgin English	8	5.0	5.0	91.9
	Portuguese	2	1.2	1.3	93.1
	Spanish	1	.6	.6	93.8
	Swahili	2	1.2	1.3	95.0

	Amharic	8	5.0	5.0	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

The results presented above indicate that most of those immigrating to South Africa are from an English-speaking background. A total number of 93 (58.1%) immigrants running businesses in Cape Town are from English-speaking countries. The second highest group of immigrants were those from Francophone countries (31 or 19.4%), followed by Arabic speakers (15 or 9.4%). Eight (5.0%) were Amharic or speakers of Pidgin English.

More participants were expected to be Arabic speaking, but due to the busy nature of their businesses coupled with the inability of the Somalians to understand English, very few of them participated in the research exercise. Of those who participated, many claimed Arabic as their main language instead of the popular Cushitic language.

**Table 4.44: Number of Dependents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	10	6.2	6.3	6.3
	1	15	9.3	9.4	15.6
	2	37	23.0	23.1	38.8
	3	33	20.5	20.6	59.4
	4	29	18.0	18.1	77.5
	5	15	9.3	9.4	86.9
	6	5	3.1	3.1	90.0
	7	7	4.3	4.4	94.4
	8	6	3.7	3.8	98.1
	10	2	1.2	1.3	99.4
	14	1	.6	.6	100.0
	Total		160	99.4	100.0
Missing	System	1	.6		
Total		161	100.0		

As shown above, many immigrants in South Africa are married and will obviously have

children or dependents to take care of. They are probably more committed to their businesses undertakings than they would be if they had no dependents. Regarding the size of families, the statistics showed that 37 (23.1%) had 2 dependents, 33 (20.6%) had 3 dependents, 29 (18.1%) had 4, 15 (9.4%) 5 dependents, while 5 (3.1%) participants had 6 dependents each. The remaining 16 respondents each had between 7 and 14 dependents. The larger numbers of dependents no doubt included some cousins, nieces, nephews, uncles, aunts, brothers, sisters and parents.

**Table 4.45 Level of Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No formal education	3	1.9	1.9	1.9
	Primary School level	15	9.3	9.4	11.3
	Secondary School	28	17.4	17.5	28.7
	Vocational Training	11	6.8	6.9	35.6
	University	23	14.3	14.4	50.0
	Diploma	34	21.1	21.3	71.3
	Bachelor's Degree	30	18.6	18.8	90.0
	Master's Degree	16	9.9	10.0	100.0
	Total	160	99.4	100.0	
Missing	System	1	.6		
Total		161	100.0		

A diploma was the highest level of education for a slight majority of 34 respondents (21.3%). The next largest cohort had a university degree (30 or 18.8%). They were followed by those who had some university training (23 or 14.45%), those with secondary school education (28 or 17.5%) or vocational training (11 or 6.9%). A surprising total of 16 (10%) had master's degrees. The participants as a whole were academically well qualified. Chrysostome (2010:146) claims that education helps immigrants to overcome entrepreneurial challenges and stay afloat in business in South Africa. The same argument is made by Wanigasekara and Surangi (2011:1) and Tengeh (2013:247), who agree that there is a connection between education and entrepreneurial success.

**Table 4.46 Informal Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		159	98.8	98.8	98.8
	3	1	.6	.6	99.4
	Honours	1	.6	.6	100.0
	Total	161	100.0	100.0	

Out of the 160 participants who answered the question on education, only 1 was found to have obtained a form of education not included in the list of possibilities. This might have been self-development education as described by Lorig and Holman (2003), or a form of home training or informal education on business.

### **Section E. Business Profile**

**Table 4.47: When did you start the business?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.6	.6	.6
	2013	1	.6	.6	1.2
	2000	3	1.9	1.9	3.1
	2002	1	.6	.6	3.7
	2004	4	2.5	2.5	6.2
	2005	6	3.7	3.7	9.9
	2006	7	4.3	4.3	14.3
	2007	12	7.5	7.5	21.7
	2008	21	13.0	13.0	34.8
	2009	18	11.2	11.2	46.0
	2010	20	12.4	12.4	58.4
	2011	4	2.5	2.5	60.9
	2012	10	6.2	6.2	67.1
	2013	7	4.3	4.3	71.4
	2014	17	10.6	10.6	82.0
	2015	4	2.5	2.5	84.5
	2016	13	8.1	8.1	92.5
	2017	8	5.0	5.0	97.5
	2018	4	2.5	2.5	100.0

	Total	161	100.0	100.0	
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Declaring the year in which they started their businesses, the respondents revealed that most dated back to 2007–2010: a slight majority were started in 2008 (21 or 13.0%). The uptick from 2007 suggests evidence of prosperity owing to economic growth. The next highest number of new businesses started in 2010 (20 or 12.4). This might perhaps be explained by the fact that the FIFA World Cup not only brought the highest number of people in the same year into the country ever, but also encouraged people to discover the business opportunities that the country had to offer. Next was 2009 for company registration when 18 (11.2%) participants made their mark; in 2014, the number of companies established was 17(10.6%), in 2016, 13 (8.1%), in 2007, 12 (7.5%); 2012, 10 (6.2%); 2017, 8 (5.0%); in 2006 and 2013, 7 (4.3%); 2005,6 (3.7%); 2004, 2011, 2015 and 2018 each saw 4 (2.5%)new businesses; and 2000, 3 (1.9%). In the years 2002 and 2013, only a single new business was established.

Clearly, the growth of company registrations for close to 20 years in Cape Town has not been even. The peak was between 2006 and 2010, with large numbers of companies being founded in Cape Town. The numbers start dropping after 2010, with a slight increase only in 2016. And since then, there has been a falling off of new immigrant entrepreneurial ventures. This coincides with the introduction of many harsh immigration policies and laws in 2014, with subsequent applications in 2016. The White Paper on Immigration and the DHA immigration directives are among the examples.

**Table 4.48: Business Ownership**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Your business	127	78.9	78.9	78.9
	Partnership	28	17.4	17.4	96.3
	Working for another	6	3.7	3.7	100.0
	Total	161	100.0	100.0	

A great majority of 127 (78.9%) respondents own the business they work for in Cape Town. Another 28 or 17.4% of immigrant businesses are a partnership, which signifies



that the immigrant concerned shares the running of the business. Put together, a sweeping majority of 155 (93.3%) of the businesses in which immigrants are involved in Cape Town belong to them wholly or partially. This proportion is in line with the findings of Kalitanyi and Visser (2010), Tengeh (2011), Fatoki and Tilton (2012), and Tengeh (2012).

**Table 4.49: Number of employees at the start of business**

		Frequency	Per cent	Valid Percent	Cumulative Per cent
Valid	0	23	14.3	14.6	14.6
	1	66	41.0	42.0	56.7
	2	52	32.3	33.1	89.8
	3	12	7.5	7.6	97.5
	4	1	.6	.6	98.1
	5	1	.6	.6	98.7
	6	2	1.2	1.3	100.0
	Total	157	97.5	100.0	
Missing	System	4	2.5		
Total		161	100.0		

**Table 4.50: Current Employees at the company**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	13	8.1	8.4	8.4
	1	59	36.6	38.3	46.8
	2	49	30.4	31.8	78.6
	3	16	9.9	10.4	89.0
	4	9	5.6	5.8	94.8
	5	4	2.5	2.6	97.4
	6	1	.6	.6	98.1
	7	1	.6	.6	98.7
	10	1	.6	.6	99.4
	12	1	.6	.6	100.0
	Total	154	95.7	100.0	
Missing	System	7	4.3		
Total		161	100.0		

The Tables above (4.49 and 4.50) show employment statistics for African immigrant entrepreneurs' businesses at the time they opened and at the time this research was conducted in Cape Town. The results from participants at start up showed that 23 (14.6%) had no employees at the commencement of their business. At the time the research was conducted, only 13 fell into this bracket (8.4%), meaning there was an employment gain of 6.2%. Another set of 66 (42%) participants employed one person from the start of their business, but this number dropped to 59 (38.3%). Those initially employing 2 people dropped slightly from 52 to 49 (0.5%). Businesses offering employment to 3 people at the time of research were also slightly fewer at 16 (10.4%) against the 12 (7.6%) who did at the start of their business. On the other hand, the number of respondents who employed 4 or more people rose from 4 to 14 (over three times as many, or an overall increase of 10.8%).

It would appear that, while most businesses offered some employment, the majority have not grown much according to this measure. Yet about half a dozen have prospered, some considerably. The results confirm that African immigrants doing business can actually create employment in South African cities (cf. Rogerson, 1997; Peberdy & Rogerson, 2000; Kalitanyi, 2007; Kalitanyi & Visser, 2010; Khosa & Kalitanyi, 2015:146; Khosa & Kalitanyi, 2016). If they could do so untrammelled by the numerous difficulties associated with immigration policies and laws, they would be able to employ many more (Tengeh, 2011).

**Table 4.51: Area where business is situated**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Grassy Park	1	.6	.6	.6
	Retreat	1	.6	.6	1.2
	Woodstock	1	.6	.6	1.8
	Bellville	18	11.1	11.1	12.9
	Black Heath	1	.6	.6	13.5
	Brackenfell	1	.6	.6	14.1
	Brooklyn	3	1.9	1.9	16.0
	Cape Town CBD	17	10.2	10.2	26.2
	Claremont	5	3.0	3.0	29.2
	Delft	2	1.2	1.2	30.4

	Durbanville	1	.6	.6	31.0
	Epping	2	1.2	1.2	32.2
	Goodwood	7	4.3	4.3	36.5
	Grassy Park	3	1.9	1.9	38.4
	Khayelitsha	10	6.2	6.2	44.6
	Kraaifonten	3	1.9	1.9	46.5
	Kuilsriver	2	1.2	1.2	47.7
	Maitland	6	3.7	3.7	51.4
	Milnerton	1	.6	.6	52.0
	Mowbray	12	7.6	7.6	60.2
	Nyanga	1	.6	.6	61.4
	Observatory	2	1.2	1.2	62.1
	Parow	32	19.9	19.9	82.0
	Rondebosch	3	1.9	1.9	83.9
	Simons Town	1	.6	.6	84.5
	Stellenbosch	6	3.7	3.7	88.2
	Vasco	4	2.5	2.5	90.7
	Woodstock	8	5.0	5.0	95.7
	Wynberg	7	4.3	4.3	100.0
	Total	161	100.0	100.0	

The statistics in the Table above show that African immigrant entrepreneurs conduct business across the Cape Metropole, in both township and urban areas. In this discussion, the only areas included are those where at least 3 businesses are located. will be mentioned. The highest number of businesses were found to be in Parow (32or 19.9%). Then came the Cape Town CBD and Bellville with 18 or 10.5% each. In fourth place were participants based in Mowbray (12or 6.8%). The township of Khayelitsha hosted 10 participants (6.2%), and the Woodstock area, 8 (5.0%). Goodwood and Wynberg each had 7 businesses (4.3% each). Maitland had 6 (3.7%) respondents, Claremont 5 (3.1%), while 3 each were based in Brooklyn, Grassy Park, Kraaifontein and Rondebosch (1.9% x 4). Even though it is argued that many African immigrants compete with South African nationals in the running of the businesses, these are mostly micro township enterprises like spaza shops, furniture and building materials. But most immigrants prefer setting up their businesses within the urban areas where

security is assured and businesses can run for longer hours, an advantage over the township areas.

**Table 4.52: Business type**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	African Food Store	13	8.1	8.9	8.9
	Barber Shop	7	4.3	4.8	13.7
	Beauty Salon	20	12.4	13.7	27.4
	Carpentry	2	1.2	1.4	28.8
	Cell phone Accessory & Repairs	2	1.2	1.4	30.1
	Clothing	20	12.4	13.7	43.8
	Computer Accessories	3	1.9	2.1	45.9
	Cosmetics	5	3.1	3.4	49.3
	Craft	3	1.9	2.1	51.4
	Tailoring/Seamstress	8	5.0	5.5	56.8
	Electrical Appliances	3	1.9	2.1	58.9
	Export & Import	2	1.2	1.4	60.3
	Fast Food	4	2.5	2.7	63.0
	Fridge Repairs	4	2.5	2.7	65.8
	Furniture	2	1.2	1.4	67.1
	Hair Dressing	12	7.5	8.2	75.3
	Hardware Repairs	4	2.5	2.7	78.1
	Hawker	15	9.3	10.3	88.4
	Internet café	4	2.5	2.7	91.1
	Mechanics	3	1.9	2.1	93.2
	Plumbing	3	1.9	2.1	95.2
	Restaurant	7	4.3	4.8	13.7
	Shoe Repairs	4	2.5	2.7	98.6
	Transport	2	1.2	1.4	100.0
	Total	142	90.7	100.0	
Missing	System	19	9.3		
Total		161	100.0		

Beauty salons and clothing stores were the most popular businesses, each with 20

(13.7%) entrepreneurs. The second-largest category was made up of hawkers (15 or 10.3%). Third came African food store owners with 13 (8.9%) participants. They were followed by proprietors of hair dressing salons (12 or 8.2%), tailoring/seamstress (8 or 5.5%); barber shops and restaurants, each with 7 (4.8%), and cosmetics with 5 (3.4%). Other businesses included fast food, fridge repairs, hardware repairs, Internet cafés 4 and shoe repairs (each numbering 4 or 2.7%). There were three each (2.1%) of computer accessories, crafts, electrical appliances, mechanics and plumbers all had 3(2.1%) each. There were two of each of the following (1.4%): carpentry, cell phone accessories & repairs, export & import, furniture and transport. Most of the businesses run by African immigrant entrepreneurs are in the retail and repairs sectors, as corroborated by previous research (Kalitanyi & Visser, 2010; Tengeh et al., 2012; Liedeman et al. (2013); Choto et al. 2014; Khosa, 2014; Nambei, 2014; Asoba & Tengeh, 2016; Toli, 2017; Kum 2018; Asoba, 2020; Tengeh & Iwu, 2020. The reason for this limitation is entrepreneurs' lack of the required documents and capital to be able to go into manufacturing or production. Moreover, most advantages and business opportunities require people with permanent residence or South African ID documents.

**Table 4.53: Other business types not mentioned**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		142	88.2	88.2	88.2
	Entertainment	1	.6	.6	88.8
	Cleaning	1	.6	.6	89.4
	Fruits & Veg.	1	.6	.6	90.1
	Household Utensils	1	.6	.6	90.7
	NGO/NPO Organisation	1	.6	.6	91.3
	Leather Goods	1	.6	.6	91.9
	Media	1	.6	.6	92.5
	Mixed items on stand	1	.6	.6	93.2
	Mixed Items on stand	1	.6	.6	93.8
	Mobile tuck-shop	1	.6	.6	94.4
	Property	2	1.2	1.2	95.7
	Security Company	1	.6	.6	96.3

	Tuck shop	6	3.7	3.7	100.0
	Total	161	100.0	100.0	

In addition, other businesses not included in the research list were added by the participants. Six respondents were running tuck shops (spaza shops) (3.7%), and two on property while each were involved in leather goods, media and selling mixed items on a stand (1.2% each). There was one participant (0.6%) in each of the following fields: entertainment, cleaning, fruits & veg, household utensils, human rights organisation, mobile tuck-shop, and a security company.

**Table 4.54: Number of businesses owned**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	40	24.8	25.3	25.3
	1	78	48.4	49.4	74.7
	2	33	20.5	20.9	95.6
	3	7	4.3	4.4	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

From the statistics shown in the table above, 78 or 49.4% of participants own one business, while 40 (25.3%) do not single-handedly own a business. Judging by the statistics cited earlier, the 25.3% appears to include those in some form of partnership or joint business initiative. As many as 33 or 20.9% owned 2 businesses and 7 (4.4%) are the owners of three or more businesses. These figures show the growth possibilities that can be achieved by immigrant entrepreneurship (Tengeh, 2011; Nambei, 2014).

**Table 4.55. Annual Turnover in the first year of business**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than R50,000	64	39.8	40.5	40.5
	R50,001 – R100,000	57	35.4	36.1	76.6
	R100,001 – R200,000	23	14.3	14.6	91.1

	R200,0001 – R300,000	6	3.7	3.8	94.9
	R300,001 – R400,000	5	3.1	3.2	98.1
	R400,001 – R500,000	1	.6	.6	98.7
	R700,001 – R1,000,000	1	.6	.6	99.4
	Above R1,000,000	1	.6	.6	100.0
	Total	158	98.1	100.0	
Missing	System	3	1.9		
Total		161	100.0		

Table 4.55, above, illustrates the turnover realised by immigrant participants during the first year after the establishment of their businesses. Of the 158 who answered this question, 64 or 40.5% reported a turnover of less than R50, 000 during the first year of operation. Some 57 or 36.1% of participants recorded an annual turnover of between R50,000 and R100,000. These numbers dropped drastically as the turnover amount increased, with 6 (3.8%) participants achieving between R200,001 and R300,000 and another 5 (3.2%), between R300,001 and R400,000. For each of the brackets R400,001–R500,000, R700,001–R1,000,000 and above R1,000,000, there was one participant. One year in business is normally described as short-term, during which many businesses are satisfied with breaking even (Shrotriya, 2019; Belay et al., 2020; Mazzarol & Reboud, 2020). The results shown above indicate that immigrants started reasonably well.

**Table 4.56: Current Annual Turnover**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than R50,000	42	26.1	27.1	27.1
	R50,001 – R100,000,	55	34.2	35.5	62.6
	R100,001 – R200,000	35	21.7	22.6	85.2
	R200,001 – R300,000	9	5.6	5.8	91.0
	R300,001 – R400,000	6	3.7	3.9	94.8
	R400,001 – R500,000	4	2.5	2.6	97.4
	R500,001 – R600,000	1	.6	.6	98.1
	R700,001 – R1,000,000	2	1.2	1.3	99.4
	Above R1,000,000	1	.6	.6	100.0
	Total	155	96.3	100.0	
Missing	System	6	3.7		

Total	161	100.0		
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The table above reflects the annual turnover of the businesses at the time of the research study, which in most cases was some years after the establishment of these businesses. This time, a total of 42 (27.1%) reported an annual turnover of less than R50,000, a decrease of 13.4% over the first year of operation. Those reporting a turnover of between R50,000 and R100,000 (35.5%) were comparable in number to those in Table 4.55. But there was a jump from 23 to 35 (8% increase) in those with an annual turnover of between R100,000 and R200 000. The trend continued with 9 (5.8%) between the range of R200,001 and R300,000, 6 (3.9%) between R300,001 and R400,000 and 4 (2.6%) in the range R400,001 – R500,000 per year. One participant reported a turnover of R500,001 – R600,000 (0.6%) and one of above R1,000,000 (0.6%). There was no significant change in these upper reaches of the scale.

Overall, with the exception of a bulge between the R50,000 and R200,000 marks, the higher the turnover, the fewer the immigrants involved. Clearly, many African immigrant businesses are micro and small, and Dzomonda and Fatoki (2018) have noted that growth and profitability in immigrant entrepreneurship are very weak. But according to Tengeh (2013:353) and Tengeh and Nkem (2017:7), many of the growth challenges faced by immigrant businesses are financial and permit- or visa-related.

### 4.3 Factor Analysis

According to Niranjana (2004:41), factor analysis is a statistical technique used to identify a relatively small number of underlying dimensions, or factors, which can be used to represent relationships among interrelated variables. It can be described as a means through which related or associated variables in large data may be identified. It can also be called a technique mostly used by social scientists in interrelationship analysis, data reduction, instrument development, classification and description of data, data transformation, hypothesis testing, exploring, relationships in new domains of interest, and mapping construct space (Niranjana, 2004:41). The observation of these factors can be carried out in different ways: principal axis factor, maximum likelihood, generalised least squares and unweighted least squares. The application



of each method requires a rotation which may (among others) be orthogonal, namely varimax and equimax (restricting factor correlation), or oblique – for example, promax (allowing for factor correlation). The analysis and rotation in this research used the promax method, which allows for correlation.

Aspects of the quantitative method used in this research included the Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test (Napitupulu, 2017). The KMO is a measure of sampling adequacy which shows the degree or proportion of variance or difference in variables attributable to different factors (Budaev, 2010). Bartlett’s Test, on the other hand, is used to test equal variances through the samples (also called homogeneity of variances) (Conover et al., 2018). It can also be used to verify the statistical assertion that variances are the same across samples.

The KMO range of value is between 0 and 1.0. Therefore, the higher and closer the value of variables is to 1.0, the more useful it is considered in the data. Generally, a value of below 0.5 denotes a variable of lesser use to the research. On the other hand, a significance with a small value on the Bartlett’s Test (below 0.05) denotes the usefulness of factor analysis with the data.

**Table 4.57 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.757
Bartlett's Test of Sphericity	Approx. Chi-Square	1898.694
	Df	595
	Sig.	.000

To test the validity of the factor analysis in this study, the Table above shows the KMO and Bartlett's Test results, with a 0.000 significance and a sampling adequacy of 0.757. These values satisfy the requirements for factor analysis and will be used in the ensuing variable analysis of the statistics.

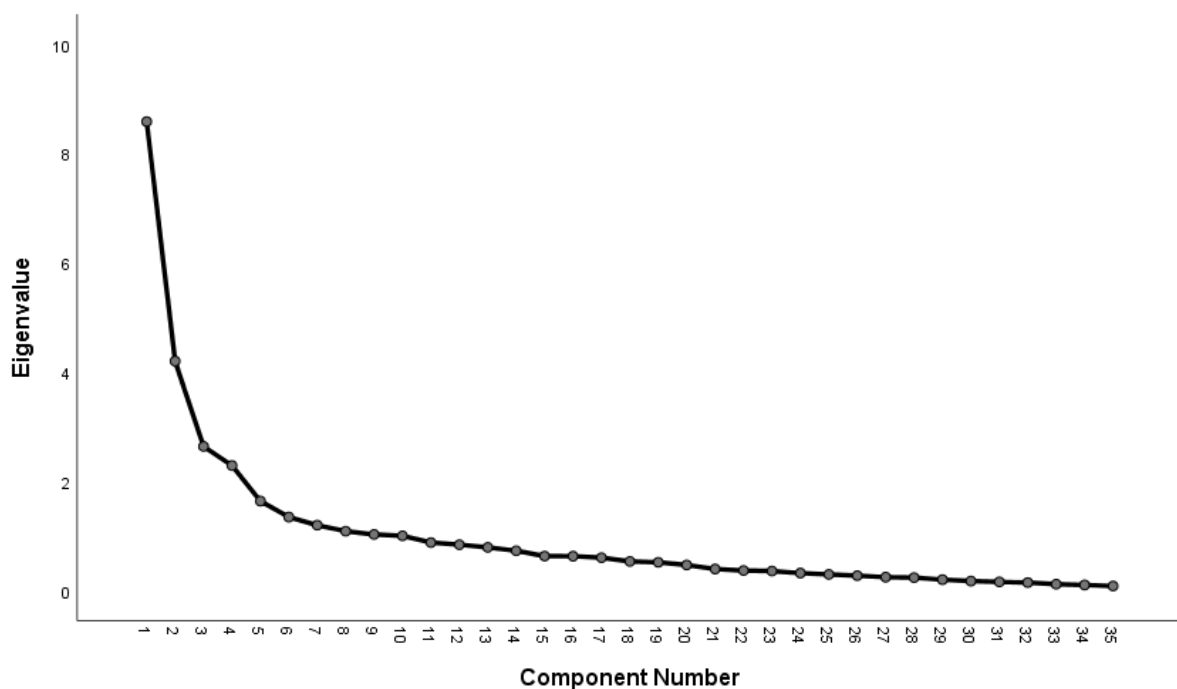
The factor analytical statistics were generated to measure the correlation or relationship between variables associated with immigration law and immigrant entrepreneurship. As explained above, a KMO of less than 0.5 is an indication that variables are not closely related, but a value higher than 0.5 signifies a strong

correlation among variables. The discussion below is structured according to themes underlining the commonalities amongst variables.

By using the Kaiser (1960) criterion, 9 factors greater than one were examined. These factors combined to total 68.54% of the variance with eigenvalues that were also greater than one. To elaborate more on the associated meaningful factors (in addition to the 9) was the scree plot. Also, a summary of five factors with combined eigenvalues of more than 3% of the variance derived under the pattern matrix was examined.

Extraction Method: Principal Component Analysis.

Figure 4.3: Scree Plot



The figure above represents the Scree Plot based on Principal Component Analysis (PCA) with 35 items on the y-axis and 10 Eigenvalue on the x-axis. Factor analysis was needed to reduce the complex number of variables in the study to a few highly related variables with common loading (Ledesma et al., 2015). The same commonality approach was used to examine the pattern matrix, whose analysis regrouped different variables under different factors with common values. From the factors derived from

the data, themes were developed and discussed to describe the socio-economic effects that immigration law has on African immigrant entrepreneurs.

#### **4.3. 1. Rotation results for factor analysis**

In furtherance of the quest to establish the relationship among variables within the research objectives, the researcher used the promax rotation model. This showed that the variants within the component principal analysis are related. The three research objectives reviewed are:

- a) To find out the different ways immigration laws influence the nature of immigrant business in Cape Town.
- b) To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town
- c) To determine the support immigrant entrepreneurs desire from the government.

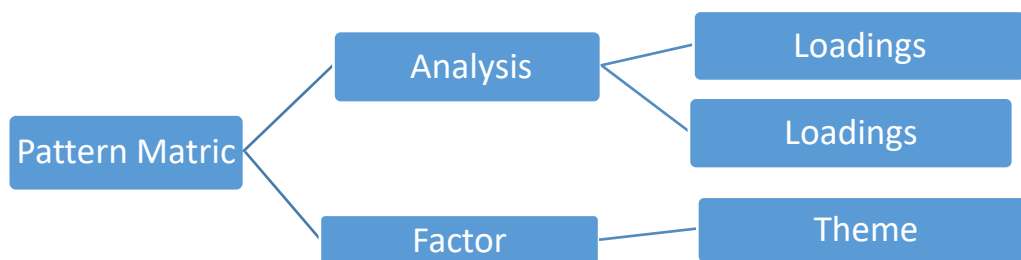
For further simplicity, the PCA was expressed under three tables: the component matrix, the pattern and the structure matrix. In each of the three tables, 5 components were extracted. And those five components showed a stream of related variance with relational commonalities across tables representing the objectives.

According to Watkins (2018), principal factor analysis is recommended for use when correlation between factors is anticipated. This assumption is logically based and substantive since participants are responding to the same questions posed. Considering the PFA statistical evidence of a five-factor structure, the researcher decided to use the pattern rotation matrix because it gives the best illustration and interpretation of evidential factors within a layout of cross-loadings. There were, overall, strong commonalities among factors, with a range of from .301 to .949. Items whose loadings were below .301 were deleted for not having a sufficiently strong correlation to be used.

In an attempt to refine the factor correlation structure and relationality, the pattern rotation matrix was iterated 8 times. This resulted in the very strong commonalities on

a clear pattern loading structure that is discussed under different sub-themes. The researcher used the 5 factors to create new sub-themes from within the five-factors data analysis. Factor 1 was composed of 12 items, to which the researcher assigned a new title, 'Access to banks, fines and business limitations to asylum seekers and refugee permit holders'. All 12 items had a loading value of .5 and above, with a loading range of between .527 and .949. Factor 2 was made up of 9 items with a range of .365 to .792, but only 5 items with loadings of .5 and above were selected. The rest were rejected for having a weak relationship with other items. Factor 3 was represented by 5 items out of a total of 7 with a loading of .454 to .829. Two items were below the .5 loading value range consideration. Factor 4 comprised 7 items with a loading range of .374 to .844, but only four met the .5 value mark and were considered. And lastly, factor 5 had 9 items ranging from .302 to .761, though only 4 with a loading value of .5 and above.

**Figure 4.4: Framework of Pattern Matrix**



Source: Created by the researcher

The framework diagram above presents the model used as a guideline for the development of themes and discussion of the factor analysis. From the pattern, the SPSS developed interrelated variables grouped together under a common factor. The researcher developed themes from the factors for subsequent discussion.

**Table 4.58: Pattern Rotation matrix**

Pattern Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
Q10 A bank account cannot be open with a refugee permit	.949			-.336	
Q9 Asylum seeker permit holder cannot open a bank account	.874			-.304	
Q12 A Refugee Status is not accepted for the granting of a bank loan	.804				
Q11 With an asylum permit, a bank loan cannot be granted by the bank	.803				
Q8 Refugee status permit holder can no longer change to another permit	.797				
Q4 The duration of Refugee Status has now been reduced from 4 years to 6 months	.620				
Q6 License for brand-named products are given only to South Africans	.612				
Q3 I must go back home to change the condition of my permit	.570	-.499			
Q2 Failing to renew your permit within the specific time frame will earn a fine	.568				
Q5 I will automatically become illegal in South Africa anytime my partner in Life Partnership gets married	.534				.330
Q1 The new law that does not allow a legal representative to assist in applying for my permit/visa	.532				
Q7 Renewal of my permit must be at my home country	.527	-.436		.301	
Q22 I cannot keep a big sum of money at the bank for fear that the bank will require verification of documents from time to time		.792			
Q25 I cannot grow my business for lack of required documents to take a loan		.753			
Q26 Because of the law, I cannot travel to other countries to learn new ideas about my business.		.701			.402

Q21 I cannot take goods on credit for lack of required documents		.542		
Q20 My business will be closed should my partner in Life Partner Permit get married		.506		
Q36 Regular sensitisation campaigns against xenophobia and Afrophobia.			.829	
Q32 Long stay documents should be given to potential immigrant entrepreneurs who want to grow their business in South Africa			.759	
Q31 Proper documentation should be given to immigrant entrepreneurs who give employment to South Africans			.678	
Q29 Government should make laws/policy to allow for immigrant entrepreneurs to have access to financial loans			.539	.302
Q27, I pay very high rents for my business premises as a subtenant			.516	
Q30 Information centres should be created to train immigrant entrepreneurs how to manage their business		-.365	.484	.374
Q14 Renewal/extension of my permit status takes a lot of time				
Q19 Travelling home to renew my documents affects my business				.844
Q18 I will be labelled an undesirable immigrant in South Africa if I fail to pay the fine				.817
Q16, I need to study how to compile all the documents required by home affairs				.592
Q23 No formal institution promotes immigrant entrepreneurship in South Africa		.441		.507
Q15 My business must be closed because I must go in person to Home Affairs for renewal				.479
Q17 I will pay a huge fine if I fail to renew my permit within the specific time frame				.457
Q37 Local language training programmes for immigrant entrepreneurs				.761
Q35 A special protection unit for immigrant entrepreneurial business				.724

Q24, I do not keep money at the bank for lack of a document to open an account		.446			.559
Q33 Special favourable conditions for awarding a business place to immigrant entrepreneurs.			.454		.507
Q34 Affordable rentals for business premises.					.440

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

**Table 4.59: Access to banks, fines and limitations for asylum seekers and refugee permit holders**

**Scale: New factor 1**

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	142	88.2
	Excluded	19	11.8
	Total	161	100.0

a. Listwise deletion based on all variables in the procedure.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.865	12

**Table 4.60: Factor 1. Pattern Matrix**

Q10 A bank account cannot be open with a refugee permit	.949
Q9 Asylum seeker permit holder cannot open a bank account	.874
Q12 Refugee Status is not accepted for the granting of a bank loan	.804
Q11 With an asylum permit, a bank loan cannot be granted by the bank	.803
Q8 Refugee status permit holder can no longer change to another permit	.797
Q4 The duration of Refugee Status has now been reduced from 4 years to 6 months	.620
Q6 License for brand-named products are given only to South Africans	.612
Q3 I must go back home to change the condition of my permit	.570
Q2 Failing to renew your permit within the specific time frame will earn a fine	.568
Q5 I will automatically become illegal in South Africa anytime my partner in Life Partnership gets married	.534
Q1 The new law that does not allow a legal representative to assist in applying for my permit/visa	.532
Q7 Renewal of my permit must be at my home country	.527

As already mentioned, the significance of the pattern matrix variables on access to banks, fines and document limitations imposed by immigration law correspond to those informing the research questions and objectives, and those identified in the literature review. Following the pattern matrix KMO value grouping, and after considering the range of values between .5 to 1.0, themes were derived from associated variables as discussed below.

**a. Access to banks with asylum and refugee documents**

The following correlations were identified: between Q10, which suggested that “a bank



account cannot be open with refugee permit” (KMO.949); Q9, “asylum seeker permit holder cannot open a bank account” (KMO .874); Q12, “Refugee Status is not accepted for the granting of a bank loan” (KMO .804); and Q11, “with an asylum permit, a bank loan cannot be granted by the bank’ (KMO.803). These correlations are strong and describe a common relation among those variables. It must be noted that all the variables fall within the set of immigration laws in the country that control immigrants’ financial access on the grounds of their documentation, especially asylum seeker and refugee documents. The statistics show that there is a significant negative financial effect on those under the asylum seeker and refugee regimes.

Many researchers concur with this result and have elaborated on the social and financial handicaps beclouding many immigrant asylum seekers and refugees from Africa who are business owners in Cape Town (Landau, 2006:319; Tengeh, 2011; Fatoki & Patswawairi, 2012; Khosa & Kalitanyi, 2015; Nkem & Tengeh, 2017; Tengeh & Nkem, 2017; Khan & Lee, 2018; Mukumbang et al., 2020:4).

#### **b. Fines related to document renewal**

Reported here are the results associated with variable Q2, failing to renew your permit within the specified time frame will earn a fine. The times granted in South Africa for renewing the documentation of asylum seekers and refugees are extremely short and the process of renewal is very strenuous, as was indicated in the discussion in Chapter Two. This correlates with the fact that in an event of an immigrant having no money to pay, he/she will automatically become illegal (cf. Q5 I will automatically become illegal in South Africa any time my partner in a Life Partnership gets married, KMO .534). Making it more difficult is the fact that the submission of applications or collection of results cannot be done by a third party (e.g., a legal representative) (Q1 The new law does not allow a legal representative to assist in applying for my permit/visa, KMO .532). Although there is always room for appeals, the DHA has a backlog of cases of appeal (also mentioned above) to which they have failed to respond. Regular cases have been waiting more than 10 years for a response. In most cases, immigrants with tourist and student visas are asked to apply for renewal of their documents in their country of origin.

### **c. Validity and renewal of asylum and refugee documents**

The assertion of Khan and Lee (2018) that there has been a policy shift regarding the renewal and validity of asylum seekers and refugees' permits is squarely validated by the outcome of the factor analysis on this subject. Questions of associated import include Q8, refugee status permit holders can no longer change to another permit, KMO of .797; Q4, the duration of refugee status has now been reduced from 4 years to 6 months, KMO of .620 Q6; licenses to sell brand-named products are given only to South Africans, KMO of .612; Q3, I must go back home to change the conditions of my permit, KMO of .570; and Q7, renewal of my permit must be at my home country with KMO of .527. For reasons not understood by many refugees, the duration of the refugee permit was reduced from four years to six months. The six-month period was formerly the duration of an asylum visa. Reducing the duration (validity) of the refugee permit means that banks, employers and educational opportunities are effectively denied to those concerned. Changing the status of one's visa/permit has been made more complex since 2014. All asylum seekers who meet the requirement of critical skills have to apply for a waiver first and then apply for the permit for which they are qualified within the categories outlined by the DHA. Refugees are required to have a standing community certificate to apply for a permanent residence permit (Khan, 2019). All these additional procedures can be viewed as a series of means to delay, distract, discourage and at the same time financially exhaust the applicant. Certain advantages are reserved for people with permanent residence permits, most of whom are nationals. An example is the right to sell branded goods such as Adidas, Nike, Puma, etc. It is a good policy to protect the interests of nationals in all aspects of life, but not at the cost of the productivity and potential contribution that immigrants can make to building the nation's economy.

In other instances, the renewal of visas is easier in the immigrant's country of origin. This is an inference drawn from the sheer length of time it takes to renew a visa in South Africa compared with when one is out of the country. An example of this is the study visa. It takes close to a year (or more) for a student to renew a student visa in SA as opposed to doing it outside the country (Khan & Lee, 2018). There are of course the attendant disadvantages associated with the costs, challenges and psychological insecurity of travelling (Anjofui, 2018).

### 4.3.2 Business limitations and financial insecurity imposed by the type of visa

The tables below explained how immigrant business endeavours are being limited by the types of visas they are using in the country. Explanation is made according to the pattern matrix combination of corresponding values.

**Table 4.61 Scale: New factor 2**

Case Processing Summary			
		N	%
Cases	Valid	143	88.8
	Excluded <sup>a</sup>	18	11.2
	Total	161	100.0
a. Listwise deletion based on all variables in the procedure.			

**Table 4.62 Scale: New factor 3**

Reliability Statistics	
Cronbach's Alpha	N of Items
.762	5

**Table 4.63 Factor 2. Pattern Matrix**

Q22 I cannot keep a big sum of money at the bank for fear that the bank will require verification of documents from time to time		.792
Q25 I cannot grow my business for lack of required documents to take out a loan		.753
Q26 Because of the law, I cannot travel to other countries to learn new ideas about my business		.701

Q21 I cannot take goods on credit for lack of required documents		.542
Q20 My business will be closed should my partner in a life partner permit get married		.506

In total, the 5 items achieved a Cronbach's Alpha coefficient of .762. Each of the computer variables had the independent coefficients labelled according to the numbering in SPSS. Q22, I cannot keep a big sum of money at the bank for fear that the bank will require verification of documents from time to time: Cronbach's Alpha value .792; Q25, I cannot grow my business for lack of required documents to take out a loan: value .753; Q26, Because of the law, I cannot travel to other countries to learn new ideas about my business: value .701; Q21, I cannot take goods on credit for lack of required documents: value .542; and Q20, My business will be closed should my partner in Life Partner Permit get married: coefficient value .506.

These associated variables evince fear and uncertainty about the security of putting money in the bank, or losing one's business for lack of protection from the government and financial institutions. Travelling with an asylum seeker visa or refugee status permit may prevent an immigrant from returning to South Africa, thereby forfeiting their business in the country. The variables on Q22 (.792) and Q26 (.701) reveal that immigrants are sceptical of keeping their money in the banks for fear of losing it while travelling or as a result of delays and complications in renewing their documents either within or outside the country. The insecurity attached to a life partner visa is imposed by the nature of the visa itself. According to the law, a life partner visa ceases to be valid from the time either of the partners gets married or cancels the relationship. Q20 (.506) reflects the uncertainty experienced by participants, as the loss of a valid life partner visa can abruptly put their business at risk.

#### **4.3.3 Immigrants' expectations of government's intervention**

Research has shown that the government of South Africa is doing little to accommodate immigrants. According to Toh (2020; cf. Nyamnjoh, 2016), South Africa has in recent years has become a less attractive destination for investment due to its increasingly unaccommodating immigration laws.

**Table 4.64 Scale: New factor 4. Case Processing Summary**

		N	%
Cases	Valid	149	92.5
	Excluded <sup>a</sup>	12	7.5
	Total	161	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.628	7

**Table 4.65 Case Processing Summary 1**

Q36 Regular sensitisation campaigns against xenophobia and Afrophobia			.829
Q32 Long-stay documents should be given to potential immigrant entrepreneurs who want to grow their business in South Africa			.759
Q31 Proper documentation should be given to immigrant entrepreneurs who give employment to South Africans			.678
Q29 Government should make laws/policy to allow for immigrant entrepreneurs to have access to financial loans			.539
Q27, I pay very high rents for my business premises as a sub-tenant			.516

Xenophobic attacks are recurrent and widespread in South Africa, with attendant

outrage on the part of both the victims and the international community. Yet insufficient measures have been taken by the government to reassure the world of its determination to combat xenophobia. This first variable (Q31) under this factor 1, with a coefficient of .829, maintains that there is a necessity for regular sensitisation campaigns against xenophobia and Afrophobia. The presence of xenophobia is a hindrance to many African immigrant entrepreneurs and other potential investors who might have once considered investing in South Africa.

Trying to obtain the right documents (long-stay valid visas/permits) is a nightmare in South Africa. Many immigrants want to carry out business ventures involving trade between South Africa and other African countries, but obtaining the right visa for such ventures is a near impossibility. Immigrants are overwhelmed by anxiety and frustration over the question of visas. Hundreds of thousands of applications have been pending for more than a decade at the DHA. Above all, the expectation that government will grant appropriate documents to potential immigrant entrepreneurs who want to grow businesses in South Africa is the only hope keeping many in the country: see Q32 (.759) and Q31 (.678).

Another variable in this bracket is the expectation for government to adjust the requirements for obtaining bank loans (Q29: .539) or prevent landlords from exploiting immigrant tenants (Q27: .516).

#### 4.3.4 Lack of support for immigrant entrepreneurship and compilation of requirements for visa/permit.

**Table 4.66: Case Processing Summary 2**

		N	%
Cases	Valid	138	85.7
	Excluded <sup>a</sup>	23	14.3
	Total	161	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.714	6

**Table 4.67: Factor 4. Pattern Matrix**

Q19 Travelling home to renew my documents affects my business				.844
Q18 I will be labelled an undesirable immigrant in South Africa if I fail to pay the fine				.817
Q16 I need to study how to compile all the documents required by Home Affairs				.592
Q23 No formal institution promotes immigrant entrepreneurship in South Africa				.507

Labelling one undesirable (Q18, I will be labelled an undesirable immigrant in South Africa if I fail to pay the fine, with a value of .817) is an extreme penalty for not complying with the rules prescribed by law that qualify an individual as legitimate in the country. Immigrants do not have any institution, centre or initiative committed to educating them on how to compile the necessary documentation for the application for visas/permits (Q16, I need to study how to compile all the documents required by home affairs: .592). This is a huge problem, made worse by the immigration policy that stopped immigration agents and representatives of immigrants from acting on their behalf at the DHA. By instituting such an injunction, the DHA should have foreseen the need to train immigrants on what is needed. There remains considerable confusion among immigrants, with many law-abiding immigrants having to struggle to renew their documents. Some who are desperate resort to crooked 'agents' and impostors who extort huge sums of money without delivering anything. Bribery, corruption and deceit leave many confused, to the extent that they end up being labelled undesirable.

In cases of long delays in document renewal, whether through confusion, deception, exploitation or corruption, an entrepreneur is proscribed from travel (Q19, Travelling home to renew my documents affects my business with a co-efficiency of .844). It is common to meet West, Central and East African immigrants in Cape Town who have

been stuck in the country for 10 to 15 years because of their wait for valid visas/permits. And there is no form of support or relevant institution to assist the affected immigrant entrepreneur during the time when travel is forbidden.

**Table 4.68: Using language as a tool for safety**

**Scale: New factor 5**

**Case Processing Summary**

		N	%
Cases	Valid	141	87.6
	Excluded <sup>a</sup>	20	12.4
	Total	161	100.0
a. Listwise deletion based on all variables in the procedure.			

**Reliability Statistics**

Cronbach's Alpha	N of Items
.621	5

**Table 4.69: Factor 5. Pattern Matrix**

Q37 Local language training programmes for immigrant entrepreneurs						.761
Q35 A special protection unit for immigrant entrepreneurial business						.724



Q24, I do not keep money at the bank for lack of a document to open an account						.559
Q33 Special favourable conditions for awarding a business place to immigrant entrepreneurs.						.507

#### 4.3.5 Communication challenges and financial insecurity

Apart from legal restrictions and regulations, a lack of fluency in the local language was a factor contributing to why many immigrants run the types of business that they do in the places that they choose in Cape Town. Immigrants unable to express themselves in the local language are subject to more frequent attacks than those who speak the language (Nyamnjoh, 2010) (Q37: Local language training programs for immigrant entrepreneurs with a coefficient of .761). In the face of such community hostility, one of the expectations of immigrant entrepreneurs is some form of special protection from the government in the vicinity of xenophobic hotspots (Q35, A special protection unit for immigrant entrepreneurial business with a coefficient of .724). Certain regions are high-risk areas for immigrant businesses, which serves to render other, more favourable areas, more expensive. Considering the important part played by SMEs in every country and also that most of the SMEs are owned by immigrant entrepreneurs, there is a need for intervention in respect of premises and rentals for immigrants (Q33, Special, favourable conditions for awarding a business place to immigrant entrepreneurs, with value of .507). By so doing, the government will encourage investment and development in those areas. This, in concert with local language programmes, will help diminish emigrants' vulnerability to xenophobia.

## **4.4 Qualitative Data Analysis Discussion**

### **4.4.1 Introduction**

This chapter has thus far featured discussion of the results from the quantitative data collected for the study. The next section will focus on the qualitative data assembled via the mixed methods used in the research. This data derives from the interviews conducted, and is partly structured by reference to recurrent themes and relevant literature.

### **4.4.2 Analysis of qualitative data**

Qualitative data was obtained through a group interview with five leaders of immigrant associations or community leaders familiar with the numerous ways in which immigration laws influence the types of businesses carried out by immigrants. The leaders were also entrepreneurs running micro and small businesses in Cape Town. They responded to interview questions developed from the research objectives to ensure that what was not answered in the quantitative was complimented in the qualitative. Therefore, analysis are directly or indirectly based on the objectives of the research.

Before the discussion begins, a reminder of the research objectives as set out in Chapter One would be salutary. They are:

1. To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town
2. To find out the different ways immigration laws influence the nature of immigrant business in Cape Town.
3. To determine the support immigrant entrepreneurs desire from the government.

Five interview questions were developed to ascertain the laws that influence African immigrants' entrepreneurship. Objective one corresponded with the interview sub-question 1. The second objective corresponded to sub-question 2, and 3 associated interview questions were developed. These questions sought to establish the actual influence of laws on African immigrant entrepreneurship in Cape Town. The last set of

questions stemming from sub-question 3 corresponded with objective 3, regarding what African immigrants expected from the government.

The questions for the interview were developed to respond to the requirements of the objectives. The interview format proceeded with a statement of the main research question and sub-questions, and a series of questions derived directly from the research objectives. The full interview schedule can be found in Appendix E, below.

#### **4.4.3 Presentation and discussion of qualitative data**

This section presents the qualitative results and aligns them with quantitative results in a complementary and mutually enriching way. Questionnaire were used for the collection of quantitative data and a semi-structured interview with a group of five respondents was used to obtain the qualitative data. Extensive research has demonstrated compatibility and complementarity between questionnaires and semi-structured interviews in mixed-method research (Harris & Brown, 2010). Semi-structured interview questions are recommended by Denzin and Lincoln (2005, in Almalki, 2016:291), because they allow respondents ample scope for self-expression while maintaining a rigorous research focus.

The researcher anticipated a large number of participants for the interview, but only six turned out. The five came from Cameroon, Nigeria, Democratic Republic of Congo, Somalia and Ethiopia. They were coded as R1; R2; R3, R4, R5 and R6. The codes were used for discussion of the results. The map below shows the interviewees' countries of origin.

# African Map

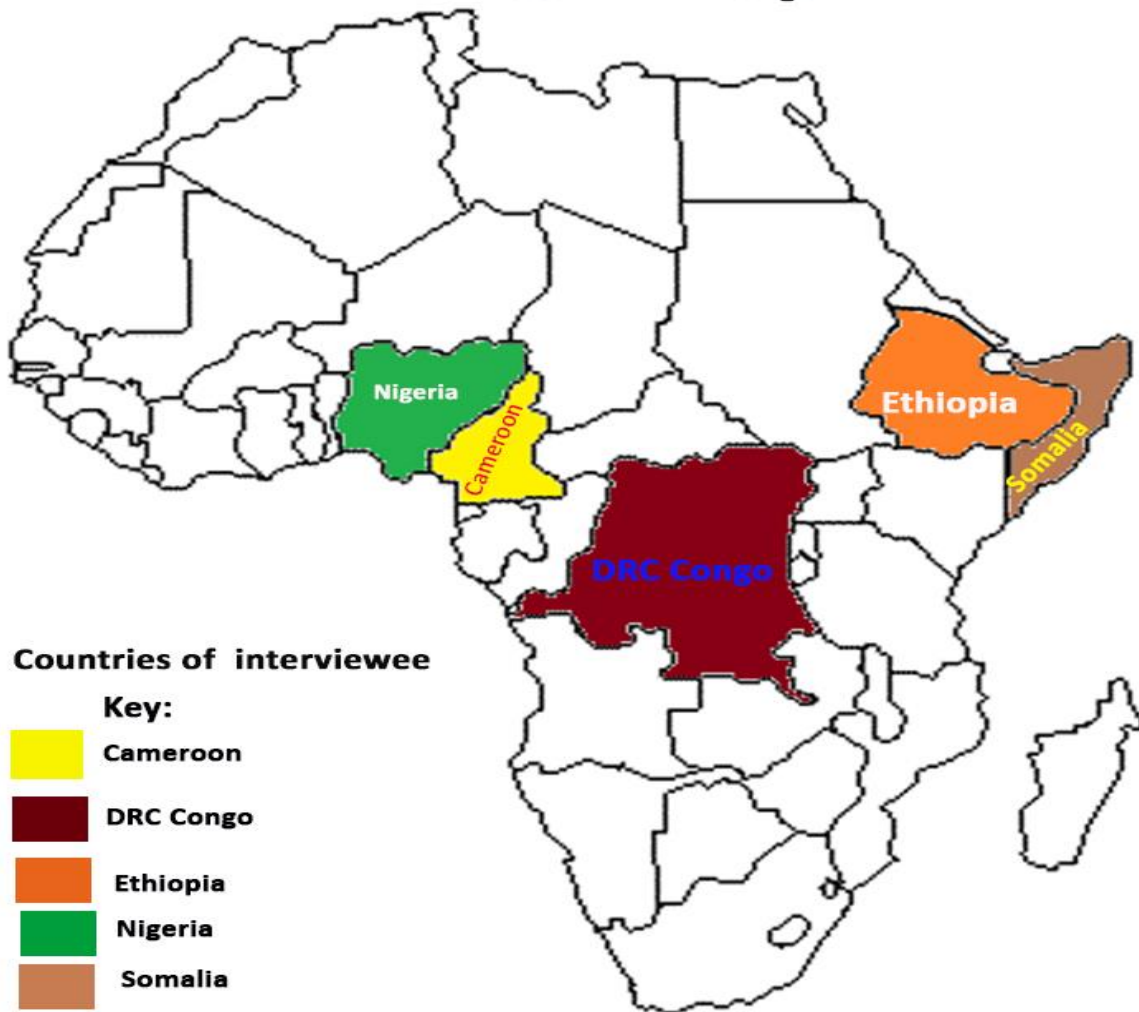


Figure 4.5: Map of interviewees' countries of origin

## Q1. In your opinion, why did you choose South Africa as your business destination?

Respondent 1: I came to South Africa to make business. South Africa is a good business place. In terms of business, South Africa is better than my country and lots of business opportunities do exist in this place. Politically, my country is fighting war in one part of the country. My main reason of coming here was for greener pasture and business opportunity and this country had that.

Respondent 2: I came to South Africa due to the problems in my country. Here there is freedom and kind of human rights protection. My choice was coupled with the fact it is relatively easier to continue my business I was doing home.

Respondent 3: My country is fighting war and as a businessman I had to come to South Africa to do business. There exist too many business opportunities in South Africa.

Respondent 4: I came here to visit, but later found out that South Africa was a very lucrative place to make business.

Respondent 5: I came here to transit to study so and to later continue to Europe. But when I finally arrived here, I realised that business could even be better than Europe in this country.

Respondent 6: South Africa then was very good in business. Things were moving very well, that is why I came to do business in this country.

From the above, it appears that the six respondents came to the country for different reasons. Respondents 1 and 6 came here to exploit business opportunities in South Africa not to be found in their country of origin. Respondent two did not specify the reason for choosing South Africa, but acknowledged that “problems” back home pushed him out of his home country. Respondent three was forced by the push factor of war. Respondent four was on a visitor’s permit (De Klerk & Haarhoff, 2019) and respondent five arrived here en route to Europe to study (Iwu et al., 2019:3).

Though the initial responses from the five respondents show that they left their countries of origin and came to South Africa for various reasons, the final decision to become an entrepreneur is attributed to the enormous business opportunities the country possesses. For example, Asoba (2020:68) suggests that the reason African immigrants choose the craft business is because of the huge market created by high volumes of tourists, for whom Cape Town is one of their favourite destinations in the world.

Overall, the responses to Question 1 are in line with the argument that push and pull factors can coexist. Entrepreneurship is sometimes triggered by an awareness of opportunity (‘opportunistic entrepreneurship’) (Williams & Williams, 2011:3; Nikolaev et al., 2018:6).

**Q 2. Is it easy for an African immigrant entrepreneur to start a business in Cape Town? If yes, explain. If not, how did you manage to start?**

Respondent 1: When compared to my country, it is quite easy to start business in South Africa because there is no tax required for business starters, no harassments unless where I enter private premises. With little sum of money, I can start a business. I can buy things to hawk which I have done and it gave me capital within a year to open a shop. South Africans don't like hawking for instance, and foreigners will easily start up with hawking. But the only problem is the hindrance posed by the law on our document. For everything is linked to the valid and type of document one uses here in South Africa.

Respondent 2: It is very easy to start business in South Africa if you have a good capital. The people of South Africa like to spend instead of doing business or saving. Hence, one can make money very easily through business.

Respondent 3: Starting a business in South Africa is easy for Small, Medium and Micro Enterprises (SMMEs). What I mean is that such businesses need barely any amount to start up if you know business. However, it is difficult to do big businesses.

Respondent 4: Starting a business in South Africa is not the problem. We have a lot of issues expanding our business due to many limitations because we are foreigners. You can start with any amount and with any documents because it is your business which does not affect anyone. The government or council does not trouble you from the start.

Respondent 5: Starting a business either as informal or registered is not difficult in South Africa. You can register your business with any permit recognised in South and with any amount under the South African law. Amount of money is not a prerequisite for starting business in South Africa.

Respondent 6: Informal business can be started at any time. You just need to have the capital. The amount is up to you. Also, a formal business is not really an issue. But some complications when you want to go big.

The participants all agreed that starting a business in South Africa is very easy, with few or no impediments. This is supported by a survey published by Momo Africa (<https://www.momoafrica.com/five-african-countries-can-successfully-start-business/>), where South Africa is ranked second only to Tunisia among the five countries in Africa where it is easiest to start up a business. This claim is contested by AadmiConsulting (11 May 2021), whose list of the seven best African countries to start up a business does not include South Africa. Yet the consensus is that, compared to many other African countries, starting both informal and formal businesses in South Africa is relatively easy. The problems arise when entrepreneurs attempt to grow their businesses and need capital to do so.

**Q3: From your understanding, which immigration law influences your business and how?**

Respondent 1: A lot of immigration laws actually influence my business negatively. For instance, the law of South Africa has abolished the representation of a foreigner at Home Affairs. I am using asylum papers which expire every six months with no guarantee that I can renew them once I get to Home Affairs upon expiry. And before you notice, six months is very short time. Meaning I have to go to Home Affairs myself each time I want to renew my documents. That is a problem to me in that my business will have to be closed for that time. And you know it takes always a very long time, days, weeks or even months to get things sorted with Home Affairs. Sometimes I have to go many times for the same issue. And I have been using the asylum [seeker papers] for close to eight years now with no interview to give me the documents that I deserve. The 2014 home affairs policy change further made asylum holders not qualified to change their status. Lastly, opening a bank account for the business with asylum is not allowed. Some banks refuse even those with refugee status.

Respondent 2: The law that 60% of my employees must be South Africans or permanent residents. My business is still very young and needs skills to build it. At the same time, I do not have the amount of money to pay the South Africans who might not have the skills. But foreigners with the skills are interested in doing the work at the amount I am giving them. What should I do? I am forced to employ the foreigners when at the same time the government does not want me and is not assisting us foreigners, hence the policy is affecting the growth of my business negatively.

Respondent 3: The amount required to obtain a business visa is just too much. The new law is asking five million rand. Before 2014, two million five hundred thousand rand was the amount. This amount discourages investment. Many black immigrant entrepreneurs are refused visas as a consequence; they cannot easily travel around to make contacts or transactions that may grow the business.

Respondent 4: It is impossible to go borrow money from the banks to grow your business without a business permit and without a bank account. So big business opportunities that would have been exploited to advance the business are lost every day caused by that law.

Respondent 5: Refusal to open a bank account for the business without the business permit. We are allowed to register and operate businesses but are not allowed to open a bank account in the name of the business with a business permit. Most foreigners are using asylum and refugee permits in South Africa.

Respondent 6: There are many laws that influence my business and others negatively. The government asks a lot of money about five million rand (R5,000,000) from foreign immigrants who want business permits to do business officially in South Africa. And because us from African countries cannot have this huge amount, we are constrained to do mostly informal businesses. To borrow money or sell some goods, you will be required to present either a business permit, ID, permanent residence or life partner in some cases which I don't have and many people struggle to have. Opening a business account with asylum or refugee document is not possible This makes many



people to maintain the business they have and not expand. And some have even out of frustration gone to other countries.

The answers from the respondents to Question 3, re-echoed the themes and categories identified in the quantitative analysis earlier in this chapter. Respondents one, four, five and six pointed out how the law prevented the acquisition of a bank account for the business on basis of one's documentation. Bank accounts cannot be opened by asylum permit holders (Fatoki, 2013). Mkubukeli and Tengeh (2015:21) rightly state that the government and other institutions prefer dealing with big businesses rather than small ones. It seems that the main issue here is a restrictive policy implemented by banks acting on regulations promulgated by the DHA. It is time that this policy was reviewed as it hinders the growth of the economy.

Respondent one raised the issue of remaining in the asylum document category for many years. It must be reiterated that the asylum permit is meant to be a temporary document permitting the authorities (the DHA) to further investigate the application submitted by the immigrant. But the South African government has not reviewed the situation for more than ten years now. This finding is consistent with the legal problems attending the renewal of documents revealed in the quantitative data analysis, above. Whether the apparent inefficiency of the DHA is deliberate or not, it is high time that the government reconsidered the temporary asylum seeker policy.

According to respondents two and three, meeting the requirements of employing 60% South Africans and finding R5,000,000 to obtain a business permit are challenging. As they explained, the policy regarding the formalising of a business is misleading and discouraging to many. Such a policy directive lacks the logic to encourage a mutual relationship between employer and employees.

**Q4. Please describe what doing business in Cape Town means to you as an immigrant entrepreneur?**

Respondent 1: Cape Town is very stressful since 2014 with the change of the immigration laws. A lot of policies and laws have been placed on immigration thereby making our operations very difficult. Unlike was the case before 2014 where you could go to Home Affairs and easily sort things out.

Respondent 2: A foreigner finds it very difficult to do business in Cape nowadays. Even though there is no great tax paid by our business, the amount of money that goes to the rents is so discouraging. Immigrant businessmen merely work to settle bills especially rents. Foreign businessmen in Johannesburg find business more profitable than here in Cape Town.

Respondent 3: Doing business in Cape Town is very dangerous. There exists a lot of gang groups in Cape Town. These gangs attack businesses and loot people's shops. People live in constantly fears of the unknown.

Respondent 4: Getting a good business place is very difficult and expensive in Cape Town. Without big capital in Cape Town, you are not able to survive with business. Unlike the 90s where things were very easy and rents lower.

Respondent 5: Racism and xenophobia are two other factors seriously affecting the running of businesses in Cape Town. An average foreign businessman is affected in one way or the other. The racism here and xenophobia is systematic and not endemic.

Respondent 6: Lots of issues, problems and challenges we face running our businesses here in Cape Town. High rents, crime, lack of documents to travel or borrow money from the bank.

All six respondents in answering question 4 confirmed that doing business in South Africa was challenging. Many researchers have previously reported how difficult it was for African immigrants doing business in Cape Town, especially in respect of growing their businesses (Choto et al., 2014; Tengeh & Choto, 2015; Kum et al., 2017; Tengeh & Nkem, 2017; Asoba, 2020; Asoba et al., 2020; Madzimure & Tau, 2021). According to the World Bank Report (October 24, 2019) on the ease of doing business in Sub-Saharan countries, South Africa featured among the countries to have made the least adjustments to OECD, also characterised as improvements to the business climate. Respondent 1 raised the issue of how the change in immigration laws in 2014 had extended the time spent dealing with Home Affairs and exacerbated the experience.

Respondents 1, 2, 4 and 6 pointed out that high rentals (Choto et al., 2014; Khosa & Kalitanyi, 2014) presented a serious challenge to doing business in Cape Town, biting deeply into any profit to be made (Upward & Jones, 2016).

The issue of crime was raised by respondents 3 and 6 as a major deterrent to doing business in Cape Town. This too is supported by previous research (Khosa & Kalitanyi, 2014; Asoba & Tengeh, 2016; Iwu et al., 2019). Partly responsible for the scourge of crime are the problems of xenophobia and racism. The Global Competitiveness report on crime by World Economic Forum (WEF, 2019:519) recently positioned South Africa at number 128 out of the countries plagued by serious organised criminal activities.

**Q5. How do you feel when you are facing immigration law challenges as an immigrant entrepreneur?**

Respondent 1: I felt like closing my business and moving out of this country to another country which I don't know yet. It is so stressful and frustrating to go to Home Affairs and come back without achieving what you abandoned your business to go out for.

Respondent 2: I will remain hopeful and continue to think that things will get better someday even though we don't know when? Many of my friends have left with their business to Europe or Canada. Others have gone to other African countries, notably Rwanda where the environment and laws are favourable for foreign entrepreneurs.

Respondent 3: Having challenges of immigration affects your health and everything around your business and family as man.

Respondent 4: Psychologically and emotionally defeated. That definitely affects my business in that I will not concentrate nor treat my customers the way I ought to. The best solution is to migrate to another country if things don't change.

Respondent 5: I keep hoping that the government will change to understand that we the black entrepreneurs are here to contribute to the economy as well.

Respondent 6: It doesn't work well and the only solution is hope in the future and to leave in the next three years if things don't change. I pray and trust this government will realise our importance and make things easy for us blacks like it is in the USA and Europe. We thought South Africa was our Europe and America in terms of business.

These responses demonstrate that African immigrants are not fully executing their business skills while running their businesses. They also reveal that many of them go

through emotional, psychological, financial pain and health issues stemming from their inability to do what they have a passion for doing. While the majority of respondents (1, 4, and 6) are considering moving to other places with accommodative business laws that would fuel the growth of their businesses, others (2 and 5) are hopeful that the government will introduce positive change in immigration law and policy.

It is hoped by many immigrants that South African law and policy makers will realise the effect of the present laws on business and amend them to be rational and accommodating for both immigrants and nationals alike. Any protracted delay in the process of review will precipitate the exit of foreign nationals running businesses in the country, especially now that African countries like Rwanda, Ghana, Mauritius, Seychelles, Kenya and Senegal are showing an interest in creating laws accommodative of immigrant entrepreneurs, whether their enterprises are micro, small, medium or large. The result will be a further decrease in economic growth and a loss of jobs, negatively affecting the country.

#### **Q6. How would having a certain permit influence your business?**

Respondent 1: Having a business permit is advantageous to me more than the asylum I am using now. I can open a business account and easily loan money from the bank to increase my business to another level.

Respondent 2: A permanent residence or South African identities are best for business. Either of them can put one in a better position to help drive the business to another bigger level where employment opportunities can be created.

Respondent 3: Business permit, permanent residence or South African identity (ID) are the documents most institutions ask when you need assistance from a creditor and any other assistance one may need in business in this country.

Respondent 4: For me not being able to expand my business is a matter of the kind of papers I am using. I know what kind of business and how to make it big but am limited by the asylum I am using here in South Africa. Since 2014, only people with some papers like permanent residence, ID can get a house, a business place or get a loan from the bank.

Respondent 5: Without the right papers like ID or permanent residence, I cannot do business wholeheartedly. The question is always: what about if I wake up one day and my money is frozen in my bank account? Considering that immigration laws are fast changing for the worst, even keeping money at the bank is risky and disadvantageous to me. As a consequence, I can't really grow my business.

Respondent 6: Long duration permits make life and business to me. With such, I can get a loan, buy where the South Africans buy and also open an account for the business, travel in and out of the country for business opportunities.

The results from all six questions reported so far showed consistency among the respondents regarding how strict the immigration law and protocols are on the issuance of certain permits/visas to all, whether qualified or not. This undermines the business aspirations and visions of the entrepreneurs concerned. Clearly, not having a long-term permit or visa is a serious impediment to the utilisation of business skills and projects conceived by immigrant entrepreneurs. These findings are in line with those proceeding from the quantitative analysis in Chapter 4, Table 4.25, and the literature review in Chapter Two.

#### **Q7. How would you explain the growth of your business since you started?**

Respondent 1: My business is growing retrogressively. I find it difficult to move out of this particular business even though I really try hard. The sum of money I use to have from my business is no longer there.

Respondent 2: The growth of my business is not meeting my expectations. I thought in five years I will be into the production of my own shoes and clothing. But setting up a factory here as a foreigner needs at least five million rand (R5,000,000).

Respondent 3: I am just managing to survive. Things have changed against us foreign businessmen. We are limited by the law somehow to go into big businesses. All we can do is to remain running these small businesses that we have to survive.

Respondent 4: I had to close my two other shops because the landlord changed the agency and the new agency needed either an ID or a permanent residence (PR) which I do not have. Instead of growing my business, I am losing out.

Respondent 5: There are a lot of things to ponder on as a foreign businessman. The change of laws on daily basis makes really affect me personally in a negative way. My business has seriously been suffering. Those real advantages we use to obtain in the days of Thabo Mbeki are no more there. A lot of bills to settle. For instance, I am a foreigner and will not live in a township for fear of xenophobia. So I have to rent an expensive place in town. But my business which produces the money for my bills is not growing because where am operating is all I could afford. But if I had an ID or PR, I was going to get a place in a better environment, where I can borrow money to expand my business. With these problems, I am forced to maintain a small business.

Respondent 6: My business use to grow pre-2010. From 2011 to 2013 the growth started slowing down. And has become worse since 2014 when immigration laws were finally changed. Many of us immigrants are restricted from many things due to our papers. Meanwhile, the cost of living and rents are increasing every day.

The responses from all 6 respondents speak for themselves. All refer to the difficulties of growing their business, which was not the case until the amendment of the immigration laws in 2011 and again in 2014, as mentioned by respondent 6. This means that the nature, type and size of businesses currently run do not match the aspirations of their owners but are indirectly conditioned by existing laws. The situation cries out for a review of how the latter negatively affect the entrepreneurial community of immigrants in Cape Town and elsewhere.

Q8. How many additional businesses have you opened since you started business in Cape Town? If none, please explain why?

Respondent 1. I have one additional business. I opened in 2007. Nothing more. Business was far better than now. From 2011, thing started going down till now.

Respondent 2. I have two businesses now, spare parts and furniture. I use to have four before 2012, but I later closed when things became too difficult.

Respondent 3. I have two different businesses. But I will close one and concentrate with one. It is not moving. I can't move out to buy.

Respondent 4: I had three shops when I could go to China in 2009 till 2013 when my goods were confiscated for not having valid documents again to bail them out. My documents expired and since then I have not been able to renew it.

Respondent 5: I have one business and have never seen any reason to open another. Rents are high and there is no support from the government.

Respondent 6. I have one shop and what I wanted to add needs a lot of money which I don't have.

Q9. What change would you suggest this current government make towards immigrant entrepreneurs' businesses? And why?

Respondent 1: The government should copy what other developed countries are doing and make things easy for those of us doing business, so that we can grow our businesses and grow the economy too.

Respondent 2: Let the government consider us as partners or contributors in development and not enemies. Like that they can change their minds and make laws attractive to us. We have a good intentions but the government is disappointing us.

Respondent 3: Many economies in the world are developed by immigrants. And those businesses will turn around to help the government and the locals. We are creating employment and can do more if we are supported by the state.

Respondent 4: We need support from the government. Let the government consider us. We are not criminals. We are working hard in the right way.

Respondent 5: I need support from the government. Change those laws and make things very simple for us and that is it.

Respondent 6: Let us live together as Africans helping one another. Le the *ubuntu* spirit be with us. Please, we need easy policies like those made to Chinese and Europeans so that we can grow our businesses too.

## **CHAPTER FIVE: GENERAL CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

Chapter Four presented the factor analysis of relevant variables in relation to the questionnaire research objectives. This chapter offers a chapter-by-chapter summary of the entire research project, followed by recommendations for ways to improve the conditions of immigrant entrepreneurship, both for immigrants and the government.

### **5.2 Chapter summary**

#### **5.2.1 Chapter 1**

Chapter One is a gateway chapter that sets out the background and structure of the entire study, including the problem statement, research question and sub-questions, research objectives, research design and methodology. Also introduced are the targeted population, ethical issues, and the delineation, significance and contribution of the study. The chapter ends with brief notice of the concepts of validity and reliability, and certain ethical issues to be broached.

#### **5.2.2 Chapter 2**

Chapter Two offers discussion of the literature on concepts of immigration in general, entrepreneurship, immigrant entrepreneurs, sources of immigrant entrepreneurs, the legal status of entrepreneurship in Cape Town and types of immigrant entrepreneurs. The chapter continues to present a review of the immigration laws in Cape Town and South Africa – precolonial, colonial and in the democratic era. International, national and regional laws are covered. An illustration of how immigration laws have benefitted some advanced countries is provided for contrast with the case of South Africa. There is a particular focus on how immigrant entrepreneurship promotes economic growth in the host country. Challenges to immigrant entrepreneurs posed by immigration laws are described, with an explanation of how these challenges limit their endeavours to the range of micro and small enterprises. Lastly, there is an account of what expectations of immigrant entrepreneurs have of the government in respect of the advancement of the economy.



### **5.2.3 Chapter 3**

Chapter Three describes the study's research design and methodology. Quantitative enquiry via the administration of a survey questionnaire is the principal data collection method, supplemented by qualitative data from a group interview. A justification for the choice of these methods is given, together with reasons for the selection of Cape Town as the research location, the target population, and the sample size of 161 African immigrant entrepreneurs. The process of capturing the data and the use of the statistical SPSS software is also explained. Other important aspects of delineation, significance, ethics, reliability and validity are revisited in greater detail.

### **5.2.4 Chapter 4**

This chapter features analysis and discussion of the research findings. It is organised into five topics, comprising demographic information, business profile, different immigration laws and types of permits/visas immigrants use, the different ways immigration laws influence African immigrant entrepreneurship, and the support that immigrant entrepreneurs desire from the government.

The approach to data analysis follows the research questions and objectives that constitute the pillars upon which the research rests. The results – in the form of statistics, charts, graphs and tables generated by SPSS – are analysed according to frequency and percentages (valid and cumulative). Factor analysis features prominently, and mean and standard deviation form part of the explanation provided.

In the factor analysis sections, it becomes apparent that all the variables in the questionnaires are related to each other, reinforcing the overall aim of the research. Corresponding variables are regrouped and discussed under themes that are consonant with the literature discussed in Chapter Two. All five factors discussed in the factor analysis answered the following objectives: the different ways in which immigration laws influence the nature of immigrant business in Cape Town; specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town; and the kind of support that immigrant entrepreneurs would like to receive from the government.

In keeping with the mixed-method methodology adopted, the qualitative data is discussed as an integral part of Chapter Four. The qualitative data was gathered from an interview with 6 participant leaders of immigrant organisations and associations who are also businessmen. The interview questions were strictly formulated to answer the research questions and objectives. A total of 9 questions were asked and answered, and the responses were transcribed. No software was used for the qualitative data analysis.

### **5.3 Aligning objectives and major findings**

The research objectives served as a guide to establishing the influence of the law on African immigrant entrepreneurship, throughout the various stages of the research. The research objectives were the following:

- a. To find out the different ways in which immigration laws influence the nature of immigrant business in Cape Town
- b. To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town
- c. To determine the support that immigrant entrepreneurs desire from the government.

#### **5.3.1 To find out the different ways in which immigration laws influence the nature of immigrant business in Cape Town**

From the research findings, the various ways in which immigration law affects immigrant entrepreneurs were identified. As per the findings, visas/permits like the asylum seeker's and the refugee's are disadvantageous compared with permanent residence permits or South African IDs. Travelling with an asylum permit is prohibited under immigration law, unless the immigrant concerned is not planning to return to the Republic. Opening a bank account with an asylum or refugee document is not allowed, although starting a business with these documents is accepted. This functions as a

direct limitation on the business that serves to restrict its growth. Attempting to acquire business premises with asylum and refugee status permits is in most cases rebuffed by companies or agents.

The six months' validity period of these visas and the non-recognition of SME entrepreneurs as skilled business people also affect the growth of those businesses, as asylum-seekers can struggle for months to renew a visa. Severely rigorous procedures for moving from asylum and refugee status to something more permanent make this almost impossible.

Another finding revealed that most of the African immigrants operate their businesses within the informal sector. Suffice to know that informal businesses suffer from numerous limitations with the main being lack of eligibility to get loan and to contract in its name with other persons juristic or natural.

### **5.3.2 To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town**

Bank loans, lines of credit or permits to sell branded goods are not given to immigrants with temporary visas. Though they are all entrepreneurs, the law prevents them from obtaining a business permit unless they can demonstrate that they have capital of R5,000,000 to start a business and can employ 60% black South Africans. The recognition of only certain skills as critical and the abolition of legal representation at visa verification services (VFS) and the DHA has increased the level of corruption and of the exploitation suffered by immigrants. The introduction of a waiver as some sort of transitional document for those with skills under the asylum regime increases delays and expenditure on the part of the immigrants concerned. The law on the automatic invalidation of the life partner visa worsens the uncertainty of the immigrant's status.

### **5.3.3 To determine the support immigrant entrepreneurs desire from the government**

This objective was to determine the expectations and hopes held by immigrants in respect of the government. The underlying factor that keeps many immigrants in

business in Cape Town and South Africa is the hope that lawmakers will change their minds and make immigration laws more favourable and accommodating. Specifically, there are expectations about the granting of long-stay immigration documents, the provision of training and language centres for entrepreneurs, as well as visible policing to protect immigrant entrepreneurs against looting and xenophobic attacks which have been rampant and recurrent in recent years. Immigrant businessmen would also like to see some intervention to prevent landlords from overcharging and exploiting them by charging inflated rent. Lastly, they would like to see regular sensitisation programmes to educate the locals on the importance of living together with people from other nations and collaborating with other Africans while learning business skills from them.

#### **5.4 Recommendations for improvement**

The results of the research require the attention of other stakeholders for the objectives arising from them to be fully realised. The process of realisation begins with recommendations. Recommendations are made on the basis of the literature review and the research results. The two principal stakeholders for whom recommendations are made are African immigrant entrepreneurs and the government of South Africa.

##### **5.4.1 Recommendations for African immigrant entrepreneurs**

It is important for immigrant entrepreneurs to be registered with formal business organisations in the country so that their concerns can be channelled to the government in a coordinated manner. Immigrants should create business associations to integrate with other members who have documents like permanent residence and IDs that qualify them to take out loans, trade in branded goods, take business premises, open business bank accounts, travel out of the country, etc.

Immigrant entrepreneurs need to undertake some legal courses, attend workshops and conferences on immigration to know about their rights. They should also involve the services of legal practitioners to school them on any legal issues about which they are uncertain. An association of immigrant entrepreneurs will help provide the leverage necessary to bargain formally, collaborate or negotiate with the government on matters of mutual interest.

#### **5.4.2 Recommendations for the government**

Government should extend the list of critical skills to include owners of SMEs that can employ at least three nationals. This will promote business endeavours and at the same time encourage employment in the country. The government should abandon its blanket assumption that those in the country under the asylum seeker regime are less qualified. There are many skilled African immigrants limited only by the law. Government should develop a system to utilise these skills for the common good. The institution of a waiver is a step in the right direction, but currently it presents an additional hurdle and cost to the already struggling immigrant.

The introduction of the African free trade zone means that the free movement of goods and services to and from countries in Africa stands to benefit South Africa. In concert with this, the government should reduce the stringency of visa and permit regulations that affect even the most qualified and deserving immigrants. The period between the years 2000 and 2007, which saw the highest growth of the South African economy so far this century, was linked to the ease with which visas and permits were issued to African immigrants. On the understanding that the South African government may be reacting to reports of abuses perpetrated by some immigrants, it would be appropriate for the relevant government departments to step up the criminalisation of offending immigrants and in this way deter others.

Lastly, the government of South Africa should invest in educating its citizens to love fellow Africans from elsewhere on the continent. The stereotype that has eaten into people's minds is that African immigrants come to the country to exploit, steal, commit crimes and not to invest. Wherever a foreign African appears s/he is seen as a burden, a liability rather than an asset. Rather, the government should take advantage of these people by encouraging them to help stimulate the economy.

#### **5.5 Limitations of the study**

Despite attempts to cover the Cape metropole area, the research was limited to selected areas stretching from the Stellenbosch Wineland district to the Tokai region where there was a notable prevalence of African immigrant businesses. The limitations were a shortage of financial and administrative resources. For example, the Hout Bay

area with its high concentration of African immigrants could not be covered. Another limitation was communication difficulties with Asian entrepreneurs who barely spoke English and were always too busy to spare time for the questionnaires. There were often tough security protocols to negotiate in order to access participants.

The researcher also faced many challenges in the course of the research project. Studying on a part-time basis, the researcher was necessarily involved in other endeavours for bare survival. The constraints and challenges can therefore be classified into three categories: material constraints, procedural constraints, and data collection.

### **Material constraints**

The researcher's application for accommodation on campus was unsuccessful, and that affected the time taken to complete the research. The researcher was living far away from the university lab and library where computers, the internet, books, articles and other materials could be easily accessed during the time of the research. The expenses for online articles and other resources were paid for by the researcher.

### **Procedural**

Institutional procedures for the registration of a topic are online-based and cumbersome. It was a challenge for the researcher to get all the steps right so as to complete within the time frame. Exacerbated by material constraints, it took a longer time than expected for the researcher to go through the process alone. In addition, the data captured was later found by the statistician to have had some errors in the way it was entered into the SPSS software. Only after statistics were rectified could the researcher speed up the process.

### **Financial assistance**

Full-time research is time-consuming and demanding, and therefore requires a lot of financial support. The researcher did not have the financial support to see the process through, but departmental support helped a lot to pay the fees. Money still had to be found to pay an interpreter and finance other activities to complete the project on time.

## **Participants**

Most of the participants did not understand English. For example, the Somalians who constituted a major category of participants rather speak Arabic and other languages.

Having the time to answer the questionnaires was another uphill task. Considering that all the participants were business people and that time is money to a businessman, completing the questionnaire took them many days and, in some cases, months. The researcher even had to reprint questionnaires for participants who had lost them.

The qualitative data collection encountered some challenges with interviewing the participants. The limitation and challenge came from the difficulty of having participants speak freely. Usually, during group interviews, participants are shy about responding frankly, thereby making it difficult for the researcher to obtain their sincere and complete participation. Another factor was the possibility of some interviewees being influenced or swayed away by others during the interview process. Repeated prompting to get more information was not as successful as it might have been using the one-on-one method.

Finally, some participants were scared of legal implications even after careful explanation of the ethical considerations. To them, it was another method of trying to implicate them. This applied especially to those who maybe had cases pending or on appeal, or other legal issues.

Above all, the research was limited to African immigrants in consideration of the numbers of immigrants who suffer at the hands of the DHA, at refugee centres, from xenophobic attacks, insults, discrimination and repatriation. Meanwhile, their Asian and European counterparts appear to receive special treatment that enables them to obtain documents because they are viewed as investors.

### **5.6 Suggestions for future study**

Even though much research has been conducted on immigration rights and privileges, very little has been done specifically on the influence of law on the nature of immigrant

entrepreneurship in Cape Town and South Africa in general. This research is a blend of the fields of law and immigrant entrepreneurship and for that reason occupies a special and important niche.

African immigrant entrepreneurs have for years been denigrated and unprotected; they have suffered from attacks, rejection and legal constraints. There are good grounds for further research in this area so that informed understanding can find its way into immigration policies and laws. The government needs to be made to understand how immigration policy is not working to the country's advantage but is in fact negatively affecting the growth of the economy.

Because this study was limited to the influence of immigration law on the nature of immigrant entrepreneurship, with questionnaires restricted to African immigrant entrepreneurs, a further study is recommended to focus on the reasons for the establishment of such immigration laws, with the research population extending to relevant government officials. Another study of what is known in government circles about the effect that immigration law has on the businesses of immigrant entrepreneurs should be undertaken.

The group of participants interviewed in this study revealed that a great many limitations or challenges were being encountered. It seems appropriate that a future study find ways of either conducting one-on-one interviews, or of arranging several focus-group interviews, perhaps organised in terms of visas held or types of business run.

Lastly, the same topic can be studied further to include other immigrant entrepreneurs, including perhaps Europeans and Asians affected by the same immigration laws.

## **5.7 Conclusion**

The study was intended to establish the influence that immigration law has on the kind of business owned by African immigrant entrepreneurs. The researcher sought to test immigrants' knowledge and understanding of immigration law, and the effect of such law on the types of business in which they were able to engage. In summary, the research looked at the concepts and realities of immigration, the concept of



entrepreneurship, types of entrepreneurship, immigrant entrepreneurship and sources, and laws, both international and national.

The research also examined factors contributing to the successful establishment of immigrant entrepreneurship (ability to raise capital from nothing through Stokvel, family support, ability to start with little start-up capital, trust and reliability); the psychology of risk-taking, business skills, culture and education, high ambitions, self-confidence and the determination to be independent.

A review of immigration laws (history of South African immigration law, migration after the World Wars, legal framework on migration, international legal framework on migration, the 1951 UN Convention and 1967 Protocol on the Status of forced immigrants, the OAU Convention governing forced immigration, the SADC Protocol on Immigration, the Department of Home Affairs (DHA) and immigration law, the mandate of the DHA, Immigration Acts and subsequent amendments, new applications at missions, changes of conditions for business visas, different visas (permits) used by immigrants (temporary visas, both asylum seeker and refugee, permanent residence permits), category of immigrants considered illegal in South Africa (prohibited persons, undesirable persons, immigrant legal rights), the nature of immigrant entrepreneurship in Cape Town, the benefits of immigration law in selected countries vis-à-vis South Africa, contributions of immigrant entrepreneurship to the economy, immigration law and policy challenges to the growth of African immigrant entrepreneurship, law and policy impediments, administrative delays in issuing documents, the requirement of R5 million to register a business, the 60% local employment requirement, restricted mobility under the asylum and refugee status regime, uncertainty of the timeframe for the verification of visas, administrative inconsistency, waivers and exemptions, government policy (national, provincial and local) on immigrants' informal business ownership rights.

Coverage of these topics was supported by public statements from politicians and government officials, perception of the absence of education and training and the lack of institutional support, evidence of high and exploitative rentals, stereotypes as a challenge to the African immigrant entrepreneur (immigrants take away the jobs of South Africans, negatively influence their women, pollute the cities, become crime

lords, take away businesses, incur high government expenditure). There was attention paid to expected amendments to immigration laws (based on individual rights theory, domestic interest theory, national values theory, global welfare theory).

Through the data gathered from the questionnaires and group interview, the research objectives of the study – in the context of all the topics cited above – were satisfactorily achieved. It is to be hoped that these results might not only inform but also serve as a spur to action.

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## APPENDICES

### APPENDIX A: CONSENT LETTER

#### RESEARCH SURVEY

Dear Sir, Madam,

#### **RE: REQUESTING YOUR PARTICIPATION IN MY SURVEY**

My name is Ernest Muchu Toh and I am a Master of Technology (MTech) student of Entrepreneurship in the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology (CPUT) with student number 216274044. I am conducting a survey on **the topic: Contemporary Influence of Immigration Law on the Nature of African Immigrant Entrepreneurship in Cape Town**. The survey will determine the effect of the law governing immigrant entrepreneurs and the reasons why for the type of businesses they do, as opposed to their South African counterparts, whether their business are expanding as they ought to, and whether they are receiving recognition and support from the system to grow their businesses as immigrants? This survey is to determine the factors responsible for such differentiations.

#### **I. Informed Consent of participant (please mark 'X' in the box of your choice)**

1.	I am made to know that my participation in this survey is entirely voluntary and I can stop at any point and time.	Yes s		No	
2.	My privacy is protected hence the researcher may not use my name or my business for any purposes whatsoever, useless with my consent.	Yes s		No	
3.	I consent that information I give in this survey may be used for the purpose of this research but that my confidentiality will be protected.	Yes s		No	
4.	I understand that I am not under obligation to answer any question am not comfortable with and that there is no implication whatsoever.	Yes s		No	
5.	I understand the time I answer this is appropriate for me and am comfortable	Yes s		No	
6.	I have read and understood that my participation in this research is	Yes		No	



	not implicative, therefore I agree to participate.	s			
--	--	---	--	--	--

Prof Chux Gervase Iwu (Research Supervisor)  
 Tel: 7 21 460 3942; Cell: 083 421 1210  
 Fax: +27 86 778 0394  
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Prof R.K. Tengeh (Co-supervisor of researcher)  
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Signature of participant-----

## APPENDIX B: QUESTIONNAIRES

### SECTION A: DIFFERENT IMMIGRATION LAWS AND TYPES OF PERMITS/VISA IMMIGRANT USE

#### i. Type of immigration laws that affect your business

This section intends to identify the different immigration laws that affect African immigrant entrepreneurship in Cape Town.

Please indicate which of the following immigration laws affect your business by marking an 'X' in the appropriate box.

	STATEMENT	Agree	Strongly Agreed	Disagree	Strongly Disagree
	The new law that does not allow legal representative to assist in applying for my permit/visa	1	2	3	4
	Failing to renew your permit within the specific time frame will earn a fine	1	2	3	4
	I must go back home to change the condition of my permit	1	2	3	4
	The duration of Refugee Status has now been reduced from 4 years to 6 months	1	2	3	4
	I will automatically become illegal in South Africa anytime my partner in Life Partnership gets married	1	2	3	4
	License for brand-named products are given only to South Africans	1	2	3	4
	Renewal of my permit must be at my home country	1	2	3	4
	Refugee status permit holder can no longer change to other permit	1	2	3	4
.	Asylum seeker permit holder cannot open a bank account	1	2	3	4
.	A bank account cannot be opened with refugee permit	1	2	3	4
.	With an asylum permit, a bank loan cannot be granted by the bank	1	2	3	4
.	A Refugee Status is not accepted for the granting of a bank loan	1	2	3	4

ii. **TYPES OF PERMITS/VISA IMMIGRANT ENTREPRENEURS USED**

**13. What permit are you using in South Africa?**

This section intends to identify the type of permit/visa immigrant entrepreneurs use in South Africa.

Please indicate which permit/visa you are using in South Africa by marking an 'X' the appropriate box.

Asylum		Retired person	
Business		Study	
Corporate		General Work	
Critical Skill		Spousal	
Life Partner		Others(please, specify)	
Permanent Residence			
Refugee			
Relative's			
Business Permit			

**SECTION B: The different ways immigration laws influence African immigrant entrepreneurship**

This section intends to identify the ways influence of immigration laws on immigrant entrepreneurship in South Africa. Please indicate the ways immigration laws influence your business by marking an 'X' in the appropriate box.

	STATEMENT	Agree	Strongly Agree	Disagree	Strongly Disagree
.	Renewal/extension of my permit status takes a lot of time	1	2	3	4
.	My business must be closed because I must be go in person to home affairs for renewal	1	2	3	4
.	I need to study how to compile all the documents required by home affairs	1	2	3	4
.	I will pay a huge fine if I fail to renew my permit within the specific time frame	1	2	3	4

.	I will be labeled undesirable immigrant in South Africa if I fail to pay the fine	1	2	3	4
.	Travelling home to renew my documents affects my business	1	2	3	4
.	My business will be closed should my partner in Life Partner Permit get married	1	2	3	4
.	I cannot take goods on credit for lack of required documents	1	2	3	4
.	I cannot keep big sum of money at the bank for fear that bank will require verification of documents from time to time	1	2	3	4
.	No formal institution promotes immigrant entrepreneurship in South Africa	1	2	3	4
.	I do not keep money at the bank for lack of document to open an account	1	2	3	4
.	I cannot grow my business for lack of required documents to take a loan	1	2	3	4
.	Because of the law, I cannot travel to other countries to learn new ideas about my business.	1	2	3	4
.	I pay very high rents for my business premises as a subtenant	1	2	3	4
.	Others (please specify)	1	2	3	4

**SECTION C: Determining the support immigrant entrepreneurs' desire from the South African Cape government.**

This section intends to determine the support immigrant entrepreneurs' desire from the South African government in order to advance their businesses.

Please indicate which of the following challenge desire you will want the government to support your business with by marking an 'X' in the appropriate box.

	Statement	Agree	Strongly Agree	Disagree	Strongly Disagree
--	-----------	-------	----------------	----------	-------------------

Government should make laws/policy to allow for immigrant entrepreneurs to have access to financial loans	1	2	3	4
Information centers should be created to train immigrant entrepreneurs how to manage their business	1	2	3	4
Proper documentation should be given to immigrant entrepreneurs who give employment to South Africans	1	2	3	4
Long stay documents should be given to potential immigrant entrepreneurs who want to grow their business in South Africa	1	2	3	4
Special favourable conditions for awarding a business place to immigrant entrepreneurs.	1	2	3	4
Affordable rentals for business premises.	1	2	3	4
A special protection unit for immigrant entrepreneurial business	1	2	3	4
Regular sensitization campaigns against xenophobia and <i>Afrophobia</i> .	1	2	3	4
Local language training programs for immigrant entrepreneurs	1	2	3	4
Annual compulsory awards ceremonies for immigrants entrepreneurship in South Africa.	1	2	3	4

#### Section D. Demographic Information

In this section, the researcher intends to know demographic information variation and the influence of immigration laws on their entrepreneurship.

39. Country of birth

40. Country of origin

41. Gender

Male		Female	
------	--	--------	--

42. Marital Status

Single		Married		Divorced		Widowed	
--------	--	---------	--	----------	--	---------	--

43. Age

Below 18 years		19 to 30		31 to 40		41 to 60		Above 60	
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44. Home Language

Arabic		Amharic		English		French		Mandarin	
Pidgin English		Portuguese		Spanish		Swahili		Others(specify)	.....

45. Number of dependents?.....

46. Highest level of education

No formal education		Vocational training		Bachelor's degree	
Primary school level		University		Master's degree	
Secondary/High school		Diploma		Doctorate degree	
Other (Specify)					

**Section E. Business Profile**

47. When did you start the business? .....

48. Business ownership

Your business		partnership		working for another	
---------------	--	-------------	--	---------------------	--

49. With how many employees did you start your business?.....

50. How many employees do you have now?.....

51. In which area of Cape Town is your business situated?.....

52. What kind of business are you doing in Cape Town?

African Food Store		Craft	Hardware Repairs	
Baber Shop		Tailoring/Seamstress	Hawker	
Beauty Salon		Electrical Appliances	Internet cafe	
Carpentry		Export & Import	Mechanics	
Cell phone Accessory & Repairs		Fast Food	Plumber	
Clothing		Fridge Repairs	Restaurant	
Computer Accessories		Furniture	Shoe Repairs	
Cosmetics		Hair Dressing	Transport	
Others (specify)				

53. How many other businesses do you own?.....

54. What was your annual turn-over at the start of the business?

Less than R50,000		R400, 001 – R500,000	
R50,001 – R100,000,		R500, 001 – R600,000	
R100,001 – R200,000		R600, 001 – R700,000	
R200, 0001 – R300,		R700, 001 –	

000		R1,000,000	
R300, 001 – R400,000		Above R1,000,000	

55. What is the current annual turnover range of your business?

Less than R50,000		R400, 001 – R500,000	
R50,001 – R100,000,		R500, 001 – R600,000	
R100,001 – R200,000		R600, 001 – R700,000	
R200, 0001 – R300, 000		R700, 001 – R1,000,000	
R300, 001 – R400,000		Above R1,000,000	



## APPENDIX C. INTERVIEW QUESTIONS

<p><b><u>Main Research Question</u></b></p> <p>How does immigration law influence the nature of immigrant entrepreneurship in South Africa?</p>	
<p><b>Research Sub-questions</b></p>	<p><b>Corresponding interview question</b></p>
<p><b><u>Research sub-question 1.</u></b></p> <p>Which immigration laws influence immigrant entrepreneurship in Cape Town?</p> <p><b><u>Objective 1</u></b></p> <p>To discover the specific immigration laws that influence the nature of immigrant entrepreneurship in Cape Town</p>	<p>1. In your opinion, why did you choose CapeTown, South Africa as your business destination?</p> <p>2. Is it easy for an immigrant entrepreneur to start a business in Cape Town? If not, how did you manage to start?</p> <p>3. From your understanding, which immigration law influences your business negatively or positively?</p> <p>4. Please, describe what doing business in Cape Town means to you as an immigrant entrepreneur?</p> <p>5. How do you feel when you are facing immigration law challenges as an immigrant entrepreneur?</p>
<p><b><u>Research subquestion 2.</u></b></p> <p>What influence has immigration law on your business?</p> <p><b><u>Objective 2.</u></b></p> <p>To find out the different ways immigration laws influence the nature of immigrant business in Cape Town.</p>	<p>6. How would having certain permit influence your business?</p> <p>7. How would you explain the growth of your business since you started?</p> <p>8. How many other business has you opened since you started business in Cape Town? If none, please explain why?</p>
<p><b><u>Research sub-question 3.</u></b></p> <p>What sort of support do immigrant entrepreneurs desire from the government of Cape Town?</p> <p><b><u>Objective 3</u></b></p>	<p>9. What change would you suggest this current government make towards immigrant entrepreneurs businesses? And why?</p>

To determine the support immigrant entrepreneurs desire from the Cape Town government	
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**APPENDIX D: ETHICAL PPROVAL**



Prasa  
Corporate Estate Solutions  
1<sup>st</sup> Floor Administrative Wing  
Cape Town Station  
Adderley Street  
Cape Town, 8000  
Tel: +27 21 419 5453

**CONSENT LETTER**

**5<sup>th</sup> October 2017**

I AURIL CHANQUIN <sup>LEASING & TENANT COORDINATOR</sup> in my capacity as ~~manager~~ <sup>COORDINATOR</sup> at PRASA CRES give consent in principle to allow Ernest Muchu Toh, a student at the Cape Peninsula University of Technology, to collect data at the station deck small business market as part of his Mtech research. The student has explained to me the nature of his research and the nature of the data to be collected.

This consent in no way commits any individual staff member to participate in the research, and it is expected that the student will get explicit consent from any participants. I reserve the right to withdraw this permission at any time.

In addition, the company's name may or may not be used as indicated below. (Tick as appropriate)

	thesis	Conference paper	Journal article	Research paper
Yes				
No	X	X	X	X

*Auril Chanquin*  
Name of Manager/Secretary or office bearer

**5<sup>th</sup> October 2017**

**RESEARCH TO START IN FEB. 2018  
FOR A PERIOD OF ONE MONTH**

**PRASA CRES**  
WESTERN CAPE  
Corporate Real Estate Solutions  
A Division of PRASA  
1st Floor  
Administrative Wing, Cape Town Station  
Adderley Street, Cape Town  
Telephone: ( 021) 448 5430

**APPENDIX E : LETTER FROM EDITOR**

**Epsilon Editing**

17 Kew Gardens  
21 Park Drive  
Gqeberha  
6001

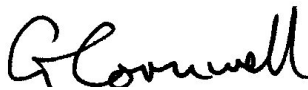
[dgncornwell@gmail.com](mailto:dgncornwell@gmail.com)

tel. 084-9897977

1 April 2022

TO WHOM IT MAY CONCERN

This serves to confirm that the Master's thesis by Ernest Muchu Toh (CPUT student number 216274044), "Contemporary influence of the South African immigration law on the nature of immigrant entrepreneurship in Cape Town," has been proofread and edited to my satisfaction for English idiom and correctness of expression. The referencing has been checked against the CPUT Harvard standard.



Professor D G N Cornwell  
(PhD, Rhodes University)