



**ASSESSING IMMIGRANT ENTREPRENEURS' CONTRIBUTION TO
EMPLOYMENT CREATION AND ENTREPRENEURSHIP DEVELOPMENT:
CASE STUDY OF SMALL RETAILERS IN MANGAUNG**

By

LEBOHANG YVONNE MOLOI

M.TECH: BUSINESS ADMINISTRATION

In the Faculty of Management Sciences

SUPERVISOR

DR LENTSWE MOSWEUNYANE

CO-SUPERVISOR

PROFESSOR CRISPEN CHIPUNZA

**CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE
SOUTH AFRICA**

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DEDICATION

I dedicate this dissertation to my late grandmother, grandfather and aunty.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACRONYM	FULL WORDS
AED	Advanced English Dictionary
ARESTA	Agency for Refugee Education, Skills Training and Advocacy
ASCRAAs	Accumulating Savings and Credit Associations
CSBP	Centre for Small Business Promotion
CUT	Central University of Technology
DTI	Department of Trade and Industry
EC	European Commission
EC	Entrepreneurial capabilities
ED	Entrepreneurship Development
EU	European Union
GDP	Gross Domestic Product
HCT	Human Capital Theory
IDP	Integrated Development Plan
MMM	Mangaung Metropolitan Municipality
NCR	National Credit Regulator
NSBA	National Small Business Association
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
ROCSAs	Rotating Savings and Credit Associations
SA	South Africa
SARCS	South African Red Cross Society
SBA	Small Business Administration
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SMMEs	Small, Micro and Medium Enterprises
Stats SA	Statistics South Africa

USA	United State of America
VAT	Value Added Tax
WR&SETA	Wholesale & Retail Sector Education and Training Authority

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ABSTRACT

In spite of the numerous initiatives put in place by the South African government to equip its citizens with necessary entrepreneurial skills to create businesses for employment and economic development, the country still faces the shortage of entrepreneurial skills and huge unemployment. In addition to the initiatives, the presence of immigrant resulted in 'immigrant entrepreneurs' who are establishing small businesses in various sectors and employing local citizens. However, to my knowledge, no academic research exists that has empirically examined the contribution of immigrant entrepreneurs to local citizens' employment and entrepreneurial development. This study, therefore, examines the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development of local citizens in the Mangaung Metropolitan area, Free State Province in South Africa.

Drawing on an interpretivist epistemology and qualitative research approach, an interview guide for immigrant entrepreneurs and local citizens was used to establish the contribution of immigrant entrepreneurs on job creation and entrepreneurial development of local citizens. Ten (10) semi-structured interviews were conducted with local citizens and ten (10) interviews were conducted with immigrant entrepreneurs - that added up to twenty (20) participants. Although local citizens expressed some negative opinions about the immigrants, they had positive affirmations of the immigrants' businesses, which they perceived to boost their business knowledge and standard of living. Immigrant entrepreneurs conceived government support as a valuable tool when seeking to understand their contribution to job creation and to develop the local citizens' entrepreneurial skills. As such, the results demonstrated that entrepreneurial skills transfer via in-store training influenced local citizens' decision to start businesses. Moreover, interventions through several initiatives to promote collaborations with immigrant entrepreneurs might help to improve the growth of entrepreneurial development in order to expand the transfer of entrepreneurial skills amongst the local citizens. Lastly, results demonstrated that skills can be transferred to local citizens who are willing to start a business through the intervention of government programmes, and develop effective

strategies for fostering long-term bonds between immigrants and local citizens. Details of the study including findings, conclusions and recommendations are presented and discussed in the main report.

CHAPTER 1

1. INTRODUCTION AND BACKGROUND

The transition of South Africa to a democratic state and the admission of immigrants have changed the country's entrepreneurial landscape, creating a strong link between small, medium, and micro enterprises (SMMEs) and informal and formal transnational networks of trade and migration (Peberdy & Rogerson, 2000). South Africa has undergone tremendous growth over years and, as such, is counted to be one of the largest economies on the African continent - accounting for about 24% of Africa's gross domestic product (Chamunorwa & Mlambo, 2014; Asoba & Tengeh, 2016; Ntema, 2016). In 2020 real gross domestic product (measured by production) decreased by 2, 0% in the first quarter, following a decrease of 1, 4% in the fourth quarter of 2019 (Statistics South Africa, [Stats SA], 2020).

An immigrant entrepreneur is a business owner of foreign origin, who is involved in the act of economic innovation, organisation creation, and profit-seeking in the market sector (Kahn, Mattina, MacGarvie & Ginther 2013). Similarly, Aaltonen and Akola (2014) define immigrant entrepreneur as a person who has immigrated to a new country and starts a business in that country. However, these definitions exclude immigrant entrepreneurs who have been living in the country for several generations (Volery, 2007; Aaltonen & Akola, 2014). In view of the above definitions, this study, therefore, defines immigrant entrepreneur as any immigrated person from other countries who establishes a business in the host country for whatever purpose.

Migration in South Africa is considered an important process in shaping the age structure and distribution of provincial populations (Statistics South Africa [Stats SA], 2013). However, some immigrants may migrate with the intention of becoming entrepreneurs in the country of destination, others may migrate with different preconditions, for an example, wage labour or humanitarian reasons (Sequeira & Rasheed, 2006). Furthermore, some enter the country as established entrepreneurs and business people. A large number join the small, medium and micro enterprises

(SMME) sector, which includes retail shops, salons, night clubs, restaurants, and music shops. These immigrants help to create employment by employing South Africans to assist them (In On Africa [IOA], 2013).

Jobs are the cornerstone of economic and social development (World Bank, 2013). Nevertheless, employment creation remains a serious challenge for the South African government; the number of employed persons decreased by 38,000 to 16,4 million between January and March 2020, regardless of its extraordinary efforts to reduce the unemployment rate which was 30.1% in the first quarter of 2020 (Stats SA, 2020). To show the seriousness of the lack of employment in South Africa, the unemployment rate increased in all provinces except in the Free State, where it decreased by 3,3 percentage (Stats SA, 2020). Social grants remain a vital safety net, particularly in the poorest provinces. Since 2003 there has been a notably increased of households and persons who benefitted from government welfare payments (Stats SA, 2019) – no doubt, this situation has worsened. This proves that a sizeable number of South African citizens depend on government for survival. With the influx of immigrants and their possible role in employment creation, this study analyses the role of immigrants in creating jobs, transferring their skills to South Africans, with the hope of finding possible solutions to the problem of unemployment and entrepreneurship development.

Most of the jobs created (225 000) in 2016 were in the government/community/social services sector, as well as in the retail/accommodation sector (115 000) (Labour Force Survey of (Stats SA, 2020). According to Stats SA (2020), the largest employment decreases were observed in the formal sector (50,000), followed by the agricultural sector with 21,000 in Quarter 1 of 2020. This implies that unemployment is one of the issues that the South African government faces and therefore it should be dealt with. With this observation, the necessity for government to understand employment creation and entrepreneurship development strategies to reduce unemployment cannot be understated.

Entrepreneurs are key contributors to job growth, innovation and the shaping of communities (Acs, 2006; Naudé, 2010). Scholars (Fairlie, 2012; Fairlie & Lofstrom,

2014) observed that trends in self-employment rates and new business formation are increasing among immigrants, but decreasing among citizens in the United States of America (USA). A similar trend is also seen in emerging economies such as South Africa. In accord, Nkealah (2011) posits that entrepreneurship seems to be thriving among the immigrant population in South Africa, but this does not seem to be the case among South Africans. It is believed that an increase in small business start-ups can help alleviate poverty and create employment opportunities in South Africa (Tengeh, Ballard & Slabbert, 2012). Therefore, the importance of small businesses to increase the citizens' standard of living and the nation's general growth cannot be overemphasised.

According to Zahra (2011) capability means being able to do something.

Entrepreneurial Capabilities differ from Characteristics on the aspect of ability to learn. Characteristics are more or less a fact which is not easy to change in short period and not easy to learn either. However, capabilities are easier to learn and to change. Zahra (2011) defines entrepreneurial capabilities (EC) as the ability to perceive, choose, shape and synchronize internal and external conditions for the enterprises' exploration and exploitation. Exploration includes recognition, discovery and creation, while exploitation means developing opportunities. Therefore, if ECs, including human capital, innovation and proactiveness, are implemented by immigrant entrepreneurs, then local entrepreneurs can do the same and will be able to start their own businesses, and their businesses will be sustainable.

Based on the above background, this study focused on the immigrant entrepreneurs who operate in small, medium, and micro enterprises (SMMEs), particularly those in the retail industry (supermarkets) in the Mangaung Metropolitan area. The study further focused on the retail industry, as they are identified as the major contributors to the Gross Domestic Product (GDP) Centre for Development and Enterprise [CDE] (2011). The small retail sector forms part of the SMME sector. This sector constitutes a critical element of a community's economy and social welfare, and provides people with choices of products and services (Ligthelm, & Risenga, 2006). Studies conducted in South Africa reveal that about 70% of small businesses are retail businesses, and these include motor vehicle repairing, hair salons, butcheries, clothing and grocery

shops (Chiliya, Herbst & Roberts-Lombard, 2009; Aren & Sibindi, 2014). Moreover, these enterprises derive more than 50% of their turnover from sales of goods to the general public for household use (Stats SA, 2014).

1.1 PROBLEM STATEMENT

Emerging economies such as South Africa are incapable of employing the majority of their employable population (Chiloane-Tsoka & Mmako, 2014). Centre for Development and Enterprise [CDE], (2011) posits that South African SMMEs contribute between 52% and 57% of the Gross Domestic Product (GDP) and contribute approximately 61% to employment. With South Africa facing high inflation rates and unemployment rates, SMMEs afford the country an important vehicle in addressing these issues by promoting growth and equity (Mutezo, 2013).

According to Fatoki and Chindoga (2011), young people in South Africa (aged between 14 to 35 years) are far less likely to start their own businesses compared to those from other countries. Fatoki and Chindoga (2011) further maintain that a lack or low levels of entrepreneurial activity amongst South Africa's youth is one of the contributing reasons for the low overall rate of entrepreneurial activity in the country. Therefore, the collaboration with immigrants might help to improve the entrepreneurial activities among South Africa's youth.

The uptake of immigrant entrepreneurs in South Africa is increasing exponentially to the disadvantage of locally based and owned South African retail businesses, especially in townships (Kalitanyi & Visser, 2010). Consequently, some immigrant entrepreneurs, as they start up their own businesses, lease the same space previously used by local SMMEs, employ locals and develop them. However, some do not employ them, but only utilise their existing infrastructure. These locals, therefore, are forever dependent on immigrant entrepreneurs for their day-to-day survival, from rents and/or salaries without provision of any entrepreneurial activities. Based on causal observation, the problem is that immigrant entrepreneurs do employ locals but pay them below the market rate and they keep the locals as employees without providing them with the necessary entrepreneurial skills needed to develop them to become

entrepreneurs. This study investigates the influence of immigrant entrepreneurs on employment creation and entrepreneurship development in retail businesses in the South African context.

1.2. RESEARCH QUESTIONS, OBJECTIVE AND AIM

1.2.1. Main Research Question

What is the contribution of immigrant entrepreneurs to employment creation and entrepreneurial development among South African citizens in the Mangaung Metropolitan area?

1.2.1.1 Subsidiary Research Questions

1. What is the nature of immigrant entrepreneurs' contribution to employment among South African citizens in the Mangaung Metropolitan area?
2. To what is the nature of the entrepreneurship knowledge provided by immigrant entrepreneurs to local citizens?
3. What is the nature of entrepreneurial skills transferred to South Africans by immigrant entrepreneurs in the Mangaung Metropolitan area?
4. What forms of support does the South African (SA) government provide to immigrants towards the development of citizen's entrepreneurial knowledge and transfer of skills?

1.3 MAIN OBJECTIVE

The main objective of this study is to assess the contribution of immigrant entrepreneurs to the employment creation and development among South African citizens in Mangaung Metropolitan area.

1.3.1 Subsidiary Objectives

1. To determine the nature of immigrant entrepreneurs' contribution to employment among South African citizens in the Mangaung Metropolitan area.
2. To establish the nature of entrepreneurship knowledge immigrant entrepreneurs provide to local citizens.
3. To determine the nature of the entrepreneurial skills immigrant entrepreneurs in the Mangaung Metropolitan area transfer to South Africans.
4. To determine the forms of support that the SA government provides to immigrants towards the development of citizen's entrepreneurial knowledge and transfer of skills.

1.4 AIM

The aim of the study is to promote entrepreneurial skills among South African citizens who are employed by immigrant entrepreneurs by creating employment and entrepreneurship development.

1.5 SIGNIFICANCE OF THE STUDY

The results of this study are expected to benefit society considering that entrepreneurship plays an important role in most developing countries, strengthening these countries' economy. The rate of unemployment in SA has increased and entrepreneurship opportunities leading to self-employment seem to be the solution to the problem faced by the country. As such, different ways through which government programmes can influence citizens for self-employment or entrepreneurship need to be uncovered or revamped.

1.6 OUTLINE OF THE STUDY

This study comprises five chapters, covering the introduction and background to the study, the problem statement, the research questions and objectives, the limitations of the study, a conclusion, and recommendations.

Chapter 1 – Introduction and background to the study

This chapter presents an overview of the study, the problem statement, the research questions, objectives and the aim of the study.

Chapter 2 – Literature on employment creation and entrepreneurship development.

This chapter provides a discussion of the literature reviewed regarding immigrants' contribution to employment creation and entrepreneurship development

Chapter 3 – Research methodology

This chapter provides a thorough elucidation of how the research was conducted. It provides insight on the epistemology, research approach, research design, sampling method, data collection techniques, and data analysis techniques used in the study.

Chapter 4 – Analysis, interpretation and discussion of results

All the results gained from the research interviews are presented and interpreted in this chapter.

Chapter 5 – Conclusion and Recommendations

This chapter concludes the report. Recommendations are proposed, based on the findings, the research questions are recapped, implications of the findings for future research are mentioned, and research limitations are brought to the readers' attention.

1.7 CHAPTER SUMMARY

This overview of the study presented the project statement, the aim of the study, research objectives, research questions and significance of the study. In the following

chapter literature on immigrant entrepreneurs' contribution, employment creation and entrepreneurship development will be discussed in terms of literature review findings.

This study is an endeavour to contribute to better theoretical and practical understanding of the contributions immigrants and South Africans can make to enhance the economy of our country. One such contribution is the implementation of business collaboration, which will help government to reduce the rate of unemployment, increase the economy and the business sustainability of South Africans to support them in surviving the competition in the industry.

The broadening of the baseline knowledge and entrepreneurship skills, which currently are limited, and using insights gained from this research to inform and direct the South African policy on the contribution of entrepreneurial activities of immigrants may be a long-term resolution to unemployment due to a scarcity of large businesses.

This study also expands the knowledge on the transferability of entrepreneurial skills, and the knowledge and development of entrepreneurship skills amongst the young local citizens who work for immigrants, which will assist South African policy makers in convincing immigrants to operate in partnership with one or two South Africans in their business.

CHAPTER 2

LITERATURE REVIEW

2. INTRODUCTION

In the previous chapter the study focused on the problem background, problem statement, research aims, questions and objectives, the importance of this study and a framework of the complete study. This section covers the literature reviewed, and the researcher discusses literature immigrant entrepreneurs related to small retail industries. Firstly, the terms small, medium and macro enterprises (SMME), retail businesses and immigrant entrepreneurship are defined; thereafter; the variables under investigation are reviewed. The review then ends with the conceptual framework guiding the study.

2.1 SMALL, MEDIUM AND MICRO ENTERPRISES (SMMEs)

Small, medium and micro enterprises (SMMEs), also referred to as small businesses, play an important role in an economy (Yesseleva, 2012). Although small businesses are a significant factor in the economy, defining them is quite difficult. While small businesses and SMMEs can be defined differently, in this study the terms are used interchangeably to mean the same business category. The nature of small businesses from the South African perspective is also explained, as small retail businesses such as spaza shops form part of small businesses.

2.1.1 Small businesses in perspective

Different countries set their own guidelines for defining SMMEs. Aren and Sibindi (2014) state that the definitions of small businesses vary from one country to the other and from industry to industry. Therefore, no one definition reflects the differences between entities in various sectors or countries at different levels of development (Chipunza, 2014). According to Cox (2012), different authors have tried to define the term using factors such as number of employees, sales volume, value of assets, and control. In the United State of America (USA), for example, small businesses are

defined as entities with less than 500 employees (Statistics of US Businesses [SUSB] 20018). While in the European Union (EU), a business with a maximum of 200 employees is classified as small business (European Commission [EC], 2005). According to Chipunza, (2014), the definition of small businesses in Zimbabwe is founded on how they are classified, as a result, small businesses are considered as enterprises that are either registered or not registered, and providing employment to 100 employees or less, including the proprietor. In Canada a company is "small" if the number of employees is not more than 50 employees for a service company, or not more than 100 employees for a goods producing company, and above these sizes and up to 500 employees, a firm is considered medium-sized (Ali, 2003). Terminologies applied to small businesses also differ. In South Africa, as in the EU, small businesses are referred to as small, micro and medium enterprises (SMMEs) (National Small Business Amendment Act, No. 102 of 1996, [NSBA] (1996) and EC (2010).

2.1.2 South African definition

In South Africa, the government is aware that to address problems confronting the economy, requires a drastic policy shift that recognises the urgent need to invest in small, medium and micro enterprises (Business Report, 2014). Therefore, it is important to understand what differentiates small businesses from large businesses. Yesseleva (2012) posits that there is no common definition for small enterprises, although various characteristics have been identified to explain the meaning of SMMEs. These characteristics include turnover, assets, employment numbers and management characteristics (Neneh, 2012). According to the National Small Business Act No. 102 of 1996 (South Africa, 1996), small, medium and micro enterprises (SMMEs) are defined as:

a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the national economy (NCR, South Africa, 1996).

According to the South Africa (1996), National Small Business Act (Act 102 of 1996), these business entities are responsible for adding socio-economic value to the SA economy by reducing unemployment through the creation of employment opportunities, and alleviating poverty through both the generation and dissemination of wealth. According to the National Credit Regulator (NCR, 2011), the definition of SMMEs can be broadly categorised into two definitions, namely an economic and a statistical definition. In terms of the economic definition, a firm is regarded as small if it complies with the following three criteria: (1) It has a relatively small share of the market place; (2) it is managed by owners in a personalised way and not through formalised structures, and (3) it is independent in that it is not part of a larger enterprise. NCR further states that the statistical definition is used in two main areas: (1) quantifying the size of the small firm sector and its contribution to the GDP, employment and exports, and (2) comparing the extent to which small firms' economic contributions have changed overtime.

In South Africa the classification of small businesses often depends on revenue, assets or the number of employees in the business. Also, this varies from sector to sector, as some sectors are more labour and asset intensive than others. According to Hlatshwako (2012), the term SMME is used to describe a certain group of enterprises and the way in which they operate; and these enterprises have certain characteristics and structures that distinguish them from other organisations. Moreover, despite the differences in defining the SMMEs globally, employment is the most common basis for definition (Ayyagari, Beck &, Kunt 2007). According to Bruwer (2012) there are approximately 3.8 million small businesses in the South African formal and informal sectors, which play an important role in job creation, poverty alleviation and in the overall enhancement of the country's economy.

In view of the above definitions, this study adopts the definition by the National Business Act of 1996 which defines an SMME as a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more, which include its branches or subsidiaries; furthermore, a small business is considered to have 50 employees, a very small business 20 employees, and a micro business, 5 employees. The total turnover for a

medium-size business ranges from a minimum of R5 million in the case of agriculture to R64 million in the case of wholesale, trade, commercial agents and allied services (NCR 2011), and, if any, is predominantly carried on in any sector or subsector of the economy. This definition is adopted because it gives an outlook of how the government defines SMMEs in South Africa.

2.1.3 SMMEs in South Africa

According to the Gauteng Province Quarterly Report (2012) and Moloi (2014), small businesses form part of both the formal and informal economy in South Africa. In South Africa, SMMEs account for approximately 60% of all employment in the economy and more than 35% of South Africa's Gross Domestic Product (GDP) (Kongolo, 2010). In addition, SMMEs often are seen as the vehicle by which people with the lowest income in society gain access to economic opportunities. The sector represents 97.5% of the total number of business firms in South Africa and it contributes 42% of total remuneration (Kongolo, 2010). In South Africa, the important role of small corporations is shown in the National Development Plan, which predicts that the small corporate sector will generate 90% of the 11 million jobs that are expected to be created by 2030 (Zulu, 2015). According to Zulu (2015). It is estimated that corporations that are still small will have to add approximately 800 000 jobs annually until 2030 (Zulu, 2015). The European Commission, (2012) emphasised that small businesses, driven by innovation, constitutes the backbone of the European economy. These views seem to emphasise the centrality of innovation in the entrepreneurial process.

The development of SMMEs in South Africa still experiences many challenges, such as lack of finance, adequate skills and training. These challenges affect the socioeconomic development initiative taken by the new democratic government dispensation (Ocholah, Ojwang, Aila & Oima, 2012). However, the important contribution of a vibrant and thriving SMME sector in the national socio-economic development of a country has been widely recognised (Nieman 2006; Kongolo 2010; Sefiani & Bown, 2013,). SMMEs gradually are being acknowledged as productive drivers of economic growth and development for African countries, including South Africa (Gatt, 2012). It is however, ironic that this sector remains poorly supported

despite its significance and contribution to the country's economy. Therefore, it is important to have a sustainable business model for SMMEs in South Africa. It seems that South African policy-makers do not generally know the steps to be taken to transform small-scale, informal enterprises into dynamic firms, operating in the formal economy (Brand, Schutte & du Preez, 2013).

2.1.4 Small Retail Businesses in South Africa

The small retail sector forms a critical element of the SMMEs, and community's economic and social welfare, and it provides people with choices of products and services (Ligthelm, 2008b). Therefore, small businesses operating in this sector are defined by the National Small Business Amendment Bill, Act No. 26 of 2003, (South Africa, 2003) as "enterprises which employ fewer than 200 people, and which have an annual total turnover not exceeding 39 million rand, and/or an annual total gross asset value not exceeding 6 million rand". The retail sector comprises businesses that derive more than 50% of their revenue from goods sold to the public for household consumption (Tustin, 2004; Statistics South Africa, 2014).

According to the Gauteng Province Quarterly Report (2012), South Africa has seen the retail sector grow from strength to strength over recent years. The importance of this sector to the economy is emphasised by researchers Olawale & Garwe, (2010); Mboniyane and Ladzani, (2011); Smit and Watkins, (2012). The activities of retail are seen to be of pivotal importance for the promotion of economic growth, job creation and the mitigation of poverty (Smit & Watkins, 2012). In view of this background, the next section will discuss the importance of this sector to the economy. Based on the above highlighted points the focus of this study is on small grocery stores.

2.1.5 The importance of small retail firms in South Africa

The SA retail sector is composed of the formal and informal sector. The informal sector mainly consists of spaza shops, hawkers and street vendors, which are found in townships. They are mainly served by the wholesale market. The food and groceries

market constitute 22% of the informal or independent retailers, which supply 81% of households in the SA Wholesale & Retail Sector Education and Training Authority (W&R Seta, 2011). The informal and independent retail market grew by 45% from R79.5 billion in 2010 to an estimated R115.6 billion in 2013 (W&R Seta, 2011, Sustanalytics, 2012). Therefore, the significance of this study cannot be overlooked. According to Aren and Sibindi (2014) and Chiliya *et al.* (2009), studies conducted in South Africa revealed that about 70% of small businesses are retail businesses, and these include motor vehicle repairing, hair salons, butcheries, clothing and grocery shops. This industry has the ability to absorb unskilled workers and train them to become cashiers in stores. However, the Wholesale and Retail Sector Education and Training Authority (W&RSETA) provides the necessary training to promote skills development and afford people the opportunity to obtain better employment (Gauteng Province Quarterly Report, 2012). As a result, due to this training provided by W&RSETA, people can start their own business and improve their business skills.

The study focuses on small businesses, particularly those operating in the retail industry. The section, specifically concentrates on the significance and challenges of the small grocery stores owned by immigrants and locals in the Free State Province, and more specifically, in the Mangaung Metropolitan Municipality (MMM).

2.2 THE CHALLENGES FACED BY SMALL RETAIL FIRMS IN SA

SMMEs have become a critical solution for starting and developing an acceptable standard of living in South Africa, owing to the low economic growth, high unemployment and an unacceptable level of poverty in South Africa, particularly in the rural areas (Lekhanya, 2010). Van Scheers (2011) proclaims that SMEs face challenges with marketing their products, a lack of understanding the market, and an inability to perform proper market need analyses. These SMEs are unable to segment the market and cannot successfully and effectively market their products (Van Scheers, 2011).

Lekhanya (2010) also found marketing to be a major challenge for SMEs, since the study identified a lack of marketing knowledge and expertise, and limited use of

marketing strategies as major challenges. The conclusion is that government needs to address the challenges faced by small retail firms. These challenges faced by local owners of small retail firms in South Africa are discussed below:

2.2.1 Challenges facing SMMEs in SA

SMMEs across all sectors of the economy experience several challenges in doing business. The retail sector is no exception: in addition to general challenges experienced by all SMMEs, SMMEs in the retail sector also experience sector-specific constraints. The failure of South African businesses is a topic that has been discussed and debated for years without a permanent solution. According to a study by the SEDA (2017), South Africa has one of the highest failure rates of new and existing SMMEs in the world. It is estimated that about 80% of all new small businesses fail in the first year. Notably, when small businesses close down, not only jobs are lost, the potential for creating new jobs also is eroded (SEDA, 2017).

The South African government, therefore, has identified the SMME sector as one of the potential enablers to achieve its objectives of improving job creation, reducing poverty and creating a more equitable distribution wealth (Peters & Naicker, 2013). The government is aware that in order to address challenges facing the economy, a fundamental policy shift is required that recognises the urgent need to invest in SMMEs and entrepreneurial development (Business Report, 2014). However, government first will need to address the challenges faced by SMMEs. These challenges faced by local owners of SMMEs in South Africa thus are outlined fully below:

2.2.1.1 Lack of managerial skills and experience (entrepreneurial skills)

An enterprise requires crucial skills such as skills in business administration and management, financial management and legal skills, in addition to technical skills, for them to operate effectively and successfully. According to the SiMODiSA Association (2015), most SMMEs often cannot afford to appoint a legal team that looks after legal security and compliance issues of the business, nor can they afford accountants. This

forces them to outsource, and the costs of outsourcing often remains a barrier; thus, a call for assistance by government was made by SMMEs, so as to enable them to track their financial performance continuously and compile the necessary compliance reports as and when they are required (SiMODiSA Association, 2015).

Small businesses also lack managerial skills and capability in various fields besides financing, namely in human resources, marketing, operations, and information and communication technology (Smith & Perks, 2008; Nieman and Nieuwenhuizen, 2009; Olawale & Garwe, 2010; Dandago & Usman, 2011). Managerial skills include the ability to manage personnel, to strategies, organise resources effectively, listening skills, self-awareness, and maintaining accounting records (Ojiako, Chipuluab, Ashleighb & Williams 2014; Nkosi, Bounds & Goldman 2015). Smallbone and Welter (2001) identified managerial competencies, as measured by experience, training and knowledge of the industry, as having a positive impact on the performance of new SMMEs in South Africa. Therefore, for local small businesses to grow, they need the above-mentioned capabilities.

A number of research scholars are in concurrence about the importance of SMMEs that must have the required business management experience and expertise for the viability and profitability of any firm (Jackson, 2004; Mutezo, 2005; Ferreira, 2007; Olawale & Garwe, 2010). According to Olawale and Garwe (2010) managerial competencies measured in terms of education, managerial experience, start-up experience and knowledge of the business, skills, behaviours and attitudes have a positive impact on the performance of the business. In their study of the importance of management competencies in the success of SMMEs, Martin and Staines (2008) found that a lack of managerial experience, skills and personal qualities of SMME owners/managers was the main reasons for SMME failure. This illustrates the importance of managerial skills within SMMEs. However, this skill can be acquired through education and training which will help develop management competencies which are necessary for the success of the enterprise.

2.2.1.2 Insufficient access to finance

All businesses require finances to start trading and also to fund growth. Fatoki and Garwe (2010) provide evidence that the lack of financial resources is the second most reported contributor to failure of SMMEs, after education and training, in South Africa. It became clear that challenges were experienced by SMMEs in accessing funding meant for them in all the government entities (Fatoki & Garwe, 2010). A study by the Finmark Trust (2015) on financial access and SMME size in South Africa revealed that only 13% of the 5 667 SMMEs surveyed had access to credit. According to SME South Africa (2017), Xero's 2017 State of Small Business report stressed that 89% of small businesses are dissatisfied with the level of support they receive from government, and only 3.7% say that the Department of Small Business Development has helped their businesses. According to a 2007 World Bank study on barriers to accessing loans revealed that South Africa is very low compared to the internationals in accessing banking loans and an SMME loan takes two times longer than other business loans to be approved and/or paid over (Dalberg, 2011).

In most instances, the precondition for securing start-up capital is the presentation of bankable business plans, in which most of the entrepreneurs fail. Most prospective entrepreneurs have little or no knowledge of how to prepare a viable business plan that will meet the stringent criteria of South African investment community (Moyo, 2019), however, considering the low level of entrepreneurial competency, most aspiring entrepreneurs are unable to develop acceptable and viable business concepts. In addition, the need for security by private funders is considered a major barrier to enterprise development (Moyo, 2019). Therefore, the South African government cannot afford to overlook these barriers that cripple the growth of SMMEs in South Africa's economy. As a result, it is vital that government create incentives for private sector investment in SMMEs and high-growth SMMEs. Additionally, this will not only address the funding gap, but it will attract private sector financial management skills to the country and increase South Africa's competitiveness in the global markets.

2.2.1.3 Insufficient access to business premises/ location

According to Mugobo and Ukpere (2012), most SMMEs still struggle with the shortage of business premises such as offices, warehouses and factories. The researchers (Mugobo & Ukpere 2012) in their study of rural entrepreneurship report that 46% of the respondents indicated that the issue of unavailability of business premises always occurs, and 32% reported that it occurs frequently. However, many entrepreneurs make the mistake of taking the first available location without considering if it is suitable to the needs of their business, and sometimes focus only on the affordability and availability. Mariotti and Glackin (2012) posit that the selection of business location can make the difference between success and failure of a business.

The key aspects in deciding upon a location are dependent upon the nature of the business and customers. Fakoti and Garwe (2010) believe that location also impacts on the market potential and growth opportunities of new enterprises. Geographical proximity to either critical buyers or suppliers produces a form of enhanced environmental scanning that enables new firms to identify and exploit growth opportunities in the market more easily (Fakoti and Garwe 2010). Mariotti and Glackin (2012) list the following considerations for deciding on a location: access for customers; access to suppliers; climate and geography; convenience; cost of facilities (rent, construction, etc.); demographics; economic conditions and business incentives; governmental regulations and laws; labour pool; proximity to competitors, and visibility. According to SEDA (2016), the simplicity of access to a communication infrastructure, utilities and transport, land or space at affordable prices can be instrumental to supporting new businesses. Even though finding a business location is a constraint, entrepreneurs should be very careful in choosing the appropriate location.

2.2.1.4 Lack of access to markets

According to Nieman and Nieuwenhuizen (2009), a lack of access to markets is perceived as another significant difficulty inhibiting small business operations in South Africa. Small businesses are not able to market their produce for various reasons, including distance from markets, lack of knowledge of existing markets, and poor transport facilities between the business owners and the markets (Nieman & Nieuwenhuizen, 2009). Market access is essential for SMMEs and plays an important

role in promoting and sustaining a business. Thus, the inability of most SMMEs to access markets for their goods and services continues to be amongst the top challenges (Nieman & Nieuwenhuizen, 2009). It is argued that potential clients perceive small businesses as lacking the ability to deliver quality services and are unable to satisfy more than one critical project at a time (Rogerson, 2008; Booyens, 2011). Most SMMEs do not have a website and this puts them at a disadvantage (compared to their competitors), limiting their market scope. Therefore, for a small business to be able to reach or attract more customers, it should use online marketing.

2.2.1.5 Competition and technological change

Businesses operate in an unstable and an ever-changing environment. This requires them to be current and keep up with changes in the environment. For example, information and communication technology is indispensable in today's business world as it enhances business growth and development. Many SMMEs in South Africa lack appropriate technology, and as a result they find it difficult to compete with their larger counterparts. Olawale and Garwe (2010) pointed out that technology not only fosters the evolvement of a multi-pronged strategy, but also maximises business opportunities. Information technology is also seen as a significant catalyst in sales generation. The purchase and installation of information technology equipment, however, involves costs. The majority of SMMEs thus may not have access to credit, thereby rendering the above-mentioned costs unaffordable, and they also often lack the capability and expertise to operate the equipment. Access to appropriate technology, just like training, finance and business premises, often is seen as an important factor influencing the success of small enterprises, but technology is not always accessible (Olawale & Garwe, 2010). This applies to both ends of the technology spectrum, namely sophisticated technology needed for the competitiveness of small enterprises in the modern manufacturing and services sectors, and "appropriate" technology for small enterprises operating in the labour intensive, low-skill spheres. Both these areas deserve more attention and justify some government support.

Businesses need to secure local, national and international markets in order to sell their goods and services. However, access to markets is one of the major constraints negatively affecting the growth and development of SMMEs in South Africa (Van Scheers, 2011; Musara & Gwaindepi, 2014). Nieman (2006) contends that marketing skills enable business owners and/or managers to attract customers, and provide them with expertise on how to present a product or service in a manner that is attractive and interesting to the customer. According to Lamb, Hair, McDaniel, Boshoff and Terblanche (2008), the concept of competition concerns all enterprises or organisations that strive to satisfy the same or similar consumer needs. Therefore, small businesses lack access to marketing platforms due to high standards of technology. Zimmerer and Scarborough (2008) agree that in the maturity and competition stage of a product's life cycle, sales volume continues to rise, but profit margins peak and then begin to drop as competitors enter the market. For instance, micro-enterprises dealing with fruits and vegetables may find that they have lost customers to retail chains such as Fruit & Veg City. Tough competition has a great impact in the growth of an enterprise. This especially is a challenge for small retail firms managed by local entrepreneurs, who are finding it difficult to compete with their immigrant counterparts. Thus, locals competing with immigrants drop out when immigrants enter the market with their higher levels of education, experience, marketing skills and knowledge than locals. As a result, South Africans entrepreneurs fail to survive the first few months of operation, due to high competition, especially small retail firms competing with immigrants for a market share.

It has been estimated that the modern retail industry accounts for approximately 70% of national retail markets, and within this, supermarkets are an important source of supply in the retail food sector (Standard Bank, 2014). This has created challenges for small independent retailers (both formal independent supermarkets and spaza shops), although it appears that this trend may be changing as independent retailers find alternative methods to benefit from economies of scale. Independent retailers, therefore, need to identify and overcome challenges that inhibit them from competing with the major retailers successfully.

Dependent retailers are privately owned businesses that do not belong to a larger chain (W&R Seta, 2011). They are increasingly losing customers to major retailers in SA, since customers are spending less in independent stores compared to large retailers (Durham, 2011). The major retailers are increasingly penetrating into townships, peri-urban and rural areas, and have affected small, informal and independent retailers, leading to a decrease in the number of these retailers, and some of the remaining retailers experience a decline in profitability (Battersby, 2017,). The competition or challenges hindering small retail businesses to grow or stay in the market do not come from major retailers only, but also from immigrants who take over the spaza shops in townships. Independent retailers emerged as a result of the colonization that demarcated shopping and residential zones for minority citizens and black majority citizens. This created opportunities for black entrepreneurs to establish businesses to serve their communities (Chikwekwe, 2015). Therefore, ignorance of the significance of small retail businesses can no longer be overlooked or tolerated if one takes cognisance of the impact of this sector, especially the food and groceries market, which constitutes 22% of the informal or independent retailers, and supplies 81% of households of food in SA (W&R Seta, 2011).

2.2.1.6 Marketing communication strategy

Marketing communications is one of the significant marketing activities a business should consider to remain competitive (Bangura, 2011). Marketing communication is a means by which organisations attempt to inform, influence and remind consumers, directly or indirectly, about the products and brands that they offer and help build a brand by linking the organisation with its customers, and it also influences the information processing by customers (Keller, 2009; Mahyari 2010). Marketing communication becomes the “voice” of the organisation and its brands; and this is also a channel through which it can establish a dialogue and build relationships with its customers. However, small retail businesses fail to utilise marketing communication due to a lack of knowledge, skills and experience. Furthermore, this challenge faced by small retail businesses should be dealt with by the institution initiated by government to assist SMMEs.

Evidence exists that consumers are moving from big retail businesses, such as Pick'n'Pay, to more affordable and convenient small grocery retail businesses (Chebelyon-Dalizu, Garbowitz, Hause & Thomas, 2010). This shift by consumers is more prevalent in the South African townships, where there is a surge of small retail spaza-shops owned by both local and immigrants. The shift by consumers is caused by economic and social changes which have taken place in the South African business environment over the past 10 years (Chebelyon-Dalizu, Garbowitz, Hause & Thomas, 2010). So, growing a business and building a brand for a small business is a challenge due insufficient funds, competition, skills shortage and the current medium of communication or advertising that may not be available to all the customers.

The next section will focus on the immigrants entrepreneurship of which the challenges faced by small retail firms form part of the discussion in the section.

2.3 IMMIGRANT ENTREPRENEURSHIP

2.3.1 Entrepreneurs

Entrepreneurs are potential, intentional, start-up or established business persons. Entrepreneurs are regarded as the people who can implement new ideas, are agents of change, and turn opportunities into wealth (Nieman & Nieuwenhuizen 2014).

Additionally, Fatoki and Patswawairi, (2012) define entrepreneurship as “the process of uncovering or developing an opportunity to create value through innovation”. According to Vinogradov (2008), Kahn *et al.* (2013), and Aaltonen and Akola (2014), an immigrant entrepreneur is an individual who has emigrated from another country, and although he/she may lack citizenship status in the host country, establishes a business in that country for economic purposes. Therefore, immigrant entrepreneurship is the establishment of a new business in a foreign country where one holds no citizenship.

2.3.2 Entrepreneurship and immigrant entrepreneurship

The term entrepreneurship hardly has a common meaning because it is accorded various definitions (Nieman & Nieuwenhuizen, 2009; Venter, Urban & Rwigema,

2012). Some authors define entrepreneurship in terms of small businesses although not all small businesses are entrepreneurial (Wennekers & Thurik, 1999; Wickham, 2004; Kuratko, 2009). Entrepreneurship, therefore, has to do with entrepreneurs' innovative ability to identify societal needs and harness resources at their own risk to satisfy those needs for economic gain (Glackin & Mariotti, 2012). Another complexity in this regard is the tendency of researchers to define the term according to their discipline specialities. Economists tend to associate entrepreneurship with the classic models of economic behaviour and innovation, while management scholars explain the concept in terms of the resourcefulness and organising capabilities of entrepreneurs (Nieman & Nieuwenhuizen, 2019; Venter *et al.*, 2011). According to economists, therefore, entrepreneurship is the process whereby creative and innovative people use their skills to create new economic organisations for the purpose of making profit whilst bearing the inherent risks. This refers to all activities channelled towards creating and advancing the practice of entrepreneurship (Osemeke, 2012). Based on these elucidations, for the purpose of this study, entrepreneurship is defined as a process whereby persons (entrepreneurs) recognise opportunities based on market needs or gaps and start their own businesses to satisfy societal needs, with the intention to make profit.

Tengeh and Nkem (2017) describe immigrant entrepreneurship as business activities conducted by immigrants in their host countries, either with the assistance of social networks or through individual initiative. Immigrant entrepreneurship is the basis of an immigrant in a host country conducting entrepreneurial activities within the framework of entrepreneurial development with all the risks involved (Tengeh & Nkem, 2017). Immigrant entrepreneurship, therefore, is the process by which an immigrant establishes a business in a host country other than his/her native country (Dalhammar, 2004). The concept of immigrant entrepreneurship has become an important socioeconomic phenomenon, as it plays a critical role in economic development (Aaltonen and Akola 2014). This endeavour creates jobs through new business ventures that contribute to wealth creation in the country.

Bauer, Lofstrom and Zimmermann (2001) maintain that the international transferability of human capital generally is weak for immigrants, because of culture-related

differences between an immigrant's home country and host country, and may result in a wage-gap or labour discrimination in the host country. The main cause of this is poor communication or language skills, a lack of understanding of the labour market structure, institutional settings, traditions and culture of the host country (Grand and Szulkin, 2002). These mentioned factors also create high levels of discrimination in the job market, thus pushing immigrant entrepreneurs towards self-employment (Grand & Szulkin, 2002; Hammarstedt, 2006).

2.3.3 The importance of immigrant entrepreneurship in South Africa.

As demonstration of the importance of entrepreneurship, the South African government has prioritised entrepreneurship and the advancement of small businesses as the catalyst for achieving economic growth and development (Bosma, Wennekers & Amorós, 2011) The uptake of immigrant entrepreneurs in South Africa is believed to have resulted in a shift in the control of spaza shops in townships from locals to immigrant entrepreneurship, hence the perception of a decrease in employment opportunities for locals (Charman, Petersen & Piper, 2012). As a result, immigrant entrepreneurs take control over spaza shops in a local area, and local entrepreneurs fail to compete with immigrant entrepreneurs in the retail industry. However, Kalitanyi and Visser (2010) argue that this information is not supported by facts, indicating whether African immigrants in South Africa are job takers or job creators. Despite claims that migrant labour is one of the factors causing unemployment in South Africa (Chamunorwa & Mulambo, 2014), Kalitanyi and Visser (2014) proclaim that one of the most debatable issues in recent times in the South African literature has been the impact of African immigrant entrepreneurship on reducing unemployment. Furthermore, Chamunorwa and Mlambo (2014) and Lemes, Almeida and Hormiga (2010) assert that the effect of immigration on unemployment has been central to the social, economic and political debate in recent years. Ojong (2006) posits that integrating these immigrants in the mainstream economy may result in positive spin-offs in the form of economic growth, employment and poverty reduction. Therefore, the adoption of immigrants in the mainstream economy will improve the level of entrepreneurial activities in South Africa and minimise the level of dependability on government for the better.

Tengeh and Nkem (2017) posit that immigrant-owned businesses represent an important channel for advancing the growth of the South African economy. Immigrant entrepreneurs in South Africa are visible in a slight group of SMME activities, mostly in retail or services (Rogerson, 2008; Kalitanyi & Visser, 2010). Their activities involve selling curios, retailing ethnic clothes and foods, doing motor-car repairs and panel beating, and operating hairdressing salons. Other activities include running restaurants, nightclubs, cafes, music shops, as well as import-export businesses and traditional healing practices (Kalitanyi & Visser, 2010). Hence, scholars such as Fairlie (2008), and Kalitanyi and Visser (2010) maintain that immigrant entrepreneurship can help improve the general level of entrepreneurship and can positively contribute to employment, poverty alleviation and economic growth in their host countries. For example, they pay annual tax on their turnovers which eventually add to the country's economy. However, Tengeh, Ballard and Slabber (2012) posit that there is a need for new businesses in South Africa. The start-up and growth of such entities might alleviate the ever-increasing poverty through job creation (Nkealah 2011). This can further be assisted by these immigrant entrepreneurs.

According to Hohn (2012) immigrant entrepreneurs have created and/or co-own more than 25% of all science and technological firms in the US. Similarly, in Europe studies (DeLancey, 2014; Fairlie and Lofstrom, 2014; Marchand and Siegel, 2014) have shown that two thirds of jobs and related economic benefits within the EU communities are a result of immigrant SMMEs. Studies carried out in South Africa (Maharaj, 2009; Kalitanyi & Visser, 2010; Tengeh *et al.*, 2012), have found that immigrants contribute actively to the economy as workers, consumers and entrepreneurs. Emphasising the need for inclusion, Maharaj (2009) argues that restricting the benefits of the country from immigrants would be short-sighted as they are unlikely to vanish, given the political and socio-economic conditions that prevail on the African continent. Thus, keeping or adopting immigrant entrepreneurship in South Africa improves the state of the economy and alleviates poverty, leaving the country with local communities required to master the necessary entrepreneurial skills or knowledge to improve their level of entrepreneurship, in order for them to also contribute to job creation and economic growth.

Fairlie (2012) and Fairlie and Lofstrom (2014) assert that immigrant businesses significantly contribute (12%) to the total business income of the US economy. In addition, it was ascertained that immigrant entrepreneurs establish 17% of all new start-ups, a representation of about 13% of all business owners (Fairlie, 2012). Such aforementioned findings lead to the conclusion that new wealth, jobs and skills are created through immigrant entrepreneurship (Kalitanyi & Visser, 2010; Radipere, 2012). Therefore, immigrant entrepreneurs are vital to a countries' growth, standing and socio-economic wellbeing. The SA government thus has to succeed in encouraging the collaboration needed to support immigrant entrepreneurs, and implement laws that will force immigrants to comply with, and for immigrant entrepreneurs to continue doing business in the host country.

Despite the importance of entrepreneurship as discussed above, immigrant entrepreneurs in South Africa still face challenges which will be discussed in the next section.

2.4 CHALLENGES FACED BY IMMIGRANT ENTREPRENEURS IN SA

The increase of immigration of non-South Africans who began vending has resulted in serious conflict, such a xenophobic attacks caused by unemployment and jealousy of local citizens, and corruption. This ensued in locals generating an income by selling or renting their businesses in townships (Liedeman, Charman, Piper & Petersen, 2013); Ndweni, 2015). Foreigner-owned businesses seem to take over (Liedeman *et al.*, 2013), because local businesses simply cannot compete with the cheaper selling prices of goods sold by foreigner-owned businesses, and thus often are forced to shut down (Liedeman *et al.*, 2013; Ndweni, 2015; Steyn, 2015).

According to Azmat (2010), the unclear geographical boundaries of globalisation and technological advancement result in increased immigrant entrepreneurship. Tengeh (2013) adds that limited job opportunities in South Africa push immigrants into developing their own enterprises. Basu (2011) believes that many of the market barriers facing ethnic minority immigrant entrepreneurs are similar to those facing

small enterprises in general. Globalisation and political unrest have propagated immigration (Lindley, 2010); therefore, the threat of immigrant competition will remain present among South African entrepreneurs, especially because of the country's better economic standing in the region (Gebre, Maharaj & Pillay, 2011; Hungwe, 2013; Robertson, Tengeh & Nkem, 2017). Some of these hampering factors are language barriers, discrimination/xenophobia, and limited financial capital to fund their economic activities. According to Tengeh *et al.* (2011), contrary to psychological traits, factors like managerial skills, training and environmental conditions are more easily developed and altered by policy makers.

2.4.1 Language

Hisrich, Peters and Shepherd (2010) contends that language, sometimes considered as the mirror of culture, is composed of verbal and non-verbal components. Messages and ideas are conveyed by the spoken words employed, the voice tone, and the nonverbal actions such as body position, eye contact or gestures. Thus, an entrepreneur on his/her team must have understanding of the language in the country in which business is being conducted. Hisrich *et al.* (2010) believes that this is not only critical for information gathering and evaluation, but also for communication with all involved and ultimately in advertising campaigns as well. Habiyakare, Owusu, Mbare and Landy (2009) in their study report claimed that the Finnish language was an obstacle to immigrant entrepreneurs as it was difficult to navigate the Finnish business terrain without knowing it. Bauer, Lofstrom, and Zimmermann (2001) in a study established that the international transferability of human capital is generally weak for immigrants because of differences between an immigrant's home country and the host country, and may result in wage-gap or labour discrimination in the host country. The main cause of all these issues seems to be related to poor communication or language skills (Grand & Szulkin, 2002; Hammarstedt, 2006). These factors also create opportunities for discrimination in the job market, thus pushing immigrant entrepreneurs towards self-employment (Grand & Szulkin, 2002; Hammarstedt, 2006). Therefore, for the benefit of business collaboration between the immigrants and the host country, language barriers should be avoided or eliminated by means of

creative, innovative interventions, especially for illiterate entrepreneurs with a lack of education.

2.4.2 Xenophobia

According to Crush and Ramachandran (2009), xenophobia is derived from the Greek words “xenos” and “phobos” which mean “strange or foreign” and “phobia” respectively. Xenophobia can be viewed as attitudes, prejudices, and behaviour that reject, exclude and often vilify persons based on the perception that they are outsiders or foreigners to the community, society or national identity. The perception of immigrants taking South African jobs is caused by the high rate of unemployment among South Africans, and the lack of economic growth, which resulted in suspicion of any foreigners and finally in xenophobia. According to Crush, Ramachandran and Pendleton (2013), the competition between South Africans and immigrants has resulted in violence directed at immigrants as noted in the sporadic xenophobic attacks on foreigners and their businesses by South African communities and business owners. Xenophobic violence, like other forms of bias-motivated violence, can often serve as a “message crime”; in that way an act of violence can be intended to send a signal to other refugees or migrants that they are not welcome in an area or country (Nkosi, 2015). These attacks on immigrants cause the immigrants, as well as those locals who are employed by immigrants, a loss of income and jobs.

According to Crush (2000) and the Human Rights Commission (1999), South Africa has become extremely xenophobic over recent years, with a large percentage of South Africans perceiving foreigners, especially and almost exclusively black foreigners, as dangerous and undesirable. Hunter and Skinner (2003:311) quote an immigrant entrepreneur as saying “black foreigners are not treated like white foreigners in South Africa; most of the South Africans call us names and we are treated like animals”. Maharaj (2002) posits that xenophobia is widespread in the townships, where immigrants are referred to as “kwerekwere”, a disapproving word for an African immigrant. The word xenophobia became extensively used in May 2008 when there were widespread xenophobic attacks in South Africa. Since then, this notorious challenge to African foreign entrepreneurs is evolving. Immigrants and migrants (most

highly skilled) are often stereotyped as a threat to the economic and social interests of South Africans. News24 (2012); Mothibi, Roelofse, and Tshivhase, (2015) argues that the xenophobic violence also may have an economic dimension in cases where foreigner-owned businesses are specifically targeted for looting and robbery. As a result, xenophobic attacks lead to loss of income by immigrants. The South African Red Cross Society (SARCS) has also reported that over 500 foreign nationals have been displaced in xenophobic attacks in Botshabelo in the Free State (News24, 2012; Mothibi, et al., 2015). Therefore, government and the community should foresee the effect of these attacks, and plan for timely intervention to avoid the death of immigrants.

2.4.3 Limited Access to financial capital

According to Robertson *et al.* (2017), limited access to capital is a significant factor which hinders the start-ups and growth of small, medium, and micro-sized enterprises (SMMEs), irrespective of the countries of origin of the entrepreneurs concerned. The difficulties which are encountered in the raising of financial capital from formal financial institutions by immigrant entrepreneurs, in order to fund their business activities in South Africa, stem largely from the fact that the policies which are implemented by the formal financial institutions to guide the granting of loans do not favour immigrants (Tengeh, 2013). As it is impossible, in most cases, for immigrant entrepreneurs to fulfil all of the conditions, and because their businesses cannot function without adequate capital, they tend to resort to forming informal financial associations such as stokvels. However, lack of adequate financial resources tends to be felt more strongly by immigrant entrepreneurs than by their local counterparts. Mutual aid groups, such as Rotating Savings and Credit Associations (ROCSAs) and Accumulating Savings and Credit Associations (ASCRAAs) are the most commonly used types of stokvels throughout the world, although they are given different names by various communities (Robertson *et al.*, 2017).

Although immigrants engage in entrepreneurial activities in their host countries, their ability is usually restricted by a range of challenges, including having limited access to finances (Tengeh & Nkem, 2017). In agreement, Basu (2011) notes that ethnic

minority entrepreneur's face greater financial difficulties in acquiring credit for business start-up when compared with small enterprises in general. In contrast, Ibrahim and Galt (2011) contend that the chief difficulty to gain access to sufficient finance to set up a business, in part, will depend on personal endowments. However, Zolin and Schlosser (2011) state that immigrants may be disadvantaged by lack of access to human and financial capital, for instance, their credit history simply may not be accessible, making it complicated to apply for credit in their adopted country. Aspects such as inner-city locations, extremely competitive market sectors, the absence of a "track record", language difficulties and discrimination, often comprise difficult conditions for obtaining a bank loan. Piperopoulos (2010) further avers that in a number of studies, researchers have found that ethnic minority businesses have never used or had access to business and financial support from banks and other financial institutions and thus had to rely on personal savings and ethnic social resources. Aldrich and Waldinger (1990) explained that immigrants often begin as temporary workers in small enterprises, seeking jobs that provide opportunities to work long hours and accumulate savings. As a result, failure to financial access by immigrants prevail them to employ as many locals as possible because of low profit. Thus, government needs to give financial support to immigrants who employ locals to allow immigrants to transfer the skills and knowledge acquired.

2.5 GOVERNMENT SUPPORT

Government provides a range of direct financial assistance packages to the SMMEs which include subsidies, grants, tax benefits such as tax rebates and deductions which play an important role in assisting the SMMEs in their enterprise (Xiang & Worthington, 2013). The authors further argue that the role of the government is to ease the SMME's financial constraints in the form of helping them generate additional cash flows or by assisting SMMEs to obtain financing. Besides financing, a wide range of business development such as business advice, counselling, mentoring, finance, training, incubators and clusters can be offered by government or support agencies. However, finance and training are the most significant service for emerging entrepreneurs, both locals and immigrants.

Immigrant entrepreneurs are essential for economic growth and entrepreneurship development, and the South African government also should recognize the important role SMMEs can play as job creators to fuel the economy with many small business support initiatives led by government (Abor & Quartey, 2010). It is believed that SMMEs in South Africa have the potential to grow and develop a major part of the employable population that currently still remains unemployed because of the country's inability to provide formal employment (Abor & Quartey, 2010; Nkwinika & Munzhedzi, 2016). Initiatives by the SA government to support entrepreneurs do exist; however, government does not do enough to help entrepreneurs by developing their entrepreneurial skills.

2.5.1 South African Government initiatives in support of SMME's development and sustainability

Government initiatives such as the Khula Enterprise Development Fund (KHULA), the National Youth Development Agency (NYDA), the Small Enterprise Development Agency (SEDA), Ntsika, and the Tsumisano Trust, if implemented correctly, are programmes that can contribute greatly to efforts to curb the problem of unemployment. In 1995, the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa was developed (NCR 2011). Government is put under obligation by the White Paper to facilitate an enabling environment for SMME access to information, procurement opportunities, markets, business infrastructure and finance. Following the establishment of KHULA in 1996, Ntsika was also formed. Ntsika's aim was to provide non-financial support to SMMEs (NCR 2011). In addition, the Centre for Small Business Promotion (CSBP), charged with the operationalization of the National Small Business Strategy, was also established (NCR 2011). All these organisations were established in order to provide support and assist SMMEs to survive and be sustainable.

Though there are training programmes offered by government agencies such as the Small Enterprise Development Agency (SEDA); such programmes do not often become accessed by those who operate in the sector out of necessity (ChiloaneTsoka, 2009). The majority of those SMMEs that are aware of these support programmes, did

not know how the programmes operated, which indicates poor marketing of these programmes (Mago & Toro, 2013). Furthermore, it was observed that the requirements and selection criteria for the financial applications were not made sufficiently clear to the clients (Chiloane-Tsoka, 2009). This results in a higher failure rate of applicants with Literacy levels below the grade 12 qualification, and explains why entrepreneurs often are unable to understand programmes and policies put in place to support and empower them (Chiloane-Tsoka, 2009). Therefore, there is need for a proper structure to distribute information to entrepreneurs who are unable to access information that is easily accessible, on their own. According to Thekiso (2016) a legacy of apartheid discouraged entrepreneurship among the African population, as the Free State has low levels of self-employment and a low rate of knowledge-based business creation. Finding ways of increasing entrepreneurship might be an effective strategy to facilitate graduate retention and job creation, and in this respect, there is scope for universities to improve their contribution to fostering entrepreneurship. The focus could be, on the one hand, on growth-oriented technology-based entrepreneurship, and on the other hand, on social entrepreneurship and strategies that facilitate transition from the informal to formal economy (OECD, 2015) promoted through greater use of direct support, such as subsidised access to finance like start-up capital, the removal of entry barriers, the creation of business angels to provide professional help with business plans, and subsidised access to management training programmes.. However, Institutions of Higher learning in Free State continue to develop their students to be job creators not job seekers (self-employed).

2.6 SEED FINANCING

It is becoming increasingly difficult for small businesses (including immigrant-owned businesses) to gain access to financial resources that are already stretched and unevenly distributed. Furthermore, preconditions that applicants are required to comply with, sometimes are so strict that potential entrepreneurs shy away from applying for funding, ensuing in SMMEs not doing well. According to Tengeh, Ballard and Slabbert (2012), policies guiding access to funding need to be reviewed so that small businesses can gain access easier in an endeavour to enhance these businesses' sustainability and efforts to create employment.

According to Tengeh, Ballard and Slabbert (2011), immigrant entrepreneurs normally make use of their personal savings to finance their businesses. Their study revealed that the three most dominant sources of start-up capital were personal savings alone (62.2%), business credit (16.9%), and personal savings plus credit from family members (18.8%) (Tengeh, Ballard & Slabbert, 2011). This is indicative of the difficulty of financing emerging businesses. Therefore, a lack of access to funding for SMMEs will result in the enterprises not performing well, as financing influences the performance of an enterprise and it opens a gap for immigrants to take over the industry. The conclusion thus was made that government needs to be actively involved in assisting the development of entrepreneurship through providing seed funding and training to aspiring entrepreneurs.

Financial institutions in the formal sector in South Africa tend to regard small businesses, which are owned by immigrants, as not being sufficiently creditworthy to be granted loans to facilitate their establishment and growth. It is partly for this reason that the immigrant community in South Africa tends to attach great importance to stokvels as the most effective means of obtaining capital for their business initiatives (Robertson *et al.*, 2017).

2.7 SKILLS TRAINING

Training can be explained simply as a systematic approach to learning so as to develop individual, team and organisational effectiveness by means of improving their knowledge, developing skills, and bringing about attitudinal and behavioural changes, to perform effectively and efficiently (Aguinis & Kraiger, 2009; Ongori & Nzonzo, 2011). Kulkarni (2013) further explains training as to be the nerve that shows the necessity for the powerful and perfect functioning of work, which assists in boosting the excellence of work, the lives of individuals, as well as organisational development.

Lack of education and training is seen as one of most significant barriers to entrepreneurial activities in South Africa. The majority of the SMMEs in South Africa are established by owners who have little knowledge of the business world and who

are not aware of the risks that can lead to their enterprises failing (Kulkarni, 2013). It is difficult for small entrepreneurs to get sufficient training and education because they often lack the finance from either public or private financial institutions to train. Yet appropriate training and education in spaza shops has the potential to improve their general skills, which will promote the growth of their businesses (Ongori & Nzozzo, 2011).

The focus, however, cannot merely be on immigrant entrepreneurs' ability to play a role in contributing to the skills shortages in the country; the government of the host country (South Africa) must also contribute to providing potential entrepreneurs with the necessary skills. According to Nieman and Nieuwenhuizen (2014), all training and development programmes should be seen as programmes that encourage entrepreneurship. Currently, criticism is expressed that education and training systems prepare individuals to be job seekers instead of job providers in South Africa (Nieman & Nieuwenhuizen, 2014),

The National Youth Development Agency offers a programme, the Entrepreneurship Development Programme, which aims to create a favourable environment for young entrepreneurs to master relevant entrepreneurship skills, knowledge, values and attitudes required for their businesses (NYDA, 2017). Furthermore, the Department of Trade and Industry (DTI, 2013) also has a Youth Enterprise Development Strategy which also is aimed at prioritizing entrepreneurial skills development. Such programmes and strategies do not only aim to develop entrepreneurial behaviours but also attempt to raise awareness of enterprises and entrepreneurship as a potential way of life and a future career (Volery, 2004). Yet, there is no platform available for immigrant entrepreneurs to be trained to empower them to collaborate or even develop locals to become entrepreneurs.

According to UNHCR Global Appeal (2011) the aim of the ARESTA (Agency for Refugee Education, Skills Training and Advocacy) project, supported by the Civil Society Development Fund, is to advocate for asylum seekers and immigrants in South Africa, improve their access to basic services and strengthening their social

cohesion with the local community to prevent the xenophobia attacks that may occur when people are not informed about foreign nationals.

2.8 ENTREPRENEURSHIP DEVELOPMENT IN SOUTH AFRICA.

The aim of entrepreneurship development is to enlarge the base of entrepreneurs in an economy in order to accelerate the pace at which new businesses are established, thereby speeding up the creation of jobs and economic development. The concepts and outcomes of entrepreneurship development (ED) are outlined below.

2.8.1 Development

Development according to Aguinis and Kraiger (2009), refers to activities leading to the acquisition of new knowledge and skills for the purpose of personal growth, and includes the activities channelled towards creating and advancing the practice of entrepreneurship (Osemeke, 2012). Development linked to entrepreneurship, that is, entrepreneurial development, thus is any act or effort made in respect of entrepreneurship for its advancement, maturity and being more beneficial. Hence, the academic and practical interest in the field of entrepreneurial development has gained considerable and serious attention over the years.

Esuh (2011) claims that entrepreneurship development is long overdue, but more recently its impact has been given acknowledgment in various countries across the globe. Therefore, development as used in this study refers to sustained economic growth accompanied by reducing levels of poverty, unemployment and inequality. A role that can be played by small retail firms if they are supported.

2.8.2.1 Entrepreneurship development

Entrepreneurship development refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes focused on individuals who wish to start or expand a business. Entrepreneurship development also has been defined as the process of enhancing entrepreneurial skills

and knowledge of individuals and groups who wish to start or expand a business through structured training and institution-building programmes (Osemeke, 2012). The author further posits that entrepreneurial development includes every activity channelled towards creating and advancing the practice of entrepreneurship (Osemeke, 2012). In support, Radipere and Dhliwayo (2014) concur that entrepreneurship is a driving force of economic development in any country.

2.8.2.2. Outcomes of Entrepreneurship Development

The pivotal outcomes of entrepreneurship development strived for in this study are to recognize the nature of entrepreneurial skills transferability and entrepreneurship capabilities to South Africans, particularly local citizen of Mangaung Metropolitan Municipality in the Free State by immigrant entrepreneurs. Van Aardt *et al.* (2008) suggest that high levels of entrepreneurship establish the economic heart of any country. Van Aardt *et al.* (2008) argue that such high levels of entrepreneurship facilitate the production and exchange of goods and services, thereby inspiring economic growth and development. Furthermore, entrepreneurship is said to bring about structural change in business, resulting in growth and increased output for the benefit of society (Hisrich *et al.*, 2010). Therefore, entrepreneurship also is expected to result in economic growth and development in South Africa. This would translate into creating more job opportunities, increased employment and poverty alleviation (Hisrich *et al.*, 2010; Katz & Green, 2009; Timmons & Spinelli, 2004). Thus, the collaboration with immigrant business owners will play a significant role in helping local citizens, who are interested in entrepreneurial activities, to become part of and to participate in immigrants' SMMEs. This will promote job creation rooted in entrepreneurial activities, economic growth, poverty eradication and grooming more entrepreneurs in the Mangaung Metropolitan Municipality area (MMM).

Mitchelmore and Rowley (2010) proclaim that entrepreneurial development activities also make the field of entrepreneurship attractive to non-entrepreneurs by creating and developing an interest in entrepreneurial activities, and supporting them in mastering the required skills and competences to become involved in such enterprises. The involvement of the private sector in entrepreneurship development

would reduce the current dependency on government for a livelihood. Ogbo and Agu (2012) postulate that this may be achieved through various means, examples of which are structured institutional development programmes, an efficient educational system suitable for training and leadership development for entrepreneurial capacity, availability of adequate, efficient, functional and accessible infrastructures suitable for entrepreneurial opportunities, easy accessibility to financial support, loan funding/credits and long-term finance to fund capital assets. Therefore, the intervention of government will play a significant role in the growth of entrepreneurs and non-entrepreneurs who lack resources, by providing the necessary programmes/initiatives to assist them to stay and grow in the field of the retail industry. Moreover, there is a need for alertness, or the ability to recognize new opportunities that previously were not available (Baron & Ensley, 2006). Entrepreneurial development will enhance entrepreneurial self-efficacy, and the level of confidence individuals have in their entrepreneurial capabilities (Chen, Greene, & Crick, 1998), which will motivate and encourage them to recognize opportunities and their capabilities. Through the support of and collaboration with government and immigrant business owners local entrepreneurs can play a crucial role in improving the local economy, employment rate and the level of poverty, particularly those operating in MMM.

2.8.2 Entrepreneurship development and entrepreneurial capabilities

Entrepreneurship development might bring a change in the retail industry (spaza shops) where immigrants are in control by collaborating with business owners to acquire more knowledge and skills to enhance the employment rate and entrepreneurial performance of locals. Alertness and age-appropriate entrepreneurial competencies lay the foundations of future entrepreneurial activity in the adult stage (Obschonka, Silbereisen, Schmitt-Rodermund, & Stuetzer, 2011). Entrepreneurial competencies are not only relevant to those who aspire to pursue their own business ventures in the future; they are also increasingly being recognized as critical occupational skills required in navigating the world of work in the twenty-first century (Uy, Chan, Sam, Ho, & Chernyshenko, 2015). Entrepreneurial alertness has been

postulated to be “an individual capability that can be learned and improved” (Tang, Kacmar, & Busenitz, 2012).

According to Mosakowski (1998), and Woldesenbet, Ram and Jones (2012), entrepreneurial capabilities are defined in terms of an entrepreneur’s ability to act with foresight, creative behaviour, intuition, and heuristic activity, being alert to new opportunities and to develop the resources required to start or/and develop a new venture. Entrepreneurial capabilities (EC) refer to the ability to perceive, choose, shape and synchronize internal and external conditions for the exploration and exploitation of the enterprise (Zahra 2011). Exploration includes recognition, discovery and creation of new possibilities and opportunities, while exploitation means developing opportunities. According to Vis (2012) and Naudé (2013), entrepreneurial capabilities function as a fundamental tool of successful entrepreneurship in emerging African economies. In view of the entrepreneurial gaps existing in emerging economies, the development of entrepreneurial capabilities, competencies and abilities is fundamental to the successful entrepreneurial development of emerging businesses in South Africa (Vis, 2012; Naudé, 2013). Based on the definitions of Mosakowski (1998), Woldesenbet, Ram and Jones (2012) entrepreneurial capabilities are the ability to anticipate opportunities, create a new venture and implement it. In view of the above, it is clear that local citizens working for immigrant entrepreneurs who possess these skills can also acquire the skills, and, therefore, get developed entrepreneurially. This will improve the entrepreneurial performance, eradicate poverty, bring business stability and contribute to the South Africa economy.

2.8.3 Human Capital

According to Curado, Henriques and Bontis (2011), human capital is defined in various ways and with different features and attributes, and several authors emphasise unique features of human capital. For example, Curado *et al.* (2011) emphasise a knowledge based point of view of a business. Knowledge is regarded the main factor of human capital. Employees with extensive and profound knowledge can influence internal and external communication within a business. According to

Potelienė and Tamašauskienė (2014) human capital refers to education, health, knowledge, competence, skills, talent, motivation, values, national culture and philosophy, labour market conditions, migration tendencies, expertise, experience, intuition, ability to understand national goals, entrepreneurship and ethics. Human capital also refers to an individual or group's stock of knowledge, routines, personality characteristics and social habits. Furthermore, it includes creativity that can be usefully applied to an economic purpose, and thus is considered to be a type of wealth. Countries, organisations, and groups with greater human capital are expected to be better able to accomplish goals to bring about economic improvement (Greenwood, 1985; Meyer, 2008). This is related to the hierarchy of skills and knowledge with varying degrees of transferability (Ucbasaran, Westhead & Wright, 2008). Therefore, if human capital is considered and managed effectively by immigrant entrepreneurs, and South Africans are empowered through relevant programmes to increase the country's human capital, it will contribute positively to the development of entrepreneurs, and to creating and building enterprises which may ensue in growth of the economy and emerging businesses owned by South Africans. Entrepreneurs possess this human capital skill, thus, immigrant entrepreneurs will impart this human capital skill to their employees, which they will use to create economic value that will pay off.

2.8.4 Innovation

The ability to develop new ideas and innovation has become significant for many businesses. Innovation is defined as being a separate activity through which inventions are carried out in the market for commercial purposes (Snyder, Witell, Gustafsson, Fombelle & Kristensson, 2016). According to Karoglu and Eceral (2015), innovation is a significant factor in a business's growth. Pinto, Cruz and Combe (2015) argue that innovation could result in the development of new products, new processes, new sources of supply, the exploitation of new markets and/or new organisational forms. Furthermore, Lyles (2014) claims that innovation is one of the vital elements of sustainability. Therefore, small businesses can consider using innovation as an effective tool to improve business productivity, achieve new opportunities, and gain competitive advantage due to the resource constraint issue facing small businesses in South Africa.

2.8.5 Proactiveness

According to Klopper (2015), proactiveness is to see and seize opportunities. Organisations can influence trends and create certain demands in the market to acquire or maintain their market share. Although innovativeness relates to a firm's orientation toward creating innovative responses, proactiveness is related to anticipating and acting on future wants and needs in the market, which would enable a business to gain first-mover advantage ahead of the competition (Lumpkin & Dess, 1996; Parker, Bindl & Strauss 2010). According to Parker, Bindl and Strauss (2010) the proactiveness dimension reflects top management's orientation to pursuing enhanced competitiveness, and includes initiative, competitive aggressiveness and boldness. Competitive aggressiveness involves the tendency to directly and forcefully challenge one's competitors. Proactivity involves self-starting and future-focused action that aims to bring about change, either in the self or in one's work environment (Parker, Bindl & Strauss, 2010). Additionally, it can involve proactively developing skills to meet anticipated demands, seeking feedback, or shaping one's job or role to better fit with one's needs or preferences. Proactive organisations shape their environments by actively seeking and exploiting opportunities. Therefore, the use of proactivity, especially by immigrant entrepreneurs in emerging businesses, will enhance the local citizens' well-being, and personal growth, and contribute to organisational effectiveness. Furthermore, it will help locals to be proactive and use available resource provided by government to bring change in the retail industry.

2.8.6 Transfer of entrepreneurial skills

Bauer, Lofstrom and Zimmermann (2001) maintain that the international transferability of entrepreneurial skills is generally weak for immigrants because of related differences between an immigrant's home and host country. However, this can be avoided if government can foster joint ventures and training programmes in collaboration with immigrant entrepreneurs rather than discriminating against them.

Moreover, the needs of SMMEs often are so difficult that even a complete range of support services cannot do justice to all the requirements. Therefore, the most effective way to acquire experience and skills, enter new markets, structure additional financing and meet market competition is quite often a joint venture with an experienced local or foreign partner. This will cultivate transferability of skills from immigrant and experienced entrepreneurs to local entrepreneurs.

2.9 EMPLOYMENT CREATION WITHIN SMMEs IN SOUTH AFRICA

The South African government has identified the SMME sector as one of the potential enablers to achieve its objectives of improving job creation, reducing poverty and creating more equitable distribution of wealth (Peters & Naicker, 2013). Employment creation is the act of providing new jobs in response to unemployment. Therefore, the creation and growth of small, medium, and micro-sized enterprises (SMMEs) would certainly affect the creation of employment and economic growth positively (Tengeh & Nkem, 2017). Many immigrants establish businesses as an alternative to working in low-wage jobs in their initial years after arriving in a host country (Hohn, 2012). Consequently, they create employment not only for themselves, but for the local citizens as well. This study, therefore, defines employment creation as the process of providing new jobs, especially to unemployed individuals.

2.9.1 Job creation with SMMEs or retail businesses

Small businesses have a major role to play in the South African economy, especially in the Mangaung Metropolitan Municipality, in terms of employment creation, income generation and output growth (Thekiso, 2016). According to (Mangaung Metropolitan Municipality - Overview, (2016), it is estimated that more than 12 million people in South Africa are actively involved in the SMME sector, which accounts for approximately 60% of all employment in the economy and 40% of output. For growth and survival of SMMEs in the Mangaung Metropolitan Municipality, government programmes should intervene to maintain the employment by SMMEs. Moreover, in an area such as Mangaung, with its relatively high levels of unemployment and poverty, it can be expected that the SMME sector should play an even more important

role in job creation and poverty alleviation. As the unemployment rate in the Free State reached 28% in the second quarter of 2010 (South Africa 26.5%), and youth unemployment being at least double this rate (no robust data is available for the Free State, but for SA as a whole the rate was 47% in 2007) (Statistics South Africa, 2020). According to Statistics South Africa (Stats SA), Quarterly Labour Force Survey in South Africa the unemployment rate has increased to 30, 1%, in the first quarter of 2020 South Africa's unemployment rate increased by 7.5 percentage points to 30.8% in the third quarter of 2020 compared with the second quarter (Stats SA, 2020). However, the country was under a hard lockdown in the second quarter of the year, with prospective job seekers unable to look for work. As a results of this lockdown many small business di not benefit from COVID19 relief fund from government support because of the requirements from relief fund committee. Therefore the government needs to assists small business to be well registered for such unforeseen circumstances. This might happen if government utilise established programs to distribute information and register the businesses.

Radipere and Dhliwayo (2014) posit that even immigrants suffer a lengthy period of unemployment and experience difficulties in getting into the labour market. As results, they resort to self-employment by creating their own businesses. However, the arrival of immigrant entrepreneurs frustrated locals who felt they could not succeed and compete with foreigners. As a result, immigrant entrepreneurs became vulnerable to attacks, and even the loss of life and property (Radipere & Dhliwayo, 2014). The motivation to open Spaza shops for locals is to augment existing household income, whereas foreigners form and use Spaza shop business models they have created as the main source of income to maintain their livelihood. Charman et al. (2012). As a results, locals need motivation for self-employment such as immigrants do, instead of waiting for government to provide jobs while immigrants take control over the industry, especially in the retail sector such as spaza shops. The perception of immigrants taking South Africans' jobs might be resolved if collaboration between immigrants and local entrepreneurs can be brought about. This can be achieved through support from the South African government to maintain and support local businesses (spaza shops or supermarkets) in the retail industry to ensure their survival, and thereby create

employment for local citizens. Tengeh, Ballard and Slabbert (2012) concur that immigrant entrepreneurs employ South Africans in their businesses.

2.9.2 Benefits of employment creation

Job creation always is beneficial to the country's economy. Moreover, immigrant entrepreneurship also can be one of the solutions for poverty, income inequality and unemployment in South Africa. Wayland, Hamilton and Bierling (2012) concur that through investments and business formation, immigrants can become a major source of job creation in the host country.

2.9.2.1 Reduce unemployment rate

According to World Bank Statistics (2012) many developing countries have realized that SMMEs are their gateway to stimulate their economic growth and address the severe poverty they are faced with. World Bank Statistics (2012) have shown that SMMEs in developing economies contribute more than 60% of gross domestic product (GDP) and more than 70% of total employment. In South Africa it is estimated that 91% of private sectors contribute 52-57% of GDP (Groepe, 2015). Stats SA (2015), indicates that the SMME sector contributes approximately 42% of South Africa's GDP while others estimate the contribution of SMMEs at as little as 36% (Herrington, Kew, & Mwanga 2015). South Africa has battled with high unemployment rates since its independence in 1994 and the situation has deteriorated in recent years. According to the Quarterly Labour Force Survey (Stats SA, 2018), the unemployment rate increased by 0,5% to 27,2% in the second quarter (Q2) of 2018, although the absorption rate and labour force participation rate declined by 0,4% and 0,2%. The number of employed people increased from 14,4 million in Q1:2008 to 16,3 million in Q2:2018, while the absorption rate decreased by 0,4% in Q2:2018 to 43,1% (quarter to quarter), and since 2008 has not recovered to the level of 45,8%. The labour force participation rate decreased by 0,2% to 59,1% in Q2:2018 from Q1:2018 (Stats SA, 2018). Therefore, labour force participation is a serious challenge which worries most South Africans and is the root cause of most of the recent protest actions haunting the country. One of the best ways to address unemployment and counter these protests

is to leverage the employment creation potential of small businesses and to promote small business development (FinMark Trust, 2015).

2.9.2.2 Economic growth

Real gross domestic product (measured by production) decreased by 2, 0% and 1, 4% in 2019 (Statistics South Africa, [Stats SA], 2020). Therefore, small businesses are key players in the future growth of the country and should be stabilised and supported. Where South Africa faces high inflation rates and unemployment rates, SMMEs afford the country an important vehicle in addressing these issues by promoting growth and equity (Mutezo, 2013). Hence, IT Web (2011) posits that the importance of SMMEs from a South African perspective is the engine of growth of the economy. It has been greatly debated that SMMEs are essential to employment creation and economic growth, particularly in countries such as South Africa that have a high rate of unemployment (Smit & Watkins, 2012; Mutezo, 2013; Tengeh & Nkem 2017).

Due to poor economics and an unsupportive policy environment, private sector investors are discouraged from investing in start-ups and high growth enterprises in South Africa. Consequently, there is a very concerning gap in funding for South African businesses, which also has resulted in a substantial lack of skills to effectively deploy the little funding that does exist in the ecosystem. Therefore, the significant role of SMMEs in the economy cannot be overemphasized. In the light of the contribution of the informal sector to economic growth, Tshuma and Jari (2013) suggest that the argument for the sector's contribution towards GDP derives from the fact that this sector, apart from growing at a rapid rate, also gives the illiterate and even the unskilled a chance to earn an income; hence supporting socio-economic development at local level. Tshuma and Jari (2013) further argue that this contribution to the GDP by the informal sector ensued in this sector being one of the leading sectors in many national economies, with South Africa as an example (7-12%). SMMEs are the predominant form of enterprise, accounting for approximately 99% of all firms. They are the main source of employment, accounting for about 70% of jobs on average, and are major contributors to value creation, generating between 50% and 60% of value added on average (OECD, 2016). Furthermore, in developing economies, SMEs

contribute up to 45% of total employment and 33% of the GDP. Nevertheless, if the start-up of small businesses is supported by the private sector to assist the government by investing in small businesses, it is expected that it might result in a high level of economic growth in South Africa and MMM created by locals and immigrants.

2.9.2.3 Poverty eradication

Kalitanyi and Visser (2010) and Tengeh *et al.* (2012) state that through the contribution to job creation and innovation, immigrant entrepreneurs can be one of the aspects in the reduction of inequality and poverty and a positive factor for economic growth of South Africa. While the South African economy is often regarded as one of the most successful efficiency-driven economies, Blaine (2013) laments that its society is ranked among the most unequal societies in the world, due to its soaring poverty and unemployment levels. According to Ferreira (2007) and Fatoki (2014), the South African government needs to also become engaged in promoting and growing small businesses in order to succeed in eradicating poverty and eliminating social deprivation and social inequality. Therefore, the creation and growth of SMMEs will bring about more employment for local citizens, thus poverty may be eradicated in that community. Moeti (2016) concurs with this assertion by adding that Business Social Reasonability sets the basis for meeting sustainability goals through poverty alleviation, elimination of social deprivation and maintaining decent standards of life for the communities. Therefore, the entrepreneurship development that leads to employment creation and a higher standard of living cannot be overemphasised.

2.10 ENTREPRENEURIAL PERFORMANCE

Fatoki and Patswawairi (2012), Rehn, Brännback, Carsrud and Lindahl (2013), and Spigel (2013) affirm that Entrepreneurial Performance is the growth or decline of a business. The rate of change in the number and value of transactions (sales), the number of local citizens in the business, and the use of income generated from the existing business to fund the establishment of other businesses are usually used as

proxies or criteria to measure entrepreneurial performance (Murphy, Trailer & Hill, 1996; Edelman, Brush, Manolova & Greene, 2010).

Business performance is measured by income, profit, market share, return on investment, number of employees and product lines. For a business to be successful, the entrepreneur must ensure that the business operates as efficiently and effectively as possible. Financial and non-financial indicators have been suggested as the measures of performance. Profitability is the most significant measure of performance that must be considered, because business growth cannot be sustained without profits being accessible for reinvestment within the firm (Fitzsimmons, Steffens & Douglas, 2005). Firm performance is measured in terms of growth and profitability (Narver & Slater, 1990; Matsuno, Mentzer, & Özsomer, 2002; Yusuf, 2002; Wiklund & Shepherd, 2005; Madhoushi Sadati, Delavari, Mehdivand, M. & Mihandost, 2011). Profitability in this study means gross profit (before tax); growth means, sales growth, and growth in employment. Growth according to this measurement can be considered in terms of net profit margins or return on assets.

The other view is given by Delmar, Davidsson and Gartner (2003), who argue out that while profits are an important indicator of success for the enterprise, the relationship of profits to size is only obvious in an aggregate of firms or over long periods of time for individual firms. Lerner, Brush and Hisrich (1997) integrated the business owner's performance model with other theoretical perspectives to build a new business performance model which includes human capital, motivation and goals, networks, self-efficacy, culture and entrepreneurial intention. These factors contribute to the performance of a business as reflected through revenue/sales, profitability and number of employees. In view of this, the researcher, thus, postulates that the government has to improve on its existing training programme to equip local entrepreneurs with relevant knowledge and skills on how to perform in their businesses.

2.10.1 Immigrant and local entrepreneurship in comparison

In some countries specific groups of immigrants have levels of self-employment which exceed the national average (Lerner et al., (1997); Radipere & Dhliwayo, 2014). Radipere and Dhliwayo (2014) further posit that most of these businesses seem prosperous in comparison to local businesses. Their success is observed in terms of market growth or increases in business size (Nkealah 2011). This shows that retail businesses managed by immigrant entrepreneurs perform much better than local ones. Furthermore, small business survival depends on a specific set of requirements, which in South Africa is undermined by the current economic climate. To help these businesses achieve their ambitions, and, thus, to continue contributing to the country's long-term economic success, the South African government needs to step in more. Therefore, there is a need to determine the successful business strategies used by immigrant entrepreneurs which locals do not use (Radipere & Dhliwayo, 2014). Hence, this study argues that working together from the side of both immigrant and local entrepreneurs can have a positive effect on the entrepreneurial development and performance in South Africa.

Based on the above discussion, it is clear that immigrant entrepreneurs and small retail businesses can play an important role in employment creation and entrepreneurship development through government intervention. This suggests that a better understanding of how to improve performance may be necessary, hence a review of the underlying factors affecting the development and performance of SMMEs is required (Tahir, Mohamad & Hasan, 2011).

In the next section it will be conceptualised how immigrant entrepreneurs with the support of government can assist in creating employment and developing entrepreneurship. It is disturbing to note that a number of small and medium enterprises are struggling to survive and those that are not struggling, are also not growing to become big successful enterprises.

2.11 THEORIES OF ENTREPRENEURIAL PERFORMANCE

Two major theories play an important role in discussions on entrepreneurial performance and need to be elucidated, namely the social embeddedness theory and the human capital theory (HCT).

2.11.1 Social embeddedness

The social embeddedness theory was employed to serve as the theoretical foundation upon which this dissertation on entrepreneurial performance was established.

According to Greenwood (1985) and Meyer (2008), the social embeddedness theory suggests that economic activities take place in a social context. This context is a shaping model which is a mixture of the political, economic, technological and cultural influences (Greenwood, 1985; Meyer, 2008). In general, social embeddedness consists of the influences that shape the cognition or world view of the entrepreneur. The cultural context sets the social and behavioural norms, gives legitimacy and recognition to business entrepreneurship, and permits or encourages the entrepreneur to adopt entrepreneurship (Garsombke & Garsombke, 2000; Kikooma, 2010). It further structures inter-actor ties, which make possible the formation of meaningful relationships and social networks for acquiring social capital; structures governance institutions for regulation of entrepreneurship and related services, such as the approval, registration, issuance and revocation of business permits or operating licenses (Yang, 2004).

2.11.2. Human Capital Theory (HCT)

Block and Sandner (2009) postulate that opportunity entrepreneurs are likely to have higher human capital endowments and a higher cognitive ability, which lead to more productive and efficient activity. Compared to their necessity counterparts they have enhanced personal control over the returns on their education, and are therefore likely to perform better (Fossen & Büttner, 2013). However, human capital does not only comprise formal education, but it also includes experience, practical learning

(Jovanovic, 1982), and entrepreneurial skills, such as the ability to distinguish and exploit entrepreneurial opportunities. Furthermore, Block and Sandner (2009) suggest that the entry of opportunity entrepreneurs into self-employment probably relies on a better preparation than the involuntary entry of necessity entrepreneurs. Human capital attributes, such as education and experience, may also be critical for entrepreneurial success. The human capital of founders attracts investors (Stuart & Abetti, 1990), especially venture capitalists (Zacharakis & Meyer, 2000). Some have argued that the human capital theory is problematic because individuals often seek education and training in order to signal their quality to employers and investors, rather than actually aiming at attaining knowledge and skills (Spence, 1973).

Based on the above-mentioned theories, the study was guided by the human capital theory which was developed by Block and Sandner (2009). The theory explains that opportunity entrepreneurs are likely to have higher human capital talents and a higher cognitive ability, which lead to more productive and efficient activities. These abilities do not only consist of knowledge and skills mastered through formal education, but also include experience, practical learning (Jovanovic, 1982) and entrepreneurial skills, such as the ability to perceive and exploit entrepreneurial opportunities. Therefore, the theory is suitable for the study as it allows entrepreneurs to use available opportunities, it reveals their entrepreneurial skills and enables them to learn more from all platforms available.

2.12 CONCEPTUAL FRAMEWORK

The framework demonstrates the basis upon which questions and objectives of research are formulated. While the literature review argues that SMMEs can have an influence on employment creation as discussed in that section, this study argues that immigrant entrepreneurship (with some government support) may assist locals in entrepreneurship development, and therefore may solve the problem of unemployment. It is clear that immigrant entrepreneurs and small retail businesses can play an important role in employment creation and entrepreneurship development through government intervention. The proposed conceptual framework for this study is depicted below in Figure 2.1.

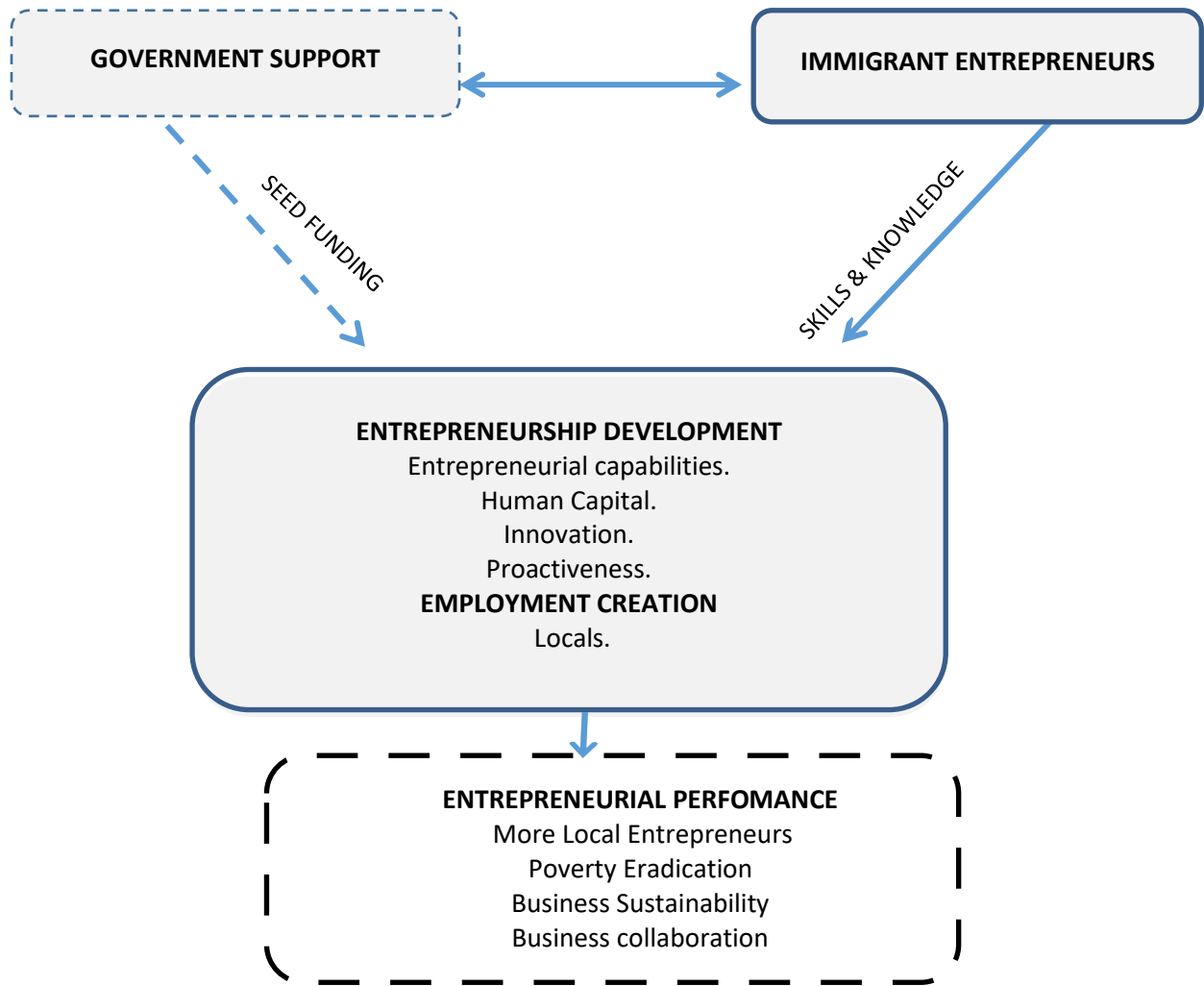


Figure 2.1 A model depicting the contribution of immigrant entrepreneurship to employment creation and entrepreneurship development of local citizens

Figure 2.1 captures the contribution of immigrant entrepreneurship to the employment creation and entrepreneurship development in small retail businesses. This study argues that immigrant entrepreneurs (complemented by government support) may contribute to the creation of employment and entrepreneurship development, which will in turn lead to better entrepreneurial performance of local South African citizens.

The figure further shows that the main variables in the study are immigrant entrepreneurship, employment creation, entrepreneur development and firm survival. Moreover, immigrant entrepreneurship and government support might be the bases of employment creation and entrepreneurship development in South Africa.

Entrepreneurial performance is dependent on immigrant entrepreneurship and entrepreneur development. The study further contends that small retail businesses that collaborate with immigrant entrepreneurs may create global investments and thus sustain themselves by gaining skills and knowledge, as well as financing from different investors, nationally and globally. Hussai, Bhuiyan and Bakar (2014) posit that entrepreneurship development contributes to poverty reduction when it generates employment through the start-up of new entrepreneurship or the expansion of existing ventures.

Based on the conceptual framework, it is hypothesised that immigrant entrepreneurship can influence the creation of employment and entrepreneurship development which in turn will lead to survival of small retail businesses. In other words, these elements, if not well managed or implemented effectively can either affect the rate of employment creation and entrepreneurship development positively or negatively.

2.13 CHAPTER SUMMARY

The chapter considered the significance and role of small, medium and micro enterprises. It outlined various definitions of immigrants and their impact on the development of local entrepreneurs, entrepreneurship, employment and development of small businesses. The chapter also explained the nature of small business in general and that of small businesses in South Africa, with a thorough discussion on the small businesses in South Africa, and the institutional provisions available to support them, as well as the environment of locals and immigrants in the retail.

A conceptual framework based on the variables stated for the study, which are immigrant entrepreneurs, entrepreneurship development, employment creation and entrepreneurial performance, was developed. The model provided considered the influence of immigrant entrepreneurs on employment creation, development and performance of SMMEs in terms of more local entrepreneurs, poverty eradication and business sustainability. The chapter concluded with a conceptual framework on

entrepreneurial performance. The next chapter presents the methodology adopted for this study.

CHAPTER 3 METHODOLOGY

3. INTRODUCTION

This chapter provides a detailed clarification of the methodology that was utilised in this study. The research methodology focuses on the way in which the research is planned, structured and implemented in consistency with established scientific criteria. The first section in the chapter provides the research philosophy adopted, followed by a discussion of the research approach, research design, and population, and sampling method applied in the study. The instruments used to collect data, and the techniques executed to ensure the validity and the reliability of the instruments are explained. Lastly, the process of data analysis is described, as well as the ethical considerations and limitations of the study.

3.1 METHODOLOGY

Methodology encompasses a research philosophy, research approach, research method, data collection procedures, tools for data collection and data analysis (Rajasekar, Philominathan & Chinnathambi, 2013). This is what will be discussed in this section. A research methodology describes the fundamental philosophy, scientific procedures and processes that are used to conduct a reliable study to develop new knowledge and information that will benefit society. It is the science of studying how research is carried out systematically to resolve societal challenges (Rajasekar *et al.*, 2013). In this chapter the researcher describes the fundamental values, and scientific procedures and processes of conducting reliable research to develop reliable findings that will inform society's understanding of the phenomenon investigated.

3.2 RESEARCH PHILOSOPHY

Mustafa (2010) refers to methodology as the philosophy and methods the researcher uses in performing research operations. This involves all the methods, techniques and tools which are used by the researcher during the course of studying their research problem. Mustafa (2010) further suggests that methodology is a science of how the research is done scientifically, as well as the study of methods by which knowledge is gained. An Interpretivist paradigm focuses on how people make sense of their world experiences (Merriam, 2009). In this study, an interpretivist paradigm was adopted, which emphasises the meaningful nature of people's character and participation in both social and cultural life (Walsham, 1995; Elster, 2015). Although SA locals make several social realities of their entrepreneurial skills development, immigrant entrepreneurs also develop various experiences and perceptions based on their individual encounters with the government policy and procedures which limit them in contributing to employment and entrepreneurial development.

3.3 RESEARCH APPROACH

In accordance with the interpretivist paradigm, the study was guided by the qualitative approach. Creswell (2013) describes qualitative research as research that begins with assumptions, a worldview, the possible use of a theoretical lens and the study of research problems inquiring into the meaning individuals or groups ascribe to a social or human problem. According to McMillan and Schumacher (2010), a qualitative approach can be understood to be systematic, just like a quantitative approach, as both emphasise gathering data on naturally occurring phenomena. However, with a qualitative approach data gathered are in the form of words and the researcher must search and explore with a variety of methods, until a deep understanding of the phenomenon is achieved (McMillan & Schumacher, 2010). Therefore, a qualitative research approach was essential for allowing fine distinctions to be drawn because it was not necessary to fill the data into a fixed number of classifications. This approach, therefore, assisted the researcher in understanding the immigrant employees' experiences about the skills and employment opportunities offered by these immigrant entrepreneurs. A qualitative approach was considered appropriate for discovering

local citizens' experiences of working for immigrants and how the immigrants helped them to unleash their entrepreneurial skills and contribute to employment creation. Given the researcher's interest in capturing some detailed subjective narratives about local citizens' perspectives on the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development of local citizens, a qualitative approach was ideal for this study.

3.4. RESEARCH DESIGN

Research design is the plan for and structure of the investigation conceived by the researcher to obtain answers to research questions (Blumberg, 2011). Blumberg further argues that the design includes an outline of what the investigator will do from writing up the hypothesis and the operational implications to the final analysis of data. In addition, Mustafa (2010) stated that the research design provides an outline of the structure and process of the work, thus, a blueprint. A research design typically encompasses methodological and theoretical positions (Tight, 2016), and provides the researcher with specific directions and procedures to use in the research process (Creswell, 2013). Based on these explanations; one can say that research design provides a plan of study that permits accurate assessment from the commencement to the conclusion of the project to assess the relationships between independent and dependent variables.

This study adopted a cases study design. A case study is a detailed study of a specific subject, such as a person, group, place, event, organization, or phenomenon. Case studies are commonly used to illustrate a more general principle based on a study of a specific instance but require much time, effort, and attention to detail (Mustafa 2010). Case studies often are used in social, educational, clinical, and business research, and are suitable for describing, comparing, evaluating and understanding different aspects of a research problem.

A case study also provides a unique example of real people in real situations, enabling the reader to understand ideas more clearly than when they are simply presented with abstract theories or principles (Henning, Rensburg, & Smit, 2004). In this research a

qualitative case study was used to assess the influence of immigrant entrepreneurs on employment creation and the development of entrepreneurship among South Africans, particularly in Bloemfontein. A case study is flexible in terms of what it studies, but it also allows the researcher to examine a particular phenomenon in great depth, rather than looking at the multiple instances superficially (Rule & John, 2011). The Mangaung Metropolitan Municipality's Youth Enterprise Development programme was aimed at unlocking opportunities for skills training and knowledge infusion, and to develop and nurture the skills base in order to improve employment prospects for youth, by exposing them to on-the-job training and inculcating and supporting entrepreneurial aspiration among young people (Sub-Directorate, 2017). The programme was offered by a partnership between the City of Mangaung, ABSA, the Central University of Technology (CUT), and the Services SETA. Mangaung Metro Municipality (MMM) was considered the ideal context for unpacking the connection between South Africans, immigrant entrepreneurs and finally the contribution towards employment creation and entrepreneurship development.

3.5 POPULATION

According to Neuman (2011), population is the larger collection of units from which a sample is taken. The main concern for sampling is identifying the target population which is the complete group of specific population elements relevant to the study (Neuman 2011). The population thus encompasses the total collection of all units of analysis about which the researcher wishes to make specific conclusions (Martin, 2009). The estimated population size was about 303 small retail businesses run by immigrant entrepreneurs and local citizens in the Mangaung Metropolitan Municipality. The choice of immigrant entrepreneurs was informed by the need to develop a more objective sample size and increase the level of entrepreneurial skills interactions on employment creation and entrepreneurial development by investigating immigrant entrepreneurs and their employees' subjective experiences as locals working for immigrants to make a living and maintain their standard of living. The qualitative research approach allowed the research to priorities analytical depth and comprehensiveness over developing broad knowledge by focusing on a limited number of research participants.

3.5.1 Target population

The target population of this study was local citizens employed by immigrant entrepreneurs in small retail businesses operating in the city of Mangaung Metropolitan Municipality, Free State Province. A target population refers to “the total group of individuals from which a sample is drawn” (Dzansi, 2014). There are about 100 small retail businesses in the Mangaung Metropolitan Municipality, owned by immigrants. According to community survey conducted by Statistics South Africa (2016), international immigrants in the Free State Province account for 3.4% of the province’s 747,431 total population, which comprises of 83.3% black Africans, 11% whites, and 5% non-black people of colour. In Free State there are about 53,433 legally documented international immigrants, accounting for 3.4% of the country’s total immigrants. The total of 740 are in Mangaung Metropolitan Municipality (Statistics South Africa, 2016). Therefore according to the above statistics it is very difficult to get correct statistics on registered and unregistered, small retail businesses in the Mangaung Metropolitan Municipality, owned by immigrants. The choice of immigrants’ employees at Mangaung Metropolitan Municipality, Free State in Bloemfontein derives from the high rate of unemployed locals, having difficulty in finding proper jobs from private and public institutions, which primarily ensued in them working for immigrants for a living.

3.6 SAMPLING

The sample for the study was carefully chosen in a way that would ensure that the researcher would be able to gain a broad perspective of the total population in the same proportions and relationships that would be observable if the researcher, in fact, were able to examine the total population (Leedy & Ormrod, 2010). Sampling, according to Nieuwenhuis (2007), refers to the process used to select a portion of the population of study.

3.6.1 Sampling techniques

For this study the researcher used a non-probability sampling method. In line with this sampling method, the purposive and convenience sampling techniques were used; purposefully selecting only those local citizens who were employed in businesses owned by immigrant entrepreneurs. Convenience sampling also was applied, focusing particularly on Bloemfontein (Mangaung Metropolitan Municipality), as this was where the researcher resided and to reduce costs as the researcher was a student. The study sample comprised immigrant entrepreneurs and local citizens who had been in business and employed for more than one year in small retail businesses owned by immigrants. The key objective of purposive sampling was to put emphasis on particular characteristics of the population that was of interest, which best allowed the researcher to answer research questions (Struwig & Stead, 2004). This method was chosen in order to achieve the purpose of the research. The sample comprised 20 immigrant entrepreneurs and local citizens working in small retail businesses owned by immigrants. Samples for qualitative studies commonly are smaller than those used in quantitative studies (Mason, 2010). Hence, this sample size was considered sufficient in order to find answers to the research questions. This assertion was made on the basis of the subjectivity of the qualitative research (Denzin & Lincoln, 2008). However, failure to reach data saturation may have an impact on the quality of the research conducted (Fusch & Ness, 2015). Thus, the researcher was at liberty to add a few more sampling units if the saturation point was not reached.

3.6.2 Data collection

Data collection is a process of collecting and measuring information on variables of interest, in an established, systematic fashion that enables one to answer stated research questions, test hypotheses and evaluate outcomes (Johnson, 2011). Johnson (2011) further states that accurate data collection is essential to maintain the integrity of the research. Data collection methods may include an observation schedule, interview guide, mailed questionnaire, rating scale, checklist, and more. In this study, the researcher utilised semi-structured interviews. This method helped the researcher to understand in detail whether immigrant entrepreneurs contributed to

employment creation and entrepreneurship development among South Africans. The researcher used a self-constructed research instrument, namely a semi-structured interview guide, containing research questions derived from and based on information gained from the literature review. Interviews often are considered most ideal when the purpose of the researcher wants to collect information on the subjective experiences of respondents in relation to a particular phenomenon (Sutton & Austin, 2015), in this case, employment creation and entrepreneurship development.

The individual interviews were carried out in a business premises of immigrants entrepreneurs where they operate, a place which respondents were more familiar and comfortable with compared to the researchers office or place. The researcher conducted face-to-face interviews with each of the 20 respondents divided into 10 local citizens and 10 immigrant entrepreneurs. On average, each interview took 15-20 minutes and was audio recorded, using a smart phone sound recorder. The researcher transferred each recording from smartphone to external hard drive and laptop as backup at the end of the interviews. The recorder was not only a data soliciting device, but also served to expand the memory of the researcher and supplement diary notes. Conducting the interviews took three (3) months, as some interviews were conducted just after the attacks on or looting of foreigners' businesses, and as such it was very difficult to convince respondents to agree to schedule the interviews.

Semi-structured interviews were conceived as desirable as they employ investigative methods of probing to explore underlying motives (Robson & McCartan, 2015). They provide more detail than quantitative techniques in terms of in-depth and detailed responses from participants, and thus have the potential for providing richer and more illuminating material (Robson & McCartan, 2015). Thus, semi-structured interviews were ideal for this investigation as they could bring more understanding of local citizen and immigrants entrepreneurs through making processes of entrepreneurial skills and development. Interviews are often considered most ideal when the purpose of the researcher is to draw on the subjective experiences of respondents in relation to a particular phenomenon.

A pilot study was conducted with local citizens and immigrants entrepreneurs at the MMM, in the Free State to refining the questions to ensure that they were unambiguous and clear to the respondents. The researcher was personally responsible for interviewing the selected sample with the assistance of a study partner, using semi-structured interviews to collect data. By conducting the interviews, the researcher had an ideal opportunity to get an in-depth and extensive understanding of the issues under study by means of their textual interpretation (Jamshed, 2014).

As a measure to ensure both reliability and validity, the data collection instrument was compiled from the perspective of the respondents and the questionnaire items addressed or measured exactly what they were intended to measure, thus ensuring validity of the instrument, and as the same instrument was used in all the interviews consistency was assured.

3.7 INTERVIEW DESIGN

The interview guide used during the in-depth semi-structured interviews was divided into six sections, comprising questions about the demographics of the local citizens and the research questions.

3.7.1 Structure of the in-depth interview guide

Section A: In this section, the researcher collected demographic data of local citizens such as their gender, age group, home language, qualifications, work experience, current occupation, the role in business activities, years of employment, salary per month, and training attended.

Section B focused on individual local citizens' experiences of working for immigrant entrepreneurs. The researcher asked questions to the local citizens such as in which retail sector(s) they preferred to work, how they got the job they were doing, about their personal experiences of working for immigrants, how long they had been working, and in what kind of daily activities did they mostly engage.

Section C considered the nature of immigrant entrepreneurs' contribution to employment among South African citizens in the Mangaung Metropolitan Area.

Section D focused on the nature of the entrepreneurship knowledge provided by immigrant entrepreneurs to local citizens.

Section E dealt with the nature of the entrepreneurial skills transferred to South Africans by immigrant entrepreneurs in the Mangaung Metropolitan Area.

Section F addressed forms of support that the SA government provides to immigrants towards the development of entrepreneurial knowledge and the transfer of skills to local citizens.

3.8 DATA ANALYSIS

Data analysis refers to the process during which the researchers summarise and describe the data they have collected (Creswell, Ebersohn, Eloff, Ferreira, *et al.*, 2010). According to Burns and Grove (2010), data analysis is defined as a mechanism for reducing and organising data to produce findings that require interpretation by the researcher. In accordance with the qualitative approach, this study employed content analysis in order to analyse data collected. The researcher aimed to collect data on immigrant entrepreneurs and local citizens working for these immigrants, and their contribution to employment creation and entrepreneurial development among South African citizens. The content analysis followed a systematic process of coding and drawing conclusions from texts. This process starts by determining which units of data will be analysed from written or verbal texts (Cooper & Schindler, 2006). This data analysis technique was preferred since it enabled the researcher to include large amounts of textual information and systematically identify its properties, such as the frequencies by locating the more important structures of its communication content (Cooper & Schindler, 2006). According to Elo and Kyngäs (2008), content analysis is descriptive and interpretative, because the primary aim when using content analysis is to describe the phenomenon in a conceptual form. Furthermore, the content analyst

views data as representations not of physical events, but of texts, images, and expressions created to be seen, read, interpreted, and acted on for their meanings, and must therefore be analysed with such uses in mind (Krippendorff, 2004). The researcher employed Burnard's (1991) stage-by-stage method of data analysis for the analysis of the semi-structured interviews. Burnard's method assumes that semi structured interviews should be recorded in full and the whole recording be transcribed. A complete structure was used for a more detailed coding and analysis of transcripts using thematic content analysis. The researcher initially derived categories from the research questions, followed by note taking and close reading of all the transcripts of the interviews. This was followed by a reflection on the reading, and organising data into themes according to a list compiled during the reading and reflection stages.

3.9 ETHICAL CONSIDERATIONS

Ethics in research is defined as the moral principles and values that influence the way a researcher conducts a research (Leedy & Ormond, 2010). Resnik (2015) augment that Research ethics is the application of moral rules and professional codes of conduct to the collection, analysis, reporting, and publication of information about research subjects, in particular active acceptance of subjects' right to privacy, confidentiality, and informed consent. Thus, the researcher sought permission from spaza shop owners in the Mangaung Metropolitan Municipality to collect data by emphasising the importance of the study. The researcher also obtained informed consent to interview the participants and ensured that participation in the research would in no way cause the participants any form of harm. The responses provided by participants were kept strictly confidential and are used solely for the purpose of production of research results. The researcher also obtained the necessary ethical clearance from the university before the study was conducted (see Annexure A).

3.10 LIMITATION OF THE STUDY

The limitation associated with qualitative study is related to the dependability. Because qualitative research arises in the natural settings it is extremely problematic to replicate

studies (Wiersma, 1985). During the interview the participants might not have been completely honest, because of the presence of their employers. Moreover, the findings of this study sample may not be representative of all immigrant retail business. Therefore, the researcher will not be able to generalize the findings to all retail businesses; however, the results of the study still may be useful for similar studies.

3.11 CHAPTER SUMMARY

This chapter dealt with the research design and methodology adopted for this study. The nature and methodology of this research was indicated. The qualitative data collection method was discussed and substantiation was given for choosing this particular research approach. The ethical considerations taken into account and the limitations of this study were outlined.

The next chapter provides a comprehensive description of the data analysis and findings from the interviews with immigrant entrepreneurs and local citizens and how the results were presented, discussed and interpreted.

CHAPTER 4

PRESENTATION OF FINDINGS AND DISCUSSION

4. INTRODUCTION

In the previous chapter the researcher discussed the research methodology used in this study of the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development of local citizens. In this chapter the results of an analysis of the data obtained from participants are presented. Burnard's (1991) thematic content analysis was used to extract data from semi-structured interviews for the analysis.

Burnard's (1991) stage-by-stage method of data analysis for semi-structured interviews was used as a starting point in the analysis. His method assumes that semi structured interviews are recorded in full and the whole recording is transcribed.

A complete framework was used for a more detailed coding and analysis of transcripts using thematic content analysis. Originally, the researcher generated ten (10) themes from the transcriptions during the first-level coding. The revisiting and re-emersion of the data and the comparison with the themes led to the further modification and reduction of the ten themes to five.

The researcher wanted to assess the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development in retail businesses in the South African context. In this chapter an outline is given of the demographic data of the participants. Following the presentation of the findings, the findings are discussed in the light of current literature and a theoretical framework.

4.1. DEMOGRAPHIC DATA OF THE PARTICIPANTS

The demographic data of the local citizens and immigrant entrepreneurs are depicted in Table 4.1 and Table 4.2 below.

The demographic data of the local citizens are depicted in Table 4.1 below. A total number of ten local citizens involved in small retail businesses in the Mangaung Metropolitan Municipality in the Free State Province were interviewed:

4.1 THE DEMOGRAPHIC DATA OF LOCAL CITIZENS

Table 4.1 The demographic data of participating local citizens involved in immigrants' small retail businesses

Category	Number of participants	Percentage
Gender:		
Female	7	70%
Male	3	30%
Total	10	
Age group:		
below 20	0	
20-29	8	80%
30-39	2	20%
40-45	0	
Above 50	0	
Total	10	
Home language:		
English	0	
Afrikaans	0	
Sesotho	8	80%
IsiZulu	0	
IsiXhosa	2	20%

Other	0	
Total	10	
Nationality:		
South Africa	7	70%
Zimbabwean	0	
Mosotho	3	30%

Nigerian	0	
Other	0	
Total	10	
Highest Qualifications:		
None	0	
Primary schooling	0	
Matric and below	6	60%
TVET or equivalent	4	40%
University degree/diploma	0	
Postgraduate	0	
Total	10	
Do you have any experience in the work you are performing?		
Yes	6	60%
No	4	40%
Yes, specify		
Total	10	
What is your current level of occupation?		
Top level	0	
Middle level	3	30%
Lower level	7	70%
Total	10	

What is your role in the business activities?		
Manager	0	
Cashier	4	40%
Stock controller	2	20%
Other, specify	4	40%
How long have you been in this business?		
less than 1 year	3	30%
1-5 years	7	70%
6-10 years	0	
11-15 years	0	
More than 15 years	0	
Total	10	
What is your salary per month?		
Below R1000	2	20%
R1500-3000	6	60%
R3500-5000	1	10%
More than R6000	1	10%
Total	10	

As shown in Table 4.1 the majority of participants studied only up to matric and below while only 20% had a TVET or equivalent qualification and no-one had a postgraduate qualification. The majority were females, namely 70%, and only (30%) were male. About 80% of the participants were fairly young, namely between 20 and 29 years old, with the remaining (20%) falling in the age category of 20 to 39 years. From the data provided above, it is clear that the majority of local citizens working for immigrant entrepreneurs were young, yet uneducated and mostly females. In terms of language, Sesotho interviewees were in the majority, followed by IsiXhosa interviewees. Most of the respondents were South Africans (70%), and the remaining 30 percent were

Basotho. Approximately, 90 percent of the interviewees had work experience, while 10 percent had no experience, and the majority (60%) were in lower-level positions, with the remaining percentage (40%) in middle-level positions. The majority (70%) participants had been in the business for 1-5 years, while 4 (30%) participants for less than one (1) year, followed by (10%) who had been in the business for between 11-15 years. The majority, namely (60%) participants received a salary of between R1500 R3000, while (20%) received less than R1000 per month, (10%) received R3500 R5000 and the remaining one (10%) got more than R6000 per month.

From the above demographic data, it is clear that immigrant entrepreneurs play an important role of employing local citizens. This is supported by Ngota, Rajkaran and Mang'unyi (2019) stating that immigrant entrepreneurs have had a positive effect on the socio-economy of locals.

Interviews were conducted in English, but a few were not comfortable to speak English, and the researcher had to provide some clarifications in an African language. The data resulting from the interviews are related to the research questions of the study, which were formulated to assist the researcher to understand how immigrant entrepreneur owners/managers and local citizens viewed entrepreneurial skills transfer and development.

4.2 THE DEMOGRAPHIC DATA OF IMMIGRANT ENTREPRENEURS

Table 4.2 The demographic data of participating immigrant entrepreneurs in small retail businesses

Category	Number of participants	Percentage
Gender:		
Female	2	20%
Male	8	80%
Total	10	
Age group:		
Below 20		

20-29	1	10%
30-39	6	60%
40-45	3	30%
Above 45		
Total	10	
Home language:		
English	2	20%
Afrikaans		
Sesotho		
Isizulu		
Isixhoza		
Other	8	80%

Total	10	
Nationality:		
South Africa		
Zimbabwean		
Mosotho		
Nigerian	4	40%
Other	6	60%
Total	10	
Highest Qualifications:		
None		
Primary Schooling	1	10%
Matric and below	3	30%
TVET or Equivalent	2	20%
University degree/Diploma	3	30%
Postgraduate	1	10%
Total	10	
Do you have experience in the work you are performing?		

Yes	7	70%
No	3	30%
Yes, Specify		
Total	10	
What is your role in the business activities?		
Owner	3	30%
Owner/Manager	6	60%
Other, specify	1	10%
Total	10	
How long have you been in this business?		
Less than 1 year	1	10%
1-5 years	3	30%
6-10 years	6	60%
11-15 years	1	10%
More than 15 years		
Total	10	
How much profit do you make per month?		
Less than R5500-R10000	1	10%
R10 001- R15000	6	60%
R15 001- R20 000	3	30%
More than R20 000		
Total	10	
How many employees do you have in your business?		
None	1	10%
1-2 employees	7	70%
3-4 employees	1	10%

5 employees	1	10%
More than 5		
Total	10	

As shown in Table 4.2, (30%) participants had matric and below, and another (30%) had a university degree/diploma, while only (20%) had a TVET or equivalent qualification and one each had a postgraduate qualification and primary schooling respectively. Table 4.2 also shows that the dominating gender was male, namely eight (80%), while only two (20%) were females. Regarding their age, the majority of immigrant entrepreneurs were aged between 30 and 39 years, three were between 40-45 years old and only one was younger than 29. The home language of the majority of participants (70%) were foreign languages such as Bangla (30%), Yoruba (20%), and English (20%), followed by Ibo, French and Bameleke with one participant each (30%). As to their nationalities, the majority were Nigerians (40%), Bangladeshis (30%), and the Cameroonians (20%), and Ethiopian with (10%) participant. Participants with experience counted 70 percent, while only 30 percent were without experience, and the majority, namely (60%) participants were owners/managers, (10%) participant indicated other and the remaining (30%) were owners. The results show that most participants were experienced entrepreneurs who managed their businesses themselves. The majority, (50%) participants, had been in the business for 6-10 years, while (30%) participants indicated between 1-5 years, followed by (10%) had been in the business for 11-15 years and one had been in business for less than 1 year. Furthermore, 60 percent of business, had a profit of between R10 001-R15000, while (30%) showed a profit of R15 001- R20 000, and the remaining (10%) had a profit of Less than R5500-R10000. This clearly shows that immigrant entrepreneurs are doing well locally. About 80 percentage of participants hired only 12 local employees, while (10%) participant had 2-4 local citizen employees, followed by another participant with 4-5 local citizens in employment.

Interviews were conducted in English and everyone was comfortable to speak English. The data resulting from the interviews are related to the research questions of the study, which were formulated to assist the researcher in understanding how immigrant

entrepreneur owners/managers and local citizens view entrepreneurial skills development.

4.3. PRESENTATION OF THEMES AND CATEGORIES

The process involved in analysing data was discussed in Chapter four. This section, therefore, presents and discusses the research findings. The discussion includes the statements of participants, the interpretation of the researcher, and literature that validates the point being made. The voices of participants will be presented in the form of verbatim quotations and paraphrased statements. This not only reflects the truthfulness and honesty of the participants' comments, but also the reliability of their feedback that served as the basis for analysis and interpretation.

The results of this study are presented along with the themes and categories that were derived from the analysis of the interviews. The analysis of data led to the identification of the following six themes: (i) Perceptions of local citizens on the nature of immigrant entrepreneurs' contribution; (ii) the understanding of employee knowledge enhancement and skills development in the business; (iii) employees' strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs; (iv) immigrant entrepreneurs' strategies to ensure successful transfer of entrepreneurial skills to local citizens; (v) barriers of successful transfer of entrepreneurial skills by immigrant entrepreneurs to local citizens; (vi) understanding the level of support provided to migrant entrepreneurs in SMMEs.

The first theme which emerged was the citizens' perception of the nature of immigrant entrepreneur's contribution. This theme explored immigrant entrepreneurs' contribution to the development of individuals employed in the retail business. Pseudonyms are used to distinguish between interview participants. Table 4.3 presents a summary of the local citizens' perceptions on the nature of immigrant entrepreneurs' contribution.

Table 4. 3 Perceptions of local citizens on the nature of immigrant entrepreneurs' contribution

THEME	CATEGORIES	ISSUES RAISED
Perceptions of local citizens on the nature of immigrant entrepreneurs' contribution	Immigrant activities and behaviour	<ul style="list-style-type: none"> ▪ Illegal activities <ul style="list-style-type: none"> ○ Fake products ○ Drug dealings ○ Human trafficking ○ Sleep with ladies in exchange for money/ food ▪ Infiltrated market ▪ Standard of trading <ul style="list-style-type: none"> ○ Low prices ○ Tax payment
	Employment conditions	<ul style="list-style-type: none"> ▪ Job creation ▪ Employer preference ▪ Less payment

4.3.1 Local citizens' perceptions of the nature of immigrant entrepreneurs' contribution

The participants were asked by the researcher to discuss their view/perception of immigrant entrepreneurs and their contribution to employment creation in order to answer research question 01: *What is the nature of immigrant entrepreneurs' contribution to employment among South African citizens in the Mangaung Metropolitan area?* This question extracted data from which the theme of the local citizens' perception on the nature of immigrant entrepreneurs' contribution was derived. Two main categories are discussed under this theme, namely immigrant activities and behaviour, and employment conditions.

4.3.1.1 Local citizens' perception of immigrant entrepreneurs

Local citizens employed by immigrants raised different issues when discussing their perception on immigrant entrepreneurs. In general, most of the participants' perceptions of immigrant entrepreneurs were all about immigrant activities and behaviour like **illegal activities**, such as: *selling fake products, drug dealings, human trafficking, sleeping with ladies in exchange for money/food*, as well as the idea that the immigrants had **infiltrated the market**, and opinions on the **standard of the economy**.

□ Illegal activities, infiltration of the market and standards of economy

Regarding **illegal activities**, a participant said:

I think they are contributing to unemployment because they hire us even though they are foreigners from outside. They help us sometimes where we lack but then they have their disadvantages because they tend to take advantage of us and they treat us the other way around in our country and then they use some of the stuff that are not allowed in our country such as drugs, human trafficking and some other things (Participant 10).

Participant 10's statement is supported by Gastrow and Amit (2013) who state that the arrival of immigrant entrepreneurs introduces new competitive trading practices into the spaza market. For example, foreign migrant spaza shopkeepers invest great efforts in sourcing low prices for their goods by putting low mark ups on goods, and they offer enhanced customer services (such as credit, longer operating hours, bulk 'hampers' sold at discount prices, and flexible quantities such as small pouches of sugar or single eggs). Police officials, local authorities and political leaders often argue that migrant spaza traders do not pay taxes, are illegal immigrants, do not adhere to by-laws and health and safety regulations, lack valid permits and licenses, possess firearms unlawfully, import goods illegally, trade in counterfeit and illicit goods, and generally engage in "unfair" trading practices.

About **infiltrating the market**, a participant expressed the opinion that:

The immigrants have changed the market because I feel like they have infiltrated the market industry because most of the South African are unemployed even those who used to own business back then they are out of the business now because of the immigrants who took over the market (Participant 09).

This opinion concurs with Charman, Petersen and Piper's (2012) statement that the uptake of immigrant entrepreneurs in South Africa is believed to have resulted in a shift of sphere in the control of spaza shops in townships from locals to immigrant entrepreneurship. This shows that immigrant entrepreneurs have control over spaza shops in local areas and local entrepreneurs fail to compete with immigrant entrepreneurs in the retail industry. It thus is clear that the market presented itself as an opportunity to immigrants who came to SA for employment, while local citizens were looking for proper education and employment by big companies. Therefore, immigrant entrepreneurs are climbing the retail business ladder, while local citizens who still are in the market lack entrepreneurial skills to grow their business and hire more people to ease the rate of unemployment.

Another issue that was pointed out when discussing immigrant entrepreneurs' contribution was about the **standard of economy** such as low prices and tax payment.

One participant said:

They help our economy to grow because if you compare locals with foreigners, foreigners have many businesses than locals (Participant 03).

Participant 06 affirmed that:

They are friendly, they make sure that they don't run out of stock, they think out of the box like they ask customers what they would like, and they always bring new ideas.

Their prices are very low compared to other shops; they are good in savings & investment, they buy in bulk for discount (Participant 06).

This opinion is supported in literature (Lyon, Sepulveda & Syrett, 2007; Ntema & Marais, 2014; Singh, 2015), as researchers have found that even though immigrant entrepreneurs are accused of maintaining their competitiveness by engaging in practices like evading tax, non-adherence to labour laws and the employment of vulnerable illegal immigrants, amongst others, they contribute to the community by making products cheaper, as they use competitive practices to outperform locals. . It has also been established that through their vitality they identify, exploit and create new business opportunities that have important positive implications for the South African economy (Kalitanyi & Visser, 2010; Tengeh *et al.*, 2012a; Fatoki, 2014a). Washinyira (2015) asserts that through their businesses, migrants serve the needs of poorer consumers by making goods and services available at inexpensive prices. Although they operate in the same market with local citizens, they outperform locals with their low prices, they always have stock despite their low prices, and they make profit out of it and still contribute to the SA economy. Moreover, they succeed because some of them do not pay tax, but, above all, they understand their target.

Regarding **tax payment** the following was said:

Immigrants are killing South African economy as a whole because most of them they don't pay tax, their prices are high, they sell lot of fake (counterfeit products) and expired products of which are hazardous to our health (Participant 04).

Dachs (2015:6) disagree with participants 04's statement by asserting that most of the migrant entrepreneurs sourced supplies from formal sector outlets such as wholesalers, factories, supermarkets, and the Johannesburg Fresh Produce Market, where they are charged VAT. Thus, immigrant entrepreneurs do contribute to the tax base and formal sector profits (Peberdy, 2017). According to Peberdy (2017) immigrants are more likely to buy from supermarkets and small shops, which are likely to charge higher prices that can cut into profits. According to Tharpe (2015), street SMMEs owned by immigrant entrepreneurs help alleviate congestion in main malls or

supermarkets by offering local communities essential food or clothing items at affordable prices. Though Tharpe (2015) asserts that SMMEs owned by immigrant entrepreneurs help alleviate congestion in main malls or supermarkets, Peberdy (2017) proclaims that the migrant spaza shops are harmful to local economies and inhibit job creation. However, participant 04's statement and other literature, are in contrast to the findings of Hohn (2012) that a number of these migrant businesses succeed in employing local workers. Hohn (2012) further differs from participant 04's statement in positing that immigrant entrepreneurs aid economic growth in a country because the low-income population directly benefits through employment (*cf.* Tengeh *et al.*, 2012b). Although there was not enough evidence to support the claim that immigrants harm the South African economy, it can be inferred from participant 04's response that the change in the market is not merely impacting the economy, but it also hazardous to the health of citizens who consume the products sold by immigrant entrepreneurs. Thus, it shows that the growth of the economy depends on both the business and the customers' contributions.

4.3.1.2 Employment conditions

This theme is important as it seeks to reveal the core nature of immigrant's contribution to employment creation in South Africa, and more particularly, in Mangaung. The majority of the participants raised their view on **job creation, employer preference, and less payment**. For example, participants, especially those with matric, raised the matter of how helpful immigrants were to them in terms of job creation, because they hired them without any work experience as long as they could perform their duties, While, on the other hand, large businesses owned by South Africans failed to employ them with or without qualifications. One participant expressed the following opinion on **job creation**:

Yes, they do, because when they hire you they don't want any qualification, if you have passed matric, or interview, they give you the job, even if we clean they do provide some job for us (Participant 06).

Participant 09 affirmed that:

Yes, to some degree they do contribute because fellow South Africans didn't really hire any other people in their tuck shops, whereas these immigrants hire South Africans to work in their shops and you can work as cashier or cleaner, so it's somewhat type of a job creation (Participant 09).

It was interesting to hear that majority of the immigrants, when they hired people, looked for an individual who was able to do the job; their focus is more on capabilities, not qualifications per se, because they believe that employees learn everything in the shop, and apply what they have learned at school or university when and where the need arises. According to Tengeh *et al.* (2012a) business start-ups and their growth could decrease the increasing rate of unemployment and poverty, and a dire need for new businesses exists in today's South Africa. Crush, Skinner and Stulgaitis, (2017), pointed out that Government has yet to acknowledge that migrant-owned informal enterprises make a valuable contribution to the economy of the country, including through job creation for South Africans. Furthermore, migrant entrepreneurs are gradually becoming the leading employers in South Africa's economy (Kongolo, 2010). South African participants interviewed in this study believed that immigrant spaza shops have not jeopardised opportunities for South Africans by joining the spaza market, but have created jobs for South Africans who are unable to find jobs in large businesses especially those with no tertiary qualifications.

Employer preference

They hire more local, because they are in our country so they use citizens but they do hire foreigner when they don't trust us with the money. They hire citizen because we understand the language of our people and we know the customers from this town so we help the business because we are able to address customers in a language that they understand (Participant 10).

The communication barrier presents key obstacles for African immigrants' business continuity prospects. Notwithstanding, the aforesaid challenges have seen the

government(s) called upon to provide support in various forms (Tengeh 2013) for the prosperity of immigrant SMEs. This explains why partnerships might be necessary for the SMMEs' local owners, immigrants and local citizens, so that they have information about South Africans' languages and measures that can be implemented and will lead to immigrants entrepreneurs being informed.

One of the immigrant entrepreneurs stated that he preferred South African females to work in his business:

I prefer to share my skills with females, because they work harder than males while males steal from you and come late to work. Because I don't have money to provide them with the training and the crime is too high and they are not loyal (Participant 15).

Participants 15's response is supported in the literature by Tengeh *et al.* (2012b), who point out that a number of these businesses have succeeded in employing local workers, and, as Hohn (2012) asserts, they aid economic growth because the lowincome population benefits directly through employment. They are gradually becoming the leading employers in South Africa's economy (Kongolo 2010). Additionally, employing locals also holds advantages for the business in that they act as a communication medium while gaining financially and acquiring business skills (Kalitanyi & Visser, 2010). DueDil's (2015) study emphasises language as a major obstacle for many immigrant entrepreneurs, as well as the fact that local business support structures rarely have the human resources to appreciate foreign migrant entrepreneurs' unique cultural (or religious) traditions related to their business activities and financing needs. According to Kalitanyi and Visser (2010) employing locals is to the benefit of the business and the locals, in that they (the locals) act as a communication medium in the business while gaining financially and acquiring business skills. To avoid problems associated with the language barrier, which hinders effective communication and the smooth running of their businesses, the study by Kalitanyi and Visser (2010) established that African immigrant entrepreneurs had developed specific strategies, including employing locals (South Africans) in their businesses (97.4%,) while 1.3% of entrepreneurs used hired interpreters. As much as

an urgent need exists among foreign entrepreneurs to employ South African citizens due to communication difficulties, a need exists for strategies to be established to equip these locals with the necessary business skills, and not merely use them as a communication medium. The language gap can be seen as an opportunity for South Africans to enter into business with immigrants. Based on the aforementioned narrative this should be used as an opportunity for those females and others who previously had been disadvantaged due to apartheid to establish themselves in business, since their potential has been revealed in SMMEs.

Less payment

Jaini (2013) contends that almost all types of employees, whether in private, public, small or large organizations are affected by the rewards for their work. When asked about their salaries in comparison to their workload and hours of work, some employees became quite emotional:

No, I work hard and long hours, even on Saturdays and Sundays, but I earn less. I buy lunch with it, I pay taxi fare, and I have a family that I have to take care of' (Participant 01).

Participant 09 confirmed this:

No, I am underpaid because I go to work at seven in the morning and I knock off at seven at night; so I don't think that money is enough for the hours I spend at my workplace. It doesn't even cover all my monthly needs and I work long hours (Participant 09).

Washinyira (2015) points out that immigrants usually work long hours and portray a culture of prudence and thus they prosper. Some of these businesses succeed in employing local workers, and according to Hohn (2012), they contribute to the areas and even the country's economic growth, because the low-income population benefits directly through employment (Tengeh *et al.*, 2012b). Rehman and Ali (2013) comment that extrinsic rewards such as salaries will increase work motivation for demotivated

workers and give employees the pleasure to come to work every day. Rafiq, Javed, Khan and Ahmed (2012) posit that a salary is a form of response that shows the importance of employees for the organization. Furthermore, literature by Wasiu and Adebajo (2014) has proven that when employers pay low salaries and payment methods are not fixed, it will affect the performance of employees. Employees then lose commitment and patience because they are not satisfied. The issue of working long hours and being underpaid demotivates employees to wish to do their utmost and commit themselves; this holds true, especially for males, who do not stay in one business for long. On the other hand, however, such a situation may serve as a motivation to those exploited employees to rather start their own businesses which might put them in a position to improve their standard of living and contribute to the economy. Satisfaction with their salaries may result in employees accepting the long hours of work. Such a tangible reward has the potential to render great value for business sales, and also is beneficial to customers who work till late and then wish to buy essentials on their way home.

4.3.2 Understanding employee knowledge enhancement and skills development in the business

Another theme that emerged was that of understanding employee knowledge enhancement and skills development in the business. Three sub-themes emerged from this theme, namely **Business knowledge**, **Capital growth** and **Business orientation**. Table 4.4 below summarises the theme, sub-theme and issues that were raised.

Table 4.4 Understanding employee knowledge enhancement and skills development in the business: Categories and Issues

THEME	CATEGORIES	ISSUES RAISED
Understanding employee knowledge enhancement and skills development in business	Business knowledge and skills	<ul style="list-style-type: none"> ▪ Business management skills <ul style="list-style-type: none"> ○ Financial skills ○ Customer care ○ Communication skills
	Business driven	<ul style="list-style-type: none"> ▪ Passion for owning a business <ul style="list-style-type: none"> ○ Business knowledge
Entrepreneurial skills transfer in small businesses	Level of skills transfer	<ul style="list-style-type: none"> ▪ Skills gap training ▪ Entrepreneurial skills transfer

Regarding the understanding of employee knowledge enhancement and skills development in business, the participants had to answer the research question: *What is the nature of the entrepreneurship knowledge provided by immigrants to local citizens?* Their responses rendered the data from which the employee knowledge enhancement and skills development theme was derived. Three main categories are discussed under this theme, namely (i) *Business knowledge and skills*, (ii) *Being business driven* and (iii) *level of skills transfer* which are discussed in the following sub-sections.

Business knowledge and skills

Local citizens (working for immigrants entrepreneurs) raised different issues when discussing their perception of immigrant entrepreneurs. In general, most of the

participants viewed entrepreneurship knowledge as a matter of business management skills, which include *accounting skills, customer care and communication skills*.

Business management skills

Management skills are beneficial when it comes to specific areas of business engagement and entrepreneurial development, as shown in the responses cited below.

I think it would be nice if I get more training on doing some other duties like further knowledge in accounting, like bookkeeping to further my skills as well so that I don't become stagnant like having limited knowledge and be restrict to doing one thing (Participant 09).

Participant 06 supported participant 09's statement that they had a need for training in business knowledge:

I can't say I have enough business knowledge, but for cleaning you don't require much knowledge - you just need to keep the place clean, but as for being a stock controller, I have gained some knowledge in terms of how to count stock and make sure that you don't run out of the stock that customers need daily, and customer service is one of the knowledge I use daily (Participant 06).

This shows that participants understood the importance of running a business. Participants' statements support the findings of Ludwinek (2011), who points out that poor book-keeping and the lack of a business plan are some of the factors that affect the entrepreneur's ability to access finance. Liedeman *et al.* (2013), Charman *et al.* (2012), and Basardien, Parker, Bayat, Friedrich and Appoles (2014) agree that financial skill is lacking for most local Spaza shop owners. Included in the requisite basket of financial management skills are: record-keeping; financial planning; appropriate use of financial information; efficient management of inventory and cash book maintenance. As a result, the lack of financial skills is one of the reasons why

SMMEs fail to grow or get funding from commercial institutions for both immigrants and local employees. This shows that there is a gap that needs government attention to help local and immigrant entrepreneurs to survive and qualify for financial support that will boost their business and bring stability in the economy. Those with university qualifications focus on getting employed in one of the big companies instead of starting their own business and creating employment. Another issue that was pointed out when discussing employee knowledge enhancement and skills development in the business was about being business driven.

Business driven

Immigrant entrepreneurs raised different issues when discussing their views on entrepreneurship knowledge. In general, most of the participants' views about entrepreneurship knowledge had a bearing on their passion for owning a business, business knowledge, and level of skills transfer.

Passion for owning a business

Engagement in job employment was not exclusively about being employed but also about education. Evidence of employee's passion for creating employment was established in their narratives. One participant pointed out that:

Yes, I have enough capacity to start my own business and if I start my own business more people will be employed; it's not only about money but also about the creation of employment (Participant 08).

Participant 10 and other participants agreed with Participant 08:

Yes, I think I have knowledge to run a successful business because I've seen people fighting for what they love and teaching us how to do business in our country and they came from far and they are willing to help us. Since I don't have capital, I can take a loan and pay it back in instalments if I can find the place to rent (Participant 10).

The above statements are supported in the literature by Fairlie (2012), who pointed out that the lack of access to start-up capital such as a bank loan, is by far the biggest problem for any new potential entrepreneur, and this hinders small business enterprises from expanding and employing more people, increasing the likelihood of lower sales and smaller profits. Immigrants are more likely to fail than citizen entrepreneurs, but those who succeed create higher employment growth than citizens. (Vandor & Frank 2016). Both local entrepreneurs and immigrants are faced with the same problem, which is a lack of capital. Available support structures established to help young entrepreneurs have not yet had enough positive impact because the majority of potential entrepreneurs are still struggling to find finances.

Contrary to what other participants mentioned, Participant 07 noted that:

“No, I don’t know anything about business. I clean and help customers, and again I don’t have money to start my own business, so I just work here - as long as I get my salary that’s all I care about. At the moment I am not interested in starting my own business. When I get the funding to start my business, maybe I will come back to them to help me (Participant 07).

It was disturbing to hear one of the young participants showing no interest in business, due to a lack of business knowledge and passion. An urgent need exists for motivation and encouragement on entrepreneurship to young South Africans. Furthermore, the response reveal that shortage of business knowledge also contribute to the failure of young entrepreneurial development

Level of skills transfer

The presence of immigrants can benefit a host country with the skills they bring with them, including some of the scarce skills needed to develop entrepreneurial skills in young South Africans in small businesses. One participant said:

4.4.1 Skills gap training

Business management training, because they go to university to learn business management or how to run a business, but they don't learn what they are capable of and they fail to run a real business (Participant 16).

Participant 15 expressed the view of immigrant entrepreneurs as follows:

I don't need any training, I know everything about business, all I need is a permit or license so that I can be able to apply for a loan. I survive only with asylum and it's not enough, because I have to pay rent for my living place and business, and also pay people who help me in the shop (Participant 15).

The above opinions are supported by Perks (2010), who pointed out that business skills are quite diversified and all of them are vital as far as the running of the business is concerned. For instance, on the financial front, the spaza owner needs to know how to do budgeting, financial statements, journal entries and other related aspects. In fact, Perks (2010) asserts that business skills cover finance, marketing, purchasing, storage, stock control, labour relations, customer care, and a number of management functions such as planning, controlling and organising. Shortages of entrepreneurship education, as well as the lack of training, are one of the issues that the government prioritises in curbing the rate of unemployment and to bring stability to the economy as a whole by establishing entrepreneurship development programmes. Therefore, these immigrants help to reduce the skills gap, even if not enough (Smit & Watkins, 2012). Through government programmes, immigrants with relevant skills needed by SA locals can be used to help locals master these skills, but the support from the state is required to benefit both parties.

4.4.2 Entrepreneurial skills transfer

The majority of the participants agreed that their employers did not transfer skills due to different reasons such as fear, competition and selfishness. Their responses are discussed in the sections below.

No, they are being selfish about the skills they have, because they would rather have their businesses carrying on amongst them with fewer South Africans involved. They are afraid of South Africans taking over the market. Another reason is that South Africans will find it easier to start up their own businesses, because it's easy for them to find funding from organisations such as SETA and others, and it's easy for them to get support from government and loans from the bank

(Participant 09).

Participant 04 agreed with Participant 09, saying that:

Some, but some are not. Those who transfer skills, they do it because they are in agreement with the labour law (CCMA) - they just follow the law, they don't want to be on the wrong side of the law.

While the other one doesn't care and knows nothing about business

(Participant 04).

The statistical analysis showed that there was no significant difference in the perceptions about skills transfer to local citizens in general, and the nationals in particular. This can be likened to a study by Kalitanyi and Visser (2014), who posit that immigrant entrepreneurial skills is an asset to the South African economy and not a liability. Furthermore, knowledge and skills sharing manifests in collaboration that involves employers in assembling and generating knowledge through partnership engagements. However, studies about immigrant entrepreneurial skills transfer found that these entrepreneurs require some sort of support (Kalitanyi & Visser, 2010; Khosa

& Kalitanyi, 2015; Ngota, Rajkaran & Mang'unyi, 2017) for the immigrant entrepreneurs to keep their businesses surviving in order to be able to create job opportunities for some individuals, thereby creating an opportunity for skills transfer.

Participants 05 and 02 are in agreement with three other participants in stating that:

Yes, in the business, as I do my work, I get to learn how business operates (Participant 05). Yes, they do, but indirectly, because they allow us to do some of the work that we have no knowledge of and we learn from that (Participant 02).

Participant 17 (immigrant entrepreneur) explained the situation as follows, and Participant 10 agreed:

Yes, I believe I am transferring the skills with the system I am using in the business, by showing them how to order and receive goods from suppliers, packaging, and dealing with customers. Yes, I tell them to look at what I'm doing when approaching customers and suppliers, and then leave them with the shop to run everything on their own. In that way I transfer managerial skills to them indirectly (Participant 17).

Despite the contradictions of local citizens on the transfer of skills, Kalitanyi and Visser (2014), in their study on migration and migrants' entrepreneurial skills in South Africa established that African immigrant entrepreneurs indeed transmitted their entrepreneurial skills to local citizens. Immigrants who migrate to South Africa are highly skilled and some of them come with artisan skills, entrepreneurial skills, and managerial skills, which enable them to manage and expand business ventures in their host destinations (Asoba & Tengeh, 2016). The government cannot turn a blind eye on the importance of immigrants in South Africa. It is clear from these narratives that immigrant entrepreneurs indeed do transfer skills to local citizens, even though some may not be necessarily be educational.

The excerpts quoted above demonstrate the multi-purpose of immigrant entrepreneurs covering skills transfer and development in different dimensions. Immigrants definitely make a difference to retail trade by sharing their knowledge with other retail dealers by infiltrating the market. Local clients mostly prefer their new business strategies, and local entrepreneurs should see such competition as good business challenges instead of regarding it as a threat.

4.4.3 Barriers of a successful transfer of entrepreneurial skills by immigrant entrepreneurs to local citizens

The next theme which emerged was the perception of barriers in the successful transfer of entrepreneurial skills by immigrant entrepreneurs to local citizens. Under this theme barriers were explored which prevent the successful transfer of entrepreneurial skills to individuals employed in the retail business. Table 4.5 below summarises the theme and the sub-themes that came to the fore.

Table 4.5 Barriers to the successful transfer of entrepreneurial skills from immigrant entrepreneurs to local citizens

THEME	CATEGORIES	ISSUES RAISED
Barriers of successful transfer of entrepreneurial skills from immigrant entrepreneurs to local citizens	Individual behaviour (Internal factors)	<ul style="list-style-type: none"> ▪ Lack of trust ▪ Lack of patience and willingness ▪ Fear of competition
	Government support structures (External factors)	<ul style="list-style-type: none"> ▪ Adequate access to relevant information

The perceptions regarding barriers of successful transfer of entrepreneurial skills from immigrant entrepreneurs to local citizens became clear from the responses of the participants. The research question: *What is the nature of the entrepreneurship knowledge provided by immigrants to local citizens?* gave rise to data from which the employee knowledge enhancement and skills development theme was derived. Three

main categories are discussed under the theme of barriers to successful transfer of entrepreneurial skills by immigrant entrepreneurs to local citizens. The categories are *individual behaviour, inadequate protection and government support structures*, which are discussed in the subsequent sections.

4.5.1 Individual behaviour (internal factors)

Immigrant entrepreneurs and local citizens raised different issues when discussing the barriers to entrepreneurial skills transfer. In general, most of the participants' views regarding barriers had a bearing on a *lack trust, lack of patience and willingness, and competition*. Transferring skills is not a problem for many immigrants, but internal and external factors force them to hold back. Participants' opinions are discussed below.

Lack of Trust

Lack of trust manifested in the kind of job or the position one held in the business.

They don't offer one those positions. I never saw any shop managed by white people or any other person - they are always there. They only give us lower level jobs because they don't trust us. They don't believe in us, and they only care for themselves.

They don't want us to be rich, or to have a business mind - they know we will own our business, so they are afraid (Participant 04).

Participant 01 asserts that:

My boss owns three businesses and in the other business it's his brother but the other one that doesn't make money is managed by me because they don't trust me (Participant 01), and this opinion was shared by Participant 18.

Most of the participants complained about a lack of trust from the side of their employers, especially when it came to money. Thus, they rather employed their family

members or another immigrant. Though there is not enough evidence and recent literature on why immigrants do not trust locals who work in their shops, Bear, Bradnum, Tladi and Pedro (2005) assert that South African coloured and black spaza shop owners, think about themselves only; they hold the opinion that only they themselves work hard, and the partner does not. They also do not always trust each other, while the Somalians do not seem to have this problem.

They are not willing to learn and they are selfish; they don't want to help one another (Participant 18).

One of the immigrant entrepreneur's statement gives an impression that the issue of lack of trust and partnership is not only between South Africans and immigrants only, but also among South Africans as well. An initiative to execute a South African cooperative purchase (the Delft Tuck Shop Association) to overcome this hurdle was unsuccessful and floundered, principally because South Africans historically have relied on extended family networks among whom reciprocity and trust are secure. Trust seems to be an obstacle that prevents many businesses to enter into partnerships. Therefore, the government intervention might change the history by initiating new measures to monitor and coach partnerships that might build long-term trust.

Lack of patience and willingness

Participant 11, an immigrant entrepreneur, explains that:

South Africans lack patience, they are not committed, and they need money more than jobs. They focus more on money than on business and sometimes you can run a business without making money, but if you need a job the money will follow - so they need to learn that. Lastly, they need to set their minds on business (Participant 11).

I fail to help them, because they don't show any willingness to own the business, but I suggest that the government should stop social

grants, because they are depending on it and they don't want to work because they know they get money while sitting at home (Participant 18).

Participant 13, another immigrant entrepreneur, noted that local citizens are not willing to learn:

Yes, but the problem is that they don't stay in the business long enough so that they can be fully equipped with the skills they need. I have one lady whom I taught how to run a business and to be patient and committed. They are not inspired by what I do and I can't put my trust in them because they are not willing to learn (Participant 13).

A study conducted by Kalitanyi and Visser (2010; 2014) who established that African immigrant entrepreneurs expressed their willingness to share their entrepreneurial skills with locals, though some of them posed certain conditions on prospective local citizens, such as if they are also willing to learn or if they bring capital. Based on the above narratives one can assert that these immigrants create new ventures, employ individuals to assist in their businesses and in the instance transfer their skills to their local citizens but there are challenges still faced by immigrant in the host countries like crime, permit and loan that limit the quality of skills transfer to South Africans.

Fear of competition

Business competition is seen as one of the best mechanisms to keep businesses running and at the forefront in the industry. Arif (2013) proclaims that competition drives progress in a satisfied space and that new entrants force officials to improve their standards.

When asked whether their employers trained them to become good employees or entrepreneurs, the responses were like:

He trains me to be a good employee because he thinks if he trains me how to run a business, he might end up not making that much profit because there will be more competition around the block; that is why he refrains from teaching and training me to become a business woman (Participant 09).

It was interesting to hear how local citizens identified their problems and proposed solutions to take back their retail market from immigrants. Competition is regarded a challenge because the majority of the immigrants' small businesses are still at early stages; they cannot enjoy retained earnings like large firms, leading to their inability to keep standing in the face of strong competition (Fatoki, 2010; Goldstuck, 2015). This statement of the participant contradicted what the immigrant entrepreneurs said about transferring skills to local citizens. It is clear that some immigrant entrepreneurs enjoyed being on top as they did not equip their employees with relevant training, which they needed to become good entrepreneurs, even though most of their female employees showed interest and willingness to learn and own their own businesses.

To be a good employee, because he never had training where he just trains us to start our own business; it's all about money for him (Participant 06).

According to Radipere and Dhliwayo (2013), the sustained strong competition from African immigrant entrepreneurs has pushed larger firms into serious market research and advertisements. Continued competition inevitably has ensued in an improved environment for doing business, as well as the enhanced quality of products and services (Mason & Rown 2013). This finding shows that migrants enjoy significant competitive advantages over South African retailers, such as having more expansive business networks. The narrative shows that proper allocation of training and funding to potential entrepreneurs may allow SA locals to take over the market again with the support of the government. Additionally, migrants succeed because they undermine competition through "forming monopolies, evading taxes, avoiding customs and selling illegal and expired goods" (Gastrow, 2018: 5-15).

Even black people who still own businesses, they don't make as much profit as back then, because people prefer buying from 'friend shops' instead of locals, and I think they are trying to attract people by making affordable prices compared to prices South Africans normally pay at the local spaza shops (Participant 09).

Competition between non-South Africans and South Africans resulted in most South African owners of spaza shops losing their businesses to foreigners (Liedeman *et al.*, 2013). For that reason, the majority of participants stated that migrant shopkeepers restricted business opportunities for potential South African shopkeepers in the market. The fear of locals being better than they are, is one issue that the government should investigate and use it to their own advantage. The majority of immigrant entrepreneurs avoid tax payment and they receive their full profit that helps with the success of their businesses, while South African businesses close down due to SA policies and the pricing strategies of immigrants (Gastrow, 2018). The increase in foreign-national competition may have played a role in this, along with rising food prices and the growth in the number of supermarkets in township neighbourhoods. Yet, South African retailer representatives in Gugulethu asserted that Somali shopkeepers were the cause of many shop closures.

Based on participant 09's comments, a pricing issue exists that South Africans can solve with the resources and/or support they have to outperform immigrants with limited resources and/or support. Participants explained that immigrants were selfish and feared that South Africans would fare better than they could once they (the South Africans) had mastered all the entrepreneurial skills they lacked to run a successful business due to available resources and legal support. Another issue that was pointed out when discussing immigrant entrepreneurs' contribution, was about the government-supported structures which allowed the local retailers, for example, adequate access to relevant information.

4.5.2 Government support structures

Government support is associated with structures established to limit number of individual small businesses depending on it. One participant said:

Adequate access to relevant information (Participant 4)

Participants 11 and 14 (immigrant entrepreneurs) expressed their understanding of government support by highlighting that:

No, I've never attended any training, because I use asylum and I've never been invited (Participant 11).

I did not attend any training because they wanted documents that I don't have; I only have asylum that helped me to start my business (Participant 14).

Although other researchers, such as De la Hunt *et al.* (2001), state that the legal position and rights held by asylum seekers are affected by when they entered the country. The Regulations introduced under the Refugee Act, Act 130 of 1998 in 2000 (Republic of South Africa, 2000) place severe limitations on asylum seekers who entered after that date. Under the 2000 Regulations, these adult asylum seekers are not allowed to work, study, or be self-employed until they are granted refugee status. Despite that regulation there is no government support, and very little other support for asylum seekers making it difficult for them to survive and that results in limited job creation, less payment of employees and poor skills transfer. This regulation does not only affect asylum seekers, but also South Africans who work for them as they suffer due to meagre payments and poor skills transfer. The government has further complicated matters by putting in place stringent regulations on African immigrant business owners (Asoba & Tengeh, 2016; Ngoc, Le & Nguyen, 2009), including broadbased black empowerment labour regulations (Cross, 2006), according to which jobs are only open to South African nationals, and registration and tax requirements from the South Africa Revenue Service are applicable. Perhaps this lack of adequate

access to business information explains the local's negative behaviour towards immigrants that they receive through the media. Participants 07 and 05 (local citizens), declared that:

No, if I want to start my business I will have to go somewhere and seek for help somewhere. Here we are just helping people to make money (Participant 07).

Receive BBEE money to start my own business because I have business ideas but I don't have money to fund it (Participant 05).

According to Urban and Naidoo (2012), other challenges faced by African immigrant SMEs include poor access to relevant information, lack of a skilled workforce (Liedeman *et al.*, 2013), poor financial management skills (Smith & Watkins, 2012), and lack of knowledge of the local language, which limits effective communication, information gathering and evaluation (Habiyakare *et al.*, 2009; Hisrich *et al.*, 2010). However, these stumbling blocks do not only affect immigrants as the majority of participants were clueless about government funding programmes and where to gain information. Therefore, the lack of information on government support for small businesses may contribute to South Africans' negative feelings about immigrants and their contribution to local communities, as well as reluctance to adopt immigrants' business strategies. According to their narratives, South Africans lack information on relevant government support programmes. Therefore, the use of 21st century computer-mediated communication should be propagated to distribute information as it has a positive impact to get information from experienced business owners.

4.5.3 Employee strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs

The next theme which emerged was strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs. This theme explored strategies to ensure a successful transfer of entrepreneurial skills to individuals employed in the

business. Table 4.6 below summarises the theme and the sub-themes that were raised.

Table 4. 6 Strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs

THEME	CATEGORIES	ISSUES RAISED
Strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs	Skills transfer measures	<ul style="list-style-type: none"> ▪ Government training programmes collaboration ▪ Government property ▪ Business networking ▪ In-store training and workshops
.	Business support and motivation	<ul style="list-style-type: none"> ▪ Financial savings and investment (capital growth) ▪ Self-independence

To identify strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs, participants were requested to respond to the research question: *What is the nature of the entrepreneurship skills transfer to South Africans by immigrant entrepreneurs?* The responses were used as data from which the employee knowledge enhancement and skills development theme was derived. Two main categories are discussed under strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs, namely *Skills transfer measures* and *Business support and motivation*, which are discussed in the subsequent subsections.

4.6.1 Skills transfer Measures

Government training programmes collaboration

A need for government programme awareness surfaced when participants were asked about the forms of support received from government, and what could be done to support small business. Their views are provided and discussed below.

I think it would be advisable for them to use programmes that are here in South Africa to develop South Africans because that way I don't think they would lose business; they would be helping out and still get to keep their own businesses. The government would pay them for the programmes they will be providing and one more is that they would be able to build long-term relationships or collaboration with the government. By using these available programmes provided by government they would save money and get paid, and they would stand a good chance of getting a work permit (Participant 09).

Participant 09's statement is supported by Liedeman *et al.* (2013) who assert that it is a concern that most government programmes are not accessible to spaza shop owners and this obviously has a negative impact on their ability to expand. However, this is not a concern for immigrants only, but also for locals who were clueless about programmes that support young entrepreneurs in South Africa.

Participant 04 expressed the opinion that:

The government is the only one that can assist in that one. They need to stand firm in their agreement that they sign with immigrants because they sign deals with them and then they don't do follow ups like they don't care. They need to install discipline in terms of challenging or checking them monthly, quarterly or annually; then things will be better (Participant 04).

Participant 04's statement is in agreement with what is reported in literature. Khosa and Kalitanyi (2014) point out that African immigrant entrepreneurs should strive to form connections with local contacts, because this becomes a bridge towards working in harmony. It was interesting to hear that people knew about the government programmes initiated to assist young entrepreneurs, but they did not know much about these programmes or how to access them. Chiloane-Tsoka (2009), asserts that although training programmes are offered by government agencies such as the Small Enterprise Development Agency (SEDA), such programmes are not accessed often by those who operate in the sector. Of those employees and owners of SMMEs who are aware of the support programmes, the majority do not know how the programmes operate, which indicates the poor marketing of these programmes (Mago & Toro, 2013). Taken as a whole, the responses of the participants indicate that awareness of how to access the support programmes is needed; especially social media platforms should be used for this, because the majority use social media like Facebook, Twitter and Instagram to access the information and to track those that are popular in the field or industry.

Participant 17 (immigrant entrepreneur) explained that:

I will also tell them to take us as branches that they can benefit from by explaining the importance of working together rather than attacking us, because they have sources to provide or resources that I don't have, but I have what they don't have, so we can help each other by forming business partnerships managed by government.

Participant 17's statement probably was motivated by a lack of trust in the local citizens caused by xenophobia, hence, they want the cooperation with locals to be managed by government. Moreover, Maharaj (2002) asserts that xenophobia is widespread in the townships, where immigrants are referred to as "kwerekwere", a disapproving word for African immigrants. Xenophobic violence, like other forms of bias-motivated violence, often may serve as a "message crime", in that way an act of violence can be intended to send a signal to other refugees or migrants that they are not welcome in

an area or country (Nkosi, 2015). As a result, xenophobic attacks lead to loss of income by immigrants and cause job losses among those locals who are employed by immigrants. Xenophobic attacks thus result in a loss of income by immigrants, as well as local citizens.

Government property

Participant immigrant entrepreneurs mentioned that business property is a problem for them to start or keep their businesses running. Participant 19 mentioned that:

The other one is that, at least, the government provides property to their people; maybe they allow both foreigners and citizens to work together and they assist those who have the knowledge and finances and they monitor the business after two months to encourage the owners to correct their mistakes. Check how the person is managing the business from where they left them and give feedback on the progress since they are the one financing the business (Participant 19).

Participant 06 agreed with Participant 19 and added:

Another point is that if the government can be involved in helping the foreigners by providing them with resources like buildings so that they can transfer the skills they have to us in a form of a partnership. If the government gets involved, I think they can use the immigrants who have the qualifications, experience and knowledge (Participant 06).

Participant 09 noted that:

At least if I can get my own site, I will be able to employ a few South Africans and then I will be able to help government even with the

crime, because they all depend on government, so I will help them to be self-employed and independent (Participant 19).

It is clear from the above statements by the participants that there is a problem to find properties that can be used for businesses. The opinions stated above are congruent with those of Mohsam and Van Brakel (2011), Cant (2012) and Khosa (2014), who point out that it is hard for immigrants to find access to a reasonable business premise that is strategic and impactful to the success and survival of the business at a fair price. In a study conducted in Cape Town by Asoba and Tengeh (2016), 67.2% of craft shop owners pointed out that acquisition of a business location was practically impossible. Although immigrants are perceived to have easy ways of occupying premises, they encounter the same stumbling blocks as locals. Participants mentioned that renting government premises would be beneficial to both parties, and it will help them to eliminate unemployment and promote the transfer of skills. It is clear from the discussion above that there is a need for government intervention to assist both Immigrants and local entrepreneurs to acquire business premises.

Business Networking

Authors like Liedeman *et al.* (2013) discovered that foreign shop keepers are more successful than local citizens because of the strength of their social networks. One participant said:

I think if the government can give them the opportunity to open programmes so that they teach us in the business sector to use the skills they have because they can think out of the box. They know how to network well with other countries, so if the South African government can do that and also if they can use programmes like those of the National Youth Development Agency (NYDA) and the Sector Education and Training Authority (SETA) to teach us
(Participant 06).

Participant 02 made a proposition:

I think people who have money can ask foreigners to partner with them so that they can learn the strategies that they (foreigners) are using for their businesses to grow (Participant 02).

Participant 02's proposal is similar to the opinion of Khosa and Kalitanyi (2015) who mention that sufficient networking can create space for immigrant entrepreneurs to share ideas and even their problems. However, this has been complicated by the government through implementation of stringent regulations on immigrant business owners (Asoba & Tengeh, 2016). While building and managing personal relationships with particular individuals and creating a supporting surrounding for their business are important (Coulthard & Loos 2007), SMEs employ networking tactics to exploit opportunities. Similarly, Aaltonen and Akola (2014) are of the view that networking among immigrant entrepreneurs and host entrepreneurs helps the former gain new skills. However, the relationship and networking should not only be between the business owners, but also commercial banks to assist young entrepreneurs and their businesses.

Participant 06 expanded on the discussion:

How they network with other business men from other countries like Ethiopia and Ghana - and I saw that - when you network with other people, you increase your knowledge and it helps them when you want to buy in bulk (Participant 06).

Foreign-owned spaza shops use these relationships to reduce prices through employing cheap labour (thus keeping overheads low), accessing community capital, and through bulk buying or buying from cooperatives (Gastrow & Amit, 2013; Khosa & Kalitanyi, 2014). The development of business relationships among South Africans is a way to curb the competition between immigrants and locals. Another study done on Somali spaza shops in the Western Cape found that their top trade practices included buying from wholesalers, sharing transport costs and collective investment in multiple shops (Gastrow & Amit, 2013). Although job opportunities present themselves

for business investment and networking, such an opportunity also limits the chances of locals' businesses to grow and to build business relationships with immigrants. SMMEs need to be properly supported in terms of networking and monitoring; furthermore, any development plan should include networking, monitoring, coaching, entrepreneurship training and business counselling.

In-store training and workshops

In this regard a participant remarked:

I can give my service for free in my shop to teach them how to run a business from nothing to something. I will teach them all the basics of placing an order, pricing the products, and packaging, managing profit and customer service. If the resources are available, I will take one of my employees and a business partner who are more knowledgeable to assist me, especially with language (Participant 16).

Yes, I do, but others don't show interest and I can't force them if they don't want to learn anything about business. I teach them how to sell products, run a business that is not making enough profit, and manage finances by allowing them to do everything without helping them, especially when I'm out of town (Participant 12).

There clearly is a willingness among immigrant entrepreneurs to train locals, but the lack of interest and unavailability of resources are blocking the process. Fatoki (2010) and Zulu (2015) point out that there have been interest and calls from some government quarters on foreigners to share ideas of successful entrepreneurship with South African SME owners. Furthermore, the government developed an institutional model to support immigrant small businesses (Tengeh, 2013). This was intended to reduce resentment and create an impression that the South African business spaces are not being taken away by immigrants. Based on the above participants' statements

there is a need for an information distribution strategy. The government has developed programmes to support immigrants and immigrants are also willing to assist local citizens, but there is no proper target for training from the side of the government. So, a need exists to make aware both locals and immigrants of these programmes, and social media can be a relevant platform for information distribution.

Participant 17 agreed, and added:

Yes, through seminars, in my shop for one or two, and I can also facilitate the training organized by government with their resources for a large number of people (Participant 17).

In accord with these views, Smith and Watkins (2012) posit that due to the lack of training in the SME-related sector the majority of African immigrant workers gain the monopoly in the local markets through specialised services and product provision. This is because such businesses bring in new ideas, as well as better product and service offerings. Immigrants can assist with training their employees in their businesses to close the gap caused by the skills shortage in the SMME-related sector. In-store training emphasises the capacity to create and maintain business connections and to allow local citizens to adjust privately in the comfort of a business, as learning remains one of the potentialities of this training platform. However, government support might still be necessary for this training to ensure that skills transfer of high quality takes place.

4.6.2 Business support and motivation

Participants raised different issues when discussing the nature of entrepreneurship skills transfer. In general, most of the participants' views on skills in business support and motivation were all about finances, namely savings and investment (capital growth), and, to a lesser degree, self-dependence and motivation. The participants' views and opinions are discussed below.

Financial savings and investment (capital growth)

They need to learn about different ways of investing (savings), as they use all their money including the profit, so they need to know more about investment and savings before they can enjoy their money (Participant 15).

How to manage their finances as most of the SA citizens spend their last money on alcohol and girls (Participant 12).

In concurrence with these participants' statements, Charman *et al.* (2012) state that they also collaborate by sharing transport costs, and by jointly investing in new shops. These competitive practices are in contrast with those of many South African spaza shops, which tend to be more 'survivalist' than opportunity driven. Though self dependence is promoted to flatten the curve of the high unemployment rate, joint investment can assist those who are in business to survive and for business start-up.

Participant 16, in support, stated:

"Yes, like I've said the networking part, if I can have effective networking with business people who can teach me about lower prices, to save well, increase my profit and also buy in bulk, so that I don't run out of stock. I am able to manage the finances now, like I said, I'm the one who control the stock because he sometimes shows me how the finances work (Participant 16).

A positive observation was that young people showed an interest in not only learning to know how to save money, but also how to manage it by learning tips from immigrant entrepreneurs. This concurs with Maharaj's finding (2009) that foreigners who immigrate to South Africa bring with them skills from their home countries. African immigrant entrepreneurs have also contributed by bringing with them new ideas and business opportunities (Schuler, Islam & Rottach, 2011), and skills such as manufacturing (Washinyira, 2015). With the advancement of their businesses, saving oriented behaviour is inculcated. According to this model, the little savings of one

motivate others to follow suit, rather than to rely on accessing a bank loan, which is virtually impossible (Tambunan, 2009). Adapting the savings model of immigrants may improve the standard requirements for granting loans to locals who intend to start a business. Though unemployment limits the chances of saving, the little-savings model of immigrants can motivate others who are in close relationship or partnership with them. Therefore, partnership with immigrants is vital to improve the savings and investment behaviour of locals.

Self-independence

Participants raised different issues when discussing their perception of the nature of entrepreneurship skills transfer. One participant said:

Teach them how to be independent, because most South Africans know that there is always someone to help them, like government, and stand on their own feet to make their business their priority. They need to believe in themselves, not expect government to do everything for them; secondly, just be yourself - don't let things chase you. Talk to clients with respect (Participant 20).

I can teach them to separate business from pleasure, since it's the big issue hindering them from running a successful business. I will teach them to categorise income and expenditure practically to understand the fundamentals of the business (Participant 12).

I can also teach them how to maintain business by sticking to their budget and separating business from pleasure, because South Africans like relationships and alcohol (Participant 16).

Based on the participants' responses, the majority of South Africans mix business with pleasure and that leads to failure of the business, and they do not reach financial independency. A number of studies (Fairlie, 2008; Fairlie & Lofstrom, 2014; Ngota *et al.*, 2017) emphasise the role of self-employment in the survival of immigrant entrepreneurs within their host nations. One of these studies (Fairlie & Lofstrom, 2014)

has found that immigrant entrepreneurs are more likely to start up a new business than their native counterparts, including African immigrant entrepreneurs. This is indicative of the need for motivation and emphasis on self-employment for South Africans as they fail, mostly due to a lack of information about the risks in running a business. Gabrielsson and Politis (2011) identified a number of motivational factors that play a role in a successful career or business, and the third factor entails the variables *create my own job* (MOT8) and *more flexibility in my personal life* (MOT9). This factor indicates a prioritization of the person’s personal life over his or her career and it also refers to self-employment as a career. This factor is therefore, referred to as the need for personal independence. Immigrant entrepreneurship is associated with an economic contribution of their host nations. Hence, introducing mentoring and coaching of local business owners especially by immigrant entrepreneurs might minimise the closing of local businesses and assists locals to survive in the competitive market.

4.6.3 Understanding the level of support provided to migrant entrepreneurs in SMMEs

The next theme which emerged was strategies to ensure a successful transfer of entrepreneurial skills by immigrant entrepreneurs. This theme explored the understanding of the level of support provided to migrant entrepreneurs in SMMEs.

Table 4.8 below summarises the theme and the sub-themes that were raised.

Table 4. 7 Understanding the level of support provided to migrant entrepreneurs in SMMEs

THEME	CATEGORIES	ISSUES RAISED
Understanding the level of support provided to migrant entrepreneurs in SMMEs	Legal support	<ul style="list-style-type: none"> ▪ Loan with low interest rates ▪ Safety and security permit ▪ Work permit & license

To understand the level of support provided to migrant entrepreneurs in SMMEs, participants had to answer the research question: *What forms of support does the SA*

government provide immigrants with towards the development of citizen's entrepreneurial knowledge and transfer of skills? The responses gave rise to the data from which the employee knowledge enhancement and skills development theme was derived. One main category is discussed under the theme of *Understanding of employee knowledge enhancement and skills development in business*, namely *Legal support*.

4.7.1 Legal support

Financial support of the business from government and the bank can increase the survival rate of SMEs and improve their economic growth. One participating immigrant entrepreneur referred to a loan with a low interest rate in this regard:

The support that I would like to receive from government is loan with less interest rate so that I can make profit, be able to pay employee and pay back the loan (Participant 16).

Crush, Skinner and Chikanda (2015) assert that commercial banks are more inclined to refuse an application for a loan or even for a new savings or business account lodged by an asylum seeker or refugee. However, these are the same people who contribute to the South African economy. Thus, the regulations that govern both local and immigrant entrepreneurs will benefit by adopting a policy stating that when one starts a business in South Africa, one should give SA citizens training in specific knowledge and skills in order to qualify for a loan or an account. In that way both parties will benefit by government intervention and skills will be transferred to potential entrepreneurs.

Business loan because I pay tax when I buy my stock and they are expensive and they don't support us like giving me a loan. When I go to a bank, they refuse to give me a loan, they only give SA but for us they want a lot of things and I have Identity Document, but it's still difficult to get a loan. I need a loan to grow my business (Participant 18).

Sub-continentals are struggling with permits so government can help with passport so that we can be able to have access to certain things here in South Africa like loans to grow my business and be able to employ more people. I would also like to receive some security from government because I don't feel safe (Participant14).

Access to credit from authorized financial institutions remains a serious obstacle (Goldstuck 2015; Tengeh *et al.*, 2012). As Fatoki (2013) correctly puts it, access to formal debt and equity markets is not available to immigrant entrepreneurs, due to their lack of a credit history and collateral security, among other issues. But this is the same handicap faced by some of the local citizens who want to apply for a loan.

Safety and security

The majority of immigrant entrepreneurs mentioned the issue of safety in their businesses and that they frequently experienced crime and theft. Below are the excerpts from participants' complaints.

Security, I don't feel save in my shop because people come in the shop and steal my stuff and I don't get enough help from the police (Participant 16).

Participant 11 agreed with Participant 16, saying that:

The only thing we receive from government is security, even though it is not enough, but at least when we have a problem they do come and help, especially us who are in town. I need security for robberies because they also break into my shop and they take our money every month (Participant11).

These participants' concern also comes to the fore in literature. Gastrow and Amit (2012) assert that the justice and legal systems fail to abate aggressiveness by leaving such crimes unpunished, thus leading to increased criminal activities against

foreigners and their businesses. Liedeman et al. (2013), Ndweni (2015) and Steyn (2015) have found that most immigrant entrepreneurs believe that regular xenophobic attacks and killings of innocent immigrant entrepreneurs in SA make their lives, properties and huge investments insecure. Thus, safety and security measures should be addressed so as to facilitate clear developmental programmes in communities that have spaza shops and to encourage it as a mechanism for standardizing and managing security concerns for spaza shops owned by both locals and immigrants.

Work permit and License

To establish a small business without relevant papers is a problem, so I want government to change their strategy of regulating things because they don't collect enough information before they arrest or close our shops, because I have the permit but I was once arrested (Participant 17).

Participant 15 agreed with Participant 17 and proclaimed that:

I don't have relevant papers; I just need relevant paper - I have money but I fail because I don't have right papers and asylum is not enough, but if I have right papers I can invest some of the money and South African banks can also benefit (Participant 15).

Fatoki (2010) asserts that there has been fast development of immigrant-owned businesses in South Africa, and accordingly, the government has developed a support framework (Tengeh, 2013). However, the political, social and economic transitions witnessed in recent years have influenced the government to issue business permits albeit to a handful entrepreneurs and particularly those from Eastern Europe and Asia (Benedict & Venter, 2010). Based on the above narratives, transfer of skills and knowledge is limited by policies that limit immigrants' access to certain legal institutions, such as banks and government programmes. Moreover, complying with the rules for those who mean real business is not an issue. If spaza shops are significant on the South African economic platform; there is a need for clear policy

guidelines to promote it. Both local and national governments should develop specific guidelines that take into consideration the needs, the nature, location and challenges faced by spaza owners.

Participant 11 and two other immigrant entrepreneurs were of the opinion that:

I don't need any training, I know everything about business, all I need is a permit, a license so that I can be able to apply for a loan (Participant 11).

I survive only with asylum and it's not enough because I have to pay rent for my place, business and also pay people who help me in the shop (Participant 15).

They have strict policies that require lots of documents that I don't have, so they only help South Africans (Participant 16).

The issues raised by the different participants show that they viewed their inability to obtain loans and permits as a barrier in the way of growing their businesses and running a legal trade. They need permits as they do not seem to have a problem with transferring skills. However, loans and business licenses are not an issue facing immigrants only. Khosa and Kalitanyi (2015), and Urban and Naidoo (2012) point out that in the face of the overstretched and unequally distributed financial resources of South Africa, it is becoming almost impossible for SMEs, and particularly those owned by immigrants, to secure financial credit lines.

Missing documents which are required lead to the failure of both South Africans and immigrants to meet the standards of registration bodies, which is known to be one of the weaknesses of migrant entrepreneurs. According to the DELI Project (2014), immigrant entrepreneurs often fail to meet minimum standards as set out by their host country's national government or local authority for purposes of registering new business enterprises. This eventually affects them in achieving government support

since they are not properly registered, which is a major challenge to the entrepreneurs. Based on the above narratives immigrants pointed out that the government can ease their registration process, because although enforcing such a strict policy not necessarily is the main factor that hinders them from transferring the skills, but it limits the proper transfer of skills to potential entrepreneurs.

4.4 CHAPTER SUMMARY

In this chapter the researcher's purpose was to present, interpret and discuss the data derived from one on one interviews with the selected participants from immigrant owned business employees and the owners/managers (small retails). Findings reflect that the majority of SMME's owners/managers consider government support as a mechanism for skills transfer and entrepreneurial development, and that there are strategies to implement among the government programmes initiated to assist and develop young entrepreneurs in South Africa, not specifically for South Africans only, but also for the immigrant entrepreneurs. Again, findings showed that even in the absence of government programmes and policies supporting immigrants, South Africans will still gain short-term training in the business based on their willingness, and in the meantime South Africans need coaching and mentoring on self-independence and self-employment. In similarity with the used support structures, studies about immigrant entrepreneurial skills transfer have found that some sort of support is required (Kalitanyi & Visser, 2010; Khosa & Kalitanyi, 2015; Ngota *et al.*, 2017) for immigrant entrepreneurs to keep their businesses going in order to be able to create job opportunities for others, thereby creating an opportunity for skills transfer. Hence, collaborations within government programmes offer a great opportunity for entrepreneurs (both immigrants and local citizens) to create an experience of skills transfer and entrepreneurial development to the benefit of their own businesses.

The next chapter is devoted to a conclusion based on data collected from the literature and from the responses to the research questions. It also offers some recommendations, highlight the practical implications and significance of the study, and describes the limitations of the study.

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5. INTRODUCTION

This chapter provides a summary of the research findings which address the research questions posed in Chapter one. Chapter one established the introduction and background to the study, Chapter two provided a review of the related literature on entrepreneurship, immigrant entrepreneurs, employment creation and entrepreneurship development, while Chapter three rendered a detailed description of the research methodology adopted for the study. The previous chapter (Chapter four) presented and discussed the results of the empirical study. Therefore, this chapter concludes the study with a recap, the conclusion of the report, and recommendations for practice and for further research.

5.1. CONCLUSION BASED ON LITERATURE

The literature review revealed that entrepreneurship is a very significant strategic decision for employment creation, unemployment alleviation, poverty alleviation and economic growth in every country. Entrepreneurship was defined as having “to do with entrepreneurs’ innovative ability to identify societal needs and harness resources at their own risk to satisfy those needs for economic gain” (Glackin & Mariotti, 2012). This is the process whereby creative and innovative people use their skills to create new economic organisations for the purpose of making profit whilst bearing the inherent risks. Ultimately, this refers to every activity channelled towards creating and advancing the practice of entrepreneurship (Osemeke, 2012). In a retail industry, citizens (South Africans) learn about business through information sharing and collaborative exchange of skills and knowledge with their employers which may contribute to greater success when starting their own businesses. In spite of the immigrant entrepreneurs’ depth of knowledge and understanding spaza shops/supermarkets, literature demonstrated that immigrants’ businesses have more control over local citizens and responsibility towards their employees (Charman *et al.*, 2012). Yet, the existence of government initiatives such as KHULA, NYDA, SEDA, Ntsika and the Tsumisano Trust can give government much leverage through

collaboration between government and immigrant entrepreneurs by utilising these programmes to assist in curbing the problem of entrepreneurial skills shortage and unemployment. Therefore, it is concluded that the South African government cannot afford to ignore the role and business performance of immigrant entrepreneurs in the retail industry and/or SMMEs, as the literature concurs with this conclusion that immigrant entrepreneurs are a significant contributor to the socio-economic development of South Africa (Asoba & Tengeh, 2016). Therefore, government can take advantage of this by imitating the successful business strategies used by immigrant entrepreneurs, and which local business owners do not apply (Radipere & Dhliwayo, 2014).

Robertson *et al.*, (2017) identified the limited access to capital as a significant factor which hinders the initiation and growth of small, medium, and micro-sized enterprises (SMMEs), irrespective of the countries of origin of the entrepreneurs concerned. The difficulties which are encountered in the raising of financial capital from formal financial institutions by immigrant entrepreneurs, in order to fund their business activities in South Africa, largely stem from the fact that the policies which are implemented by the formal financial institutions to guide the granting of loans do not favour immigrants (Tengeh 2013). But the same challenge is faced by South Africans who struggle to start or grow a business and building a brand for their small business, due to insufficient funds, competition, entrepreneurial capabilities and current media of communication or advertising that may not be available to all the customers. Irrespective of the conclusions expressed above, immigrants entrepreneurs become more successful than their South African counterparts. Hence, Tengeh and Nkem (2017) posit that immigrant entrepreneurs represent an essential channel for advancing the economic growth of South Africa.

The emergent nature of the term *entrepreneurship development* compelled the researcher to draw on a human capital theory as interpretive lens for the contextual comprehension of the term. This study considered the human capital theory as useful to promote understanding of the practical application of the term for the following reasons:

1. Block and Sandner (2009) emphasised that opportunity entrepreneurs are likely to have higher human capital endowments and a higher cognitive ability, which leads to more productive and efficient activity. This was most evident where some of the existing local businesses survive in the high competition brought by immigrants.
2. Opportunity entrepreneurs are likely to have higher human capital endowments and a higher cognitive ability compared to their necessity counterparts who have enhanced personal control over the returns on their education, and, therefore, are likely to perform better (Fossen & Büttner, 2013). Young people invest in education and training to increase and enhance their knowledge and experience; this will contribute to their entrepreneurial success.
3. Human capital comprises not only formal education, but it also includes experience, practical learning (Jovanovic, 1982), and entrepreneurial skills, such as the ability to perceive and exploit entrepreneurial opportunities. Therefore, the researcher drew on the human capital theory, as most retail SMMEs tend to include all their employees in their engagement in their business activities, which indicates that they value their employees.
4. Human capital attributes, such as education and experience, may also be critical for entrepreneurial success. The human capital of founders attracts investors (Stuart & Abetti, 1990), especially venture capitalists (Zacharakis & Meyer, 2000). Immigrant entrepreneurs in MMM in the Free State province did not only focus on making profit, but they also understood that they had a responsibility to improve and advance the interests of the communities by ensuring that they attain knowledge and skills.

The theory underpins a consideration of important attributes that affect or get affected by the decisions of the business, and as such provides a useful basis for solving issues relevant to the citizens in the community in which the SMMEs conduct their business. In addition, it allows potential entrepreneurs to use available opportunities, and gain new skills and knowledge from all available platforms.

5.2. CONCLUSION BASED ON EMPIRICAL EVIDENCE

This section provides a summary of responses to the four research questions with a view to render a conclusion on each one of them. These responses were elicited from the responses given during the in-depth semi-structured interviews that were conducted with immigrant entrepreneurs and local citizens owning/working at small retail businesses in the research context. The first research question reads as follows:

5.2.1. Research question 1

The first research question posed, was: *What is the nature of immigrant entrepreneurs' contribution to employment among South African citizens in Mangaung Metropolitan area?*

Findings from the study demonstrated that employees conceive immigrant entrepreneurs as job creators despite their illegal activities such as counterfeit products, human trafficking, and more immigrant entrepreneurs also participate in low purchasing prices that are acceptable by their customers in the communities they serve, as the customers benefit from these low prices. The results of this study indicate that the immigrant entrepreneurs play a major role in creating employment as they give local people the opportunity to work for them and gain business experience with or without qualifications and previous experience. Table 4.3 provided evidence of immigrant entrepreneurs' and local citizens' brief interconnections on employment creation that manifested through conversations around immigrants' contribution to employment creation. To a lesser extent, local citizens' background or financial state leaves them with no choice but to work in low-paying jobs. It is, therefore, concluded that immigrant entrepreneurs do contribute to creating employment in MMM.

5.2.2. Research question 2

The second research question that had to be answered, was: *What is the nature of the entrepreneurship knowledge provided by immigrant entrepreneurs to local citizens?*

This research question sought to identify and evaluate whether there is sharing of knowledge between immigrant entrepreneurs and local citizens on entrepreneurship development. The results illustrated in Table 4.4 show that while local citizens generally had less knowledge, the immigrant entrepreneurs play a role in educating local citizens about business, and exchange their knowledge and skills about business for knowledge and information about the local clientele. Local citizens also had some knowledge that benefited the business, such as accounting and local language skills. Overall, although local citizens strongly affirmed business knowledge as something of which they had limited understanding, they were willing to learn in order to improve their chances of running a business when given the opportunity and support. It is therefore, concluded that local citizens gain knowledge from immigrant entrepreneurs that motivates them to learn more in order to be able to start and sustain their own businesses when given the opportunity and support. In addition, the focus is more on equipping females with these entrepreneurial skills, as they show more interest in retail business than males.

5.2.3. Research question 3

The third research question was: *What is the nature of entrepreneurial skills transferred to South Africans by immigrant entrepreneurs in the Mangaung Metropolitan Area?*

The responses to this question were summarised in Table 4.5, in which immigrant entrepreneurs' level of entrepreneurial skills transfer was summarised. A variety of local citizens' perspectives on the level of skills transfer by immigrant entrepreneurs came to the fore. Many immigrant entrepreneurs claimed that they had never had employees with an interest in business, but they did all that they could to assist South Africans to get to know more about business, because they came from business families - business is in their blood, they do not need to go to school to know everything about business. The local citizens agreed with the immigrant entrepreneurs that they learned a lot in the business, but they did not see the need for learning about business, because they did not have money to start their own businesses. The results of the study showed that immigrant entrepreneurs transfer skills to their employees in an

informal way. They provided in-store training and coaching to develop local citizens' entrepreneurial skills, but that may not be enough. In addition, the study found that government properties may offer a solution to one of their problems, namely a lack of suitable locations to set up their businesses. For example, if immigrant entrepreneurs paid less rent, they would be able to employ more people, thereby training more people simultaneously while still making a profit. The conclusion thus is that some transfer of entrepreneurial skills from immigrant entrepreneurs to local citizens does occur; however, it is not enough to encourage most of the local citizens to become sufficiently motivated to start their own businesses. Immigrant entrepreneurs do not have a problem with offering entrepreneurial skills programmes in future, as long as there are support programmes, and local citizens are willing to learn and can be trusted.

5.2.4. Research question 4

Research question 4 asks: *What forms of support does the SA government provide to immigrants towards the development of citizens' entrepreneurial knowledge and the transfer of skills?*

This research question sought to identify and evaluate the government support to both immigrant entrepreneurs and the development of local citizens' entrepreneurial skills. The results presented in Table 4.7 show that immigrant entrepreneurs and local citizens strongly affirmed that a lack of legal support was one of the factors that hindered the locals to establish and grow businesses, as they failed to meet all the requirements. While local citizens find it difficult to start-up a business due to lack of start-up capital and some skills, they end up working in underpaying jobs just to maintain their standard of living. Immigrant entrepreneurs used the little money they gained from funding or raised to start the business but that was not enough to grow the business within a short period of time. With the assistance of the South African government they can do better in the industry, because then they can obtain permanent permits, their safety will be assured and they can apply for government loans. It therefore is concluded that the South African government does not provide support to immigrant entrepreneurs in order to develop its citizens through knowledge

and skills transfer. In addition, it is only when the state offers some support for immigrant entrepreneurs employing locals by designing and implementing formal programmes, specifically aimed at dealing with the entrepreneurial skills shortage of South Africans.

5.3. RECOMMENDATIONS

The recommendations of this study comprise policy recommendations and recommendations for practice.

5.3.1. Policy recommendations

The first policy recommendation arises from the realization that although immigrant entrepreneurs attempted to transfer skills via in-store training and government programmes, local citizens business decisions were shaped more by their poor financial status and scarcity of jobs which is caused by low economic growth. Entrepreneurship policies and strategies, therefore, should not only take notice of financial influences from government programmes, but rather understand their contribution and how it can be harnessed to promote effective implementation of entrepreneurship development through collaboration with those who are in control of the market. These findings provide a useful framework for developing entrepreneurship strategies designed to be drawn on to shape individual behaviour or to engage in collective action, as enough is not known about the sources of funding and programmes that best assist entrepreneurs, and entrepreneurs often are unable to understand programmes and policies put in place to support their empowerment (Chiloane-Tsoka, 2009). The context of this study considered the role of collective action in shaping the entrepreneurial skills and knowledge of an individual employee.

5.3.1.1. Job creation

No doubt exists that entrepreneurs in general create employment. Immigrant entrepreneurs seem to be more sustainable than locals in the MMM, and, therefore, they provide more sustainable jobs. As a consequence, it is recommended that a

government policy be compiled and issued that will create an environment conducive to immigrant entrepreneurs to start businesses. A favourable condition for business creation, regardless of one's country of birth, will assist with the creation of employment. In addition, with government support businesses will be registered and pay tax, which will contribute to economic growth, poverty alleviation and countering unemployment.

5.3.1.2. Entrepreneurial skills development

It is asserted that youth invests more in education than in entrepreneurial skills, and as a result they become job seekers instead of job creators. Individuals often seek education and training in order to show their quality to employers and investors rather than actually aiming at attaining knowledge and skills. This study, therefore, recommends that entrepreneurship development should not only be implemented in schools or at tertiary level, but must be available to everyone, including those without qualifications, to gain knowledge and skills with the purpose of creating employment, alleviate poverty and foster economic growth. The amendment of government policies to support immigrant entrepreneurs would play a major role in assisting immigrants with what they need to ensure growth in their businesses, and in return, local citizens will be able to receive training of high quality through collaboration on entrepreneurship skills development programmes initiated by government and enter into a joint business.

5.3.1.3. Government support

South Africans seemed to depend more on government support than immigrants. Immigrant entrepreneurs must throw their weight in with government strategies to provide skills training in order to expand entrepreneurial skills training to ensure an extended reach of entrepreneurial skills development and implementation. This would ensure that a new business opportunity is more leveraged and its value will match the needs of the wider public. The key is that government must understand that individual skills influence business, whether they belong to potential entrepreneurs or employees. Therefore, immigrant entrepreneurs and government need to develop an

understanding of the psychology, personal, social and cultural characteristics that can influence local citizens' decisions about entrepreneurship. The South African government should consider making it mandatory for immigrant entrepreneurs to collaborate with locals in SMME businesses in order to promote entrepreneurship among South Africans.

5.3.2. Recommendations for practice

Entrepreneurship development programmes should not only be implemented in schools or at tertiary level, but must be available to everyone, including those without qualifications, with the purpose of creating employment, bringing about poverty alleviation and strengthening economic growth.

Since a business permit, safety, and a loan were the most mentioned needs of immigrant entrepreneurs for effective transfer of entrepreneurial skills, local citizens and government need to integrate these requests and use training programmes and activities to develop entrepreneurial skills through collaboration. The seamless integration of collaboration would be a great help in assisting immigrants with what they need to grow their business, and in that way local entrepreneurs also will be able to receive training of high quality.

One effective way of countering negative comments about immigrant entrepreneurs is to liaise with the foreign government (the immigrant's home country), so that they give correct, complete and reliable information about the positive and negative effects of collaborating with the individual employers. This might reduce the negative perceptions generated about immigrant entrepreneurs. This would ensure that immigrant entrepreneurs formulate more flexible business relationships with local citizens through collaboration on entrepreneurship skills development programmes initiated by government and enter into a joint business. In that way the business will be registered and pay taxes that will contribute to economic growth and the alleviation of unemployment.

5.3.3. Implications for future research

This study was aimed at assessing the level of the contribution of immigrants to employment creation and the improvement of local citizens' entrepreneurial skills with the help of immigrants' skills, knowledge and experience, to improve the sustainability of businesses operating in the 21st century. However, the study was limited to immigrant entrepreneurs and local citizens located in Mangaung, particularly Bloemfontein, in the Free State province. Future studies therefore might look into a diverse population comprising various employers who promote entrepreneurship via different business environments like social media platforms, universities and colleges looking at the training programmes offered.

Though the study summarised demographic characteristics of participants quantitatively, the major part of the study was purely qualitative. Future studies may combine the qualitative stance adopted in this study with quantitative elements in one study (i.e. a mixed-methods approach). This would ensure that the representation of diverse socio-economic and cultural groups and the nature of relationships between variables are voiced, as well as the development of an in-depth understanding of the complex issues of entrepreneurship and their influence.

The findings show that participants are of the view that immigrants have infiltrated the market, especially the retail industry, and that immigrants do not create employment, as well as that they do not transfer skills, as one would have expected. However, the local citizen respondents pointed out that immigrants provide employment with an expectation to gain potential legal support. The continual operation of the businesses, despite their defects, demonstrates that more benefits are gained from the operation of the businesses owned by immigrants, not only for their employees but also for South Africans (customers) in general, who purchase at a lower price. Such benefits of these businesses need further exploration across different towns/provinces with different demographic profiles.

Furthermore, future researchers may compare traditional businesses with virtual businesses to establish which have the greater influence on local citizens' entrepreneurial skills development.

5.4. LIMITATIONS OF THE STUDY

Data were collected just after the attacks on or looting of foreigners' businesses, and as such it was very difficult to convince respondents to agree to schedule the interviews and that the purpose was to collect data for academic purposes and not for media reports. The researcher had to explain the purpose of the interview persistently to the respondents to gain their trust and cooperation. This meant that the researcher was expected to always be ready to conduct the interview immediately when a participant agreed to do the interview. The researcher also was always prepared to clarify any questions a respondent considered ambiguous. With the assistance of a research assistant who is from Ghana the researcher achieved to conduct all the interviews without any problems that affected the process.

This study was conducted using selected immigrant businesses in Bloemfontein and local citizens working for immigrants. This implies that the extent of generalisation of this case study-based research is limited. However, the credibility and dependability of the results are founded on the systematic rigour and depth of the analysis. For future research it would be useful to extend the research to the rest of the MMM and also to rural areas.

This qualitative study concentrated on developing an in-depth understanding of the phenomenon under study at the cost of developing wide knowledge. Each research approach has its own strengths and the power of qualitative research lies in its capacity to tap into the inter-subjective nature of knowledge by allowing researchers to participate in deep conversations with their own experiences and those of others on the phenomenon, in this case, small businesses (SMMEs).

Given the need to learn more about the views of local citizens on immigrants' contribution to employment creation and entrepreneurship development, immigrant

entrepreneurs and local citizens working in Bloemfontein were considered ideal for the study compared when to other settings. The choice of this city in the MMM was important as these immigrant entrepreneurs and local citizens were more motivated to work in Bloemfontein due to opportunities in and around the area; however, this resulted in the views of other immigrant entrepreneurs and local citizens from other towns were not included in the study. While the inclusion of other towns such as Botshabelo, and Thaba 'Nchu would have made the study more complete, the researcher was watchful of information overload that would arise from considering too large number of immigrant entrepreneurs and local citizens from various towns. It was for this reason that the study was limited to one town which is Bloemfontein.

Convenience sampling meant that the researcher also could not consider immigrant entrepreneurs and local citizens from Botshabelo, Thaba 'Nchu and other towns due to time and financial constraints. The researcher is a part-time lecturer in the Office for Management and Technology of the Department of Business Support Studies. As a result, the limitation could not be addressed as it was beyond the researcher's control.

5.5. CONCLUDING REMARKS

This chapter concluded the research report on the study of the contribution of immigrant entrepreneurs on employment creation and entrepreneurship development of local citizens. The study was a case study of selected immigrant entrepreneurs and local citizens working in Bloemfontein, Free State. The study reached a conclusion based on a literature review, findings of the empirical study and recommendations for policy and practice, as well as implications for future research. In general, the conclusion is that immigrant entrepreneurs understand the challenge faced by the country and the significance of entrepreneurship development among South African citizens to alleviate unemployment. Therefore, it is recommended that immigrants' entrepreneurial skills, knowledge and experience be integrated into government programmes and brought to local citizens via different platforms like social media, universities and colleges.

Evidence from the results provided in Chapter 4 suggests that while positive feedback about entrepreneurship development creates possibilities for increased employment, negative feedback scares local citizens and immigrant entrepreneurs from collaborating due to a lack of trust and unfavourable policies. Actual and effective collaboration is influenced by various factors ranging from trust, finances, government policies and infrastructures. Government should by all means accommodate immigrants' opinions as it would greatly impact and benefit their state of economy, as entrepreneurship (SMME) is developing and changing the statistics for unemployment and economy.

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ANNEXURE A

Title: Assessing immigrant entrepreneurs 'contribution to employment creation and entrepreneurship development: case study of small retailers in Mangaung

Permission to conduct the study with immigrant's entrepreneurs in Mangaung Metropolitan municipality (smme's).

Re: letter requesting permission for a master's research study to be conducted at immigrants businesses.

I am Lebohang Yvonne Molo. I'm a Master Student in Business Administration at Central University of Technology (CUT) Bloemfontein. I am conducting an interview on the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development, the case of small retail businesses in Mangaung metropolitan area. I am supervised by Dr Lentswe Mosweunyane and Prof Crispen Chipunza, who can be contacted on the following contact details:

Dr Lentswe Mosweunyane (Main supervisor): 051 507 3957 / 078 318 8022 or lmosweunyane@cut.ac.za

Prof Crispen Chipunza (co-supervisor). 051 507 3218 / 061 138 7325 or ccrispen@cut.ac.za

At this phase, I am conducting my field work on this topic and I would be very happy if you take time to complete this interview. Your participation in this interview is voluntary and your responses are confidential. The results of this interview will be reported in a comprehensive form to ensure your anonymity. The interviews will assist to acquire an in-depth and extensive understanding of the issues under study by means of their textual interpretation and what could be added to promote effective entrepreneurial development collaboration. This interview will take about 15-20 minutes to complete.

I will be very grateful if you would answer all the questions of the interview as honestly as possible.

ANNEXURE B

COVER LETTER AND INTERVIEW GUIDE

INTERVIEW GUIDE: Title: Assessing immigrant entrepreneurs 'contribution to employment creation and entrepreneurship development: case study of small retailers in Mangaung

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I will be very grateful if you would answer all the questions of the interview as honestly as possible.

SECTION A: Demographic Data (Employees)

1. Gender

1 Female	2 Male
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2. Age Group

1 Below 20 yrs.	2 20-29 yrs.	3 30-39 yrs.	4 40-50 yrs.	5 Above 50 yrs.
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3. What is your home language?

1 English	2 Afrikaans	3 Sesotho	4 IsiZulu	5 IsiXhosa	6 Other language (Specify) _____
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4. What is your nationality?

1 South African	2 Zimbabwean	3 Mosotho	4 Nigerian	6 Other language (Specify) _____
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5. Which one of the following is your highest qualification?

1 None	2 Primary schooling	3 Matric & below	4 TVET Or equivalent	5 University Degree/ Diploma	6 Postgraduate
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6. Do you have an experience of the work that you are performing?

1 Yes	2 No	3 If :Yes, (Specify) _____
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7. What is your current level of occupation?

1 Top level	2 Middle level	3 Lower level
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8. What is your role in the business activities?

1 Manager	2 Cashier	3 Stock controller	Other (specify) _____
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9. How long have you been working in this business?

1 Below year	1 1-5 years	2 6-10 years	3 11-15 years	4 Over 15 years
-----------------	----------------	-----------------	------------------	--------------------

10. What is your salary per month?

1 Below 1000	2 1 500-3000	3 3 500-5000	4 Over 6000
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Section B: The contribution of immigrant entrepreneurs to employment creation among South African citizens in Mangaung Metropolitan Area.

Question 11: What is your general view/perception on immigrant entrepreneurs in Mangaung? Elaborate your answer.

Question 12: From your personal perspective, do you think immigrants contribute towards employment creation in Mangaung area? Elaborate your answer.

Question 13: Does your employer hire more local citizens or immigrants? Why is it so?

Question 14: What kind of work do you think is mostly offered by immigrants (Employer) to local citizens, and why do you think so?

Question 15: Is your salary equivalent to the job/work you are performing? Why is it so?

SECTION C: Entrepreneurship Knowledge provided by immigrant entrepreneurs to local citizens in Mangaung Metropolitan Area.

Question 16: What knowledge do you use when doing your daily tasks or duties in this business?

Question 17: What knowledge do you further need to effectively do your work in this business?

Question 18: For someone to do what you do in this business, what knowledge do they need?

Question 19: Does your employer develop you in acquiring the knowledge that you do not have to better improve your performance? If yes or no, why?

Question 20: What knowledge did you acquire since you started working in this business?

Question 20a: Based on the above answer, do you think you now have enough knowledge of business?

Question 21: As an employee, what have you learnt that motivates you to better improve your knowledge of the business? Elaborate your answer

Question 22: From the knowledge and experience you gained, do you think you are able to run a successful business? If yes or no, why?

SECTION D: The entrepreneurial skills transfer to South African citizens by immigrant entrepreneurs in Mangaung metropolitan area

Question 23: Did you receive any form of training from your employer? If yes, what was the training for?

Question 23a: If not, what is the reason?

Question 24: What skill did you learn from the training you attended?

Question 25: Does your employer train you to be a good employee or to be an entrepreneur? Elaborate your answer.

Question 26: Do you think immigrants who own businesses in South Africa are transferring skills and knowledge to develop entrepreneurial skills of SA citizens?

Question 26a: What needs to be done to ensure that the entrepreneurial skills and knowledge that immigrants have are transferred successfully to South Africa citizens?

Question 27: Would you say the skills that you have acquired in your current employment can help you to run your own business? Elaborate your answer.

I really appreciate your assistance.

THANK YOU.

Title: Assessing immigrant entrepreneurs 'contribution to employment creation and entrepreneurship development: case study of small retailers in Mangaung.

I am Lebohang Yvonne Moloi. I'm a Master Student in Business Administration at Central University of Technology (CUT) Bloemfontein. I am conducting an interview on the contribution of immigrant entrepreneurs to employment creation and entrepreneurship development, the case of small retail businesses in Mangaung metropolitan area. I am supervised by Dr Lentswe Mosweunyane and Prof Crispen Chipunza, who can be contacted on the following contact details:

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I will be very grateful if you would answer all the questions of the interview as honestly as possible.

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1. Gender

1 Female	2 Male
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1 Below 20 yrs.	2 20-29 yrs.	3 30-39 yrs.	4 40-50 yrs.	5 Above 50 yrs.
--------------------	-----------------	-----------------	-----------------	--------------------

3. What is your Home language?

1 English	2 Afrikaans	3 Sesotho	4 IsiZulu	5 IsiXhosa	6 Other language (Specify) _____
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4. What is your Nationality?

1 South African	2 Zimbabwean	3 Mosotho	4 Nigerian	6 Other language (Specify) _____
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5. Which one of the following is your highest qualification?

1 None	2 Primary schooling	3 Matric & below	4 TVET Or equivalent	5 University Degree/ Diploma	6 Postgraduate
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6. Do you have an experience of the work that you are performing?

1 None	2 Yes	3 No	4 If: Yes, (Specify) _____
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7. What is your role in the business activities?

1 Owner	2 Owner/Manager	3 Other (specify) _____
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8. How long have you been in this business?

1 Below 1 year	2 1-5 years	3 6-10 years	4 11-15 years	5 Over 15 years
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9. How much profit do you make per month?

1 Below 5 500	2 10 000- 10 500	3 15 000- 15 500	4 Over 20 000
---------------------	------------------------	------------------------	---------------------

10. How many employees do you have in your business?

1 1-2	2 2-4	3 4-5	4 Over 5
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SECTION B: Forms of support the SA government provides to immigrants towards development of citizen's entrepreneurial Knowledge and transfer of skills.

Question 11: Which training programs provided by SA government have you attended to assist you in growing your business as an immigrant?

Question 12: Which training programs do you think are needed in SA to assist you in growing your business as immigrants?

Question: 13: Based on the above answer, how has the training program benefitted or help to develop you and your employees (SA citizens)?

Question 14: What kind of support do you receive from the South African government (e.g. Finances)? Elaborate your answer.

Question 15: If not, what are the reasons?

Question 16: What kind of a support would you like to receive from the government as immigrant? Elaborate your answer.

Question 17: If given the support by government, would you provide skills training (e.g. Entrepreneurial skills) for SA citizens? How so?

Question 18: Which skills can you provide to South African citizens for them to be successful entrepreneurs?

Question 19: Do you develop your employees to become entrepreneurs? If yes, how do you develop them?

Question 19a: If not, what are the reasons?

Question 20: Do you transfer skills to South African citizens? If yes, how do you do it?

Question 20a: If your answer is no, what are the reasons?

Question 21: If given the support by government how would you deal with all the barriers to effective transfer of necessary skills?

I really appreciate your assistance.

THANK YOU.