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The Impact of Intra-Continental Migration in Africa

Interrogating the Economic Dynamics of African Migrants in South Africa

The movement of people across geographies in pursuit of socio-economic values is as old as man. It is well documented in literature that a series of migrations took place across the globe during the Stone Age era, a situation that has continued ever since. While international migration is a socio-economic commonplace, the recent realism has been galvanised by the further integration and interdependence of countries, as precipitated by globalisation. There are a lot of contestations about the accurate account of the flow and stock of migrants globally. Despite these inaccuracies, the economic implication of migrants across Africa, and more specifically in South Africa (being the most appealing destination to many African migrants), is of special interest in this research.

Rafiu Adewale Aregbeshola

Rafiu Adewale Aregbeshola is a Lecturer in International Business at the University of South Africa (UNISA), Pretoria, South Africa.

Introduction

Migration is a natural phenomenon. McNeill (1998, 217) places migration in evolutionary but historical perspectives:

[R]esulting differences among human communities perhaps arose primarily through innumerable ingenious adjustments to differences of climate and landscape. Assuredly, these adjustments allowed our ancestors to spread across the face of the Earth as a dominant species and to thrive in temperate and even Arctic climates that were very different indeed from the tropical conditions of the African savanna where humans initially evolved.

The movement of people from one place to the other is seen as a vehicle that drives human modernity (McNeill 1978; Gardner and Osella 2003; Lo 2008). The most significant early migration of people took place in the late 16th century as a result of the sporadic change in Europe's economic and military circumstances (Held, McGrew, Goldblatt and Perraton 1999). This period was characterised by the expansion of capitalism and joist for political powers among the elites, while the skilled and rural poor migrated

to cities in search of work ([McNeill 1998](#)). The transatlantic migration that began in the mid-19th century was a direct consequence of the naked violence of the Europeans to source the most needed farm workers and factory workforces shortly after World War II (mostly from their past colonies) in order to fuel their economic recovery and growth ([Nayyar 2006](#)). The first set of African migrants to the US and Europe were either victims of forced migration or misinformed casual labourers that mined the earth crust in search of gold, or constructed the railroads and other infrastructural facilities ([Sassen 1988](#); [Nayyar 2006](#)), all of which galvanised these regions' unsurpassed economic prowess.

The recent dynamics of migration is more of a direct corollary of the processes of global modernisation ([Gardner and Osella 2003](#); [Haywood 2008](#)). Nowadays, the movement of people across international borders has reminisces of global economic, political and social integration that are in themselves commingled by the civility of modernisation – the cardinal of modernity. The complexity of the process of migration and its antecedent management by relevant authorities brings about the twin aisles of costs and benefits.

Evidence suggests that international migration is associated with noticeable social, political and economic challenges, not only on the part of the migrants, but also the authorities of the sending and receiving countries. Some of the migration issues that have dominated research interests of late tilts towards the flow and stock of immigrants, immigration practices and processes, the proceeds of migration – remittance – as well as the employment/working conditions of immigrants in the host country ([Gardner and Osella 2003](#); [Pieterse 2003](#); [Hardy 2009](#)). While the searchlight continues to illuminate the contributions of migrants in

changing the global socio-economic and political landscapes in affected countries, little consideration has been given to the specific entrepreneurial contribution of migrants, especially in Africa. This research intends to bridge that gap by examining the entrepreneurial activity of intra-African migration, specifically in South Africa.

Notable among recent efforts to document the economic contribution of migrants was the work of [Crush and McDonald \(2002\)](#), although their contributions in this regard appear to be more transnational than country-specific. Another shortfall of their work rests in their sample size. According to these authors, their sample size was based on “a series of case studies based on small sample surveys, or, in some cases, comprehensive interviews of officials and other main actors,” which they reckoned to be a quantitative flaw ([Crush and McDonald 2004](#), 137). The work done by [Maharaj \(2004, 2\)](#) should have also contributed to a body of knowledge in this regard, but it drew “generously from the surveys conducted by the South African Migration Project,” the research conducted by [Crush and McDonald \(2002\)](#), replicating the limitations of the earlier research. Also noticeable in this regard was the research conducted by [Nwajiuba, Uwadoka and Onyeneke \(2009\)](#). The limitation of this research also centred around its sample size, and the focus of the research on West African entrepreneurs in Lagos alone, a city in Nigeria that accounts for less than 6% of the country's population. This research intends to bridge the gaps identified in the earlier studies by being more representative and by focusing on a larger sample size.

Of specific importance in this research is the economic activity of migrants, specifically in South Africa. Evidence abounds on the entrepreneurial contributions of immigrants in the receiving countries ([Tseng 2000](#); [Pieterse 2003](#);

Beauchemin and Bocquier 2004; Malecki and Ewers 2007). Given that migration is in itself a critical motor of change that manifests through human courage and resourcefulness (McNeill 1998; Dean, Douglas and Shanley 2000), and that entrepreneurship develops through innovative courage and resourcefulness, it logically follows that a bonding-spring subsists between migration and entrepreneurship (Richmond 2002; Cohen 2006). Entrepreneurship activities of immigrants claim a prominent position in the economic dynamism of many countries (Portes and Sensenbrenner 1993; Owusu 2000; Tseng 2000), irrespective of the levels of their socio-economic or political developments.

The economic dynamics of migrants

The thundering storms of globalisation have pioneered a renewed spate of migration across the world. There is almost no country or region of the world that does not promote migration – either by importing or by exporting human capital (Held *et al.*, 1999). Opinions vary on the causes and processes of migration. Migration is not necessarily the result of a positive choice; it may be spouted by exogenous push factors beyond an individual's control (Putnam 1993; Collins, 2008). While institutional failures have been criticised for most of the forced migrations (Roy 1999; Castles 2003; Nayyer 2006), the same cause has been observed to have contributed to voluntary migration (Owusu 2000; Riccio 2001; Silvey 2004; Nwajiuba, Uwadoka and Onyeneke 2009), except in the unique case of expatriate migration.

Irrespective of the reason behind migration, the decision to migrate is, in itself, a complex one. The hallmark of this decision is fogged by the ambiguity of either to move into a strange but more promising society with all

its associated uncertainties, or to remain in the disconcerting habitation with the assurance of family support and kinship (Gardner and Osella 2003). This decision is further complicated by the desire of migrants to transform themselves and their family, and to attain elite status at home (Castles 2003; Malecki and Ewers 2007). This cognitive dissonance is nested in the modernisation theory in which the disruption of previously embedded family arrangements is juxtaposed against an embracement of modern value systems and practices by a previously conservative rural population (the sending community) (McNeill 1998; Gardner and Osella 2003; Levie 2007; Taylor, Singh and Booth 2007). In essence, one of the prominent challenges of migrating is the loss of consorted family ties and its embedded invaluable communal bliss for which the alluring migration escapades cannot adequately recompense. This emotional embayment is further enervated by the double suspicion liturgy, which enclaves any possible symbiotic affection between the immigrant and the host nationals, albeit tempo-permanent (as the case may be).

The paradox of immigration management is complicated by the double standard postures of many countries that precipitate a double barrel approach, as applied largely by various nations (Richmond 2002; Castles 2004; Cohen 2006). This multifaceted tension exists between the global liberal goals of human mobility as an aspect of freedom, as entrenched in the Universal Declaration of Human Rights (essentially, Article 13) and the hegemony of restrictions and controls in the name of state security. The asymmetry between the neoliberal ideology of globalisation of capital and selective restriction of the movement of labour across international borders is one of the prominent contradictions of the recent global economic agenda. For instance, countries on the one hand are erecting

stringent administrative restrictions against illegal immigration, while at the same time relaxing rules and policies to effectuate the deportation of same class of immigrants, should the need arise.

On the other hand, they are relaxing laws and policies to attract as much skilled and entrepreneurial migrants as possible, while slinging the integration of these immigrants into the attracting society with regulatory endorsement ([Janine](#) and Ghoshal 1998; Haywood 2008; [Collins](#) 2008). While the former is applied to forestall influx of illegal immigrants who are perceived to constitute an economic burden on the host countries, the latter is applied as an economic strategy to achieve the targeted growth trajectory ([Gardner and Osella](#) 2003; Campbell 2009; Martin 2009).

The entrepreneurial activities of immigrants are embedded in the process of migration itself, and the unique attributes of migrants. Evidence suggests that migrants are unusually energetic, ambivalence tolerant, and positively disposed towards risks (Putnam 1993; [Owusu](#) 2000; Richardson *et al.* 2002). These unparalleled qualities are arguably the very special attributes required to succeed as an entrepreneur. It has even been argued that the process of emigrating is equivalent to an entrepreneurial process ([Collins](#) 2008). This may explain why a good number of migrants, especially the unskilled or semi-skilled classes, engage in entrepreneurial activities at some point in time, in the course of their sojourn. The grandness of the economic activities of migrants has been argued to be of immense importance to the receiving country, as they benefit from skilled and entrepreneurial activities of immigrants.

Research suggests that countries that are open to immigrants tend to have more people, more workers and larger economies (Martin, [Loeffelholz and Straubhaar](#) 2002). This is so

because immigrants expand the tax base of the attracting country, create new opportunities and jobs, create a linkage between the attracting country and global markets, and pass on their skills to local people (Bernstein 2009). For example, immigrants added a net of US\$1 billion to US\$10 billion per year to U.S. GDP in the mid-1990s (Martin, [Loeffelholz and Straubhaar](#), 2002). Of recent, each immigrant to the USA is estimated to add about \$80 000 to public finances; this figure rises to \$200 000 if the immigrant in question has a college education (Martin 2009, 5).

The entrepreneurial activity of immigrants in the UK was significantly noticeable. Evidence suggests that immigrants appear to be more entrepreneurial than locals ([Levie](#) 2007). The same can be said in the USA and Canada where entrepreneurial activity of immigrants has been observed to contribute substantially to domestic employment ([Pieterse](#) 2003). In the 2008 Global Entrepreneurship Monitor report, it was found that the immigrant class in the USA showed more business start-ups than native-born Caucasians and African-Americans (GEM 2008). [According to Collins](#) (2008, 49), “immigrant enterprises, mainly small businesses, generate significant economic growth, employment opportunities and import-export activity across a broad range of industries in Australia.” The same sentiment is shared by Rogerson (1998) in his study of immigrant enterprises in Johannesburg, South Africa. The findings of a similar research that centres on West African immigrants in Lagos, Nigeria came up with similar conclusions ([Nwajiuba, Uwadoka, and Onyeneke](#) 2009).

However, it is not uncommon to observe that public authorities are sometimes negatively disposed towards small businesses, irrespective of the residential status of the owner. Some of the reasons alluded to the paucity of small business, include tax evasion and documentary

irregularities (Beauchemin and Bocquire 2004). Despite these odds, the contribution of this informal sector to economic development is noticeable. This sector absorbs surplus labour, thereby providing a safety net for unemployment in the face of economic recess (Becker, Hamer and Morrison 1994). It also empowers human creativity and innovativeness, thereby reducing household poverty (Douglas 1988). As such, the economic importance of entrepreneurial activities of intracontinental migrants, be it formal or informal, cannot be over emphasised.

Choosing to be an entrepreneur (immigrant)

Business enterprises are generally inundated by a series of challenges, irrespective of the nativity of their proprietors. Prominent among the challenges that influence the performance of business ventures are human capital, social capital of the entrepreneur, founding processes, and environmental conditions (Janine and Ghoshal 1998; Dean, Douglas and Shanley 2000; Sequiera and Abdul 2006). On the human capital front, many theories have been propounded to explain why immigrants would prefer to start a business instead of seeking formal employment. Prominent among these theories is the theory of the disadvantaged worker (Light 1979; Cain 1976). This theory contends that immigrants may embrace self-employment as a desperate alternative to find an independent means of livelihood, giving their limitations to be absorbed into formal job-stream in the host country – “survivalist entrepreneurs” (Light and Rosenstein 1995).

Some of the reasons for inadmissibility of this group of people to the formal job-streams include the discrepancy in the rating of the immigrants’ certificates as compared to the local standards; and the issue of being ‘foreign’ is also

a factor. This set of entrepreneurs is sometimes regarded as displaced, uncomfortable entrepreneurs (Shapero 1975). Evidence abounds in support of this theory as immigrants are largely less successful in job-hunting as compared to indigenes (Boyd 2000; Basu and Altinay 2002; Levie 2007). From Australian experience, only 58% of the independent immigrants who arrived in the country around 2000 could use their qualifications for gainful employment at all times in the labour market (Ricchio 2001; Richardson *et al.* 2002). In almost half of the cases, the qualification previously obtained before immigrating to Australia did not have a strong impact on employment prospects or earning of the immigrants in the labour market (Mahmud, Alam and Hartel 2008). This may arguably precipitate ‘survival entrepreneurship’.

The impact of social capital manifests in the ability of migrants to mobilise the needed resources to capitalise on available business opportunities in the receiving country. This barrier is mostly broken by the availability of social network to the immigrant. According to Putman (1993, 67), social network is regarded as “features of social organisation such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefits.” The level of connexion and the strength of same that subsists between immigrants and their folks in the host country may determine possible support that is accessible to the immigrant in order to garner the needed resources for entrepreneurial purposes. The impact of social capital in this regard has been observed to be strong (Owusu 2000; Pieterse 2003).

Without looking at the heavy bagginess of social capital as a concept, the practical application of its intrinsic elements in the world of immigrant entrepreneur is of substance. Social capital is instrumental within a capitalist framework (Coleman, 1988), irrespective of the

residential status of the entrepreneur. It is an essential ingredient that engenders particularistic loyalties, trust and thereby lower possible transaction costs in business relationships (Pieterse 2003). This author further contends that the strong supremacy of social control in ethnic settings translates into lower costs of enforcing defaults or any forms of breach in contractual agreements. This kind of social arrangement, which is based on ethnic affiliation and kinship, strengthens geographical/location clustering of immigrants' entrepreneurialships in urban areas (Levie 2007). This kind of arrangement further provides financial safety nets, social protection as well as a sense of belonging to the 'newly arrived' immigrants.

Furthermore, environmental condition appears to be broad and multifaceted. However, some of the conspicuous measurable indicators of environmental conditions include the attitude and acceptability of the receiving community, available business/employment opportunities, rules and regulations, and the general socio-cultural environment that regulates immigration in the host community/country (Brandstatter 1996; Boyd 2000). The favourableness of these conditions largely determines the success rate of these entrepreneurialships, as well as their multiplier effects on the local economy (Gardner and Osella 2003). Irrespective of the driving force towards entrepreneurship, the economic importance of immigrants' entrepreneurialships remains consistently prominent. It is thus imperative that authorities create a more congenial environment for immigrants' entrepreneurial growth and development, alongside similar local formations.

Empirical research

This study was conducted in late 2009 in South Africa. As stated earlier, the sample areas were

the City of Tshwane (Pretoria and its suburb), the city of Johannesburg, the city of Cape Town, the city of Durban and Pietermaritzburg. The sample size is informed by the fact that, in 2007, Gauteng contributed 33,5% to the economy of South Africa, followed by KwaZulu-Natal with 16,2% and Western Cape with 14,5% (Statistics S A 2009, 10). This research directs considerable attention to the Gauteng province (Pretoria and Johannesburg) owing to the unique economic importance of this province in the country. According to Statistics South Africa (2006), Gauteng contributes about 60% of the country's revenue and is home to 70% of the country's workforce (Shilowa 2001).

The choice of research area is also underpinned by the rural-urban migration theory, which postulates that immigrants tend to reside in the major cities of the host country, essentially for economic reasons, without trading away their security and safety (Glaeser, Kallal, Scheinkman and Shleifer 1992). More specifically, immigrant entrepreneurial activity is mostly located in urban areas (Levie 2007; GEM 2008; Nwajiuba, Uwadoka, and Onyeneke 2009). While a few entrepreneur migrants live in the rural areas to advance their economic agendas, their safety and security are mostly compromised as they are susceptible to a series of opportunistic antipathy among the locals.

Research methodology

A total of 800 questionnaires were sent out to entrepreneurial migrants from other African countries in the sampled cities between 7 September and 21 November 2009. A snowball approach was used to identify the respondents and to generate the data that was analysed. This approach was considered necessary as it was apparently difficult to differentiate between host

nationals and migrants, especially the migrants from SADC countries. More so, there is no documented evidence that accurately advises on the total number of African immigrants in South Africa, as well as their geographical dispersion. To make the snowball methodology effective, postgraduate students from the sampled regions (other African countries) that study in or around the cities surveyed were identified and commissioned to administer these questionnaires. This method proved very successful as communication barriers were eliminated. Despite its success, a few of the targeted population (especially those in the rural areas) declined to participate for various reasons, while some did not fully complete the questionnaires. A few others collected the questionnaires but did not return them. Some of the respondents (especially those with little/no education – below matric.)¹ were weary of questioning as they have to attend to their customers while responding to the questions raised by the field workers.

Out of the 800 questionnaires that were sent out, a total of 680 were considered usable when received back by the due date. To achieve scientific representation, a computer-based random exercise was conducted, out of which 479 samples were selected. The data collected were analysed using descriptive statistics (such as means, modes and percentages). Correlation analysis was also performed to establish the degree of relationship that exists among the variables tested, such that systematic changes in the value of one variable is measured against the systematic changes in the value of the other variable (Table 1).

Data analysis

The questionnaire used for data collection was divided into two parts, namely parts A and B.

Part A deals with personal information relating to the individual entrepreneur and their business operations, while part B examines the entrepreneurial choices of the migrants, as well as the policy dynamics of the attracting nation. From the sample, 132 respondents were from the Southern African Development Community (SADC) countries, while 347 were from other African countries outside SADC.

Analysis of the first aspect of the data indicates that 33% of the respondents have as little as a matriculation certificate, while 9% bagged either Bachelors or higher Degrees. 10% of the respondents have lived in South Africa for more than ten years, 21% fall in the category of between six and ten years, 33% between three and five years, 25% between one and two years, and 12% have lived in South Africa barely a year. The duration of their stay in the country also supports the duration of their businesses in South Africa, as they start these businesses shortly after arriving in South Africa.

Responses on the employment impacts of these migrants in the host country were mixed. About 48% of the respondents indicate that they operate the business alone; 38% employ about five other people; 8% employ about ten people, and 6% employ more than 11 people. These results correspond to their business rate of turnover as about 9%, indicating that they earn more than R550 000 per annum. This research also examines the entrepreneurial drives of these respondents, and it was found that 53% initially entered South Africa to seek formal employment. This suggests that most of these migrants were 'disadvantaged workers' (Light, 1979; Cain 1976) who were forced to embrace entrepreneurship as an alternative to formal employment. A striking surprise was that the issue of residential permits was not considered by these immigrants before they came to South Africa, as indicated by 62% of respondents.

Table 1 Correlation analysis

Correlations						
		Small/ medium scale business opportunity	Access to formal employment	Business/any other types of residence permit	Reception by the host nationals	Others (specify and rate)
Small/ medium scale business opportunity	Pearson Correlation	1.000	0.024	0.238**	0.107*	– ^a
	Sig. (2-tailed)		0.597	0.000	0.019	–
	Sum of Squares and Cross-products	772.284	20.580	202.356	76.754	0.000
	Covariance	1.616	0.043	0.423	0.161	0.000
	N	479	479	479	479	11
Access to formal employment	Pearson Correlation	0.024	1.000	0.315**	0.285**	– ^a
	Sig. (2-tailed)	0.597	–	0.000	0.000	–
	Sum of Squares and Cross-products	20.580	937.098	295.225	225.232	0.000
	Covariance	0.043	1.960	0.618	0.471	0.000
	N	479	479	479	479	11
Business/any other types of residence permit	Pearson Correlation	0.238**	0.315**	1.000	0.471**	– ^a
	Sig. (2-tailed)	0.000	0.000	–	0.000	–
	Sum of Squares and Cross-products	202.355	295.225	936.944	372.192	0.000
	Covariance	0.423	0.618	1.960	0.779	0.000
	N	479	479	479	479	11
Reception by the host nationals	Pearson Correlation	0.107*	0.285**	0.471**	1.000	– ^a
	Sig. (2-tailed)	0.019	0.000	0.000	–	–
	Sum of Squares and Cross-products	76.754	225.232	372.192	665.420	0.000
	Covariance	0.161	0.471	0.779	1.392	0.000
	N	479	479	479	479	11
Others (specify and rate)	Pearson Correlation	– ^a	– ^a	– ^a	– ^a	– ^a
	Sig. (2-tailed)	–	–	–	–	–
	Sum of Squares and Cross-products	0.000	0.000	0.000	0.000	0.000
	Covariance	0.000	0.000	0.000	0.000	0.000
	N	11	11	11	11	11

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

^a Cannot be computed because at least one of the variables is constant.

Table 2 Conceding the business idea

How did you concede the idea to start this business in South Africa?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Suggested by a home-friend who lives in South Africa	165	34.4	34.4	34.4
	The usual thing that your peers in South Africa do	95	19.8	19.8	54.3
	You have previously done the same business back home	106	22.1	22.1	76.4
	You just try something out	107	22.3	22.3	98.7
	Others (specify	8	1.3	1.3	
	Total	479	100.0	100.0	100.0

Also, 64% of respondents expected the host nationals to be accepting, while only 17% entertained serious concern. Most of these 17% were new entrants. Table 1 reflects the detailed information garnered from the responses.

From Table 1 it is evident that the migrants that entered South Africa for the purpose of starting a business considered the need to obtain relevant permits. Reception by host nationals, essentially to their businesses, was also considered as these variables indicate 1% and 5% levels of significance, respectively. The 1% significance level that was indicated when relevant permits and reception by host nationals was correlated to formal employment indicates that this group of people are inadmissible to the labour market as a result of these variables. The impact of social capital was also tested in Table 2.

Table 2 indicates that more than 34% of the respondents were influenced by their fellow countrymen to start the business they currently do, while previous experience from country of origin and opportunistic investment accounted for 22%, respectively. Peer influence accounted

for 20% and an insignificant few respondents chose more than one option. Table 2 suggests that the economic choice of African immigrant entrepreneurs in South Africa is significantly influenced by their peers in the host country. This buttresses the importance of social capital amongst these respondents. A cross tabulation of some factors was conducted to examine how these respondents generated their take-off capital. The result of this analysis is contained in Table 3.

The effect of social capital appears to be more significant amongst the non-SADC African immigrant entrepreneurs. This is suggested as 33% of non-SADC African immigrant entrepreneurs indicated financial support from their fellow countrymen, as opposed to 8% for the SADC immigrant entrepreneurs. Table 3 further suggests that 20% of African immigrant entrepreneurs from outside SADC arrived in South Africa with investible capital, as opposed to 5% in the case of SADC entrepreneurs. However, both groups of entrepreneurs concurred with the fact that they generated their capital through other jobs previously done in

Table 3 Generating initial capital

How did you generate the capital to start your business in South Africa? *Country of origin Crosstabulation					
		Country of origin			
		SADC countries	Other African countries	Total	
How did you generate the capital to start your business in South Africa?	Personal savings from home country	Count	26	95	121
		% within 'How did you generate the capital to start your business in South Africa?'	21.5%	78.5%	100.0%
		% of Total	5.4%	19.8%	25.3%
	Loans from friends/relatives in home country	Count	14	59	73
		% within 'How did you generate the capital to start your business in South Africa?'	19.2%	80.8%	100.0%
		% of Total	2.9%	12.3%	15.2%
	Personal savings from other jobs done in South Africa	Count	57	91	148
		% within 'How did you generate the capital to start your business in South Africa?'	38.5%	61.5%	100.0%
		% of Total	11.9%	19.0%	30.9%
	Loan from friends/relatives in South Africa	Count	31	97	128
		% within 'How did you generate the capital to start your business in South Africa?'	24.2%	75.8%	100.0%
		% of Total	6.5%	20.3%	26.7%
	Other (specify)	Count	2	2	4
		% within 'How did you generate the capital to start your business in South Africa?'	50.0%	50.0%	100.0%
		% of Total	0.4%	0.4%	0.8%
	Personal savings from home country and loans from friends/relatives in South Africa	Count	0	2	2
		% within 'How did you generate the capital to start your business in South Africa?'	0.0%	100.0%	100.0%
		% of Total	0.0%	0.4%	0.4%
	Loans from friends/relatives in home country and personal savings from other jobs done in South Africa	Count	1	1	2
		% within 'How did you generate the capital to start your business in South Africa?'	50.0%	50.0%	100.0%
% of Total		0.2%	0.2%	100.0%	
Personal savings from other jobs done in South Africa and loan from friends/relatives in South Africa	Count	0.2%	0.2%	0.4%	
	% within 'How did you generate the capital to start your business in South Africa?'	1	0	1	
	% of Total	100.0%	0.0%	100.0%	
Total	Count	0.2%	0.0%	0.2%	
	% within 'How did you generate the capital to start your business in South Africa?'	132	347	479	
	% of Total	27.6%	72.4%	100.0%	

Table 4 Possible threats to immigrant entrepreneurs in South Africa

What are the main threats to your business in South Africa?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Security/threats of immigration by most nationals	101	37.8	37.8	37.8
	2 Threat of intimidation by law enforcement agents	75	15.7	15.7	53.4
	3 Communication and other integration barriers	40	8.4	8.4	61.8
	4 Burglar and related insecurities	70	16.3	16.3	78.1
	5 Other (specify and rate)	6	1.0	1.0	79.1
	1, 2 and 3	7	1.5	1.5	80.5
	1, 2 and 4	5	1.0	1.0	81.6
	1,3 and 4	24	5.0	5.0	86.6
	23	2	0.4	0.4	87.1
	24	7	1.5	1.5	88.5
	34	1	0.2	0.2	88.7
	34	16	3.3	3.3	92.1
	123	12	2.5	2.5	94.6
	134	14	2.9	2.9	97.5
	234	1	0.2	0.2	97.7
	1234	11	2.3	2.3	100.0
	Total		479	100.0	100.0

South Africa (12% for SADC and 19% for non-SADC African immigrant entrepreneurs). Some entrepreneurs chose more than one option, but their effect on the analysis was very infinitesimal. Some of the respondents that chose other sources of initial capital acknowledged the financial support they garnered from the Chinese business outfits, while a few others indicated support from government agencies. The possible threats to entrepreneurial activities of this group of people in South Africa were also investigated. The finding is contained in Table 4.

From Table 4, the impact of security/ threats from host nationals was momentous, as

indicated by 38% of the respondents (a cross-sectional analysis of these responses suggests that Pretoria topped the list with 38% of respondents, followed by Johannesburg (28%) and Durban/Pietermaritzburg (22%))². Still, from Table 4, 16% expressed fears about possible intimidation by law enforcement agents, mainly in Johannesburg (49% of respondents), Durban/Pietermaritzburg (24%) and Pretoria (17%). Immigrant entrepreneurs in Cape Town expressed a milder impact of security/threats from the host nationals (5%). The fear of burglar and related insecurities were generally expressed by 16% of respondents (almost in equal

Table 5 Factors to improve livelihood of immigrant entrepreneurs

		Country of origin					
		SADC countries		Other African countries		Total	
		Count	% of Total	Count	% of Total	Count	% of Total
Immigration policy (issuance of residence permits)	Very unimportant	14	2.9%	18	3.8%	32	6.7%
	Unimportant	9	1.9%	38	7.9%	47	9.8%
	Unsure	3	0.6%	7	1.5%	10	2.1%
	Important	31	6.5%	66	13.8%	97	20.3%
	Very important	75	15.7%	218	45.5%	293	61.2%
	Total	132	27.6%	347	72.4%	479	100.0%
Banking regulations (no permit, no bank account)	Very unimportant	6	1.3%	30	6.3%	36	7.5%
	Unimportant	18	3.8%	73	15.2%	91	19.0%
	Unsure	2	0.4%	3	0.6%	5	1.0%
	Important	42	8.8%	98	20.5%	140	29.2%
	Very important	64	13.4%	143	29.9%	207	43.2%
	Total	132	27.6%	347	72.4%	479	100.0%
Education policy (high cost of education)	Very unimportant	30	6.3%	61	12.8%	91	19.0%
	Unimportant	19	4.0%	94	19.7%	113	23.6%
	Unsure	2	0.4%	6	1.3%	8	1.7%
	Important	35	7.3%	56	11.7%	91	19.0%
	Very important	46	9.6%	129	27.0%	175	36.6%
	Total	132	27.6%	347	72.4%	479	100.0%
Public awareness against xenophobia	Very unimportant	5	1.0%	23	4.8%	28	5.8%
	Unimportant	8	1.7%	13	2.7%	21	4.4%
	Unsure	3	0.6%	12	2.5%	15	3.1%
	Important	28	5.8%	66	13.8%	96	19.6%
	Very important	88	18.4%	233	48.6%	321	67.0%
	Total	132	27.6%	347	72.4%	479	100.0%
Other (specify and rate)	Important	0	0.0%	1	12.5%	1	12.5%
	Very important	3	37.5%	4	50.0%	7	87.5%
	Total	3	37.5%	5	62.5%	8	100.0%

proportion). The impact of all these variables, especially 1 and 2, was conspicuous among the respondents that chose more than one option. The possible policy interventions to improve the livelihood of this group of people in South Africa were also investigated. This finding is contained in Table 5.

From Table 5, 23% of respondents from the SADC African countries are of the opinion that improving the immigration policies will positively influence their livelihood in South Africa, as opposed to 60% from other African countries. This should not be surprising as the current immigration laws appear to be more tolerant to the SADC African immigrants than those from other African countries. The issue of banking was also seen as a possible antidote to better living in South Africa, as indicated by 51% of non-SADC African immigrant entrepreneurs as opposed to 22% of SADC migrant respondents. Opinions are divided on the importance of further education among respondents. While 39% of non-SADC immigrants advocated for lower cost of education, only 17% of the SADC immigrant community see this as an issue.

Opinions also vary widely among respondents on the issue of public awareness against xenophobia. While 24% of respondents from SADC countries see xenophobia as an issue, 63% of non-SADC African immigrant entrepreneurs feel very strongly about it. This may be attributed to the scale of their investment as well as other financial commitment, as most of the non-SADC African immigrant entrepreneurs (60%) see themselves as potential South Africans, as opposed to 40% of respondents from the SADC countries. Under the option 'other', some of the respondents are of the opinion that security threats should be ameliorated, while a few also suggested intra-continental linking of bank accounts, with specific reference to Absa and Standard Bank, to facilitate

remittances and other business-related transactions across the continent.

Conclusion

This research examines the business implication of African immigrants in South Africa. It touches on the issue of socio-economic and geopolitical dynamics of this group of people across the world, with specific reference to Africa (South Africa). This research buttresses earlier studies done in this field on the economic importance of migrants to both sending and receiving countries. The unique contributions of this group of people, especially their entrepreneurial activities, are of special interest in this study. This study found that immigrant entrepreneurs from other African countries contribute to employment and flow of capital into the receiving country (in this case, South Africa). The fact that some of these migrants have previous experience in business, coupled with postgraduate degrees, reinforces the thesis of a possible knowledge spill-over between the immigrants and the host nationals. Evidence from the field survey suggests that a few South Africans emulate and practice similar trades as these immigrants, an opportunity that was not tapped before the arrival of these migrants. Conspicuous amongst these trades were beauty parlours, African restaurants, food and costumes.

Also, there is a clear indication that most of these African immigrant entrepreneurs embraced entrepreneurship purely as an alternative to formal employment (disadvantaged workers). Given the current skills shortage in the country, it may be expedient to apply a policy intervention to make this group of people admissible to the labour market. By lowering the cost of education in the country, some

of these immigrants may further develop their business skills, of which the spill-over effects will be beneficent to South Africa. The issue of public awareness against xenophobia as expressed by respondents mainly from Gauteng and KwaZulu-Natal should also be considered. Given the strategic location of these cities, as well as their economic importance to the country, a policy intervention in this regard may be inevitable to attracting and retaining African immigrant entrepreneurs.

Policy intervention to relax the admissibility of this group of entrepreneurship into the capital market is essential. It is evident that this group of entrepreneurs is susceptible to attacks by hoodlums that seek easy cash. Opinions are generally strong that this group of entrepreneurs may become more impervious to xenophobic attacks if they have easier access to bank their money. Their admission to the capital market may also discourage 'pillow-banking', thereby increasing the capitalisation of the capital market. Furthermore, banks with meaningful presence on the African continent, especially Standard Bank, is strongly implored by respondents to augment their technological

capability to enhance integrating personal/business accounts across the continent. An example of MTN's 'no-additional cost' roaming of their cell phone numbers was cited.

In conclusion, the importance of intracontinental migration, especially those with entrepreneurial undertones, should not be underestimated. Necessary policy interventions are required, both from various levels of government, as well as from the corporate institutions, especially banks. Increased public awareness should be created, and necessary skills should be pioneered to promote entrepreneurship in South Africa. The proposed policy initiative should promote entrepreneurship across the board, irrespective of the country of origin, and a communal programme should be developed to bring the entire business communities (immigrants and locals) together. While these interventions may not necessarily attract more immigrant entrepreneurs, they have the potential to further make South Africa attractive to entrepreneurial development, thereby reducing household poverty. These interventions are equally capable of increasing the tax base of the government, as well as the functioning of the capital market.

Notes and References

- 1 This set of respondents were assisted to complete the questionnaires for the sake of accuracy and validity.
- 2 This analysis is not presented in this paper. Author could be consulted for a detailed cross-sectional analysis as the presence of such analyses is considered superfluous in this article.
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