



Somali immigrants and social capital formation: A case study of spaza shops in the Johannesburg township of Cosmo City

by

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Declaration

I declare that **Somali immigrants and social capital formation: A case study of spaza shops in Johannesburg township of Cosmo City** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete reference. I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

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Abstract

The aim of this research is to assess the impact social capital has had on Somali businesses. It argues against the perception that Somali business expertise is derived solely from the principles of economics. It argues that social capital plays a pivotal role in shaping the Somali spirit of entrepreneurship. The role of social capital in the creation of Somali human and financial capital is examined. This thesis, being a qualitative study, used semi-structured, unstructured interviews and direct observation as data collection methods.

Key Terms

Social capital, Somali immigrants, Social networks, Social structures, Norms, Trust, Status gap, Middleman minority, Opportunity structure, Disadvantage thesis, Mixed embeddedness, Spaza shop.

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Table of contents

Declaration.....	i
Abstract.....	ii
Acknowledgements.....	iii
Table of contents.....	iv
List of photographs.....	xiii
List of abbreviations.....	xiii
List of terms.....	xiv
List of figures.....	xiv
List of Maps.....	xiv

Chapter 1.....	1
1.1. Introduction.....	1
1.2. Background to study.....	1
1.3. Rationale of study.....	4
1.4. Research objectives.....	5
1.5. Research questions.....	5
1.6. Overview of thesis.....	5
1.7. Conclusion.....	7
Chapter 2: Literature Review.....	8
2.1. Introduction.....	8
2.2. Origins of the concept of social capital.....	8
2.3. Coleman’s conception of social capital.....	9
2.3.1. The nature of social capital	9
2.3.2. Norms.....	10
2.3.3. Trust.....	10
2.3.4. Networks	11
2.4. Putnam’s conception of social capital.....	13
2.4.1. Definition.....	13
2.4.2. Norms.....	13
2.4.3. Trust.....	14
2.4.4. Social networks.....	15
2.4.1.1. Bonding and bridging networks.....	15
2.5. Bourdieu’s conception of social capital.....	17
2.5.1. Definition.....	17
2.5.2. Different forms of capital.....	18
2.5.3. Relations of three capitals.....	19
2.5.3.1. The field.....	20

2.5.3.2. The habitus.....	20
2.6. Different sources of social capital.....	21
2.6.1. Value introjection.....	21
2.6.2. Bounded solidarity.....	21
2.6.3. Reciprocity transactions.....	22
2.6.4. Enforceable trust.....	22
2.7. Social embeddedness.....	22
2.8. Theories of immigrant entrepreneurs.....	23
2.8.1. Status gap and middlemen minority theory.....	23
2.8.2. Opportunity structure.....	24
2.8.3. The disadvantage thesis.....	25
2.8.4. The mixed embeddedness concept.....	25
2.9. Conclusion.....	26
Chapter 3: The informal economy and immigrants in South Africa: An overview.....	27
3.1. Introduction.....	27
3.2. South Africa: The economic hub of Africa.....	28
3.3. History of migration to South Africa.....	28
3.4. Immigrant entrepreneurs in South Africa.....	29
3.4.1. Profile of immigrant.....	30
3.4.2. Immigrant niches.....	31
3.5. Causes of Immigrant entrepreneursh.....	31
3.5.1. The disadvantage thesis.....	32
3.6. Background history of Somalia.....	33
3.7. Somalis in South Africa.....	34
3.8. Defining the informal economy.....	36
3.9. An overview of the <i>spaza</i> market.....	37
3.9.1 Definition.....	37

3.9.2. The historical nature of the spaza shop.....	37
3.10. Conclusion.....	40
Chapter 4: Research Methodology.....	41
4.1. Research design.....	41
4.2. The qualitative method.....	41
4.3. The case study strategy.....	42
4.4. Sampling	44
4.5. Data collection methods.....	45
4.5.1. Interviews.....	45
4.6. Observation.....	45
4.7. Data analysis.....	46
4.7.1. Categorisation.....	47
4.7.2. Codes.....	47
4.8. Research evaluation.....	47
4.8.1. Validity.....	48
4.8.2. Reliability.....	48
4.8.3. Forms of validity and reliability in qualitative research.....	48
4.9. Ethical considerations.....	50
4.10. Conclusion.....	51
Chapter 5: Race, Identity and Religion among the Somalis.....	52
5.1. Introduction.....	52
5.2. Identity.....	52
5.3. Descent.....	53
5.4. Somalis in Johannesburg.....	54
5.4.1. Somali enclave.....	54
5.5. Bantu Muslims in Johannesburg.....	54
5.6. Somalis in Mayfair.....	55

5.7. Origins of racist attitudes.....	56
5.8. Somali experience.....	57
5.8.1. Routes.....	57
5.8.2. Brokers.....	58
5.9. Xenophobia and violence.....	59
5.10. Religion.....	60
5.11. Disputes resolution.....	62
5.12. Conclusion.....	63
Chapter 7: Cosmo City opportunity structure.....	65
6.1. Introduction.....	65
6.2. Background of Cosmo City.....	65
6.2.1. Location.....	65
6.3. Housing types.....	66
6.4. The social design of Cosmo City.....	66
6.5. Residents associations.....	69
6.6. Influx of backyard dwellers.....	69
6.7. The Cosmo City market.....	72
6.8. Conclusion.....	74
Chapter 7: Somali human capital and business discipline.....	76
7.1. Introduction.....	76
7.2. Cosmo City: a nascent business destination.....	76
7.2.1. Somali traders in Cosmo City.....	76
7.2.2. Bridging networks.....	77
7.2.3. Dealers.....	77
7.2.4. Trading spaces.....	78
7.2.5. Trade contracts.....	78
7.3. Somali human and financial capital.....	80

7.3.1. Trader profile.....	80
7.3.1.1. Participants levels of education.....	80
7.3.1.2. Business skills level.....	81
7.3.1.3. Financial record management	81
7.3.1.4. Prior business experience.....	81
7.3.1.5. Number of years trading in Cosmo City.....	82
7.3.1.6. Age and length of stay in South Africa.....	82
7.3.1.7. Business ownership.....	.83
7.3.1.8. Reasons for going into business.....	83
7.4. Somali discipline.....	84
7.5. Brand Somali.....	85
7.6. Conclusion.....	85
Chapter 8: Somali strategies.....	86
8.1. Introduction.....	86
8.2. Somali middlemen.....	86
8.3. Handling hostile relations.....	86
8.4. <i>Spaza</i> location.....	87
8.5. Shop design.....	88
8.6. Basic amenities.....	88
8.7. Business management.....	88
8.7.1. Hours of operation.....	89
8.7.2. Stocking of goods.....	89
8.7.3. Matching customer demand.....	91
8.7.4. Efficiency.....	91
8.7.5. Variety.....	91
8.7.6. Transportation.....	92
8.7.7. Advertising.....	92

8.7.8. Pricing.....	94
8.7.9. Business profitability.....	94
8.7.10. Credit.....	95
8.7.11. Customer service.....	95
9.7.12.. Local language proficiency.....	95
8.8. Crime.....	96
8.9. Conclusion.....	96
Chapter 9: Somali social capital.....	98
9.1. Introduction.....	98
9.2. Somali organisation.....	98
9.3. The Mayfair enclave.....	99
9.4. The Mayfair economy.....	99
9.5. Mayfair class stratum.....	100
9.6. Normative structures.....	..102
9.7. Social capital in creating <i>spazas</i>104
9.8. Township networks.....	..104
9.8.1. Business information.....	..105
9.9. Townships as start-up places.....	..105
9.10. Financial circulation.....	..105
9.11. International connections.....	105
9.12. Coping with harsh Township life.....	..106
9.13. Sources of start-up capital.....	..107
9.14. Conclusion.....	..107
Chapter 10. Thesis conclusion.....	..109
10.1. Limitations of study.....	..110
List of sources.....	..111

Appendices

Appendix A: Letter of consent.....	118
Appendix B: Interview questions.....	119
Appendix C: Unisa clearance letter.....	122

List of abbreviations

ANC-African National Congress

CBD-Central Business District

DHA-Department of Home Affairs

ENCA-E News Channel Africa

ID-Identity Document

PE-Port Elizabeth

RDP-Reconstruction and Development Programme

SASA-Somali Association of South Africa

SCB-Somali Community Board

SCF-Somali Community Forum

List of photographs

Photograph 1: An inscription at an entrance of a community centre.....	67
Photograph 3: An RDP house in Cosmo City.....	71
Photograph 4: A pamphlet adverting a sale.....	90
Photograph 5: Side of a spaza shop.....	93
Photograph 6: Front of a spaza shop.....	94

List of terms

Brokers-people smugglers who operate from Kenya to Mozambique.

Madrassa-Islamic school.

Mazowe-an orange flavoured drink from Zimbabwe.

Rank-a place where people board taxis.

Skotpola-a name given to a former informal settlement that RDP residents were moved from.

Spaza shop-a convenience grocery shop that serves the poor who can only afford to buy in small quantities. It is usually located in residential areas.

List of figures

Figure 1. Open and closed network.....11

Figure 2. Different forms of capital.....17

Figure 3. Nature of social capital.....18

List of Maps.....66

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ANC-African National Congress

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Chapter 1.

1.1. Introduction

Somali commercial activities in the Townships of South Africa have been the subject of academic and public discourse. Why and how are Somalis such formidable entrepreneurs? What drives Somali success? Who are these Somalis? Why are they stuck in Townships where trade comes along with danger? Whilst there seems to be an agreement that Somalis have vintage business skills, not much focus has been given to the social side of factors that have shaped Somalis' daring spirit of entrepreneurship. Thus far debates have mainly been limited to economics. Since *spaza* trading is heavily contested between immigrants and South African traders, limiting debate to economics has always missed the crucial points. City authorities, academics and the public seem not to grasp the complexities of Somali social and economic affairs which lie outside the discipline of economics. South African policy makers labour under the illusion that Somalis are rogue traders with mischievous business deals. In reality, from the research Somalis hardly prefer dodgy business deals. Focus should be redirected to the social aspects of Somalis in order to understand their commercial creativity.

1.2. Background to study

Immigrant Entrepreneurs are individuals who, as recent arrivals in the country, start a business as a means of economic survival. Because of scarce jobs and legal barriers these immigrants turn to self-employment as a way of survival. The kind of self-employment sectors they usually enter are those of a highly liquid nature with low barriers to entry and usually involving some kind of trade (Chaganti and Greene 2002:126). According to Butler and Greene (in Chaganti and Greene 2002:126) immigrant entrepreneurs have networks linking migrants, former migrants, and non-migrants with a common origin and destination.

Immigrant entrepreneurship studies have only recently emerged in South Africa. It is also now that South African cities have become immigrant gateways for African migrants, particularly Johannesburg and Cape Town. This is due to socio-economic and political factors that have reshaped South Africa. However, in the United States of America, the United Kingdom, France, Germany and the Netherlands studies on ethnic and immigrant entrepreneurship date back to the late 60s and the early 70s, with a sharp rise in the 80s and 90s (see Aldrich and Reiss's (1970) work on the UK, Aldrich on France (1990), Bonacich's (1973) work on the US, Modell and Bonacich's (1980) work on the US). Ivan Light's (1972) pioneering book titled 'Ethnic Enterprise in America'

gave impetus to studies on ethnic entrepreneurship (Price and Chacko 2009:331). Most of these studies according to Price and Chacko (2009:330) focused on why and how immigrants became entrepreneurs and the impact this had on the economic and social environment of the host country. They were also used to question why there were low self-employment rates among African Americans, since they were also marginalised with bleak chances of formal employment. These searching questions were answered by using the concept of social capital (the use of ethnic resources through kinship ties of trust) and the blocked mobility thesis (the disadvantaging market environment) to account for how and why immigrants became entrepreneurs. Strong bonds of trust generated social capital which they exploited to counter exclusion from the job market. They relied on group members for support.

Portes and Sensenbrenner (1993) and Portes and Mooney (2002) have also focused on the processes and nature of social capital, and how it impacts on immigrant entrepreneurship and community development with profound insights into the nature of immigrant entrepreneurship. The reason they give for their focus is that the immigrant community and their entrepreneurial activities present the clearest picture of social capital activity. Immigrant businesses are perceived to be small, less likely to grow, operate at low margins and face intense competition (Chaganti and Greene 2002:130). As such they are designed not to grow, but simply as survival mechanisms.

Rath and Kloosterman have recently developed the concept of 'mixed embeddedness' to further explain immigrant entrepreneurial activity. It looks at the abstract embeddedness of immigrant entrepreneurs in socio-economic and political institutions (Kloosterman and Rath 2001:190). I will treat this theory in full latter.

Like many immigrants all over the world Somalis have turned to entrepreneurship as a way of making a living. Most of them are involved in township *spaza* shop trading. Somali traders in the townships have managed to transform the nature of *spaza* shop retailing in the townships in a manner never seen before. Coming from a country ravaged by war, famine and civil strife, with little or no human capital, these young men soon took over the *spaza* shop sector from the South African traders.

Contrary to some cases in England, France and Germany, where some ethnic minorities trade in ethnic products targeting the local population, Somalis trade in local products targeting the same South African market. They introduced a new way of *spaza* shopping and marketing. This

transformation has been a subject of debate by academics and ordinary South Africans. On Tuesday, 24 February 2015, on Radio 702 a full show was dedicated to unravelling what the talk show host called the 'business secret' of immigrant retailers. Later in the show, the show host told this anecdote: In the township where I come from there are two shops near each other. One is owned by a South African and the other one is owned by a Pakistani immigrant. One day people came to loot the shop owned by the Pakistani. Fearing for his life, the Pakistani never resisted, but instead kindly asked the mob to queue and take whatever they wanted from the shop and leave the fridges. They did not want to queue but instead they forced themselves into the shop and looted it. After a month the Pakistani came back and opened his shop again. The very same people who had looted his shop came to buy from the same shop again. The question the talk show host later posed was: what is it with immigrant *spaza* shops that people find hard to ignore? The second question was: now that foreign shop owners have left, are South African owned *spazas* thriving? Leaders and experts in the field of Small and Medium Enterprises, made varying contributions. From networks, bulk buying to marketing, all these ideas were explored on radio. The final suggestion was that South Africans also needed to network, share information, buy in bulk and work as hard as immigrants. In other words, South Africans needed to learn business skills. Also the Minister of Small Business Development was quoted in the Business Times column of 1 March 2015 saying foreigners had 'certain underhand business tactics' that they needed to share with South Africans. Unless these immigrants shared their trading secrets with South African traders, it will be hard for them to trade in the township, she said. Writing in the same column Jonathan Crush and Caroline Skinner make an important point, by alluding to the fact that 'there is nothing unique about the strategies of migrant entrepreneurs'. As stated in the introduction, approaching this debate from the economics side, though plausible, is obviously inadequate. The economics driven explanation which emphasises the financial profitability of buying in bulk, marketing and networking is very true. Equally important, particularly in the case of South Africa's foreign shops, are non-economic factors on the supply side. For example, the social environment these men trade in. How have they managed to understand and penetrate their often hostile market? And this is the area that many South African academics and commentators have overlooked. The knowledge gap is surprising. How is it that lowly educated Somalis are successful entrepreneurs? Jonny Steinberg's book 'A Man of Good Hope' is a brilliant epitome of Somali spirit of entrepreneurship. In the book Steinberg wonders how Asad who was cut off from his immediate family at eight years, could be an ambitious entrepreneur? Asad lived in Kenya, Ethiopia and Somalia with only strangers after his mother was

killed and his siblings and father had disappeared. He witnessed 5 of his relatives brutally killed in Somalia and South Africa. To get to South Africa Asad had travelled through 5 different countries, viz. Ethiopia, Kenya, Tanzania, Zambia, Zimbabwe, without travel documents. It is this daring spirit that fascinates Steinberg. How can South Africa, a country far richer than Somalia, have failing entrepreneurs? Bulk buying, networking and marketing are simply things that South Africans with the level of education they have would have copied. South Africans traders bemoan that Somalis have driven them out of business. How can someone from Somalia drive a South African trader out of business? Except for very few South African residents of Cosmo City, many did not even bother to compete with foreign shop traders; they left this sector completely in the hands of foreigners. I am interested in understanding from the sociological perspective the mechanisms that have over the years shaped this unique process of entrepreneurship with a sole focus on the Somalis. What is it that is so hard-to-copy about their trade? Like Steinberg I also wonder where Somalis get this ever alert eye for opportunity. This is the knowledge gap this thesis wants to fill.

1.3. Rationale for study

One wonders why as a new Township, Cosmo City has very few South African owned *spaza* shops. Some South Africans tried a hand in the *spaza* retail business but latter abandoned it. Many did not even try and instead opted for other business sectors. How has this sector become an exclusive domain of immigrants, considering its long history of association with black South Africans? Why has it become so difficult to compete with Somalis?

Studies focusing on African Immigrant entrepreneurs are fairly new in South Africa. Somali success as entrepreneurs has been met with fierce resistance from South African retailers. *Spaza* wars feature prominently in news bulletins. The purpose of this research is to unravel and demystify the trajectories of immigrant traders by using Somalis social capital as a case study. Finally the Somali case serves as an example that investing in the creation of social capital can lead to economic development of a country.

1.4. Research objectives

1. To explore factors that have shaped Somali exclusive solidarity and how this has shaped Somali entrepreneurial activities.
2. Assess how the opportunity structure and group characteristics have influenced Somali entrepreneurial strategy in Cosmo City.
3. Examine strategies used by Somalis to settle, adapt and do business in Cosmo City.
4. Explore and identify the social capital involved in creating Somali business opportunities.

1.5. Research questions

1. What social factors have shaped Somali solidarity?
2. How has being soldiery influenced and capacitated Somali entrepreneurship?
3. What trade strategies have been adopted by the Somalis in response to the Cosmo City opportunity structure?
4. How have Somalis navigated the social and business opportunity of Cosmo City?
5. What kind of social capital do Somalis use in creation of their businesses?

1.6. Overview of thesis

Chapter one introduces and frames the scope of the study. It contextualises the study and provides reasons why the study is necessary. It also gives some background of the study.

Chapter two discusses the theoretical conception of social capital by three main authors: Coleman, Putnam and Bourdieu. It gives reasons why immigrant studies are commonly linked to social capital. It discusses sources of social capital as identified by Portes and Sensenbrenner. It also discusses theories of entrepreneurship in relation to immigrants and gives reasons why immigrants engage in different sectors of the economic.

Chapter three provides a historical overview on migration to South Africa. It gives general data on immigrants population in South Africa and the various economic sectors each population group specialises in. It explores reasons why immigrants are predisposed to self employment. Also discussed is the political and historical background of the Somalis. Focus is also paid to the social and economic organisation of Somalis in South Africa and how this has given them some headway into the South African informal economy. The chapter also discusses the nature of the informal economy in South Africa.

Chapter four deals with study methodology, that is, it outlines the methods used to gather and analyse data for the study. It gives reason and justifies the suitability of each method in data gathering.

Chapter five argues that racial identity, religion, journeys to South Africa and social conditions in South Africa have shaped the economic and social behaviour of the Somalis. Being Somali implies having characteristics central to one's self image. Somaliness entails not only one's colour or hair texture or one's ancestral origins but also living in a culturally particular way: Self pride. These racial features shape and dictate how Somalis should live within the bounded Somali community and the host community. Experiences Somalis encountered while journeying to South Africa came to determine the social relations they have built once in South Africa. For existence they do not rely on their host communities. They sustain themselves as a community. Islam reinforces the spirit of oneness and collectivism. All the experiences and circumstances have unintentionally created a group whose existence and economy is exclusive and inward looking.

Chapter six assesses the opportunity structure of Cosmo City. The question that the chapter answered is: to what extent have migrants been pulled to Cosmo City and what factors were responsible for this. It was argued that Cosmo City is an inclusive Township socially and by design. Full service deliveries have meant a relatively calm social order. It is a Township inclined to inculcate tolerance and acculturation. The Cosmo City open market is uncontested. South Africans have shown some basic tolerance towards migrants.

Chapter seven examines Somali human capital and showed how shrewdly Somalis build trade relations with their host communities. Access to opportunities and markets is through a network of other Somalis and community members. Lack of formal education has not been a barrier to Somali investments in the Townships. Business knowledge is circulated among Somalis. Discipline is culturally learnt. It was argued that through discipline and good business management Somalis now symbolically have full domain over *spaza* business.

Chapter eight shows how strategically and tactfully Somalis traverse the environment they trade in. As middlemen they developed coping and adaptive strategies in managing social and business relations. Through tactful building of a solid customer base in individuals and community Somalis managed to have a consistent and predictable clientele. This helped in the smooth running and sustenance of their businesses.

Chapter nine examines the role of social capital in the creation of the *spaza* industry. Somalis got it right from the start: adequate planning, enough funds to build and stock products and sufficient human capital. It was argued that Somali institutions are endowed with powers to facilitate social and economic productivity. Somali inter-relations span vast areas which easily connects them to opportunity and capital.

Chapter ten is the thesis synthesis. It brings together in summary form what the thesis set out to do, what areas were explored and what was discovered from the data gathered. The thesis set to argue that societal factors were equally important in accounting for Somali success as business men. Focus on Somali success should not purely be on economic matters. Unlike economics, social capital cannot be learnt or legislated. Study limitations are also discussed.

1.7. Conclusion

In this chapter the thrust of what will be the thesis argument has been sketched. This chapter also justified why studies on immigrant entrepreneurship should interest policy makers and the general public. It also offered reasons why social capital should be used to account for immigrant entrepreneurial ventures. Research objectives, questions and chapter overview have also been defined and discussed.

Chapter 2. Literature Review

2.1. Introduction

Immigrant entrepreneurial studies have been grounded on two basic questions: how do immigrants create their businesses? And why are immigrants prone to self-employment? (Price and Chacko 2009:330). In attempting to answer these questions researchers have therefore studied immigrants as victims of external forces who rely on ethnic social capital for their entrepreneurial activities (Jones, Ram and Theodorakopoulos 2010:567). Consequently, two sets of theories have underpinned the immigrant literature for some time: social capital and immigrant entrepreneurship. I shall begin by examining the first set of theories, that is, give an understanding of the nature of social capital. I will then address the second set of theories, namely those dealing with immigrant entrepreneurship. Since this study is about Somali economic activity, I shall discuss my understanding of social capital with reference to Somali traders in Cosmo City.

2.2. Origins of the concept of social capital

Social capital is a recent term in the social sciences. It has existed for less than 30 years, but it has recently gathered momentum in social science discourse and in daily conversations. It is not clear where it exactly originated. However, many authors trace it back to L.J. Hanifan (Gelderblom 2011, Koniordos 2005, Robison and Ritchie 2010, Castiglione, Van Deth and Wolleb 2008, Woolcock 1998 and Halpern 2005). Its use by Hanifan lacked any scientific formula for defining what it is, and how it can be measured and applied in real life situations (Castiglione, Van Deth and Wolleb 2008:2). In other words, it lacked a theoretical identification. Again, as Castiglione, Van Deth and Wolleb (2008:2) show, even its use then was different from what it is today. The first people to give the concept of social capital a systematic scientific treatment were James Coleman (1988) and Pierre Bourdieu (1980/1986) (Portes and Mooney 2002:304). Gelderblom (2011:3) further shows that despite the concept being associated with Hanifan, Norman Whitten had also used the concept of social capital in 1970 in his field study in Newfoundland and Labrador. The components with which it is defined by today were explicit in the formulation of that study. For example, those key components like the collective identity, the resources and the ability to affect economic action. After the ground breaking work of Bourdieu and Coleman, its use and application has been refined and adopted by various disciplines in the field of the social sciences. According to Castiglione, Van Deth and Wolleb (2008:3) its conceptual and analytical development by Coleman and Bourdieu had a major effect on providing a systematic theory of social capital. But still it had not taken off well in academic discourse since its applicability and analysis in broader social situations remained obscure

and underdeveloped. Robert Putnam succeeded in applying the concept of social capital to the analysis of broader social phenomena. His field studies in Northern and Southern Italy showed how socio-political institutions impacted on the economic performance of each region. He also argued that the lack of participation in civic organisations by ordinary Americans negatively affected the political and social nature of their institutions.

Since Bourdieu, Coleman and Putnam were the first to produce an in-depth definition, analysis and application of social capital as a tool to measure social action; I shall broadly frame my understanding of the concept of social capital on their ideas. Gelderblom (2011:10) has called Coleman and Putnam 'social capacity theorists' due to the fact that their theories have a common purpose of understanding how, through social norms, social order is achievable in an individualistic and self-focused world. Following this assertion by Gelderblom, and for logic and ease of analysis I shall first discuss Coleman and then Putnam, as Putnam's ideas are influenced by Coleman. And lastly I will discuss Bourdieu.

2.3. Coleman's conception of social capital

Coleman defined social capital as a variety of different entities having two characteristics in common. a) some aspect of social structure and b) the ability to facilitate certain actions of individuals who are within the structure (Coleman 1988:S98).

2.3.1. *The nature of social capital*

Coleman (1988:S98) points out that social capital is defined by its function (its ability to facilitate action) and it is not a single entity but a variety of different entities (ongoing relations). According to Coleman (1988:S98) the utility of social capital lies in its ability to facilitate the achievement of goals that would be otherwise impossible to achieve. That only individuals who are within a certain structure stand to benefit from social capital, makes social capital a phenomenon about relations between people. It is about ongoing relations of those within a particular structure.

Social capital is a unique form of capital, in that unlike other forms of capital it 'inheres in the structure of relations between actors and among actors' (Coleman 1988:S98). This, as Coleman (1988:S98) elaborates further, makes social capital not a private property, but a public good as it is 'not lodged either in the actors themselves or in physical implements of production'. The structures within which social capital exists have certain attributes, which help in the formation of social capital resources (Coleman 1988:S101-S108). The building of shared obligations, expectations and trustworthiness relies on sharing information within the group. It is within the group that information is available free of charge. However, for social capital to be generated effectively it

needs some monitoring mechanisms or checks and balances. Norms and effective sanctions help maintain desired collective order.

2.3.2. Norms

Because norms carry elements of behaviour they have been used to define social capital. In fact according to Coleman (1988:S104) effective norms are a form of social capital. He further elaborates that, like social capital they inhere in the social structure and are not a property of the social actors. It is the norms that voluntary cooperation is built from. Breaking the norm may risk sanction from group members. Norms as part of the structure of social capital help create stability and co-operation in communities. Social networks are characterised by unwritten rules (norms) some of which have a behavioural component and some an affective component (Halpern 2005:10). For example, norms that encourage respect and good treatment of children and the elderly help build the culture of altruism and caring in the community. On the other hand, for example, affective norms may encourage peace and civility in society through shared responsibilities and obligations. Norms also produce trust.

2.3.3. Trust

Social capital is also defined by trust. Trust according to Charles Tilly (in Gelderblom 2011:8) is a relationship that places “valued outcomes at risk of others’ malfeasance, mistakes or failures”. Dealing with behaviour which is selfish or opportunistic creates instability within the group. However where trust exists, opportunistic behaviour is discouraged. A common example often cited by many authors to show the effects and character of trust is Coleman’s (1988) example of a community of diamond dealers in New York. The business transactions that take place between the networks of diamond dealers are not based on risk and fear among dealers. Instead it is based on trust which allows special favours like being given a variety of stock to choose from at one’s own time. Trust among diamond dealers enhances productivity and capital gains. Transaction costs are reduced and dealers can focus on the actual business of trading and less on monitoring opportunistic behaviour and stringent contractual arrangements (Gelderblom 2011:9).

2.3.4. Networks

According to Robison and Ritchie (2010:112) a network consists of individuals (nodes) and connections (branches) between individuals. The network connection (between nodes and branches) results in the creation of social capital. The connections are built by sharing of information, exchange of resources and other valuables. According to Coleman (1988:S105) once

connections are made their continuation and existence depends on the benefits they generate to individual actors.

Coleman (1988:S105-S108) noted that certain kinds of social structure are more effective than others in facilitating social capital. Since the structural approach to social capital puts emphasis on network mechanisms within the social structure, it is only when the social structure has particular characteristics that social capital can effectively be utilised by its members (Coleman 1988:S117). Coleman called this kind of social structure 'closure of social networks'. This is when every member is accountable to the group and no one can escape group sanction. Once a network is closed and bonded together the strength of its sanctioning powers produces norms of group solidarity. According to Coleman (1988:S105-S107) the fact that closed social networks produce binding group norms results in high rates of cooperation from members. Closed networks are endowed with powers to sanction uncooperative behaviour. For Coleman (1988:S105) lack of closure results in a dysfunctional group with little or no social capital. If the social structure is disconnected and lacks closure, norms and values as sanctioning and facilitating mechanisms fail to achieve their purpose (Gelderblom 2011:12). Group solidarity creates what is commonly referred to as strength in numbers. In this case it might be sharing business information, or giving some mutual help to group members. According to Coleman (1988:S107) the importance of closure of the social structure lies not only in the sustenance of effective norms, but also for the production of trustworthiness of social structures that allow the proliferation of obligations and expectations.

E |

A |

A

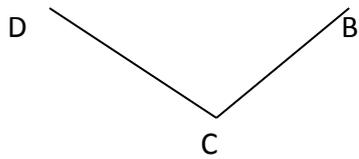


Figure (a)

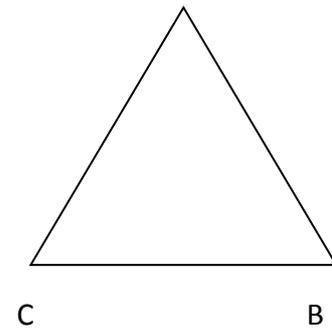


Figure (b)

Figure 1. Source: Coleman 1988:S106 (a) Network without closure and (b) network with closure. Figure *a* represents social relations that lack closure since A cannot be sanctioned by both D, C and E as they are not linked to A, E can only be sanctioned by D and D only by E and C. In such social relations where the structure is open, norms which are the foundation for social relations will be ineffective as a control mechanism.

Figure *b* represents the social network that is closed with A accounting to B and B to C and C to A. Such a structure has effective norms that can sanction negative behaviour as all members are accountable to one another. Punitive measures are a result of a collective, unlike in figure *a* where punitive action can only be effected by some members.

Such a conceptualisation of social capital by Coleman has been criticised by Portes (1998:5) for failing to differentiate between sources of social capital and the resources themselves. In other words according to Portes ignoring the essential component, which is the 'resources' renders the definition of social capital unworkable. Also Portes (1998:5) has criticised Coleman for taking mechanisms that are used to generate social capital as proof of the existence of social capital. For example, belonging within a certain social network does not guarantee the acquisition of resources. That which is 'social' and that which is 'capital' has to be clearly identifiable within the definition. Coleman limited his discussion of social capital to groups and communities. In his article 'Social Capital in the Creation of Human Capital' his entire discussion on social capital is based on the family and the community. As depicted by Coleman, norms produce social bonds rooted in trust which obligate actors to engage in collective and trustworthy behaviour. It is these social norms that control and sanction bad behaviour. It is therefore understandable why at a community level closed networks are most effective, as everyone is accountable to all group members. Can social capital as postulated by Coleman contribute to the success of the Somali immigrant entrepreneurs? Indeed bonds of trust within a community can lead to financial rewards. But also to be taken into account

is that Somalis do not trade among themselves in Johannesburg. Their clients are South Africans and other non-Somali immigrants. It is pertinent to want to know how they have managed to deal with a social order with different norms. How have they penetrated the township market which is beyond the Somali community? Can the same norms which control behaviour in small and close-knit communities be effective in a place where social relations have become less communally dependent as in the townships? Had the Somalis not ventured beyond their group boundaries they would not be successful as they are today. Knowing only members of one's community is not good enough in the modern economy. Building on the ideas of Coleman, Putnam tries to address some of the above questions. Using the same concepts of norms, trust and networks, Putnam applied them beyond the community. Next I discuss Putnam.

2.4. Putnam's concept of social capital

2.4.1. *Definition*

Putnam defined social capital as networks and norms, such as reciprocity and trust that enable collective action (Putnam 1993:167). Norms exist in the form of moral obligations, trust in the form of social values, and social networks in the form of civic associations. Explanations of each of the three are given below.

2.4.2. *Norms*

Since almost on a daily basis we at least have to deal with other people, we have to learn the rules of conduct. From the rules of conduct, norms of moral obligations and reciprocity are developed. While Putnam's understanding of the function of norms is similar to that of Coleman, he however, goes beyond seeing norms as social control mechanisms. According to Putnam, while norms are a form of social control they also in the process develop the 'norm of reciprocity'. This is where Coleman and Putnam differ on their understanding of the function of norms. If I drive my car with courtesy on the road I expect other drivers to do the same to me. In short, I do well to someone hoping that someone will also be kind to me. This norm of reciprocity is what Putnam calls 'generalised reciprocity' (Putnam 2000:21). Generalised reciprocity is defined by Putnam (1993:172) as 'a continuing relationship of exchange that is at any given time unrequited or imbalanced, but that involves mutual expectations that a benefit granted now should be repaid in the future'. With consistent practice, the norm of reciprocity becomes an internalised moral norm. More important it becomes a rule of social exchange. In other words, for example, if one has been given a gift he also has to reciprocate. In this way expectations of reciprocation form the foundation on which social life is build. The norm of generalised reciprocity mitigates selfish behaviour and

builds group or social solidarity. Individuals are expectable to behave in a community or society expected ways. As a norm, generalised reciprocity has the power to drive action. There is little or no monitoring involved in generalised reciprocity, because it is an internalised norm. Individuals generally abide by the rule even though it is not enforceable. The norm becomes an expected way of doing things. Through social interactions the norm of general reciprocity can spread to larger structures of personal relations. Generalised reciprocity leads to generalised trust. As shown by Coleman (1998) and Putnam (1993:172) norms of general reciprocity are more effective in dense networks of social exchange. In dense networks people develop the assurance that they will not be exploited, so they develop trust which is always reciprocated. If norms of generalised reciprocity are more effective in dense networks what works in sparsely networked societies? In a world that has become globalised, where people have to build relations outside circles of family, friends, neighbours and their community: what facilitates the building of such relations? Putnam brings in the component of trust and trustworthiness to account for social relations outside those we are familiar with.

2.4.3. Trust

I once visited a friend in a quiet upper class suburb of Dairnfern: here residents can live their garage doors open when going to the shops. Bicycles are sometimes left outside the garages. The worry of having to keep one's door always locked for fear of criminals seems less. The grass outside residents' houses is well trimmed and no litter is seen in the streets. In contrast, in the RDP section of Cosmo City no one ever lives their belongings outside their houses when they go out. At night all residents pick their washing from the lines. Backyard dwellers lock their rooms when they go out. Streets are littered with garbage. Radios are always opened loud. Vendors are all over the place. Each individual does what he likes without fear of being reprimanded or shunned by the community. These two contrasting situations speak directly to the kind of social order each place has. Why it is in Dairnfern there is social order, while in Cosmo City there is less? In Cosmo City residents simply do not care. There is also a lack of trust among residents. In Putnam's terms they have not inherited enough stocks of social capital in the form of norms of reciprocity which produce trust. Putnam (1993) argued that social trust arises from norms of reciprocity. Residents of Dairnfern have developed norms of reciprocity which have led to networks of mutual trust. They trust in the trust of others that obligations of goodwill will be carried out by the community. If reciprocity is practised over and over again it creates habits and a reputation for trustworthiness. In *Making Democracy Work* Putnam argued that habits of trustworthiness are more effective in societies with dense networks

of civic engagement. By civic engagements he meant memberships in neighbourhood associations and sports clubs. It is by belonging to such associations that a reputation for trustworthiness is made. Trustworthiness reputations are then transmitted in the network by virtue of the transitivity of trust (Putnam 2000:173). However, trust has its own problems. Not all group members abide by common values of integrity and honesty. Fraud is sometimes committed by people who know each other well. Good habits can be born out of trust, but so does the bad.

2.4.4. Social networks

For individuals and societies to thrive and prosper, Putnam argued that they needed to be connected to each other through networks of trust. The value that Putnam attaches to belonging to a network is that it is within networks that individuals can access information and resources (Putnam 2000:20-22). Networks are valuable as transmission channels for information. Norms of reciprocity and trust are only effective within a network. Networks also provide information about the reputation and trustworthiness of individuals. The basic assumption by Putnam is that social networks play an important role in the creation of social capital. In Putnam's reasoning, as long as people cooperate through associations their chances of succeeding are higher than when doing things as individuals. Putnam calls such cooperation 'civic virtues'. Putnam basis this assertion on a case study he undertook on two Italian regions. The results of the study were later published in a book called *Making Democracy Work: Civic traditions in modern Italy*. In the study Putnam is intrigued by what he observed: two regions under one government with identical constitutional structures, and yet they differed completely in terms of social, economic, political and cultural contexts. What could have accounted for such differences? Why is it the Southern region functioned efficiently while the North was fragmented? Putnam concluded that certain features of social context mattered in determining the effectiveness of policy implementation. Once citizens develop a lack of trust amongst themselves as it was in the Northern region institutional performance will always be poor. The North had no collective life. Networks of mutual trust were non-existent. On the other hand in the Southern region citizens were active participants in civic organisations. By being members of civic organisations they developed shared norms and patterns of reciprocity which led to mutual trust. Ethos of mutual trust according to Putnam, lead to cooperation and subsequently to prosperity. Putnam believed that participation in civic activities bred high levels of social networks of trust. The resulting connectivity through trust developed into interpersonal trust, which in-turn led to effective collective action resulting in individuals and the community being

better off. Once communities are rich in social capital they are in a position to solve common problems and manage public and scarce resources better.

2.4.4.1. Bonding and bridging networks

According to Putnam (2000:22-24) not all social networks are the same nor do they play the same role. He identifies two different types of social networks: bridging and bonding social networks. Bonding social networks are in-ward looking, fostering in-group cohesion. On the other hand bridging social networks involve relationships with out-groups. That is, those outside the group. In Putnam's analysis both bonding and bridging social networks are necessary for social order. Though too much of bonding social networks may result in exclusion from other social groups which might have benefited the group. The world has become global. Bonding social networks emerge as a group tries to survive possible threats posed by the surroundings. Bonding social networks are a product of adversity which group members face. This results in exclusive group membership. In Putnam's term bonding social networks are the superglue of groups and societies.

Unlike bonding social networks, bridging social networks involve social ties that span vast areas. Bridging ties connect community members whose ties are not close. Generalised trust produces bridging social capital, which makes people have faith in those who are not close to them. For example, someone benefiting from the kindness of strangers. Granovetter (1985) called these informal relations 'weak ties'. He further elaborated that weak ties act as bridges to access information and job opportunities that will otherwise be unavailable in closed social networks. However, ties should not be too weak. Too weak ties may result in skewed social and economic relations, where people are progressive in economic terms, but lacking in moral behaviour. A balance has to be maintained. Also Halpern (2005:23) points out that bridging social capital has a high rate of decay. The wider the network the more susceptible it is to illegitimate information. As a result this may render the network a useless gossip network with little productive purpose. In *Bowling Alone* Putnam raises concerns about the disengagement by Americans from civic activities. This disengagement exemplifies the lack of bridging social capital, which is detrimental to the functioning and progress of America both in social, economic and political terms. He argues that a society rich in bridging social networks functions much better as its members are better linked to external assets and information (Putnam 2000:22).

2.5. Bourdieu's conception of social capital

2.5.1. Definition

Bourdieu defined social capital as ‘the sum of resources, actual or virtual, that accrues to an individual or group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance or recognition’ (Robison and Ritchie 2010:14). Three important points that are worth pointing out from this definition are: 1) social capital is resource based, 2) it is a structurally driven entity and 3) it is about advantages that accrue to individuals or groups. But, the acquisition of such advantages and resources according to Bourdieu (1986:46) are simply not guaranteed by belonging to a particular social structure. For Bourdieu the social world is a world of struggles to improve or maintain one’s position.

Since social capital is about resources, it has been disputed exactly who stands to benefit from these structural driven resources. Gelderblom (2011:14) offers clarity to this question by looking at Bourdieu's notion of social capital as a theory of stratification and reproduction. For Gelderblom (2011:14) because social capital resources are shaped and passed down from one generation to another, it is this feature of social capital that makes it an individual based resource. For this reason, therefore, not all individuals will have equal access to different stocks of capital. In other words, unequal access to capital directly implies a creation of different social classes. Because of social capital’s association with power, it is through power that the interests of individuals are maintained and reproduced. This forms the basis of what Bourdieu calls ‘social reproduction’. Culture helps to reproduce a social stratum of individuals with a particular power or status.

2.5.2. *Different forms of capital*

Capital according to Bourdieu exists in three fundamental guises (Bourdieu 1986:47). Each of these has its own subtypes (Gelderblom 2011:15).

Form of Capital	Definition
Financial	Money available for investment
Cultural	High cultural knowledge that can be turned to the owner’s socio economic advantage
Social	Relationships of trusts and embedded in social networks

Figure 2. Brief definitions of the forms of capital. Source: Light in Hutchinson and Vidal 2004:146.

Bourdieu defined cultural capital as ‘high cultural knowledge that ultimately redounds to the owner’s socio-economic advantage’ (Bourdieu in Light 2004:145). Cultural capital existed in three forms:

(a) in permanent behavioural patterns of mind and body or what Bourdieu calls the ‘*embodied*’ state, for example, knowing how to dress, play a game of pool, herd cattle, behave, sit, eat or sing a baby to sleep while strapped at the back. Knowing how to do all these things is guaranteed to only those with that specific cultural knowledge and it is therefore a resource for the beholder.

(b) in the form of cultural goods, which he calls the *objectified* state (art, books or signs); and

(c) in the *institutionalised* state i.e. the re-enactment of cultural capital which it has to guarantee (Bourdieu 1986:50-51).

Cultural capital is mainly acquired during childhood. Social capital is family, friends and any other social contacts. According to Light (2004:145), social capital’s unique accessibility in relation to other capitals makes it a unique case. Of all the capitals social capital is the only one that everyone, regardless of any criteria used to classify people, will access and acquire. It is the only capital that the poor can easily acquire compared to other capitals. It is the strongest resource at their disposal. Of course access to social capital is one thing, and access to the resources that can change their lives is another. Sadly, even if acquired it can produce and reproduce, more often than not, sustained poverty. The reason being that the poor associate with the other poor and the social capital they generate is less productive and progressive. Though in fewer circumstances, luck can sometimes change the misfortunes of the poor. Briggs (2004:152) summed it up well: ‘since not all social ties are created equally, therefore not all connections will connect one to resources’.

Form of capital	Accessible	Taxable	Storable	Metamorphic
Financial	No	Yes	Yes	Yes
Cultural	No	No	Yes	Yes
Social	Yes	No	Yes	Yes
Physical	No	Yes	Yes	Yes
Human	No	No	Yes	Yes

Figure 3. Nature of social capital. Source: Light in Hutchinson and Vidal (2004:148)

2.5.3. Relations of three capitals

Each of these capitals exist as independent entities, but they are only effective if interacting with each other (Light 2004:145). Light further elaborates that a full understanding of social capital can only be achieved if looked at in relation to other capitals. This is because its existence and function

depends on other capitals, but with each form of capital producing autonomous effects. In Bourdieu's point of view, economic capital is the most influential of the three capitals. This is how Bourdieu (1986:53-55) places value on economic capital: possession of economic capital allows one to acquire cultural capital (e.g. skill, qualifications or knowledge) which equip one with tools of being a better person. With a good education one is likely to get a well-paying job which will accord him more financial capital and high social status. With high social status and finance one gains acceptance in society, thereby acquiring social capital. As a result, one's social network can enhance opportunities for economic capital which can be re-invested in cultural capital.

Social capital according to Bourdieu (1986:52) does not naturally generate itself, because it depends on networks to exist. In short, it can be said that it develops from something to something not from nothing to something. However, there exists a disclaimer here. Those with some form of capital with luck or skill can exchange the different capitals; those with none are automatically excluded. In capital terms, one must always have something for exchange. The poor, jobless, friendless, low cultured and many other individuals deprived of all forms of capital are left out.

Social capital generated or maintained from social relations depends on the amount of capital invested in those relations and the size of the network one can mobilise (Bourdieu 1986:51-52). By belonging to a network one stands to profit from group membership, since social capital has a multiplier effect (Bourdieu 1986:52). Normally for the mutation to happen it requires a preliminary capital stock to start the process of mutation (Light 2004:148).

2.5.3.1. The field

Cultural, economic and social capitals are all produced within particular fields. For example, there would be a field of education, culture, science, performing arts, a field of the humanities and many other fields. These fields are the social spaces in which an individual or group activity takes place (Thomson 2008:67). Social agents occupy positions within these spaces. Occupying a position within the social space subjects one to the rules and regulations of that particular field. One's position in the field limits one in terms of what one can do and where. But because social agents have ambitions, be it economic or cultural, they adopt various strategies to improve or maintain their position in the social space. According to Thomson (2008:69) various capitals are the process and product of what happens in the field. The field does not work on its own; it depends on capital and the habitus. For example, the field of sociology is a product of symbolic, cultural and social and economic capitals and in-turn it produces these capitals. The more capital one has in the field the more of it one accumulates. This is because the field is class structured (Crossley 2008:85). This

makes the field a field of struggle; individuals struggling to improve or maintain their social positions. According to Harker, Mahar and Wilkes (1990:15) a field is an institution in which various potentialities exist. Fields are not static; they are dynamic due to the forces of interaction that exist within them.

2.5.3.2. The habitus

The practice of an individual or social group is analysed as the result of the interaction of the habitus and the field (Harker et al 1990:15). Those things that seem natural to us are in fact grounded within a particular habitus. Webb, Schirato and Danaher (2002:114) have defined the habitus as the set of durable dispositions that people carry within them and that shape their attitudes, behaviours and responses to given situations. It is structured by one's past and present circumstances. For example, family background and educational attainment can have a bearing on one's habitus. The habitus according to Bourdieu (1977:80) orchestrates a commonsense world through harmonising the agents' experiences and then reinforcing them. I have attempted above to illustrate how according to Bourdieu human relations are shaped by three different, but interacting types of capitals and the kind of effect they have on the individual and society.

I shall base my study on all three theorists I have discussed above. Coleman's theory on closure of social structures helps explain how obligations and expectations come about. Somalis are this highly organised group because of their closed social structure. Putnam's contribution on how networks of mutual trust are produced is significant in relation to understanding where and how immigrants get their social, financial and human capitals. Bourdieu's forms of capital explain how economic activity happens. The easy access by the Somalis to human and financial capital is facilitated by the social capital the Somali community has managed to build. The convertibility of each of the three capitals drives Somali economic success.

Portes and Sensenbrenner offer clarification on how the environment shapes immigrant economic and social behaviour. Next I refer to Portes and Sensenbrenner's (1993) article on social capital and its effects on economic action. This is essential because social capital and its effects on immigrant entrepreneurship can only be realized if the concept can be operationalised and its results analyzed. This requires, as Portes and Sensenbrenner (1993:1321-1322) show, identifying the different sources of social capital and showing how they affect economic action.

2.6. Different sources of social capital

2.6.1. Value Introjection

As a source of social capital it is based on foundational values and norms learnt from socialization. Emphasis is placed on altruism as a way to promote the wellbeing of the collective (Portes and Sensenbrenner 1993:1323-1324). People exist within a collective and thus have moral responsibilities and obligations towards the group (Portes and Sensenbrenner 1988:1323). Selfish behaviour is discouraged at all costs.

2.6.2. Bounded solidarity

Bounded solidarity is structurally determined. Group solidarity is produced by common adversities experienced by the in-group. As a way of dealing with and responding to common problems, as Portes and Sensenbrenner (1993:1324) show, new strategic norms develop for group survival. This type of social capital better explains why immigrant communities fare better as workers or entrepreneurs. The vital resource they gain and share is information, which is critical for business. The above two sources of social capital are altruistic (caring) and the two below are instrumental, that is selfish.

2.6.3. Reciprocity transactions

This is based on the theory of exchange, which posits that human relations are a give and take formula. By giving and taking from one another, relationships are built on reciprocal expectations. But no moral obligations are placed on individuals to be altruistic (Portes and Sensenbrenner 1993:1324).

2.6.4. Enforceable trust

In enforceable trust, group goals are defined and adhered to. Defaulters to this common expectation face the wrath of members or risks losing group membership. It is the collective expectation that governs individual interest. And those affiliated with the group live according to the group expectations and obligations. Benefits are oriented towards the collective rather than individual members (Portes and Sensenbrenner 1993:1325).

I have given a conceptual analysis on the nature and form of social capital by Coleman, Putnam and Bourdieu. Next I justify Granovetter's (1985) concept of 'social embeddedness' by relating social capital to Somali entrepreneurship in Cosmo City.

2.7. Social embeddedness

Granovetter (1985:487-492) argued that social relations play a determinant role in affecting economic behaviour. In other words, economic life can never be separated from the social relations in which it is embedded. Social structures according Granovetter define economic goals of groups or individuals. While social embeddedness offers a theoretical basis on which to account for

immigrant entrepreneurial processes, it however, lacks specific identification of those social structures that prohibit or promote economic activity. Portes and Sensenbrenner (1993) elaborated on the concept of social embeddedness by identifying different sources of social capital. They used immigrant entrepreneurs as a case in proving how different social structures affect economic activity. In this way social capital as discussed and defined by Coleman, Putnam and Bourdieu is used as a tool for measuring the extent to which social relations affect economic action. Many sociologists (Portes and Sensenbrenner 1993, Light 1984, Light and Gold 2000, Portes and Bach 1985, Chaganti and Greene 2000 and Coleman 1988) have used immigrant entrepreneurial activities to illustrate the extent to which social structures affect economic activity. It is by belonging to social structures that immigrants can access various forms of capital, be it cultural or financial (Portes and Sensenbrenner 1993). Depending on the nature and circumstances of the immigrant community, each group develops and uses a specific or sometimes a combination of sources of social capital. In short, different immigrant groups develop different sources of social capital. That explains why different groups of immigrants are more successful than the others. In some cases some immigrant groups acculturate and integrate into the host country much quicker than others. Immigrant economies provide a measurable and assessable case on the behaviour and forms of social capital developed by immigrant groups. By using immigrant economies as the case study this research will also be doing justice to Coleman (1988), Putnam (1993:2000) and Bourdieu (1986) who all maintained that by belonging to a social network, individuals or groups stand to benefit from them. What has been discussed above allows for the use social capital as a tool for measuring Somali economic activities. The research has identified the different sources of social capital, and how they affect behavioural patterns of groups. What follows below are theories that account for immigrant economic behaviour. These theories are employed on the understanding that social capital influences economic choices. The theories that follow focus on economic behaviour of immigrants. They also explain why immigrant entrepreneurs are different from any other entrepreneurs.

2.8. Theories of immigrant entrepreneurs

2.8.1. *Status gap and middleman minority theories*

These theories were first introduced in ethnic stratification studies in the United States. Min and Bozorgmehr (2003:29) described the concept of middleman minorities, as the minority groups that link dominant group producers and minority-group customers. The middleman minority theory

suggests that ethnic entrepreneurs have a common tendency of concentrating in underserved and risky business locations (Foner and Fredrickson 2004:320). They bridge the economic gap by acting as suppliers of goods and services to the lower end of the market. Being the middleman they had no direct relationships with dominant producers, except on economic terms, forcing them to adopt survivalist roles as traders between dominant producers and the lower class clientele. With pressure to bear on both extremes they banded together in ethnic clusters (Min and Bozorgmehr 2003:29). The status gap they fill between dominant producers and lower class customers created a unique economic and social identity group separate from mainstream entrepreneurs (Min and Bozorgmehr 2003:29). Lowen (2003:29) illustrated this through a case study of blacks and whites in the US on how the effects of the status gap made the Chinese settle in the black ghettos of the Mississippi Delta, where crime was rife, and the neighbourhood had a low spending power. In this case, the immigrants occupied the middle space between the poor blacks and the rich white suppliers. Bridging the gap between two extremes carries risks and all kinds of uncertainties, and it is these difficult conditions that the middleman minorities face that make them develop particular economic behaviours. A summary by Ligthelm of how *spazas* were under serving the Township market is given later. When Somalis entered the Township market they offered superior *spaza* service which led to the near collapse of the South African *spaza* shop.

2.8.2. Opportunity structure

This theory is premised on the idea that for business to develop there has to be resources to start and run it, and again there have to be opportunities that allow business development. In this sense, people are attracted to the existing opportunities. In other words, people are pulled by opportunity structures for business in the host country. Min and Bozorgmehr (2003:32) posit that Aldrich et al (1984) applied this theory when studying White and Asian retailers in England in a comparative study of three cities. They found that in terms of socio-economic factors there were no differences that separated White and Asian retailers, but the differences lay in the business environment of the cities. From this observation, they concluded that the opportunity structure of the hosting country had a stronger influence on business location than cultural influences towards entrepreneurship. That is, the cities investigated displayed business opportunity structures that attracted entrepreneurial activity. Grounded in the political economy paradigm, the opportunity structure theory stresses the effects of socio-political factors, like government economic policies and their effects on economic growth. As examples, Barret, Jones, McEvoy (2003:115) cite the case of Britain, where deregulation of the economy and the creation of a less restrictive opportunity structure led

to sprawling immigrant entrepreneurship. On further observation they discovered that in Birmingham there was a sizable number of immigrant owned restaurants that had a non-ethnic clientele, though operating at marginal profits. But South Africa is a different case. Despite being flooded with immigrants, acculturation has been slow, perhaps due to its discriminatory and isolationist past. The majority of people find it difficult to diversify in terms of tastes and appreciation of cultural products from other African countries.

2.8.3. The disadvantage thesis

Unlike the opportunity structure, which stresses positive structural factors, the disadvantage thesis (which is a push factor) stresses negative external structural factors beyond one's control and how they constrain the market. The disadvantage thesis is based on the assertion that structural factors in the host country can hinder entrepreneurship (Min and Bozorgmehr 2003:30-32). For instance a lack of language proficiency may limit one's employment chances. South Africa has unemployment problems, and is a highly structured society in racial terms with racism still persisting along with xenophobia based discrimination. As a result employment chances for immigrants remain very low. But as Gold (2004:317) shows, although immigrant entrepreneurs are often characterised with economic disadvantages, they rely on their ethnic culture, their experiences from the country of origin, and their affiliation with their strong co-ethnic community for the provision of resources that can help them start their business.

2.8.4. The mixed embeddedness concept

According to Kloosterman and Rath (2003: 8-9) the concept of mixed embeddedness combines agency and structure perspectives, focusing on the wider societal context in which immigrant entrepreneurs start their business. Explained in another way, when one talks about mixed embeddedness, it is the interactivity between opportunity structure, the immigrant resources and the embeddedness in social networks (Koch, MacMillan and Pepper 2011). It is this 'mix' that Kloosterman and Rath refer to. Mixed embeddedness combines, for example, opportunity structure, national and institutional frameworks, social capital, formal and informal institutions. The agency/structure relationship is examined to determine how it affects the formation of small immigrant businesses. For Kloosterman and Rath, simply looking at the social embeddedness of immigrants is not enough, what has to be accounted for as well are the characteristics and shapes of the opportunity structure, since it is not the same everywhere. Jones, Ram and Theodorakopoulos (2010:566) also emphasise that while the acquisition of social capital may be crucial, the influence of other macro and micro structures (the external context of market and state

institutions) are equally important. Formal and informal institutions at a local or national level also impact on aspiring immigrant entrepreneurs. For example, without proper documents many immigrants will find it hard to start businesses in South Africa. And in Germany and France as Wilpert (2003:236-237) and Ma Mung and Lacroix (2003:174-175) show, for immigrants to open businesses they have to be issued with business permits which is often difficult to get. It is such formal institutions at a national level that mixed embeddedness accounts for in understanding the nature of immigrant entrepreneurship. Mixed embeddedness also takes into account the demand side of the opportunity structure. For example, the nature of the neighbourhood, the region, or as is the case in this research, the township. Kloosterman and Rath (2001:189) further elaborate that immigrants do not just respond to the existing opportunity structures, but change and mould them through innovative behaviour and create opportunities where they seemed nonexistent. Looked at in this way, they argue that since markets are a social phenomenon that differ in time and space, a combined approach to account for immigrant entrepreneurship that will take into account that opportunities are not the same, account for the socio-political position of immigrants, and the socio-economic environment of the country of settlement, will give a better understanding of immigrant entrepreneurship (Kloosterman and Rath 2001:190).

2.9. Conclusion

Mixed embeddedness better explains the breaking away of Somali entrepreneurs into the township. The data gathering procedure for this research will be underpinned by the concept of mixed embeddedness. That is, interview questions will probe whether Somali trade is indeed embedded in the macro and micro structures of Johannesburg and of Cosmo City in particular. This will help ground the research firmly within the nature of the concept as it is presented by Kloosterman and Rath and thus enable me to use mixed embeddedness as a theory for understanding the nature of immigrant entrepreneurship.

Chapter 3. The informal economy and immigrants in South Africa: An overview

3.1. Introduction

South Africa is probably the most racial diverse country on the African continent. Not surprisingly it is also sometimes referred to as the Rainbow nation, in reference to the different races that live in it. This section begins by addressing the historical, political, economical and social factors that shaped modern day South Africa. It looks at the different types of immigrants in South Africa and explores the different kinds of economic activities they are involved in. It also discusses different

reasons why immigrants are prone to self employment. And lastly it discusses the *spaza* shop informal economy of South Africa with particular reference to the Somalis.

3.2. South Africa: the economic hub of Africa

Compared to other African countries, politically, economically and demographically South Africa has had a different historical trajectory. It has been free just for over twenty years, the last of African countries to be democratically independent. More than any other African country it has the largest concentration of immigrants of European descent (Bremner 2000:186). Johannesburg houses the headquarters of 65 out of the 100 largest public companies listed on the Johannesburg Stock Exchange, 13 of South Africa's 30 largest companies, 6 of the 8 mining conglomerates and 9 of the 18 leading life assurance companies (Bremner 2000:186). The city started with the discovery of gold in 1886, after which it quickly became the financial and commercial hub of the African continent. Today Johannesburg is a major metropolis with a hive of commercial activity, like London, New York or Paris. It has become more cosmopolitan than any other city in Africa, with immigrants from all over Africa and the world. Politically it has had a fairly democratic and stable system of governance since 1994. The South Africa we talk of today has been shaped in major ways by the above historical, commercial and political events. The discovery of gold prompted the mass immigration of Europeans to South Africa and in Johannesburg in particular.

Even before the lure of gold, South Africa had a number of European immigrants already living in it. The Dutch, the English, the Germans and the French were the majority. That is why many Afrikaans speaking people have French surnames and names: du Plessis, du Toit, Joubert, le Roux, Marais, Rossouw, Roux, and Viljoen. They are of French Huguenot ancestry. Dutch and English names are all over Johannesburg. This tells us that migration to South Africa is not particularly new. New though, is the mass arrival of African and Asian immigrants to South Africa post 1994. These are immigrants of all types, professionals, entrepreneurs, unskilled labourers, refugees and asylum seekers. Not only has historical events shaped the commercial and demographic face of South Africa, but also the nature of immigrant commercial activities. It is important therefore to understand the historical nature of immigration to South Africa, as this had a major impact in shaping the nature of immigrant economies that exist today. For example, why is the majority of immigrants from East and West Africa entrepreneurial and those from the Southern Africa Development Community (SADC) region less entrepreneurial? Can it be that they have acquired enough human capital and prefer to blend in the formal sector as the Koreans studied by Yoo in Atlanta in 2000? And how can one explain the xenophobic nature of South Africans towards foreign

traders without taking into account South Africa's past exclusionary immigration laws? Research on the Chinese by Harrison, Moyo and Yang (2012) shows how the historical processes of migration and settlement shaped the Chinese strategy and tactics of trade in Johannesburg.

3.3. History of migration to South Africa

The union of South Africa was formed in 1910 thereby declaring South Africa an independent state. In 1913 the Immigration Act was passed, which prohibited non-whites from immigrating to South Africa (Peberdy and Rogerson 2003:81). Africans from the Southern African region could however enter as contract workers due to the demand for labour in the mines (Peberdy and Rogerson 2003:81). From 1961 to 1991 the government restricted non-white immigration and instead encouraged white immigration by offering incentives for those Europeans who wanted to immigrate to South Africa (Peberdy and Rogerson 2003:81). Non-whites were excluded from full participation in the mainstream economy until 1985. They could only set up businesses in designated black areas outside the inner city. Small white entrepreneurs were also discouraged in favour of big business. However, in the 1960s to the 80s a number of Greek, Italian and Portuguese small entrepreneurs specialising in corner cafes and grocery shops appeared. Even today they are still present in the Johannesburg CBD, Midrand CBD and Pretoria CBD. However, European immigrant entrepreneurship in South Africa never took the common course of immigrant businesses as in other major metropolitan cities of the world where immigrants are the minority and in many instances excluded in many social and economic activities. Because of colonial politics, white immigrants had political power, making their entrepreneurial activities less constrained in the host country. The government could easily create business opportunities for white immigrants. Since 1986 the government allowed a selected group of non-white professionals to enter South Africa to work in the homelands as doctors and university lecturers. Also welcome to set up businesses in the homelands were non-Europeans from Asia, particularly the Taiwanese (Jinnah 2010). The racial economic and residential segregation was over by 1986, resulting in many blacks taking up residence in the inner city. White inner city residents and their businesses left. The vacant residential and business space left by whites was quickly filled by black South Africans as well as African immigrants: thus marking the beginning of the inner city informal economy which previously did not exist. (Peberdy and Rogerson 2003:79). Bremner (2000:187) points out that one event which marked the end of segregation of the urban space associated with apartheid in the inner city area from the early 1990s onwards, was the growth of the informal commerce and catering sector. Today the informal economy of Johannesburg CBD is almost 80% under black and Asian foreign nationals.

The existence of immigrant businesses is not an experience unique to Johannesburg. According to Leung (2001:227) Germany had over 7.3 million immigrants in 1992, with 273,000 of them being entrepreneurs. The majority of them came from Italy, Turkey, Yugoslavia and Greece.

3.4. Immigrant entrepreneurs in South Africa

Regarding South Africa, no reliable data has come out on the exact number of immigrants it hosts. However, the official figure from Statistics South Africa was 2.2 million foreign nationals in the 2012 census (Stats SA). Some people argue that the figures could be as high as 5 million since many people do not reveal their nationalities. The census report indicates that nationals from 53 African nations are represented in South Africa. Only Western Sahara and the island of São Tomé and Príncipe did not have nationals living in South Africa. The presence of African immigrants is not surprising as South Africa has better economic prospects than many African countries. Below is a list of countries with the most citizens in South Africa in descending order. The rest have smaller figures and have not been included here.

<u>Country of origin</u>	<u>Population in SA</u>
Zimbabwe	605 416
Mozambique	377 021
Lesotho	142 694
Malawi	74180
Swaziland	33151
Zambia	27163
Ethiopia	25578
Congo	25031

Nigeria	23757
Democratic Rep of Congo	22538
Somalia	14 457

Source statsSA 2012.

3.4.1. Profile of immigrants

Research by Rogerson (1998) and Belvedere (2003) in Jinnah (2010:93) sheds some light into the gender, age and economic activities of migrants in Johannesburg. The average age of migrants was 31, most are male (71%), educated to at least secondary school level. Belvedere found that two-thirds of refugees and asylum seekers indicated that they were fluent in English, and many spoke another international language (usually French or Portuguese). Many of them reported to be involved in retail or service industries (95%) and not in production. The new immigrant businesses in Rogerson's survey were mostly run by single young men (87%) and the majority (59%) of them were between the ages of 26-35 years. They worked very long hours, 54% of respondents in Rogerson's survey worked between 50 and 69 hours a week without social protection. They encountered considerable hostility from government officials, public servants, hospitals and government departments and from ordinary citizens.

Rogerson also discovered that most informal trade by immigrants was in retail and service sectors. Immigrants had niches depending on where they came from. According to Rogerson (1998) common groups of immigrants with areas of specialisations were:

- Malawians specialising in clothes and handicrafts
- Zimbabweans and Mozambiquans on motor repair and handicrafts and
- West Africans on ethnic related clothes, food retailing and restaurants.

The majority of them served co-ethnics.

3.4.2. Immigrant niches

Niche formation, according to Schrover (2001:295) is a phenomenon that is common among immigrant entrepreneurs. Niche formation is influenced by the characteristic of the sector in which immigrant groups are active in, for example, the market opportunity in the host society and the migration process (Schrover 2001:295). This implies that niches are not shaped in similar ways. Schrover further elaborates that success by immigrants in a particular sector encourages others to participate in that sector. This is how niches and groups with particular economic characteristics are formed. Most of them are formed by people from the same historical or regional background (Schrover 2001:295). Niches are also network dependent; it is within the niche network that

information about the sector is shared. That is why certain groups of immigrants end up concentrating in one particular sector. In South Africa one such niche is the *spaza* shop. In Cosmo City, 67 *spaza* shops I counted in 2014 were foreign owned, either by Somalis or Ethiopians or Bangladeshis: only 3 had shop keepers who spoke a South African language, suggesting that they could be South African owned. Such exclusive dominance according to Schrover (2001:295) has a positive and a negative side to it. The positive side is that niche formations create trade sectors which are an exclusive reserve of particular groups of immigrants. A case in point will be the *spaza* business in Cosmo City. The presence of Immigrant *spazas* has led to the near collapse of the South African owned *spaza* business (a full discussion on *spaza* shops is given at the end of the chapter). In Holland the Pizza parlours are associated with Italian immigrants (Kloosterman and Rath 2003 and Schrover 2001:297). Businesses associated with particular groups of immigrants are difficult for other groups to penetrate. The negative side is the discriminatory or derogatory perceptions that end up developing about particular immigrant groups (Schrover 2001:297). This sometimes leads to exclusions. In Cosmo City nearly 50% of all grocery shops are Somali owned.

3.5. Causes of immigrant entrepreneurship

The question why immigrants are predisposed to take up entrepreneurship in their host country has been answered in economic terms focusing on the demand side of the market and access to capital (the opportunity structure) or in sociological terms focussing on how the social structures in the host country advances or discourage entrepreneurship (the disadvantage thesis).

3.5.1. The disadvantage thesis

The disadvantage thesis has been used by some researchers to study immigrant entrepreneurs. Examples of this are Portes' (1989) study of Cubans in Miami, Leung's (2001) study of Taiwanese in the IT business in Hamburg, Yoo's 2000 study of Koreans in Atlanta and Portes and Stepick's 1985 study of Cuban and Haitian refugees in Atlanta. Lack of network contacts and information, weak language ability and discrimination in the labour market forces immigrants to be self employed. It is such difficult life circumstances that force migrants into risky and difficult entrepreneurship. In some cases, as shown by Leung (2001:227), right wing extremists in Germany engaged in violence against minorities. In South Africa, almost every month there are acts of violence against foreign shop owners in the townships.

Immigrant entrepreneurs not only differ from immigrant workers but also from indigenous entrepreneurs (Kloosterman and Rath 2003:2). They mainly concentrate on trade and commerce. In Germany, according to Wilpert (2003:233) migrant businesses are concentrated in areas that are

marked by marginal returns and difficult working conditions (restaurants, groceries, cleaning, construction, transport, hairdressers, tailors and clothing repairs. Most of their businesses are located in areas where that have no entry restrictions, resulting in extreme competition among traders. These research findings are relevant to the cases in South Africa if one takes into account the nature of the informal businesses in the CBDs, informal settlements and the townships. However, Froschauer (2001) and Jones, Ram and Theodorakopoulos (2010) argue that while it is true that most immigrants are disadvantaged and pushed to desperate entrepreneurship, not all immigrants are affected by similar circumstances. They argue that the assumption that there is a single pattern of economic adaptation may be flawed, since many immigrants today are linked to a web of co-ethnics with networks extending beyond their host country. These diasporic networks are used by the minorities to access resources and facilitate entrepreneurial activities. Information, money and goods are easily exchanged, thereby easing the burden of having to spend decades working oneself into the structures of the host society through risk and uncertainty. Jones, Ram and Theodorakopoulos (2010) call it 'transnationalism' and use it to account for the success of the Somali businesses in Leicester. Yoo (2000:347) also emphasises that resource mobilisation is the key element in immigrant entrepreneurship. Success depends on the kind of resources that the ethnic group has and how well they are generated. Immigrant entrepreneurs develop unique entrepreneurial skills and higher rates of entrepreneurship because they can access special resources which local groups cannot (Sadouni 2009:237).

South Africa offers a different theoretical and analytical understanding of immigrant entrepreneurship. Even though Johannesburg is a truly immigrant metropolitan city with different racial groups, social relations are always strained. Black foreigners in any city in South Africa have suffered from crime and xenophobic attacks from South Africans. In Europe or America there might be prohibiting factors and discrimination, but no physical attacks as is common in South Africa.

3.6. Background history of Somalia

To understand the lives and economic activities of the Somalis, I will give a short political history of contemporary Somalia. This is because the presence of Somalis in South Africa is politically rather than economically motivated. Portes (1999) (in Jones, Ram and Theodorakopoulos [2010:569]) observed that 'when migration...is motivated by political convulsions at home, it is likely that migrants remain morally tied to kin and communities left behind'. Not only are they tied to those back home, but to their ethnic community of migrants in the host country. This partly explains the unique nature of the economic and social activities Somalis are involved in. Again understanding

the historical and social background of the Somalis will help assess the extent of the human capital they have. This assessment is pertinent as I seek to investigate where their success comes from.

In the 1980s Somalia was engulfed in a civil war which displaced hundreds of thousands men and women across Somalia (Sadouni 2009:236). Many young men and women fled to Kenya, Djibouti and Ethiopia (Lindley 2010:12). Two Somali migration phases are identified by Gastrow and Amit (2013: 15-16). The first displacement happened in the late 1980s to the mid-1990s. During this period South Africa was not the preferred destination of most Somali migrants. According to Sadouni (2009:236) most Somalis settled in neighbouring Kenya in camps run by the United Nations. From these camps, many of them left for Europe, Canada, America, New Zealand and Australia with assistance from the United Nations High Commissioner for Refugees (Sadouni 2009:237). It is at this time that the Somali government collapsed as a state, resulting in massive civil strife and deaths from clan militias and warlords. (Sadouni 2009:238).

In the mid to late 1990s after the advent of democracy in South Africa, many Somalis turned their eyes to South Africa. It is in this period that South Africa first witnessed the presence of Somalis on its soil. Along with them was the Islamic faith which plays an important role in the economic and social lives of all Somali immigrants. Nearly all of Somalia is Islam.

The second phase is what Gastro and Amit (2013:15) call the 'second wave' of Somali migration. It happened between 2006 and 2007, when 180 000 Somalis left Mogadishu amid persecution by warlords and militias. This was as a result of the Ethiopian invasion of Somalia which ousted the ruling Islamic courts (Gastrow and Amit 2013:15). This invasion led to the rise of Islamic militia called al Shabaab. During this time South Africa was already a host to many Somalis, and many of those who fled during this period settled in South Africa. Because of its liberal laws towards refugees, at least compared to the camps in Kenya and Ethiopia, in South Africa there was free movement which meant that they could look for work or start their own businesses (Sadouni 2009:236). Sadouni (2009:236) attributes the kind of social and economic life being lived by the Somalis today to the harsh experiences of civil war, refugee life in the camps and the long and difficult journey into South Africa.

3.7. Somalis in South Africa

According to Gastrow and Amit (2013:16) the first Somalis arrived in the 1990s, settling in the central business districts of towns and cities. In Johannesburg the first Somalis settled in Mayfair. Sadouni (2009) and Jinnah (2010) have explored the reasons why the Somalis settled in Mayfair. They argue that the presence of a large South African Indian Muslim population, along with their

mosques and *madrasas* (Islamic schools) drew Somalis to the area. It is the spirit of Islamic brotherhood that made them feel welcome and secure among other Muslims. From this Islamic community they then worked their way into the social structures of the host society. By then they opened shops in the CBDs selling a variety of goods. However, over time, due to the increasing number of immigrants in the inner cities, there was increasing competition and the CBDs were getting overtraded by many immigrants from different countries who also had set shop in the inner city. Somalis began searching for better and new markets in the townships, and in the 2000s they had penetrated the informal township market (Gastrow and Amit 2013:16).

To strengthen their social, spiritual and economic identity in Johannesburg the Somalis built their own mosque and businesses in Mayfair. Mayfair is a Somali base for financial, moral and spiritual empowerment. On my pilot visit I was shown around the Somali shopping mall. I was told it was established by the Somalis themselves. There are Somali restaurants, specialising in East African cuisine, shops selling Somali products, wedding products, and a variety of house gadgets. A Somali flag is displayed in one of the restaurants with portraits and pictures of prominent Somali people. Portes and Sensenbrenner (1993:1330) state that such common practices by immigrants come about as a result of the clash with host society. It stimulates a sense of togetherness in a hostile environment. In Mayfair mainly ethnic goods or cultural products are traded, targeting co-ethnics. Their products have not yet reached a wider South African clientele: such as has been the case with the Greeks, the Italians and the Turkish who have created their niche in the sector of food, grocery stores and restaurants serving the German clientele (Wilpert 2003:233). There is a makeshift garage servicing the local Somali community and employing Somalis. Somalis are of different tribes, and tribal conflicts do exist as I was told, but they are usually overridden by the ethnic and religious bonds. They are bonded on 'Somaliness' and Islamic brotherhood and on tribal lines. This sense of solidarity is also situational, since it is a way of responding to circumstances in the host country (Portes and Sensenbrenner 1993:1330). Religion and ethnicity play a critical role in the lives of Somalis in Mayfair. This is shown by the acceptance of Kenyan Somalis. My research assistant is a Kenyan of Somali ancestry and he lives in Mayfair among Somalis. Adesh, my research assistant, told me that no Somali works for other nationalities in Mayfair. Those who do not work are looked after by the 'community' as he calls it. Religion is not only a way of worshipping, but also a vehicle for economic and social mobilisation (Sadouni 2009:236). Somalis are the biggest group of African Muslims to come to South Africa. Islam is not a dominant religion in South Africa. Three organisations have been set up to specifically protect the interests of the Somalis: the Somali

Association of South Africa (SASA), the Somali Community Board (SCB) and the Somali Community Forum (SCF) (Jinnah 2010:92). These are tasked with lobbying, advancing the interests of the Somalis in South Africa and dealing with problems that the Somali community faces.

In South Africa refugees are allowed to be self employed as the government does not provide any assistance. In Johannesburg a common economic activity of immigrants is in retail: foods, grocery stores and vegetable stands and internet cafes. This trend is common in cities where there are immigrants as Kloosterman and Rath (2003) show that almost 20 per cent of all self employed foreigners operate such retail stores. Initially they are set up to serve needs of co-ethnics but as time goes by some go beyond that. Somali businesses are mostly concentrated in the informal retail sector.

3.8. Defining the informal economy

There are a range of definitions of the informal economy. Depending on what is measured and the methodology to be used researchers adopt definitions that suit their projects. Naidoo in Ligthelm (2005:200) argues that 'given that the informal sector varies greatly according to type of activity, size, regulatory requirements and legal status, no single definition of the informal sector exists, nor is one anticipated'.

Statistics South Africa (2012) uses the following definition: "The informal sector consists of those businesses that are not registered in any way. They are generally small in nature, and are seldom run from business premises. Instead, they are run from homes, street pavements or other informal arrangements". The ANC elaborated on the notion of a dual (formal and informal) economy by characterising the two economies as follows:

"The first and second economies in our country are separated from each other by a structural fault. ...what we now have is the reality ... of a mainly informal, marginalised, unskilled economy, populated by the unemployed and those unemployable in the formal sector". The Second Economy is caught in a "poverty trap". It is therefore unable to generate the internal savings that would enable it to achieve the high rates of investment it needs. "Accordingly, on its own, it is unable to attain rates of growth that would ultimately end its condition of underdevelopment" (ANC Today 2004).

The informal economy, which is the economy of the poor as the ANC defines it, is trapped in inescapable problems of undercapitalisation and lack of human capital. All those with limited resources and those who have failed entry into the tight formal labour market turn to survivalist enterprises, as means of livelihood. Survivalist enterprises are as a result a characteristic of the

informal sector. Poor South Africans fight it out in this space and it is in the same space that marginalised immigrants are claiming their economic stake. This is a sector that is chance and risk driven. Success comes hard. This results in fierce competition, which leads to distrust and suspicion among the groups that are all trying to make ends meet (Murray 2001:441). This is the reason why in South Africa the informal sector is characterised by disorder. Not many informal traders break out of this low level entrepreneurial trap. Ligthelm, Woodward, Guimaraes and Rolfe (2010:1)) attribute the growth of the informal sector to the decline of employment in the formal economy. Due to the highly competitive nature of the formal labour market, and lack of education, skills or proper documentation, most immigrants are effectively excluded from entering the job market. The streets of inner Johannesburg are today a hive of activity with immigrants selling a variety of goods. South Africa's informal economy provides a starting point for those excluded from the formal labour market. The economic activities of immigrants are doubtless impacting on the social and economic landscapes of South Africa. Compared to the early to the mid 1990s, where immigrant economies were less visible, today Johannesburg is truly an immigrant gateway city like European and American cities. For this reason, studies on immigrant economies are emerging. European and American research on immigrant entrepreneurs span decades now. This is why this research largely draws from their literature. The *spaza* retail falls under the informal sector. Next I discuss *spaza* retailing.

3.9. An overview of the *spaza* market

3.9.1. Definition

A *spaza* shop is defined as a shop/business operating in a section of an occupied residential home or in any other structure on a stand in a formal or informal township which is zoned (or used) for residential purposes and where people permanently live (Ligthelm 2003:56).

3.9.2. The historical nature of *spaza* shops

Spazas supply small groceries to service the poor who can only afford to buy in small quantities (Ligthelm 2003:199). *Spaza* shops have a long history in the townships as a means of subsistence for black families who were excluded from the mainstream South African economy. Because they are often undercapitalized and badly managed they typically operate with poor profit margins (Pederby and Rogerson 2003). Most of the South African owned businesses in the townships have struggled to reinvent themselves and deal with competition from the recently emerged immigrant retail shops.

An understanding on the nature of *spaza* shops before the arrival of the Somalis is important. For decades *spaza* shops have supplied township residents with household grocery items. Generally

they supply small basic items of daily use: bread, milk, grain staples, cool-drinks, soap, sugar, eggs, tea leaves, cigarettes or alcohol. Like most informal businesses in the townships, *spaza* shops are unregistered and do not adhere to the municipal guidelines for running business in residential areas. *Spaza* shops are generally much more prevalent in poor areas where most of the informal economy is found. Depending mostly on the financial or other circumstances *spaza* shops were found to be designed differently, making each *spaza* unique in appearance.

Below I present some data taken from the surveys of Ligthelm and van Zyl (1998), Ligthelm and Morojele (2001) and Ligthelm (2005) on *spaza* shops. Figures in brackets have been calculated at 6% inflation rate over the period the research was conducted to match today's Rand value. During this time when these surveys were done immigrant *spaza* shops were not as prevalent as they are now. The majority of *spazas* were South African owned. Therefore data presented by Ligthelm et al are before the arrival of immigrant retailers. In 1998 Ligthelm and van Zyl undertook a study of *spaza* shops in Tembisa, Gauteng, and found that:

- Eighty percent of *spaza* shops were made of corrugated iron sheet or operated out of metal shipping containers.
- Goods were not properly displayed on shelves due to a lack of space as *spaza* shops were run as part of the owners' home.

The 2005 research findings by Ligthelm provide the following statistics:

Gender:

- Nearly two-thirds of *spaza* owners (64.0 percent) were male and
- Thirty six percent female.

Age:

- Almost eight out of ten (78.5 percent) fell into the 25 to 49 year age group.

Education:

- Just over one-third (36.9 per cent) had completed 12 or more years of schooling.
- Forty two percent had no formal education.

Length of business existence:

- Almost 40 percent of *spazas* had been in operation for over five years.
- Almost one in every four businesses (23.0 percent) had been in operation for less than two years and 39.5 percent for three years.

Physical characteristics and infrastructure:

- Nearly twenty nine percent operated from a brick building in the back yard.
- Twenty and five percent used a room or garage attached to the house.
- Twenty percent were located inside the main house.
- Thirteen percent were shacks on the residential stand.

Basic Infrastructural services:

- Seventy six and a half percent had electricity.
- Sixty two and a half percent had access to water on the stand from which the *spaza* is operated.

Basic equipment and amenities:

- Only 17. 1 percent had refrigeration facilities available.
- Nearly 22. 2 percent had a deep-freezer.
- Fewer than one in ten had access to a telephone and a cash register.

Client service:

- Only 76. 4 percent of *spazas* served their clients over a counter.
- Just below seventeen and a half percent (17.4%) served their clients through a window.
- And 6. 2 percent allowed self-service.

Advertising:

- Three out of every five *spaza* shops used a signboard to advertise the location of the shop.

Financial issues:

Sources of capital

- About 82. 6 per cent of *spazas* financed their start-up capital requirements through personal saving and loans from relatives and
- Seventeen and four percent sourced their start-up capital from other household members and loans from friends.

Capital investment:

The capital requirements for establishing a *spaza* were limited. The average start-up investment for a *spaza* was R4 058. Ligthelm & Van Zyl (1998) recorded the lowest start-up capital of R1 082 in Tembisa and the highest was an investment of R27 800 (which is equivalent to R57 031.30 today)

for establishing small and medium enterprises in Tshwane in 2001 (Ligthelm & Morojele, 2001:23).

Turnover revenue as of 2005:

- Thirty one percent recorded a turnover of between a R1 000 and R2 999 (which is R2 050.01 and R6 148 today).
- While just more than a third reported monthly turnover figures between R3 000 and R9 999 (which is R6 150 and R16 000).
- Just over sixteen percent (16, 3% experienced a turnover of less than R1 000 per month (which is R2 050.01 today).
- Seventeen and six percent more than R10 000 (which is R20 500 today).
- The average monthly turnover reported by *spaza* retailers was R4 480 (which is today R9 184).

Businesss:

Spazas can be described as family-run businesses, since household members represent 80.1% of all employees. In 2000 *spaza* retailers made average monthly outlays of R1 558 (which is R3 196.21 today) on labour remuneration, including their own remuneration. Employees were paid R533 (which is R1 093.44 today) per month on average, despite the extended trading hours of *spaza* retailers.

3.10. Conclusion

In this chapter it has been shown that South Africa is host to nearly all of Africa's nationals except Sao Tome and Principe and Western Sahara. Also present are European and Asian migrants. This makes South Africa the most racially diverse country on the African continent. Data presented in this chapter gives reasons why immigrants turn to entrepreneurship for survival and why different migrant groups are involved in different sectors of the economy. The sectors of the economy they concentrate in and why have been discussed. Commonly immigrants concentrate in informal economies where there are less barriers of entry. Somalis have been so successful in the *spaza* informal economy more than any other group of immigrants in South Africa. As they are the focus of this research a historical background of the Somalis has been discussed so as to understand and frame the study. This will help in understanding why they are such a highly organised group, compared to any other groups of immigrants.

Chapter 4. Research Methodology

4.1. Research design

Yin (1998:236) defines research design as a work plan that logically guides and connects the process of data collection to the research question. Before data collection and analysis can begin social research or any research needs a design. The function of a research design is to ensure that there is constant logical interaction between research objectives, research questions, research resources, theoretical perspectives and data collection. In other words, the research design articulates what data is required, the methods that will be used to gather and analyse data and how all of this will answer the initial stated research questions. It is here that issues of sampling, methods of data collection, methods of coding and analysis should be clearly dealt with to avoid mindless fact gathering and misrepresentative research results.

4.2. The qualitative method

Understanding Somali business activities can only be achieved if Somalis themselves tell their story. It will be from listening to their story that we will be able to understand and describe trends and processes of the nature of their unique entrepreneurial activities. Questions of process are better dealt with through qualitative research. According to Miller and Dingwall (1997:3) the main objectives of qualitative research is to describe and analyse both the processes through which social realities are constructed and the social relationships through which people are connected to one another. In this study the aim is to explore and understand that which the Somalis are doing differently that has led to their success as traders. Where is their success coming from? Can other people in Cosmo City emulate the same business tactics and succeed? If not, why not? By qualitatively examining the interactions and perceptions of the actors involved in the action we will get better insights into activities of their daily lives and business activities, and answer some of these questions. Quantitative methods lack this intimate subjective description of the complexity of social action. Human behaviour is not objective but subjective. Due to the complexity of individual and group behaviours, quantitative designs cannot reveal the always dynamic interrelationships among people. Qualitative methods also have the advantage of using the inductive method of data analysis, which logically focuses more on the questions of process. In this sense, qualitative methods seek to find out why and how things happen and with what results. It is for the above reasons why this study is qualitative.

As this study is qualitative, it is meaning orientated and as such uses methodologies such as interviewing or observation. No dependent and independent variables were predefined as this is an interpretive research, but focus is given on unravelling the full complexity of human sense making as the situation emerges. It is the behaviours, interactions, processes and social contexts of the actors in their own world that need to be observed carefully. This is because in qualitative research meanings matter. Qualitative research demands a more interactive research process between the researchers and the actors (Flick 1998:6). Adesh my research assistant helped in making me meet different Somali nationals in Mayfair so as to build rapport and ongoing trust. There were some Somali traders in Cosmo City who knew Adesh from Mayfair. This made the interviewees less secretive and open. The hallmark of qualitative research is creating, expanding and modifying knowledge. In this research there were instances where three repeat visits were made without Adesh. The reason was to get clarity and in-depth understanding on certain events and situations that were less clear during the initial interviews. This helped in discovering more and developing new perspectives. Interviews depend more on explaining, defining, clarifying and

illuminating constructs (Morse 2004:739). Interviews help in developing valid causal descriptions and in analyzing how certain events have an influence on others, and understanding cause-effect processes in a contextualized way (Maxwell 2004b:260). Qualitative research is also inferential and subjective, because all evidence is based on what people tell you and what as a researcher you observe. This gives better understanding of the situation that is going on.

4.3. The case study strategy

One of the ways in which human behaviour can be understood is studying it as case studies. The strength of case studies, as Gerring (2007:1) points out, lies in providing in-depth knowledge of a single phenomenon which can help in the understanding of the larger one. In other words, a focus on a key part can lead to a better understanding of the whole. According to Gerring (2007:20) case studies may be 'understood as the intensive study of a single case where the purpose of that study is at least or in-part to shed light on a larger class of cases'. The bigger the cases the more superficial they are studied and the fewer the cases there are, the more intensely they are studied. Meriam-Webster in Denzin and Lincoln (2011:301) defines a case study as 'an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to the environment'. This 'individual unit' is what Stake (2000:444) calls a 'bounded system'. Case studies are better suited for exploratory purposes (Gerring 2007:33). He further elaborates that case studies are particularly useful when studying a new subject or when a subject is being studied in a fundamentally different way. Case studies according to Gillham (2000:6) provide novel knowledge about a phenomenon. They are what Gerring (2007:40) calls 'the first line of evidence'. They are a precursor to more discoveries. Putnam's (1993) study of two Italian regions is an example of a case study. The study laid a foundation for more studies on bridging social capital. Two examples by Gerring are those of Charles Darwin's theory of 'the evolution of species' and Sigmund Freud's work on human psychology which he says were based on the intense observation of small clinical cases. What determines whether a study is a case study or not according to Flyvbjerg (2011:301) is the choice of the individual unit of study and the setting of its boundaries. In this case, the individual unit of study and the boundary will be the Somali traders in the RDP section of Cosmo City, South African land lords/ladies, community leaders and Somali residents of Mayfair. Cosmo City is a mixed development settlement. For this reason it offers a different perspective on the nature of immigrant businesses in South African Townships. (A discussion on Cosmo City forms part of the research results). This study meets all Denzin and Lincoln's (2011) prerequisites for being a case study, in terms of the selection of the individual unit of study and the area in which this study will take place.

Case studies require that researchers produce intense and detailed content. In this study no evidence was turned away before scrutiny. The use of multiple sources of evidence made this case study to be as complete and rich as possible. All available information was scrutinised to get a nuanced view of the subject. Newspapers were also used as sources of data. Gillham (2000:2) summed up the rule for case studies as follows: “study the natural as it happens in its natural setting”. The use of a variety of sources does not mean, however, that case studies lack methodological design; instead it means that it can be flexible in data sourcing in order to collect as much evidence as possible. Evidence obtained from case studies has to be understood within the context of the environment from which it has been obtained. In this research, contexts such as the social, historical, economic, political, legal and cultural were all examined and analysed. This is because the Somali case is embedded in a complex contextual background. All this information was mainly obtained through interviews as they form the basis of data collection in case studies.

4.4. Sampling

It was noticed during the pilot study that in some cases Somali shop owners employ other Somalis to run their shops in the townships, while in other cases shop owners run the shops themselves. In this regard, there are some questions which shop employees could not answer, and they referred us to the owners. Visits to Mayfair were also made as part of the pilot survey to ascertain the feasibility of the study. It was at this point that I was introduced to five influential Somalis: Three Somali business men and two community elders.

Snowball sampling, also called Network sampling was used to select Somali traders in Cosmo City and five influential Somalis in Mayfair. This is sampling that focuses on those groups of individuals that may be hard to study (Bernard and Ryan 2010: 367). The reasons why some groups are hard to study are many. Like the case with the Somalis who are predisposed to xenophobic attacks, stigmatisation and victimisation. Also investigating Somali entrepreneurial activities is a highly sensitive matter. Purposive sampling was used to select:

- Three Cosmo City officials a Community Liaison Officer, Ward Councillor and a Cosmo City Project Planner.
- Five landlords/ladies who had leased shop space to the Somalis.
- Four African migrants from Ghana, Congo and Zimbabwe.
- Two South Africans, one RDP home owner and one Taxi *Rank* queue marshal.

A total of 18 Somali shop traders were interviewed in no particular order. Case studies look for quality instead of quantity, for the purposes of this study 18 respondents provided sufficient in-depth data to work with. Cosmo City is developed in conjunction with the City of Johannesburg by a company called Basil Read whose offices are located in Cosmo City. The Cosmo City Project planner works for Basil Read in Cosmo City. Cosmo City officials gave information about the historical background and the general information about Cosmo City. Landlords/ladies were interviewed to understand the nature of relationships between Somalis and their landlords/ladies. Three African migrants and two South Africans were interviewed to get information on how they see and experience life in Cosmo City. This was pertinent in understanding the nature of Cosmo City's opportunity structure, particular the aspect of race relations. Five Mayfair Somalis provided ethnographic data about Somali economic and social lives in general and the Mayfair community structure. Management at Cash and Carry wholesalers declined to be interviewed.

4.5. Data collection methods

4.5.1. Interviews

According to Gillham (2000:39) interviews of one kind or another are indispensable in case study research. Interviews are a face to face way of getting information from individuals or group. Depending on the aim and design of the research, interviews can be unstructured, structured, and semi-structured, or may be focus-group interviews.

(i) Unstructured Interviews

In unstructured interviews questions asked by the interviewer are open-ended, allowing the respondent to express his own opinion freely. The researcher can only guide and direct the interview to specific information that he wants. Researchers can also quiz the interviewee if they need more detail.

(ii) Structured interviews

Structured interviews consist of predetermined questions that are asked precisely as worded, in the same order for each respondent. The interviewer does not deviate from the list of prepared questions. In most cases, these questions are closed and require precise answers in the form of a set of options read out or presented on paper.

(iii) Semi-structured interviews

Gillham (2000:63) emphasises that semi-structured interviews are the 'most important form of interviewing in case study research'. Semi-structured interviews are a combination of both structured and unstructured methods of interviewing. They use both closed and open ended

questions. As a result, they have the advantage of both methods of interview. To maintain consistency with all participants, the interviewer has a set of pre-planned core questions for guidance such that the same areas are covered with each interviewee. Semi-structured interviews are flexible, allowing the interviewee the opportunity to elaborate or provide more relevant information on certain key issues about the investigation.

This study used semi-structured, unstructured interviews and direct observation to triangulate.

4.6. Observation

By observing how people relate to each other, the researcher has a reasonable chance of understanding the basic social order, for example, in my case: how Somali traders relate to their clients and *vice versa*. Furthermore, observation shows how everyday life is lived by group members. It also enables the researcher to document members accounting to each other in their natural settings. Such descriptive information cannot be revealed through interviews. In this way interview data will collaborate what is known about everyday life from direct observation. Miller and Dingwall (1997:58-61) argue that the problem with interviews is that respondents make themselves rational to the interviewer. That is, sometimes respondents distort facts to say what is commonly acceptable to society. To counter this problem they suggest that the researcher must search for contradictory or negative evidence as much as possible. In this way he will be able to identify and deal with conjecture.

To this purpose I engaged in observation. Two days, (from 6am to 9pm) were spent at Bafana Bafana shop and Africa shop, which are some of the busiest shops. One was a weekend and one was during the week. Six more days were spent at different shops around Cosmo City. In each shop I spent nine hours divided into three segments: 6am-9am, 12pm-3pm and 6pm-9pm. The mornings were for observing early morning business activities. The afternoon clientele is mainly school children (they form the bulk of shoplifters). I also observed how immigrants pass businesses to each other. (Foreign Indian vendors go about selling products to Somali shop owners). Evenings are when the majority of residents shop for supper groceries. Weekends include all kinds of people, with drunkards forming part of the troublesome clientele. I also observed how Somalis deal with aggressive clients.

4.7. Data analysis

This research produced huge amounts of data from interview transcripts. To make sense of the gathered data it was transcribed and broken into manageable units. It was then coded, synthesised, categorised and recombined. The next step was to search for patterns that addressed the initial aim

of the study as suggested by Yin (1998:250). The sorting of ideas follows particular processes to generate meaning. In some instances as is the case in this study, the aim of qualitative data analysis was to discover patterns, concepts, themes and meanings. As this study is qualitative the inductive methods of data analysis were used. That is, meaning was induced from the data produced. In qualitative research data collection and data analysis are carried out together until the final stages of research. It is an all-encompassing activity throughout the life of the project (Basit 2003:145). Data collection and analysis inform or drive each other.

As means of synthesising data for coherence, logic and meaning Strauss and Corbin (1990) identified two types of coding: "open coding and axial coding". Open coding in data analysis involves categorisation and organisation of data in search of patterns, critical themes and meanings that emerge from the data. Categories have to be descriptive and multi-dimensional as they provide a preliminary framework for analysis.

4.7.1. Categorisation

Categorisation helps the researcher to make comparisons and contrasts between patterns, to reflect on certain patterns and complex threads of the data deeply, and make sense of them. Here the researcher looks and identifies themes from raw data. For example, I discovered that Somali traders do not intend to permanently settle in Cosmo City. In this way I looked for hints/themes that suggested mobility within the data collected. If mobile I put this under the mobile code labelled "mobility". Mobility connotations emerging from the data were then grouped together under one code.

4.7.2. Codes

Codes are letters or labels that are used to identify categories in the research. These statements/phrases that denote mobility are called categories. This forms the basis for the preliminary framework for the stage of analysis. Context and speaker can be identified and quoted in the process of open coding.

The second stage was to re-examine the categories identified and see how they fit and link with each other. This is called 'axial coding'. A broader conceptual picture is now developed. Keeping with the mobility example, we will begin to develop ideas why Somalis traders are mobile. Causal events and details of these causal factors have to be described. The ramifications of the phenomena studied is explored and identified in detail.

Coding in qualitative analysis is not for statistic generalisations but for analytical generalisations. That is, it is used to illustrate, represent or generalise to a theory (Yin 1998:239). When research

findings are finally communicated to the readers, the means through which the researcher based his conclusion are important. I shall now discuss research evaluation.

4.8. Research evaluation

Research work follows certain procedures and processes. When research findings are presented readers should be able to discern the means by which these conclusions have been reached. An outline of theoretical, methodological and analytical decisions that were adopted throughout the study has to be provided. Once this has been made clear, an assessment on the validity and reliability of instruments, methodological or theoretical issues used to gather data can be made. This is crucial for justifying the researcher's final claims on the researched phenomenon. There are ways of addressing issues of validity and reliability in both quantitative and qualitative research.

4.8.1. *Validity*

A valid study is defined by Brink (1993:35) as a study that demonstrates accuracy and truthfulness of scientific findings. He further elaborates that a valid study should prove what actually exists. Therefore, proof of what exists depends also in-turn on the validity of instruments used to prove facts. Instruments must measure that which they are supposed to measure (what is called construct validity).

There are two common types of validity: Internal and external validity. Internal validity refers to the extent to which research findings are a true representation of reality rather than being the effects of extraneous variables (Brink 1993:35). In external validity the question asked is: can discovered representations of reality be applied across groups? In other words, can we generalise the findings to a cross section of groups? Internal and external validity include statistical analysis and empirical calculations. They employ objective methods of validating phenomena and look for statistical procedures to conclude that the research is valid and reliable. Validity and reliability are commonly associated with quantitative research methods.

4.8.2. *Reliability*

Reliability refers to the ability of the research method to consistently yield the same results over repeated testing periods (Brink 1993:35). Reliability is concerned with consistency, stability and repeatability of research results. Qualitative research on the other hand is interested in what people believe in and what they have experienced (Brink 1993:35). It uses subjective methods of data analysis. Phenomena are viewed in their social context. Because of these differences the methods used by quantitative and qualitative research to judge reliability and validity are not the same, even though the fundamental aim is the same: i.e. that of assessing the potential relevance of the study.

4.8.3. Forms of validity and reliability in qualitative research.

Qualitative researchers argue that the reality of the social world has to be viewed differently. Qualitative research is based on different assumptions regarding reality, thus demands different conceptualisations of validity and reliability (Merriam 1995:52). Research results gathered through qualitative research cannot be generalised across all social phenomena, but instead they can be transferred to other cases. That is why some researchers prefer to use transferability instead of generalisability (see Hammersley 1992 and Weiss 1994). How credibility will be measured also depends on the intentions of the study (Merriam 1995:52). Once we know how the study is conducted and with what intentions we will then be able to measure its credibility with relevant instruments. Therefore, this question must always be kept in mind: Are we observing or measuring what we think we are observing or measuring? (Merriam 1995:52). Instead of reliability and validity, Guba and Lincoln (1981) Krefting (1991) and Creswell (1998) introduced the parallel strategy of “trustworthiness” with four aspects: credibility, transferability, dependability and confirmability (Morse, 2002:14). Trustworthiness in qualitative research is used to measure the quality and vigour of research. Below are the equivalents of measure as used in qualitative and quantitative research.

- Credibility = Internal validity
- Transferability = External validity/generalisability
- Dependability = Reliability
- Confirmability=Objectivity

Sandelowski (in Krefting 1991:216) says that if a researcher can give accurate descriptions of phenomena so that those who share the experience would immediately recognise the descriptions, then that study can be said to be credible. In other words, research findings must match reality as far as possible.

Guba (1981) in Krefting (1991:216) referred to transferability as “a criterion against which applicability of qualitative data is assessed”. When research can be applied to different situations or contexts outside the study, then that research can be said to be transferrable. Guba and Lincoln (1985) note that it is not the duty of the researcher to ensure transferability, but that of the person wanting to transfer the findings. In other words, anyone wanting to apply the findings of the study may do so if it is relevant to that particular phenomena or situation. This is because qualitative research is situational. For example, a group studied in Cosmo City may totally be different to a group in Pretoria.

According to Merriam (1995:55) dependability refers to the extent to which research findings can be replicated with similar subjects in a similar context. To achieve such consistency, the exact methods of data gathering, analysis and interpretation in the research must be described.

Confirmability, also referred to as neutrality (see Krefting 1991), is the degree to which the research findings are a pure product of the informants and not subjective biases of researcher (Krefting 1991:216-217). To put it simple, confirmability is the extent to which other researchers can confirm the research findings. This is why the researcher has to be neutral and avoid biases which can mislead other researchers resulting in unconfirmable results. In quantitative terms it is analogous to objectivity.

Like all research measures, no method is without weakness. However, there are strategies to guard against any possible flaws or biases. One way of ensuring qualitative vigour is through triangulation and reflexivity. Triangulation is the use of different research strategies on a single phenomenon to confirm the emerging findings; for example, if a researcher hears about the phenomenon in interviews, observes it taking place and reads about it in pertinent documents he can be confident that the reality of the situation as perceived by those in it, is being conveyed as truthfully as possible (Merriam 1995:55). Reflexivity refers to assessing one's subjective influence so that they do not have a bearing on the research process. For example, the researcher's background, perceptions or common world view may influence the research process. The researcher has to be aware of his background and constantly reflect on it to eliminate bias during data gathering. Even if a resident of Cosmo City and a regular *spaza* client it is always difficult to know and form perceptions about Somali traders unless one is introduced to them like me. Before the research was conducted I knew very little about the Somalis. They are a highly secretive and sensitive group. My background never influenced my research findings. To ensure trustworthiness I provided detailed descriptions of Cosmo City and Somali business activities so that the reader may be able to judge the applicability of the findings to other settings that they know.

4.9. Ethical considerations

Before data gathering and analysis there are several ethical issues that researchers have to address. I list them below.

- Informed consent: participants must have full knowledge of what the study is about.
- Harm and risk: to what extent can the study hurt participants.
- Honesty and trust: the researcher has a duty to present data as truthfully as possible.

- Privacy, confidentiality, and anonymity: to what extent will the study intrude too much into group behaviours? (Miles and Huberman 1994).

For the purposes of this study, the department of Sociology approved the intention of the research and the study was allowed to go ahead. A second letter from the department was provided so as to give it to the informants should they want proof of what the study is about. Informants were asked to sign consent forms as proof that they were willing participants. The researcher also explained the content and purpose of the study and what was asked of them. Should they want to opt out of the research they were allowed to do so. But no one opted out. No one was forced to participate. The information they provide will be purely for academic purposes and will not be revealed to anyone except the University. Simply, to guard the anonymity of informants pseudonyms were used.

4.9. Conclusion

Not all Somali traders in Cosmo City knew my research assistant. Our first stop was a mistaken stop at a shop owned by Ethiopians of Oromo origins. It is the Oromo shop owners who showed us where Somali shops are located. Oromo and Somalis are near similar in physical appearance. Those who did not know Adesh simply trusted him on the basis that he was Somali. This proves that Somalis are a group that thrives on Somali togetherness. Only one Somali shop trader refused to be interviewed on the basis that he was only an employee. All other interviewees were keen to be interviewed. They only became somewhat sceptical when they were asked to introduce us to landlords/ladies. Mayfair Somalis were more open than the Cosmo City traders possibly due to the fact that Mayfair is a secure enclave. On the whole the interviews were a success. The Cash and Carry wholesalers declined to be interviewed.

Chapter 5. Race, Identity and Religion among the Somalis

5.1. Introduction

This chapter gives analyses of social factors that have shaped Somali identity and exclusive solidarity. It is shown that the construction of the Somali social identity has led to their exclusive way of life and doing business in South Africa. An attempt is made to show where the Somali principle of self reliance comes from. First I deal with how Somali identity has historically been constructed back in Somalia. How this perceived identity created in Somalia fits in within the cosmopolitan community of Johannesburg is also explained. Secondly I show how the experience of journeying across Africa and social conditions in South Africa have contributed and reinforced the shaping of what I call the 'Somali identity and Somali existence' in South Africa. Thirdly I assess the impact of religion as a unifying and bonding social structure that underpins the daily existence of Somali migrants in South Africa. Somalis have cut themselves off from the community of migrants and from the South African public life and preferred to live exclusively as Somalis. I sum up by arguing that lack of integration has contributed to their extra ordinary way of entrepreneurship and

success. Data for this chapter was gathered in Mayfair and Cosmo City. Mayfair is a former Indian suburb near Johannesburg CBD. It has now become a Somali enclave. Somalis commonly refer to black Africans as 'Bantus' or 'Bantu Africans'. I will also use the same term in reference to non-white, Indians or Coloured Africans.

5.2. Identity

Who do Somalis perceive themselves to be in racial terms? To find answers to this question interviews were conducted with six prominent Somalis in Mayfair: Abdi a Somali businessman aged 48, Kusow a community leader aged 50, Adesh and Ashkir Kenyan Somalis, both of whom had gone up to secondary school, Mohamed a Somali shop owner of 30 years who left school at grade eight and Abdikani (38) who has two shops in Tembisa. Abdikani has a certificate in Human Resources Management from Varsity College in Port Elizabeth.

Most Somalis are tall in stature with soft curly hair, and light brown to black skin. These physical features distinguish Somalis from Bantu Africans. That they are Africans and originate from Africa is indisputable to the Somalis and they are content with that. However, Mohamed believes that while they are Africans, their ethnic origins as Somalis are also of 'extreme importance'. Abdi also reiterated Mohamed's point by adding that every person has to know his origins. Abdi is of Darood ancestry and explained his origins in this way: 'when we talk originality Darood are direct descendants of Arabs'. 'But we are more African than Arabic'. Somalis take pride in being racially different from Bantu Africans. When asked how common were intermarriages between Somalis and Bantu Africans? Adesh responded by saying 'most probably it is not easy'. However, as explained by Adesh, there are a few cases where Somali men have married South African women, particularly women from the Western Cape. The reason being that 'with Coloureds you can go anywhere with them and because they have European blood in them'. Somalis regard Bantu Africans as genetically inferior. Though they do not overtly say it, it emerged as it was explained by Adesh that most Somalis do not like pap, a staple diet for the majority of Bantu Africans as they regard it as 'Bantu food'. It is a belief highly held by the Somalis that they should not taint their Somali genes by marrying Bantu Africans. The purity of their race as Somalis has to be preserved as much as possible. That is why intermarriages between Bantu Africans and Somalis are rare and taboo. Being African does not make Somalis identify more with Bantu Africans. They see themselves as exclusively Somali and they want it kept that way.

Ashkir put it this way:

‘You know the goodness of Somalis is that we have 200 grandfathers and I can count up to 200 grandfathers. I know where I come from, where I originate. Even today if I marry a South African woman I have to write for her where I come from. It is Important, very important. You know if a person doesn’t know where he comes from, we say he is a bastard. That DNA is important, because children will be lost and we don’t like that. Because if she hides that to the child she will be bastardising that child’.

The fact is that Ashkir did not count up to 200 grandparents, but he counted his descendants twelve generations back.

5.3. Descent.

Knowing one’s origins is important within the Somali community. At least one has to know ten of his ancestors. Some even go up to 20 as Ashkir explained. It is through knowing one’s ancestors that kinship can be forged by future generations. Somalis are a clan conscious community. Association within the Somali community is usually along clan lines. Within clans there are also sub-clans and immediate family lineages which fall under one major clan. Knowing one’s ancestors helps in identifying of one’s clan and thereby enhancing the likelihood of clan association. In Somalia clan chieftdom is inherited. Clan size and cohesion matter for wealth accumulation. Also big clans have international networks which help in wealth accumulation. Within clans there are elders whose role is to oversee conflict resolution between clan groups, collective defence and clan security. The Somali social system is arranged along seniority. All adult men are given the title of ‘elder’ they are the ones who handle all matters of common concern in their communities. They are accorded a very special status as overseers of community affairs. The same system exists in Mayfair. Adesh: If I meet an elder and he sends me to do something, I have to go. They are respected everyone listens to them. Clan association is not only a Mayfair phenomena, it goes back to Somalia.

5.4. Somalis in Johannesburg

5.4.1. *Somali enclave*

Why did the Somali community in Johannesburg choose Mayfair as their enclave, instead of the Johannesburg CBD where they could have settled among other migrant communities from across Africa? Kusow a community elder who has been living in South Africa for eighteen years emphasises the religiosity of the Somali community as the main reason. Kusow: ‘Mayfair first, the people who stay here were Indians that is why the Somalis came’. Somalis ‘wanted to share the Islamic culture with other Muslims’. Mayfair is a former Indian suburb, where most of the residents are Muslim.

Interesting though, is that Johannesburg CBD has many Bantu African Muslim migrants from West, Central and Southern Africa: Mali, Nigeria, Senegal, Burundi, Malawi and many other African countries where Islam is practiced (Sadouni 2015, Vahed and Jeppe 2001). Bantu African Muslims went with race instead of religion when they settled in Johannesburg (Sadouni 2015).

5.5. Bantu Muslims in Johannesburg

There are no clear reasons why Bantu African Muslims chose race over religion, however, Vahed and Jeppe (2001) offer possible historical reasons. They contend that the apartheid segregation laws created cultural and religious barriers between races. Indians who possibly could have become conduits of Islam in the townships were restricted to their suburbs. In this way Islam was mainly confined to Indian and Coloured communities, particularly those from the Cape. This explains why Islam is still a minority religion in South Africa. Black South Africans took Islam as a religion of a particular class and race. It was moreover looked at as foreign, with exploitative and abusive intentions as the Afrikaans religions. Soweto has only two Mosques. Even though there are Black Muslims in South Africa their role in main-stream Islam still remains peripheral. When Bantu African Muslims came to South Africa they found a disorganised and less effective Black Islamic activities and institutions. As a result, perhaps Black South African Muslims could not offer social security to Bantu African Muslims. Bantu African Muslims came along with them an 'Africanised' version of Islam which was more relevant to their socio-economic needs back home. With such reformed Islam Indians did not consider Bantu Africans as true Muslims (Vahed and Jeppe 2001). The majority of South African Muslims are of Asian origin. Islam practised by Indians has closer links with Islam practised in the East. With South African Black Muslims disorganised, lacking resources due to poverty and unemployment and Indians regarding Bantu Muslims as not true Muslims it might possibly be the reason why Bantu Muslims settled among other immigrants in the CBD. The circumstances in the host country meant that being African first was worthy than being Muslim first. They could at least have access to some form of social security among other Bantu migrants. On the other hand Somalis went the religion way and settled among Indian Muslims in Mayfair (Jinnah 2010, Sadouni 2015). I explore this notion below.

5.6. Somalis in Mayfair

Cultural, religious and racial differences have somewhat made Somalis cut themselves off from the community of African migrants in the CBD. Claiming racial superiority would not have worked in South Africa as it does in Somalia against Bantu Africans. In the hassle and bustle of the CBD no migrant or any other person would have bothered about the sense of Somali racial superiority over

Bantu Africans as is the case back in Somalia. In South Africa non-white immigrants are seen as merely immigrants labelled with all kinds of derogatory names. Somalis too have not escaped the hatred displayed by South Africans towards black African and Asian migrants. Instead of forging a common African identity with other migrants Somalis went with religion. Somali identity had to be re-enacted through religion. In this way Somali racial recognition was at least gained through religion in South Africa. Race could not have worked in Mayfair, but religion worked as Somalis were welcomed by Indians on the religious ticket. As I will show, early Somalis started as employees for Indians. There was at least social security in associating with Indians. Somalis and Indians have nothing culturally common between them except Islam. Back in Somalia interaction with other groups is limited in terms of race, not religion or language since nearly the whole of Somalia is Muslim and speaks one language. Somalis are not only racially different but also religiously and culturally different from the majority of black Africans. This has made them see themselves as a unique group of immigrants whose identity no other group shares.

5.7. Origins of racist attitudes

Van Lehman and Eno (2003) offer a historical account on the origins of racial prejudice against Bantu Africans in Somalia. Racial discrimination against Bantu Africans created a deep sense of racial superiority against Bantu Africans which has had far lasting social and psychological implications on how Somalis see themselves in relation to Bantu Africans. Van Lehman and Eno point to the 1840s slave trade by Arabs as the genesis of Bantu Africans stigmatisation and marginalisation. Thousands of captured Bantus were sold to Arabs, Europeans and to other Africans. Somalis themselves were slave owners. Particular focus is given to the Italians who maintained colonial control over Somalia. To get cheap labour for its industries the Italians relied on former Somali slave owners to organise Bantu Africans and keep them in labour camps. When slavery was abolished in the 1930s free Bantus remained in Somalia. The stigma and racial prejudice associated with slavery did not disappear with the abolition of slavery. The Italian construct of black Africans had further perpetuated the notion that Bantus were of inferior race and barbaric. As a result Bantus still suffer the social stigma of being a Bantu in Somalia. The strongest psychological impact that slavery had on the minds of the Somalis is that Bantu Africans were of unholy origin. The notion of ungodliness has still today left Bantu Somalis 'outside the boundaries of Somaliness' (Van Lehman and Eno: 2003). The fact that Somalis were never enslaved gives them a sense of racial superiority over black Africans. While other migrants in South Africa hate black South Africans as xenophobic, Somalis hate black South Africans as both xenophobic and Bantu. Intermarriages have remained extremely

taboo. I will later on show that Somalis are without any aspirations to be part of the broader South African community. To some extent the lingering question of race is not only strong in Somalia but in Johannesburg as well. The only difference is that in South Africa Bantus are the majority and have political power which Bantus lack back in Somalia. Without political power racial superiority in a foreign country is insignificant. Unlike white immigrants whose whiteness can easily benefit them in socio-economic terms Somalis cannot. Somalis forged a Muslim identity with Indians at the expense of 'blackness' in South Africa. Muslim identity with Indians at least offered social security.

5.8. Somali experience

Somalis in South Africa have not only survived a brutal war back in Somalia, but have also withstood the test of journeying from Somalia to South Africa. They have survived hardships no other group of migrants can attest to. Except for a few early arrivals nearly all Somalis come to South Africa without travel documents as there is no functioning government to issue passports. Of all eighteen interviewed Somali traders in Cosmo City only Abdul had used a Somali passport to come to South Africa.

5.8.1. Routes

Somalis travel by road nearly half the continent to get to South Africa. They spend weeks or even months on the road cutting across countries. There are two possible ways in which one can reach South Africa. The first one is by boat which is the least favourable as it is dangerous. Only three Somalis interviewed had used the boat. The second possible way is by road which is the most common. When using the road there are two possible routes one can use to reach South Africa: a) Kenya-Tanzania-Zambia-Zimbabwe and then cross over to South Africa. The second option is Kenya-Tanzania-Mozambique and then South Africa. The latter is said to be the most popular as it is the shortest. Adesh who came without passport:

'People are put in containers [trucks] there is no place you can get air for 4 days. Can you imagine; a human being! Some people even die. Leave Tanzania to Nampula in Mozambique it is just the same, it is horrible'.

Cabdi left Dadaab refugee camp for South Africa with seven other Somalis. From Dadaab they went to Nairobi by truck. Nairobi is not difficult as there are many Somalis living there. It was easy. The problem starts once you leave Kenya for Tanzania. Police are always suspicious of container trucks, so they often stop them. Truck drivers who know the routes know where police set up road blocks,

often they tell Somalis to get off the truck and walk past the road block in the bushes where they are picked 4 or 5 kilometres after the check point. Tanzania is said to have the most merciless of police. With stops and starts and delays in Tanzania, Cabdi finally reached Nampula in Mozambique after one week of travelling.

5.8.2. *Brokers*

In Nampula they were put in contact with the most dubious of *brokers*. A fight broke up between the rival *brokers* over the number of people each group can have. One group wanted to be given some more Somalis as it had only a few, the other group had refused. Cabdi: 'I tell you, we waited for three full days while they were busy fighting over us'. On the fourth day they left Nampula for Maputo where they proceeded to Johannesburg *en route* Malalane in Mpumalanga. *Brokers* are people smugglers who operate within individual countries from Kenya to South Africa. Kenyan *brokers* will hand over their clients to Tanzanian *brokers*, who in turn pass them to Mozambiquean *brokers* who then deliver them to Mayfair. They also operate in the Kenya- Tanzania-Zambia-Zimbabwe route.

Cabdi:

Sometimes you hear Somalis say we are not these Africans. We are not these fucking shit Bantu Africans, because starting from where you come from, the other foreign African country take advantage of you. They give you shit. You are locked inside, who will you call? You can't call a lawyer or your embassy. What will you do? Unless you pay, pay the police. And you feel hatred for the Africans. How else will you feel. Tanzania gives the most shit. So when a person comes here to South Africa he is tired of being racist. There is no way you cannot be racist.

Once in Tanzania through to Mozambique until they reach South Africa Somalis' fate rests with the mercy of the *brokers*. That simply means putting one's life in the hands of someone one does not even know. Sometimes they are conned, threatened, robbed or arrested. Karim:

'*Brokers* will always bring people from Somalia to South Africa. One by one bring, every one of them will be doing his job of making people cross borders. *Brokers* try their best to cross people, but you cannot be lucky from Somalia to South Africa. Anything can happen'.

Somalis seem to have accepted the unpredictability of their lives. The second visit to Mayfair for this research interview was rescheduled from ten in the morning to one in the afternoon. Adesh

was expecting some new arrivals from Somalia but they had not come the night they were expected.

Adesh:

‘We slept very late last night as we were waiting for our people coming from Mozambique. They did not arrive, so we don’t know what might have happened to them’. They were supposed to have come last night but they did not arrive. I am worried about what might have happened to them’.

With the availability of mobile phones, journeys across countries have become more co-ordinated though still risky and uncertain. In 2004 Ahmed and other 5 Somalis were arrested and detained in Zimbabwe for two months without their family members knowing where they were and what had happened to them. Ahmed: ‘It is very painful for family. People thought we were dead. It happens that people die along the way’. Nadif recounts how a fellow Somali died in the bush as he could no longer continue due to sickness. When Nadif and other Somalis realised that there was nothing they could do, they just left him dead in the bush.

For most Somalis journeys from Kenya to Johannesburg are the first experience of what it means to depend on other people for survival. They are journeys of awakening to the reality that depending on other people for survival can be painful. Through their journeys Somalis have depended on the Bantu Africans who on several occasions have conned them along the way, taking advantage of their vulnerability. This has in some ways contributed to and strengthened Somali isolation from Bantu Africans in Johannesburg.

5.9. Xenophobia and violence

Of all migrant businesses, Somali traders in the townships bear the brunt of xenophobia and crime. Making money in poverty stricken places was always going to pose challenges for Somalis. Almost daily they are verbally abused, shouted at and threatened. This has bred hatred of South Africans by Somalis. Even in Cosmo City where physical violence is less, verbal abuse and threats are common. Faysal whose face was cut across by a knife while trading in Soweto fled Soweto and now trades in Cosmo City. Nadif who was shot in the throat while trading in Port Elizabeth also left PE and came to Mayfair. Nadif:

‘One day three boys came to the shop, I did not know their faces. One pulled a gun and said to me he wants money. I said I had no money only the one I have in my pocket. They said it is too small they want more. I said I don’t have. Then they shot me’.

Nadif still has a bullet lodged in his throat as it was not removed by the doctors. Police managed to find his assailants and arrested them. After Nadif was discharged from hospital, it was agreed by

the Somali community that he attends the trial of his assailants as to ensure a successful conviction. At the time of the interview Nadif had just returned from PE where his assailants were successfully prosecuted and convicted for attempted murder. It is such incidences Somalis encounter on a regular basis that has made them think they are hated, abused and targeted by South Africans. Hated and abused because they are Muslim and migrants. This has reinforced the principle of self reliance as they believe no one will understand them, except exploit their vulnerability as Somalis. In her (1973) theory of 'Middlemen Minorities' Bonacich found that because of their vulnerability Immigrant entrepreneurs suffered hostilities from both their suppliers and host communities. This also explains why Somali vulnerability has led to them being soft targets.

5.10. Religion

In South Africa, religion has a significant role in the lives of the Somalis. It functions as a bonding structure which keeps Somalis together. Spirituality plays a pivotal role as a conditioning, disciplining and protective tool. While religion does not directly teach economics, its utility lies in fostering discipline, order, brotherhood and spiritual guidance in one's life and economic ventures. There are occasional tribal and clan fights in Mayfair, but subscription to the Islamic jurisdiction of brotherhood overrides tribal and clan differences. Islam demands strict adherence from its followers. In this way Somalis are expected to strictly adhere to the teachings of Islam. This ensures cohesion, which is necessary in countering adversities they face in South Africa. The stories presented below help in understanding why religion has been used as a tool to forge togetherness.

- Abdikani who is Darood and comes from Kismayo left Somalia 14 years back after a bomb blast killed his father and nearly killed him and his sister. 'Life was like a war zone. I looked for a place where I can be safe'.
- Raage: 'Al Shabaab wanted me to join them. I refused. My mother said if they find you here they will kill you. That is when I escaped to Dadaab and came to South Africa'.
- Garyere who comes from Mogadishu fell sick and the hospital in Mogadishu could not treat him as there were no medicines. He travelled 400km to Dadaab under extremely dangerous conditions where he was successfully treated. Later on he stayed in Dadaab and decided to come to South Africa.
- Madoowbe: 'When I left Somalia it was in 2003. At that time war in Somalia was growing. The first place I went to was Ethiopia and then later I went to Kenya. When war did not stop I thought of coming to South Africa. I said to my family there is no future in Somalia. After

5 years in the camp I decided to come to South Africa. The situation forced me to come here. I said good bye to my father and mother and came to South Africa’.

- Jilib: ‘In 2006 our village was attacked by al-Shabaab militia. They killed people and said we must join them and if we do not they would kill us. Because I got injured [during an attack] one day I managed to escape’.

The respondents above came from different parts of Somalia. All of them had nothing to do with the war. All of them did not support any faction fighting in the war. The problem in Somalia is that al-shabaab kills people indiscriminately. In Mayfair al-shabaab has few sympathisers; the majority of Somalis do not support it. Somalis have also banded together regardless of tribal differences to face common challenges in their host country.

Abdikani: I do not support people being killed. Some fled their homes where they were born and bred. It is not humanity. I do not support war lords. I do not support al-Shabaab people who do not think about the future. I cannot support that. Al-Shabaab is uncontrollable. Al-Shabaab just kills people not knowing what life holds afterwards. In Somalia tribal wars used to exist but they were controllable. People knew who was attacking them and who was not. But there were solutions. That is part of Somali history.

Abdikani wants to later on upgrade his Human Resources certificate into a diploma. He wants to work for a private company in South Africa.

The majority of Somali refugees are in fact victims of war rather than perpetrators of war. These are men who otherwise would be living productive lives had it not been the war. The lot that many Somalis share is similar. Sharing similar life experiences back home and in South Africa has to some extent broken tribal barriers and instead strengthened Somali Islamic brotherhood. Religious affiliation instead of clan or tribe has been used to unify Somalis in South Africa. Raage : ‘When it comes to religion there is no tribalism’.

Mayfair has been turned into a spiritual home of all Somalis regardless in which region they come from in Somalia.

Mohamed:

‘Where ever a guy comes from, he will look for a place with Muslims. Even if you go to China, Somalia or wherever you go, no matter if that person doesn’t understand your language he is your brother. That person will help and love you like a brother. That is the teaching of Islam’.

At an individual level religion gives hope and protects. Mohamed:

'I live because of Allah. He can stop my soul now-now if he likes. He provides for me, he protects me; he can beat me if he likes. He is everything. But I have to ask for his forgiveness and protection every time. I have to give full respect to all people; I have to make peace with all people. That is what Islam is all about. Peace'.

When it comes to security and socio-economic matters; Somalis band together under Islamic brotherhood in order to collectively deal with any adversities they face. Islam fosters collective identity.

Abdi :

'One funny thing is that if you see us you will say these people are united. We live together and love each other and look after each other, but we fight a lot. If you stay with the Somalis you will hate it. You will want to understand it; people speak the same language, come from the same country and practice the same religion, but argue and kill each other. You may say are these people normal or what'?

5.11. Dispute resolution

In general criminal acts against other Somalis are rare. This finds relevance to what Portes and Sensenbrenner (1993:1327-1332) theorised about 'bounded solidarity'. As is the case in all human societies, conflicts within any community will somehow happen. The problem with regards to the Somali community is that common behavioural problems end up getting a cultural, or clan twist to them. Kusow an elder and community leader has, as one of his responsibilities to advise and resolve disputes. Kusow: There was one fight over business space between two tribes. I helped in resolving the problem. I said to them instead of fighting for this one space why not find another place? Kusow:

'When there is a fight between us, some people would want to revenge. But we try by all means not to go that way where people kill each other. But sometimes it happens were people are killed, but we try by all means not to go that way'.

Somalis look up to the elders and community leaders for solutions to disputes. Even in serious cases where there has been a loss of life Somalis hardly report such cases to the police. Kusow:

'It wouldn't help. [Reporting the matter to the police] The community is there to solve problems. Police can't solve the problem. That person will go to jail and come out again. And after that nothing happens to the family'.

Islam stresses asking for forgiveness. That is why Kusow believes that sending someone to jail solves no problem. But if someone asks for forgiveness he at least gives the family of the deceased some closure. A compensation fee is then paid to the parents or relatives of the deceased. The elders

decide the eligible payment the parents or relatives of the deceased should get. Somalis prefer to solve their own problems religiously without the involvement of outsiders. Adesh: Actually the beauty of the elders is when there is a problem. The need for elders is at that time. That is why they have to be respected.

5.12. Conclusion

Followers of Islam are a minority in South Africa. Instead the dominant religion is Christianity. This has led to cultural misunderstandings between Somalis and the South African public. The belief among Somalis is that as long as the South African public does not understand Islam they will not understand Somalis themselves. Religion partly determines who Somalis are and how they go about their business of daily living in Johannesburg. From this reason, to the Somalis outsiders will not understand the inner workings of the Somali community since they do not understand Islam. To the Somalis Islam dictates what life is and how it should be lived. Answers to problems of daily existence are guided by the teachings of Islam. This is shown in the way they deal with tribal or clan problems in Mayfair.

The social boundary of 'Somaliness' is constructed along the shared life experiences, ethnic background, social identity and culture. This has resulted in Somalis believing that they are a unique group who most people would not understand. These are people who have been persecuted in Somalia, travelled rough journeys across Africa and tormented in South Africa. People who believe that there is nowhere they can be treated fairly and live safe lives. These are people whose entire lives have been dogged by uncertainty and vulnerability. Who can they possibly trust except themselves? In the words of Abdi: 'South Africans hate foreigners'. 'Even if one is in the Township to make peace and do business'. They are racists, they don't like us'.

Chapter 6. Cosmo City opportunity structure

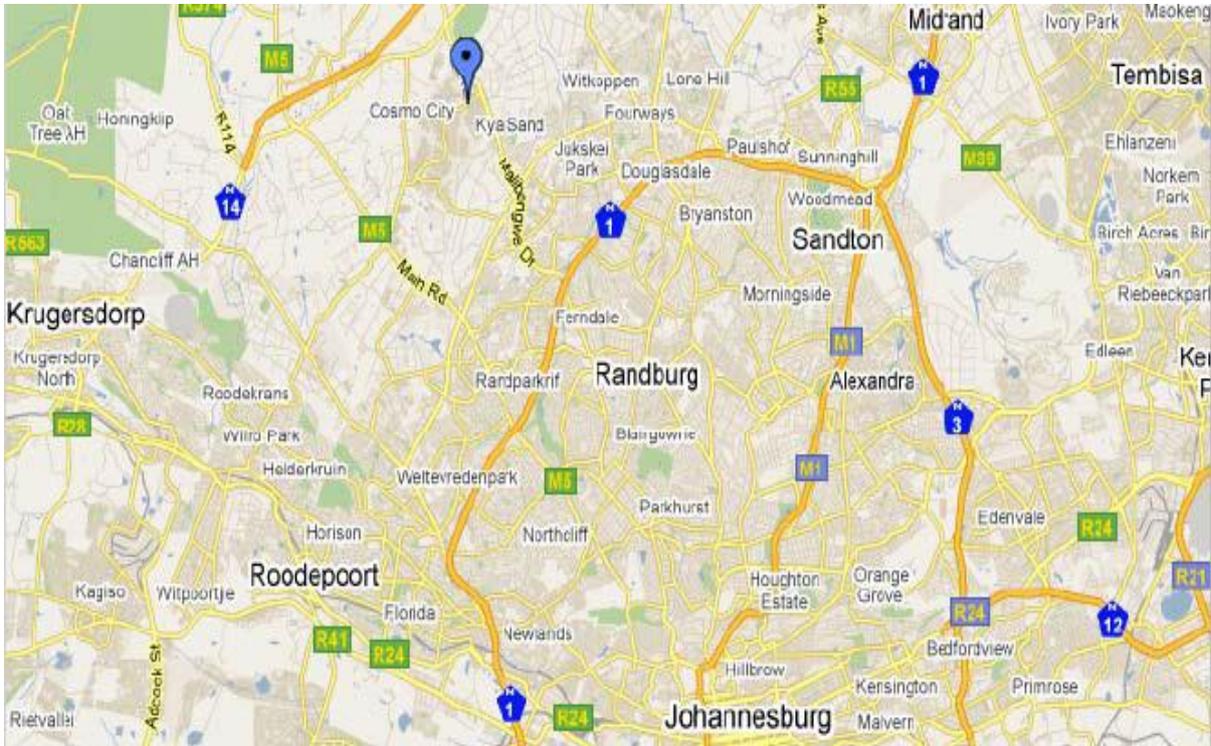
6.1. Introduction

This chapter seeks to assess the opportunity structure of Cosmo City. Given the variation in opportunity structures, economic behaviour of Immigrants also differs depending on the environment (Rath and Kloosterman 2008). Cosmo City is one place that has attracted many migrants either as businessmen/women or residents. First I give a brief background on the kind of settlement Cosmo City is. I show that its very unique design has attracted all kinds of people: professionals, business people, and informal traders, people of all races and nationalities and class. It is particularly due to its cosmopolitan outlook that Cosmo City has been a favourable destination for migrants. Secondly I analyse how embedded are Somali economic activities in the opportunity structure of Cosmo City. I show that despite strife and hardships among RDP dwellers there is also basic social tolerance towards residents of different nationalities. The infrastructural design of Cosmo City as a mixed use and a socially inclusive township contributed to it being a tolerant township. Data for this chapter was gathered from Lynette Groenewald who is a Project planner for Cosmo City, Vusi Mahlalela who is a Community Liaison officer and Maureen Schomann who is a Councillor.

6.2. Background of Cosmo City

6.2.1. *Location*

Cosmo City is 25km north-west of the Johannesburg CBD. It is located along Malibongwe Drive towards Lanseria airport. It is bordered by the affluent suburbs of Randburg, Honeydew and Fourways.



Location of Cosmo City in relation to the Johannesburg CBD (Source: Google Maps)

6.3. Housing types

There are four different types of housing in Cosmo City: a) The subsidy houses commonly known as RPD houses, b) the first phase bonded houses, c) second phase, d) and forth phase bond houses. Each housing type is separated by a palisade fence. That is, for example, all RDP houses are under one fence which separates them from bonded houses. In 2006 the city of Johannesburg estimated that Cosmo City is home to about 65 000 to 70 000 people. But with the recent rise in the number of backyard dwellers the figures could be as high as 80 to 90 thousand residents.

This year (2016) marks 10 years since former shack dwellers were resettled in Cosmo City. Since its inception Cosmo City has had high standards of service provision. Despite efficient service provision, most erstwhile shack dwellers are still struggling economically. It is in the RDP section of Cosmo City where the hustling for survival is taking place. There are still visible class strata along economic lines.

6.4. The social design of Cosmo City

Lynette Groenewald, a town planner involved in the Cosmo City project, explained how from the beginning the concept about Cosmo City was approached: The Cosmo City project signified a 'new beginning'. This 'new beginning' meant that no one will be discriminated against on the basis of their nationality, race, tribe or class. Groenewald: 'We wanted to create a sense of belonging to everyone living in Cosmo City'. Everyone was meant to have access to facilities without any discrimination.



Picture 1. Picture by author: An inscription at an entrance of the community centre.

Edios who is Zimbabwean but uses a South African identity document (ID) was given a house. He says there are many Zimbabweans who have RDP houses in Cosmo City. 'Everyone knows that we are Zimbabweans, but right from the beginning we were told that xenophobia will never be allowed in Cosmo City'. 'So we just live with them here'. Jopson Ncube who is also a Zimbabwean but uses

a South African Identity document has an RDP house. The house was initially meant for his elder brother who lived in Zevenfontein, but had no ID. Since his elder brother had no ID he called Jopson to register for the house. So when the house came out it was registered under Jopson's name. 'That's how I got the house' explained Jopson. His elder brother later went back to Zimbabwe where he now lives.

The Taxi industry is also another inclusive sector. Ashley (35), a queue marshal in Cosmo City Taxi *Rank*, says the reason why some Taxi drivers are Zimbabwean is because they are 'our brothers'.

'You see, that time of apartheid is gone. In the new South Africa we all live together and work together. Zimbabweans are our brothers.

Some South African Taxi owners have employed foreign Taxi drivers particularly those from Zimbabwe. Short routes are mainly given to foreign Taxi drivers. Themba a Zimbabwean says he plies the Fourways-Cosmo City route, or sometimes the Cosmo City-Honeydew route depending on which route he is allocated. These are the shortest destinations around Cosmo City. And foreign Taxi drivers prefer the short routes because these are areas where they are known. 'No one will trouble you of being a foreigner we all know each other' says Themba.

To be a truly representative and inclusive township, all Cosmo City streets bear names of countries and their capitals in all the five continents. Mr Mahlalela who is the community liaison officer for Cosmo City says the whole idea of naming streets after different countries was because they 'wanted an integrated community' regardless of financial, social status or nationality.

Domenec: a barber from Ghana says having streets named after other countries has helped South Africans learn to acculturate.

'Cosmo City is like an African village where everyone lives together in peace with his neighbour'. 'The streets represent the whole of Africa'. 'That is why everyone from all over the world is here'

The concept that everyone is welcome in Cosmo City is affirmed by Francois an internet cafe owner from Congo:

'... For me it means that people from outside are welcome, when you see the name of your country you can say at least here I am accepted. Cosmo City does not have xenophobia towards other people. Here they understand life, because a man never knows where he ends up'. 'Not like other townships, those people don't know life'.



Picture 2. Picture by author: Street naming in Cosmo City.

6.5. Residents' associations

There are residents associations which have been set up with each extension having its own committee members. The committee members make representations to the main association board. Mahlalela says the biggest challenge has been getting RDP residents active members of the associations. It is in the RDP section of Cosmo City where co-operation among residents is non-existent. Contrary, the affluent of Cosmo City are active members of their associations. Once every month they meet as residents to discuss issues about their suburb. The ward councillor, Maureen Scheeman says they have created a platform where residents concerns are discussed. Community meetings help create awareness of the challenges people face and how they can be rectified. 'Just like everywhere in South Africa, crime is a concern in Cosmo City' explained Scheeman. Compliance with the city by-laws has been a major problem in Cosmo City. This phenomenon is not unique to Cosmo City. The Department of Development Planning and Urban Management (2013) says compliance to city by-laws has been a challenge in all South African townships. In Cosmo City the challenge has been illegal business structures and back rooms which have led to overcrowding and crime. Lack of interest by RDP residents in community activities has resulted in disregard for city by-laws. This leads to social disorder (Putnam 2000).

6.6. Influx of backyard dwellers

Cosmo City's efficient service provision record has led to the influx of people in search of a better and well serviced place to live. Demand for back rooms in Cosmo City has also risen. This has pushed back rooms prices up, with the rent of single rooms ranging from R800-R900. Some

landlords cash in on both *spaza* and room renting. The cheapest *spaza* rent is R2800 and the expensive one is R3000 a month. *Spaza* rent is three times higher than that of a room. Renting a *spaza* leaves a landlord with a net profit of R2100 or R2000 extra if compared to a room rent. This explains why residents of Cosmo City lease their space to migrant traders. To many struggling RDP residents rooms are seen as the easiest business one can go into. Rasta a welder from Limpopo:

‘Rooms are what make Cosmo City a dirty place. Before people started putting rooms, Cosmo City was a good place, but now it is gone back to *Skotpola*. There are a lot of people and its dirty now. It doesn’t look like before because they built rooms. But you can’t blame the rooms, many people in Cosmo are not working, they can only get money from the rooms. Before I did not like rooms but now my business is going down and I am also struggling. I will also put rooms, at least it will help me’.

Rasta managed to build three backyard rooms which were finished in July. He initially had charged R1500 for rent, but there were no takers as they were said to be too expensive. He now charges R1300 per room but still he has yet to find tenants as they say his rooms are too expensive.



Picture 3. Picture by author: Rasta's RDP house. On the right are newly completed back rooms. The toilet (with door open) is attached to the main house. All RDP houses are fitted with solar geysers as seen on the roof top.

The rise of the disorganised business has also brought along with it a precarious social order in Cosmo City. Amid efficient services and infrastructure the RDP section has seen a rise in crime, filth, overcrowding and noise from illegal liquor outlets.

On 09 April 2015 in an attempt to deal with illegal structures council officials demolished a double storey flat which they said posed danger to inhabitants as it could fall. Residents of (RDP) extension 6 protested against restrictions to building backyard rooms. This is how the protest was reported by ENCA channel.

'The City of Johannesburg has denied going on a mass demolition drive in Cosmo City. On Wednesday, residents blocked roads in protest against the removal of illegal structures. The City of Joburg has called on property owners across Johannesburg to contact the municipality in order to get plans for their "backrooms" approved. Municipal spokesman Nthathisi Modingoane was responding to questions following a violent protest in Cosmo City on Wednesday. Residents took to the streets, barricading roads and burning tires and wooden blocks. Some residents stoned a local shopping mall and community centre, and looted a delivery vehicle. The protest was sparked by the demolition of a "backroom" structure - flats built onto a house in Cosmo City which the owner was renting out.

In this protest no foreigner was hurt or foreign owned businesses were looted. This is unusual in South Africa. Protests in the Townships almost always target foreigners and their businesses. It is Cosmo City's socio-political nature that has attracted people of different nationalities. Cosmo City has yet to experience any xenophobia related violence. The highest point of Cosmo City's tolerance towards foreign nationals might have been the 2008 xenophobic violence which spread all over many townships. Cosmo City was left untouched. It is this experience of being tolerated that has made foreigners feel welcome in Cosmo City. Mahlalela says Cosmo City has so far had one protest.

6.7. The Cosmo City Market

To a certain extent, it is understandable why South Africans unceasingly clash with foreign *spaza* traders. *Spaza* informal trading has a very long history of association with economically struggling black South Africans. Poor management and poor client service marks the character of the South African owned *spaza* business. South Africans have been stuck in this low economic sector for ages. It is the reason why South Africans take the *spaza* sector as their exclusive and protected business

territory. In business processes as Kloosterman and Rath (2010:107-108) show, when established businesses leave the low paying markets, they open up space for new entrants. It is the abandoned unproductive markets that immigrant entrepreneurs usually take over. Waldinger in Kloosterman and Rath (2010:107-108) calls it the vacancy chain. The absence of the vacancy chain means that South African informal traders still depend on *spazas* for a livelihood. When Somali traders came into the Townships they used their superior business skills to capture the *spaza* trade from its long time owners. This is why the *spaza* sector is a contested business territory between immigrants and South African entrepreneurs.

The Cosmo City experience is a different case altogether. As a new Township, business opportunities were free to anyone willing to take up the opportunity. The Cosmo City market was not yet contested as it is in the old Townships. The inclusive social nature of Cosmo City meant that foreign traders were somehow accepted. Access to the Township market is dependent on how far local South Africans accept the presence of foreign traders. This implies that environmental conditions may either hinder or encourage the presence of foreign traders. Success depends on how the local market is receptive of foreigners. 98% of Somali traders interviewed said that there were no South African owned *spaza* shops in the vicinity where they started trading. So far the Cosmo City market has not been met with some resistance from local South African. South Africans almost abandoned the entire *spaza* business to mainly the Ethiopians and Somalis. It is not known why local South Africans have shown a reluctance to compete with foreign traders in the *spaza* business sector considering that Cosmo City is still a new open market. This resulted in the easy entry of Somali traders to the lucrative Cosmo City market which has a stable and accepting client base. Cosmo City is accessible and has an uncontested market niche for Somali traders. Compared to other Townships Cosmo city' socio-political environment is conducive for migrant traders. In other informal sectors there has been parallel competition between foreigners and local South Africans.

In earlier days, traders in Cosmo City had to obtain a trading licence and have their building plan approved by the City Council. It was a long process which traders had to go through. Abdul: 'The city council had many papers which we had to fill before building shop'. [If followed properly not many people would be trading right now]. Both Omar and Abdul have trading licences and pay tax. They have their tax certificates displayed on the wall for authorities to see should there be need. At that time, traders obeyed city by-laws. The majority of Somali traders operate unregistered businesses. Only four had their business registered and paid tax.

Mahlalela: 'Around 2010 there was a [sudden influx of informal] trade in Cosmo City'. At this point people simply ignored city by-laws and set up business structures everywhere they wanted; from car washes, hair salons, legal and illegal liquor outlets, roadside trading and many other businesses. The sudden increase in uncontrolled business activities in Cosmo City resulted in city authorities being overwhelmed as every street corner had an informal trader. By-law enforcements also disappeared. It is during this time that there was a sudden influx of *spaza* traders in Cosmo City. Particularly the Oromos from Ethiopia came in huge numbers. In 2013 Somalis were the second largest group of *spaza* traders after the Oromos. By now (2016) there could be equal representations between the Oromos and the Somalis. The Bangladeshis and the Pakistanis are present though in small numbers. During the *spaza* space rush in Cosmo City Somalis were now using their kinship networks to find trading spaces. Out of 18 respondents 12 indicated that they found trading spaces through other Somalis already trading in Cosmo City. Since city by-laws were being ignored by everyone, Somalis only needed to negotiate with the landlords. Karim who is the co-owner of Cheap Price shop says 'we only spoke to the owner of the house, who said he will organise everything for us'. Karim does not pay tax as the agreement to trade was a matter between him and the owner of the house.

All 18 interviewed traders see Cosmo City as better than many places they have traded in. They described it as 'the best place to trade in'. It had the best people ever. Somalis do relate to people but mainly on business terms. Hardly do they engage on social terms with people. Somalis believe that South Africans cannot be true friends without any ulterior motives. Of the 18 Somali *spaza* traders only 1 indicated that he had taken his landlords' son on a visit to Mayfair. The other 17 indicated that they had friends around Cosmo City but they have never visited them. They only met at the shop. The reasons for not visiting being that they are always busy. Somalis are circumspect when dealing with South Africans. Asked whether he trusts South Africans, Sadiq said: 'South Africans are not to be trusted'. It is this belief that South Africans hate foreigners that make Somalis always limit association with them. Religion and their self awareness as immigrants in a hostile foreign country has contributed to the Somali exclusive way of life. Adesh: 'You know South Africans make an excuse that these people are taking our women. We don't do all that shit, we don't shout in our language. We are here to make peace and work. We do not fight people to take their women'. No matter how tolerated they are, Somalis find it hard to acculturate. Social relations with non-Somalis are purely for business purposes.

6.8. Conclusion

Cosmo City became an attractive business destination for migrants for the following reasons:

- As a new Township it had a new unexplored and open market which meant less competition and the probability of profit. In short, there was a demand for grocery shops.
- The social terrain of Cosmo City was accepting of migrants. There was no contestation of space as everyone had a house. This implied less service provision protests.
- Cosmo City is a fully serviced Township. Full service provisions allowed foreign migrants to invest in proper business infrastructure with necessary amenities.
- The infrastructural development and the initial social order meant that Cosmo City was an organised Township. However, this is slowly changing due to the influx of backyard dwellers and the demand for accommodation. In Cosmo City South Africans simply abandoned the *spaza* business to migrants. As a result there have been no *spaza* wars as seen in other Townships where violence against Somalis is sometimes instigated by South African *spaza* entrepreneurs.

Chapter 7. Somali human capital and business discipline

7.1. Introduction

This chapter examines how Somalis navigate their way into settling and doing business in Cosmo City. I show how they strategically adapt and trade in a new environment. I show that Township trading demands more use of bridging than bonding social networks. I also present findings on the amount of human and symbolic capital they employ to effectively run their businesses. In short the question asked is: what makes Somalis disciplined entrepreneurs?

7.2. Cosmo City: a nascent business destination

Before they were relocated to Cosmo City, residents in the RDP section of Cosmo City lived in Zevenfontein and Riverbend informal settlements. The two nearby informal settlements were popularly known as *Skotpolo*. In 2006 people from *Skotpolo* were moved to the newly built Cosmo City. As a nascent settlement Cosmo City provided business opportunities for any aspiring entrepreneur. From the Taxi industry to big business and small scale traders, the opportunities were for everyone. In the informal business sector *spaza* shops started off at a slow pace. For groceries the new residents relied on Shoprite Checkers which had also opened.

Mahlalela who is one of the first residents to be relocate to Cosmo City, remembers that one of the first *spaza* shop was built around 2007. It combined *spaza* shopping and butchery. In all likelihood it might have been a South African owned shop as Somalis deal exclusively in groceries.

7.2.1. Somali traders in Cosmo City

Mahlalela, who is now a Community Liaison Officer, recalls that in 2008 Africa shop was the first Somali owned *spaza* shop to be built in Extension two. Also in Extension four a Somali owned Bafana Bafana shop followed. These two shops were among the first Somali owned shops in Cosmo City. Abdul co-owner of Africa shop says before people were moved from Zevenfontein there were Somalis already trading there. When people were moved to Cosmo City, Somalis also left for Mayfair. While in Mayfair, Abdul's uncle had kept contact with his erstwhile landlady who had been resettled in Cosmo City. After a year she had agreed that Abdul and his uncle could set up shop in her new yard. Through the help of the Cosmo City councillor, Abdul's uncle managed to apply for the trading license as it was by then a requirement by City authorities. Abdul and his uncle were lucky because their landlady's house was located next to an informal Taxi rank. It was a place very conducive for trading. In Zevenfontein Abdul's uncle had traded in a shipping container as they could not put up proper structures. Abdul only joined his uncle in 2008 when they started trading in Cosmo City.

7.2.2. Bridging networks

While bonding social capital is strongest in Mayfair among Somalis themselves, bridging social capital is strongest in the Townships. Township relations are built not on dodgy business deals, but on fairness and trustworthiness. Information about Councillors and other influential people is passed on to other Somalis. Maintenance of cordial relations among Cosmo City residents eases entry to trading in Cosmo City. Bridging networks have the natural ability to spread within social structures of communities. Building reputable social relations within communities helps in fostering business relations as well. Somalis try to pay their rent on time. They do not cheat on change for their customers.

7.2.3. Dealers

Some early Somalis used *dealers*. These are Somalis whose work is to find trading spaces for prospective Somali traders. They negotiate trading spaces on behalf of the Somalis with the township landlords. They charge a fee for each successful deal. They operate between Mayfair and the townships. 'Negotiations take a long time,' says Omar who also co-owns a *spaza* shop. In Omar's case it went for 7 months without getting space. A breakthrough came when a *dealer* established contact with a resident of Cosmo City through Somali traders in Honeydew. Honeydew is an informal settlement adjacent to Cosmo City. There are many Somalis also trading in Honeydew. Omar who had traded in Bloemfontein and Umthata came to Mayfair after being attacked and his shop looted. Latter arrivals though would use their kinship networks to find trading spaces in Cosmo City.

- One got through a dealer
- Eleven got through other Somali relatives trading in Cosmo City
- One got by himself (he was approached by someone who wanted to lease space for a *spaza*)
- Four bought shops from family members or other Somalis.
- One got from his erstwhile Zevenfontein landlady

7.2.4. Trading spaces

Knowing who to trust and who not to trust is difficult when looking for business space. There was no one particular strategy of approaching prospective landlords. It seems Somalis rely mostly on instincts rather than on any researched information on trust. Yusuf says before they approach a potential landlord they do some character checks and analysis of his background by sourcing information from neighbours or the councillor. If the councillor or the neighbours speak well of that person they approach him for a deal. Not all Somalis go this route, some like Mahomed just take

risks in the hope that things will work out well. Mahomed was introduced to her landlady by an elder who was a regular shopper at his *spaza*. No background checks were done. Some ask their trusted elder South African clients to find space for them. This seems to be the most common method used by the Somalis.

7.2.5. Trade contracts

There are some Somali deals that are off the books, however, the building of a shop on someone's property demands formal contractual agreements. Leaving the shop behind would be a loss to the Somalis as they would have spent money on building the shop. Somalis have found ways of recouping the money spent on the infrastructure. They work out the total amount used in building the shop. Once that has been quantified, the landlord has to pay back the whole amount used in building the shop back to the Somalis since the shop will ultimately become his property should the Somalis decide to leave. The repayment arrangement is done in terms of rent payment. If the *spaza* rent has been agreed to be R3000, Somalis pay half the amount to the landlord until they recover the total amount used in building the shop. For example, if Pakistani spent R60 000 in building the shop, and rent is R3000, Pakistani will have to pay R1500 rent. The other R1500 which Pakistani was supposed to pay, goes back to him until it accumulates to R60 000. For four years the landlord will be getting half the rent until the R60 000 is recovered by the Somalis. Thereafter they pay the agreed R3000 depending on inflation. In other words, they start paying full rent, on which new terms of renting are renegotiated. At that point the shop will be belonging to the landlord of which he can extend their contract or lease the shop to other people. To guard against dishonest and breach of contract Somali use lawyers. Agreements then become legally binding. Adesh: 'South Africans can escape the police, but they cannot escape from the law'. Somalis used to sign affidavits at the police station, but because police are seen by Somalis as criminals and siding with South Africans the strategy was abandoned in favour of the lawyers. Awaal recalls an incident in Atteridgeville where his friend lost his stock and the shop shortly after building it:

There was a guy called Frank in Atteridgeville who had given my friend a trading space. The guy was very nice. He arranged everything for him. In fact he did everything with him. Even the stocking and packing of things on the shelves. He said he must not worry about anything as long as he is there. One day there was an outbreak of looting, the guy (Frank) said he will guard the shop no one will take anything. After one day he phoned my friend and said he must not come back again otherwise people will kill him. That guy lost his stock and the shop. The matter was reported to the police who said since the owner of the house no longer

wants you on his property there was nothing they can do. They did not even look at the affidavit.

Awaal's friend latter went to England where he now lives. Although Somalis use lawyers to formalise their deals, they also prefer to build honest and trustworthy relations with people, particularly their landlords.

- Khaya who has leased a *spaza* space to the Somalis: They have become part of family. Sometimes they are short of rent and I let them pay when they have it. They also give me many things.
- Anna who also has a Somali trading in her yard: You know people are funny. Do Somalis have yellow or green blood? They have red blood like us, which means they are people like us. You see someone taking somebody's stock and you [wonder] why. I cannot do that. Just going for someone's stock just like that. I can never.
- Mapule also leased a space for a *spaza*: At first I did not know what foreigners looked like. My friend said that it is easy to identify a foreigner. She said you will always notice them by the smell from their armpits. One day I got in a lift with one and immediately there was a smell in the whole lift... But one thing I learnt is that most of them are very good. I do not mind living with them.
- John: ...People do not know the history of this country. South Africans did not fight for this country alone. They lived in other countries; they got help from other countries. So if foreigners come here why should we fight them? Mandela was the first to start it by marrying a woman from Mozambique.
- Sechaba also has no problems with leasing space to Somalis. He sees them as good people who only mind their business. However, the only people he would never allow in his yard are Nigerians. 'Those ones have to be deported back to Nigeria'.
- Cebisa: Somalis do not steal, they just work. Why hate them? They are just like my children. One day you may end up in Somalia, you never know. Life problems can take you anywhere.

Generally South African landlords/ladies have been accepting of Somalis. Somalis have managed to build dependable and peaceful relations with their landlords and the community. But that does not imply that Somalis are integrated into the Cosmo City community. Also notable is that three interviewed landlords/ladies kept up with political events happening in other African countries. The relations between landlords/ladies seem to be of mutual benefit. While Somalis are leased trading

spaces, landlords/ladies benefit from rent, access to credit, and the future ownership of the shop once the loan is paid up.

7.3. Somali human and financial capital

After getting trading spaces, the next step is to build the shop and start trading. Trading demands the employment of certain skills and the availability of capital. Bourdieu's (1986) theory on *Forms of Capital* becomes instructive when dealing with Somali skill and capital possession. In *Forms of Capital* Bourdieu identifies financial capital, human capital also called cultural capital and social capital as the necessary forms of capital that drive the economy. Somali business success depends on how effective these three capitals are convertible from one form to another. Here I discuss only human capital. Social capital and financial capital are dealt with in chapter 10. Below I present findings of trader profiles as it was obtained from data gathered.

7.3.1. Trader profile

7.3.1.1. Participant level of education

- Two had gone up to secondary education
- Two had no school at all
- Eight had lower primary school (Grade 1 to 3) in South African standards
- Six had upper primary school (grade 4 to 7)

The average education Somali traders have is lower primary education. 44.4% indicated that they at least went to school for 3 years. (Grade 1-3). Considering the average age of Somali traders in Cosmo City this suggests that their schooling might have been interrupted during the mid 90s civil war which displaced many young Somalis (Gastrow and Amit 2013: 15-16). Early arrivals had at least upper primary education (33.3%), with two (11.1%) respondents having gone up to secondary school. Just over 11% (11.1%) had no education. Lack of education has not been a hindrance to their economic success and aspirations. This supports the hypothesis by Kloosterman and Van Der Leun (1999:664) that immigrant entrepreneurs target business sectors where huge capital or education need not be prerequisites to starting a business.

7.3.1.2. Business skills level

- None of the traders had any formal business training.

Somali only get hands on training when working for other Somalis. They do not possess any formal business training. Umal a trader put it this way: 'Life teach me business'.

7.3.1.3. Financial record management

- No Somali had an inventory or cash book. They counted the money for the day and put it aside.

Cash control is in-shop learnt. *Spazas* are not vast businesses that demand huge capital outlays for operation. Cash is used for rent and stock. This means *spazas* have low operational costs. A factor which helps Somalis manage their cash flows.

7.3.1.4. Prior business experience

- Sixteen had either traded in Kenya or Ethiopia or in different parts of South African Townships before coming to Cosmo City.
- Two had not traded anywhere except in Cosmo City

Of 18 Somalis interviewed 83.3% had no formal business training, but had traded in other places before they came to Cosmo City. They all had experience in running a business. Only 16.7% had never traded anywhere except in Cosmo City. While living in Kenya and Ethiopia Awaal gained some valuable trading skills which he put to use when trading in Soweto and Cosmo City. 'Me, I am not educated, I never went to school, can you see I can't speak English well'. 'But I know how to work, I can work' 'I learn business in Ethiopia and Kenya from my other family'. Awaal spent one year in Soweto and managed to raise enough money for a joint venture *spaza* business in Cosmo City. Before starting their own businesses Somalis gain business skills through working for other Somalis. When they start their own businesses they would have already mastered some valuable business skills for Township trading. This helps in keeping Somali businesses afloat.

7.3.1.5. Number of years trading in Cosmo City

- Four had traded for 7 years
- Six had traded for 6 years
- Three had traded for 5 years
- Five had traded for less than 4 years

Seventy three percent (73%) of Somalis have more than 5 years of trading in Cosmo City. Twenty seven percent have less than 4 years. The 73% represents those who arrived between 2008 and 2011. Most of their shops are strategically located and have a consistent customer base. During this period *spazas* were evenly dispersed across Cosmo city. The *spaza* proliferation happened after 2011. The 27% of shops that were built after 2011 have to deal with building a regular client base and severe competition due to the influx of *spaza* shops. They also have become smaller in size. Finding a strategic trading space has become difficult. Yusuf:

‘Before when it was only Somali business was good. But now there are Ethiopians. Two times I try to find a place, I get there, and there is another shop, Ethiopian shop. Can you take that space? No you can’t, you will end up fighting for customer’. ‘You have to look again for another place’.

Interesting though is that those who have traded for five years and above stay and work in Cosmo City on a one week rotational basis. Pakistanis spend one week in Mayfair and come to relieve one member who has to take leave. A Pakistani joins his family in Mayfair only his turn to take leave comes. Upstarts are forced to spend more time in Cosmo City as they still have to raise more money through trading. It seems that once the business is smooth running and making profit Somalis prefer to spend time in Mayfair rather than in the hustle of the Townships.

7.3.1.6. Age, Length of stay in South Africa

- Two have lived for 14 years
- Seven have lived for 9 years
- Six have lived between 5-6 years (some cannot remember exactly when they arrived in South Africa).
- Three have lived for 3 years.

Three Somalis who have lived for more than 6 years in South Africa own individual shops in Cosmo City. Length of stay seems to go with capital accumulation as those who have been living in South Africa for more than 6 years have married and have families in Mayfair. Generally starting a family goes with financial stability. Those who had lived in South Africa for less than six years were single.

- Nine indicated that they were married.
- Nine indicated that they were not married.

The average age of Somali traders is thirty.

The majority of Township traders are young men between the ages of 25 and 35. They are either co-owners or employees. Somalis retreat to Mayfair only when businesses are fully profitable: before then they prefer to run businesses themselves and not hire someone. The oldest Somali trader was the co-owner of Takawal shop who was 50. His family was in Kenya and he remitted cash every month to them. His desire was to save as much as possible and go back to Kenya to join his family.

7.3.1.7. Business ownership

- Three were individual owners

- Fifteen were family members or extended family members

Sole owners of business do not live in Cosmo City but live permanently in either Brixton or Mayfair. They instead hire other family members to manage their shops. Businesses jointly owned are managed by members on a rotational basis. This allows each member to spend time with family in Mayfair. Those with private cars drive everyday to be with family in Mayfair and come to Cosmo City in the morning.

7.3.1.8. *Reasons for going into business*

- They all wanted to be their own boss and therefore gain financial freedom, and that this was the only way one could make a living.

Besides gaining financial independence, Somalis are ambitious and family oriented people. The frugality they display is meant to help their families in Somalia or Kenya.

Taiwo:

‘Everybody wants a good life and support his family. Because as a man you need your mum to be safe. You come from a country that has fighting going on, your country is destroyed by war. You have to free your family. It is you who can save them. You want to marry, build a house. You can’t relax. You have to get your family out of a dangerous place. Your family needs support. It is you who can create that condition that they have to come here from a dangerous place’.

7.4. Somali discipline

Even if Somalis have abundant stocks of social capital they are very disciplined. Self discipline seems to be part of an inherent Islamic culture. These are men who do not drink or socialise, men whose entire time is spent in their shops. Mohamed explained why Somali are disciplined: ‘Somalis do not have girl friends, but can only marry. You got to understand the religion. Somalis want straight things not just fuck like what women here want’.

Somalis hardly leave their shops. This means that clients are served as soon as they enter the shop. This is something that lacked in many South African owned *spaza* shops. South African shop keepers would sit with friends outside the shop and would only run to the shop only when a customer calls for help. Karim:

South Africans are just like cats. You know today if there is a cat here. You say ‘*my kitty*’ and you go and buy meat and give it. Lastly she will fail to catch the rat in the house, because she knows that she is given everything. So these people are given pension, baby pension, old men pension, house is free. They don’t think of the future.

Somalis are ever ready for their clients. Customers who complain about the product are quickly given a new one without any argument. It is such superior customer service that has made Somalis thrive even in adverse circumstances. It is partly the determination to succeed and the culture of entrepreneurship that has bred high discipline among Somalis. Adesh:

Somalis are very hard working people. They don't have the character of other African people. Even if a person never went to school what he believes in is business. In some places they beat Indians; you know Indians are good in business. Somalis become more perfect than Indians when it comes to business. In Kenya, Indians are nothing. Somalis are big in Kenya. You should go to a place called East Leigh in Kenya and see for yourself how Somalis have changed that place.

7.5. Brand Somali

Somali Identity also carries entrepreneurial advantage in the Townships. Being Somali has become a resource that is associated with business efficiency in the townships. Somalis have used their privileged Somali looks to successfully exploit markets. They have created a Somali brand based on identity, business efficiency and discipline. That is why it has become difficult to compete with Somalis. Being Somali is now a form of symbolic capital which they have capitalised on.

7.6. Conclusion

Fewer prospects of job opportunities, huge amounts of money spent on bringing Somalis to South Africa makes self-employment the only a possible way of making a living. For this reason immigrants try by all means to avoid business failure through discipline and hard work. This is consistent with observations by Chrysostone (2010:148) who found that because immigrant entrepreneurs face many constraints in the host country self employment is the last resort for survival. That is why immigrants sacrifice their time and money for the success of their businesses. Failure can mean extreme life hardships.

Chapter 8. Somali strategies

8.1. Introduction

This chapter presents findings on strategies used by the Somalis traders in Cosmo City. I show that it is certain business tactics that have aided Somali success. I begin by showing how Somalis handle

the often hostile race relations and attitudes of their clients. As long as there is understanding and careful handling of the social aspect of things one can possibly trade and thrive. Failure in understanding the social environment one is trading in may render business unworkable.

8.2. Somali middlemen

When Somalis first arrived in Mayfair many of them worked for South African Indians who had knowledge about the cultural products for poor black South Africans (Jinnah: 2010). As middlemen minorities, Somalis acquired the knowledge of products for poor South Africans through their Indian suppliers. For example, one could find paraffin stoves and lamps, candles, needles, razor blades, bicarbonate of soda, loose envelopes or shoe glue.

Somalis also learnt the intricacies of Township trading. In the often hostile Township environment Somalis developed some coping mechanisms. These coping and adaptive strategies are necessary to the Somalis for dealing with their suppliers and the Township clients.

8.3. Handling hostile relations.

Waldinger et al in Lloyd and Michele (1998:71) observed that no matter how financially and culturally empowered immigrants are, trading in a hostile environment demands careful strategic management of economic resources and social relations. It is through getting social relations right that one is able to successfully trade in the townships. A small thing like air time voucher can cause racial eruptions and mass looting of Somali shops. The 2014 looting of foreign owned shops in Tembisa was sparked by an argument over an air time voucher. Also in Soweto in 2015 a fight over change between a Somali trader and a South African customer resulted in looting of shops. On March 2016 in Katshele 702's Eye Witness News reported that a South African was shot dead by a Somali after a fight. It is through managing provocative attitudes that Somalis can live and trade in the townships. The pursuit of township markets comes along with danger and severe health strain to the Somalis.

Hirsi, a Somali trader related one incident where he was threatened by a young South African client: A young man had bought some air time voucher, which he used and later came back claiming it was an invalid voucher. The young man had demanded his money back. [At first Hirsi had refused to give him the new voucher]. When the young man's friends joined their friend clearly agitating for a fight, Hirsi gave them the new voucher and they left. Responding with violence is used only as a last resort. Otherwise, Somalis try by all means to work and live with the community peacefully. Such behaviour by South Africans has to be understood and managed to avoid racial tensions which can easily spill over into violent confrontations and subsequent looting.

In instances where police come looking for tax certificates and trading licences, Somalis have also learnt the art of bribery. Somalis who do not have the trading licence simply bribe the police. Understanding such behaviour helps one deal with the uneasy community relations. Abdul of S Brothers shop explains the varying conditions of trading in Townships

‘...It differs; there is a place that can make you hate all South Africans. Some places are good. When Somalis are pushed to the edge they end up thinking that it is better to die, so they fight South Africans. It is better to kill that person and also die. You don’t care whether you will be arrested or killed, you also have to fight. It is better that person dies before you’.

Taiwo has a way of dealing with trouble mongers:

‘Actually people when they are drunk they can say anything. You don’t have to fight with them. If someone shouts at you, it means that you must keep quiet. If you shout at someone drunk you must know that they will fight you. Try and work in peace, some people bring problems’.

The strategy is to seek peace, and avoid unnecessary fights. There are incidences where Somalis have shot and killed South Africans in the Townships. Taking such extreme action has resulted in looting and Somalis being killed and driven out of the Townships.

8.4. Spaza location

Before the *spaza* influx early traders had the strategic advantage of shop location. Africa shop and Bafana Bafana shop, one of the early shops are located near places that were Taxi boarding places before the rank was completed. Because of their proximity to the informal Taxi *rank*, Abdul and Omar say their shops have become busy. Besides servicing household clients they also service those commuting to work.

Before Somalis build their shops, two things are considered: a) The proximity of other shops around and b) the households they can possibly serve in that vicinity. A radius of at least 80m or more from the other shop is acceptable to the Somalis. This gives an allowance of serving a minimum of 40 to 60 households a day. Maliq says that serving a minimum of 60 households guarantees at least R13000 a month in gross profit. There are also passers-by who form part of the clientele though not as regular as household clients.

Once an agreement has been reached with the landlord and distances between shops checked and houses counted the next step is to find a builder. Builders are mainly referrals from the Somali business network or the landlord can help find one. Landlords only lease space for building the shop. Early Somali shops are big, as there was high demand for groceries and there was less competition.

New shops have become smaller due to the influx of other shops, inevitably constraining the market share.

8.5. Shop designs

The design of immigrant *spaza* shops is the same. Shelves are put right round the shop. The middle space has no shelves, but is used for putting big products that cannot hang on the walls. Goods in the middle space are only packed to knee height to allow full view of people moving around the shop. Putting shelves in the middle may result in shoplifting. A big shop like Africa shop has space to store extra stock for quick replenishing. A 2m x 2m cubicle is then built to protect the cash handler. A small hole is left for handing over cash. The walls of the cash room are built up to shoulder height. The top end is fortified with metal rods up to the roof. This ensures safety as there is no way one can force his way to the cash room.

8.6. Basic amenities

- Nine *spaza* shops have three or four refrigerators and 1 freezer.
- Six have 5 refrigerators and 1 freezer
- Three have only two refrigerators

Electricity

- Eighteen shops had electricity

8.7. Business Management

In terms of business management Somalis work in pairs or in groups of three, four or five depending on the circumstances of the shop or the individuals employed.

- One shop had two shop keepers
- Seven shops had three shop keepers
- Eight shops had four shop keepers
- Two shops had five shop keepers

Having four or five shop keepers does not mean that the shop is generating huge amounts of revenue. Some shops operate as internships for newly arrived Somalis. In some cases having four or five shop keepers is done in the Islamic norm of altruism which stresses collective achievement. Even if the turnover revenue is small it is split among all members equally.

Adesh:

‘The teaching of Islam is that you must not eat before your hungry brother eats. You must feed him first, and then you can eat after him. Money in the bank doesn’t mean anything. You die and leave it. That which you do, helping the poor, building the Mosque or anything is forever’.

8.7.1. Hours of operation

Somali shops are open seven days for business. Off days are rotated among members. At least there should be two members running the shop. This is because one cannot handle cash, help and monitor customers at the same time. The cash handler strictly deals with cash in the cash room. In some instances one assistant is brought from Mayfair to relieve one staff member who wants to take time off. *Spaza* shops are open at 6am in the morning and close at 8pm or 9pm in the evenings. This finds parallel with what Aldrich and Waldinger (1990:131) observed about immigrant entrepreneurs as apt to self exploitation. They work long hours and have very little social life.

8.7.2. Stocking of goods

All 18 interviewed Somali Shop owners buy their major stock from Cosmo City’s Cash Carry Wholesale which is owned by a Muslim of Indian descent. Whether the location of the wholesale was purely to target *spaza* traders or purely coincidental is not known. On certain days the wholesaler offers *specials*. *Specials* are goods sold at discounted prices. It is these *specials* that Somalis target. When buying stock, Somalis also ask when the next *special* can possibly be. In this way they keep abreast of what products will be on discount and possibly when. Somalis also buy some products without any discounts.



Picture 4. Picture by author: A pamphlet from Cosmo Cash & Carry Wholesale advertising an upcoming sale from 5-15 August 2016.

The relationship between the Somalis and the wholesaler is purely on business terms. But there also exists some high levels of trust which is based on the shared Islamic culture of cooperative achievements. This is expressed by Hasim: ‘a Muslim man will never cheat another Muslim’. ‘Islam is strict but that strictness is meant to protect you from bad things. No stealing, no cheating’. None of the traders interviewed have ever bought goods on credit. They all pay cash. There are some products which are bought from Indian vendors. Indian vendors drive around *spaza* shops selling

various products. It seems the Somali economies are networked across various groups of immigrants. The Indian vendor struggled to speak English which suggests he might not have been South African. Vendors buy directly from the producers and sell at discounted prices which are cheaper than wholesale prices. Most perishables are bought from the vendors who stock directly from the farms. Some Somalis buy eggs from a chicken small holding in Honeydew. This proves that Somalis are versatile when it comes to business management. They do not rely solely from wholesalers. They source products from various suppliers which helps them compete.

8.7.3. Matching customer demand.

Products are customised to the daily needs of their township clientele. From loose cigarettes, a packet of tea leaves to a tea bag, a full head of cabbage, a half sliced and a quarter sliced cabbage. One can also find a dozen eggs, loose eggs for R1 or R1.20 depending on which shop one buys from. One can also find a 12.5kg bag of mealie meal to the smallest bag there is. Somalis understand their strained township market. Not all products are broken into small quantities. Somalis do also cater for those with enough money to buy in big quantities.

8.7.4. Efficiency

Somali shops are fully stocked. Replenishments are made on time. Hardly can one walk into a Somali shop and not find what he wants. If they accidentally run short of stock, Somalis buy from other nearby *spazas* and sell the product at no profit. The most important thing is building a reputation where clients will always find what they want. Replenishments of stock vary across shops depending on how busy that shop is. This explains why having one's own transport matters. The busier the shop, the rapid replenishments should be.

8.7.5. Variety

Somalis do not sell similar products all over their shops. Hirsi of Peace Brothers shop sells plastic bath dishes as RDP houses are not equipped with bath tubs. But not all shops stock dishes. Ahmed co-owner of Trust God shop stocks *Mazowe*, an orange flavoured drink originally from Zimbabwe targeting his Zimbabwean clientele. This shows the extent to which Somalis can diversify to accommodate the tastes of their clients.

8.7.6. Transportation

Out of the 18 shop owners interviewed 66.7% had their own transport. 33.3% either hired or transported their stock jointly with other Somalis. If transportation of stock is combined, then transport costs are shared. Omar who traded in both Bloemfontein and Umthata says when he was in Bloemfontein and Umthata he had no transport of his own. He instead, shared transport with

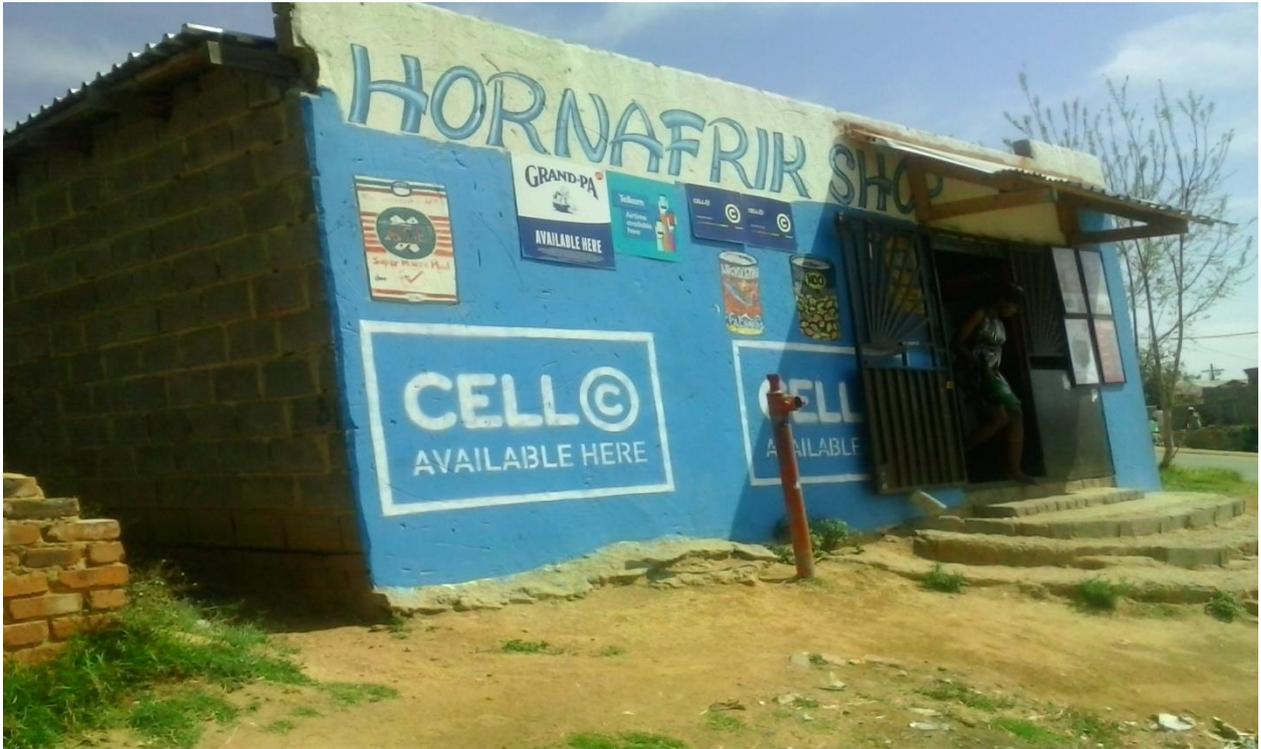
other Somali traders. This is because ‘you can’t [invest] too much’ [in high risk areas]. As are most immigrant entrepreneurs (Bonacich 1978) Somalis are high risk takers. Somalis know which areas are high risk and which ones are low. In high risk areas Somalis invest less. The risk is spread, for example, through transport sharing or in joint ventures. In Cosmo City Somali businesses have a capitalistic inclination. This is because Cosmo City is somewhat a low risk area (in terms of xenophobia and service protests). Besides using vans for business, they also help in mobility as one can easily go for prayers in Mayfair and come back in the evening. One can also explore more business opportunities.

8.7.7. Advertising.

All Somali shops are given names. Names can be anything, from South Africa names like Bafana Bafana or Limpopo or even Somali names like Takawal shop. The outside walls of each shop have paintings of products sold in the shop. Drawings of goods sold in the shop can be bread, cooking oil, washing powder or a bottle of Coca Cola. Somalis do not do any major advertising campaigns. Whether drawing of products outside the shop has any market value is not known.



Picture 5. Picture by author: Names can be anything like this spaza called HornAfrik shop. Outside are drawings of products sold in the shop.



Picture 6. Picture by author. The front of Horn Afrik shop

8.7.8. Pricing

Historically *spazas* were known to be expensive (Ligthelm 2003). But this is not so with Somali shops. They do stock some products which are cheaper than in established retail chains. Somalis only add at most 5% of profit on their products. Another common trick is to use assorted hampers. A 12.5kg bag of maize meal is packed into a hamper with 12kg sugar, 12.5kg flour, 5l cooking oil and or washing powder. Two items in the hamper will be made cheaper, while three will be expensive therefore making up for the two items sold at a loss. Abdul of Bafana Bafana shop says this is a way of 'catching customers'. Somalis rely on high turnover. They accumulate profit not from charging high prices as *spazas* were doing before, but on selling more for less. This explains why Somalis compete well with established retail grocery shops in Cosmo City. There are five well established grocery retail shops in Cosmo City. (Two Pick n Pay retails, Cambridge, Shoprite Checkers, Shoprite U Save.

8.7.9. Business profitability

- Twelve reported profits, as the costs of running the businesses were covered by the profits from the shop.

- Two had experienced loses for one and 2 months respectively, but recovered.
- Four were unwilling to give information

8.7.10. Credit

All Somali traders give credit to selected customers. Credit is given without collateral, but merely on the basis of trust, honesty and age. Pakistani of Central Africa shop starts by giving R1 or R2. If the customer pays back that small amount he knows at least that he is trustworthy. Other measures of trust used by Somalis are age and familiarity to the person. Older people are assumed to be trustworthy than young men. Sometimes credit is given to people that are regular customers. The highest amount ever given as credit was R350. But it was never paid back as the lady later absconded.

Omar told this story about the how the lady absconded:

The woman ran a tuck shop in Cosmo City Primary school. She bought her stock from the shop. Because she bought in huge amounts, she had kindly asked for stock worth R350 which she said she would pay for at the end of the week. Omar latter learnt that her Tuck shop contract with the school had expired since they were given one year non-renewable contracts for trading at the Primary school. When her contract expired she left without paying.

Fifty percent of interviewed Somalis have given credit of up to R8. 33.3% prefer to limit their credit at R10, while 16.7% are willing to risk R20. Overtrading has resulted in extreme *spaza* business competition. Somalis give credit as a way of building a reliable and loyal clientele and good social relations.

8.7.11. Customer service

- All shops offered self service.

The most effective innovation Somalis made to the *spaza* sector was the introduction of self service. Historically *spaza* clients bought through an opening which deprived access to the products they were buying. Somali *spazas* offer the freedom to access variety and to pick what one wants. It is this superior customer service that has endeared Somali to their clients.

8.7.12. Local language proficiency

It is important to learn some of the South African languages. This is one way of connecting with the clients at a social and business level. Out of 18 Somali traders interviewed 77.7% indicated that they do have some basic understanding of the local languages, while 32.3% indicated that they had none. Abdul who has traded in Cosmo City since 2008 indicated that speaking local languages helps in

bridging social and business relations with the community. Abdul: When people see me in the morning they say '*Sawubona mfethu kunjani? Awungiphu gwayi lapho*'. (*Hello! How are you? Give me a cigarette.*) Abdul also responds in Zulu and gives them what they want. 'They like me when I speak in Zulu'. Such social relations with the community are necessary for the development of 'weak ties' (Granovetter 1973) which Somalis use to further explore markets.

8.8. Crime

Just as there is crime in South Africa, Somalis too have been victims of crime in Cosmo City.

- Two were successful break-ins where money was taken
- Seven were robbed at gun point (2 of them were robbed twice).
- Eleven were never robbed at gun point but had experienced attempted break-ins at night.
- All had experienced some shop lifting

Out of the 18 shops that data was gathered 7 shops were robbed at gun point. One co-owner suffered a gun wound on the thigh. The robberies were reported to the police, but the robbers 'run away' [they were never caught]. Some shops had experienced both robberies and attempted break-ins. All robberies happened in the evening. Yusuf co-owner of Limpopo shop says most robberies happen in the morning or in the evening. He says in the morning robbers will be targeting cash made the previous day and in the evening they will be targeting the day's takings. Somalis do not take chances on crime. All shops have one metal door and a burglar proof gate. From 6am to 7am in the morning and in the evenings from 6pm (depending on shop) 7pm or 9pm Somalis lock the Iron gate and customers buy through the burglar bars. During the rains or immediately after the rains gates are also locked as these are convenient times for robbers, Yusuf explained. Robbers strike when there are few people on the streets. Yusuf says generally they know people who are their regular customers. Therefore they are always wary of unknown faces of young men.

8.9. Conclusion

Research on ethnic entrepreneurship (Lloyd and Michele 1998: 67-73) shows that reliance on a co-ethnic market is less profitable compared to trading in a non-ethnic open market. Somalis have benefited from their innovation and business strategies to capture the open Cosmo City market. Though lacking in formal business training Somalis have relied on other Somalis to acquire critical business skills.

Chapter 9. Somali social capital

9.1. Introduction

This chapter gives a brief overview of the social organisation of the Somalis in South Africa. It also examines how the *spaza* economy is facilitated and sustained through social capital. The key requirements for a successful business are start-up capital, markets and business information. I examine how Somali ethnic structures create, facilitate and promote social networks through which these resources are acquired. It is in Mayfair where social structures on which the creation and facilitation of social relations that produce social capital are built. Coleman (1988) measured the productivity of social capital on dense communities where monitoring and effective sanctions were implementable. By describing and explaining community ties in Mayfair along the Coleman (1988:S102) thesis on social relations that constitute productive social capital we gain understanding on the nature of Somali social structures that help in the creation of effective social capital.

9.2. Somali organisation

With limited access to public service institutions Somalis have banded together and created their own institutions that promote and protect their needs in South Africa. The Somali Association Board (SAB) and the Somali Association of South Africa (SASA) are institutions that were created to agitate and lobby for the social and economic interests of Somalis in South Africa. When the radio 702 talk show team visited Mayfair to meet with the councillor the Somali community sent its representatives with petitions and grievances.

Unlike most groups of migrants whose presence in South Africa is of economic reasons Somali presence is politically motivated. The political volatile situation back in Somalia means that the chances of returning home soon remain ever slim. Given the realisation that their stay in South Africa is indefinite, Somalis have sought ways to organise themselves socially and economically. Portes (1987:346) made similar observations about Cuban refugees in Miami. Instead of investing in Cuba, Portes discovered that they instead invested in their host country. Somalis have sought avenues for economic advancement by investing in Mayfair and the Townships. It is no surprise why the social and economic behaviour of Somalis took a different trajectory from other African migrant groups. While other groups of migrants can go back and invest in their countries of origin, Somalis cannot. This explains why sometimes economic migrants are less organised than political refugees. Should life get very challenging economic migrants have the option of going back home, but for Somalis the option of going back home does not exist.

Perceptions that South African institutions are anti-foreigner have played a crucial role in shaping Somali social and economic self reliance and organisation. The belief among the Somalis is simply that unless they do it themselves there is no where they will ever get any sympathy.

9.3. The Mayfair enclave.

Of all African migrants in South Africa, Somalis appear to be the most organised community, both socially and economically. Not only are they managing to financially sustain themselves as a community, they also have managed to create effective social bonds that go beyond ethnic and tribal identities in Johannesburg's Mayfair suburb. Mayfair functions as an ethnic business enclave, a spiritual home, an information hub and safety haven for the Somalis. It is the first port of call for all newly arrived Somalis. It is where Somalis link up with their relatives or clans. All newly arrived Somalis receive their orientation about life in South Africa in Mayfair. On arrival in South Africa Somalis have 7 days on which to normalise their refugee status. The 7 days period entails Somalis going to the Department of Home Affairs (DHA) to register as refugees or face deportation back to Somalia. Since most Kenyan Somalis can write, read and speak English, they are the ones who facilitate the document acquisition process for the newly arrived Somalis. They charge a fee for helping the new comers. Adesh charges R500 per person and an extra R200 which goes to the security and DHA official as a bribe. Adesh uses the Marabastad Refugee Facilitation Centre in Pretoria. In certain instances having your form processed and approved can take up to 3 days. Adesh pays a hundred Rands to the security personnel who puts him ahead of the queue. Another hundred Rands is also paid to the DHA official to process and approve the refugee status of the Somalis. Adesh says he tells his Somali clients that: 'This is the way things are done here, they must pay'. 'If people see Somali they always take advantage, but there is nothing you can do, you want the papers'. Adesh has a car which he uses for transporting his clients to Marabastad. Knowing how and who to do business with can only be effective if relevant information is obtainable. Not everyone can have easy access to DHA information, but only those within a particular structure have the privilege of obtaining it. The information about documentation circulates within community networks and is available to those Somalis who need it. The network structure which provides document information is a form of social capital which exists within the social structures of the Somali community. Social networks are necessary as an information resource. Adesh's social capital goes beyond the community of Mayfair. He has managed to establish informal connections with security guards and DHA personnel. At this point the social networks of Somalis are put to use beyond the Somali community of Mayfair. Such

connections are typical of what Granovetter (1985) calls 'weak ties' or what Putnam (2000:22-24) calls 'bridging networks'.

Once their residence status is legalised, Somalis have to face the realities of having to make a living in xenophobia and crime ridden South Africa. The belief that all South Africans and government institutions are anti-foreigner has bred mistrust towards South Africans. Faduna (35) who has 6 children from his two wives could not get a study permit to get his children to high school. He thinks his children were denied study permits because they were foreign. Faduna:

South African hate foreigner. My children don't go school because everywhere they want study permit. South Africans don't like us. Not that study permit is not there, it is there, but they don't want to give to foreigner. Everywhere you go, hospital, police, school, South African don't like foreigner.

Kusow: In other countries in five years you are given permanent residence. Here at Horror Affairs (Home Affairs) they treat you like you are not a human being. Even that refugee paper they will give you only when you cry.

9.4. The Mayfair economy

With the township *spaza* business getting overtraded by other groups of migrants (Ethiopians, Pakistanis and Bangladeshis) some Somalis have turned to transport and property as forms of investments in Mayfair. Adil who first worked for a relative in Khayelitsha in Cape Town returned to Mayfair after saving enough money to start a business. He and his brother in Canada now co-own a fleet of vehicles that transport Somalis to all over South Africa. The increase in the number of Somalis living in Mayfair has led to the expansion of the Somali businesses outside and inside Mayfair. This has resulted in the high mobility of goods and people, thereby creating demand for transport and housing. Instead of renting houses in Mayfair Somalis buy property and rent out bed spaces to other Somalis. In a way they have taken over Mayfair. The residential and business takeover of Mayfair shows how the economically connected can influence the economic strategy of the enclave community. Adil:

Everybody is buying the house and Taxis. And here they are making the business. You know if someone sends you money you can't just keep it, you have to help yourself, buy a house, a Taxi, go to the township and open a shop and help people back in Somalia.

Cultural goods and products are sourced from Kenya and brought to Mayfair through the airport. Mayfair has well looked after restaurants, lodges, houses and a Somali Mosque. It is the wealthy and those with strong international links that invest in secure Mayfair. In Mayfair it is where the

rich, the well connected and those with capital live. Access to jobs, markets and other resources is facilitated in Mayfair. Townships are xenophobic and protest prone, Somalis use them as places where one can make quick money and retire in secure and safe Mayfair.

Due to the size of the Mayfair economy, it has struggled to absorb all Somalis in its labour market. This has resulted in a surplus of labour. Mayfair has many desperate unemployed young Somali men. Chances for employment are dependent on how wealthy the family is or well networked one is or the clan is. Faial (23) came to South Africa in 2015. He is yet to find employment. To prepare him for possible employment his father's younger brother agreed that he spends time learning the tricks of *spaza* business in Cosmo City. Faial is not a paid employee but an apprentice. He has to be kept ready with necessary Township trading information and shop running skills for possible employment. Once Faial has gained necessary trading skill and information he will go back to Mayfair where the availability of employment information is quicker than in the Townships. By the time Faial finds employment he would understand the behaviour of his South African clients and have full knowledge of his suppliers. He will also have information about markets. It is one of the functions of social structures to facilitate the availability of information to some members of the community. In this way information channels are a source of social capital since they enable the Somali community access to privileged information about document acquisition and access to markets.

9.5. The Mayfair class stratum

The existence of social structures and social networks that facilitate the creation of social capital does not mean Mayfair is a classless community. Classes in Mayfair are shaped along economic lines: those with international ties being the most successful and influential. However, capitalist greed is checked by the Islamic norm of altruism. Faial who fled Klerksdorp after being attacked in the shop came back to Mayfair and now rents a bed in a house owned by a British based Somali. Struggling Somalis do not rent rooms but beds in Mayfair. Faial lives in a house with 8 other Somalis all renting beds. Each bed space costs R400 which is payable at the end of the month. His sister who is in America helps with the rent and some basics to sustain him until he gets employment. However, having someone helping him does not make Faial less ambitious. Faial: 'I have to find work, I don't want to become a parasite, this thing of depending on other people....I want my own money, not that one which comes only when they want'. The wealthy Somalis either rent rooms or flats. Wealth comes with independence and financial freedom. Poor Somalis are unmarried young men who still have to get employment. Dire financial circumstances force young unemployed

Somalis to work in dangerous Townships. When the situation gets really tough with neither relatives nor the clan coming up with work Somalis work for any other Somalis who are not related to them. Mahad spent 9 months while waiting for one of his relatives to call him for employment. He ended up working in the dangerous Township of Kliptown for someone he is not related to. Not all Somalis are prepared to risk their lives in very dangerous Townships. In cases where the financially stable shop owners cannot get relatives or clan members as employees they go for poor desperate Somalis who have no choice but to go. Faial survived a near fatal attack, but he still wants to try his luck once more in the lucrative Township market.

9.6. Normative structures

Somalis achieved internal cohesion due to the hostilities they encountered once in South Africa. The common experiences in South Africa produced a group with strong moral bonds of cooperation and trust. These two fundamental norms serve as the foundation on which the Mayfair community is structured. After Nadif was shot in PE, he was advised by Abdi and Kusow to attend court to ensure a successful prosecution. Through funds raised by the community, Nadif was able to travel back to Port Elizabeth to attend court and come again to Mayfair. Abdi, Kusow and the Somali community helped in arranging all necessary travel logistics for Nadif.

Adesh whose informal job is to help secure refugee papers for new Somali arrivals is entrusted with the help of his clients without conning them. His clients pay him even before they have acquired their documents. Adesh himself does not think of absconding or cheating his clients. Adesh:

‘That one [cheating] is not acceptable. We look big, (that is, the Somali community) but we are small. Even if you go to Cape Town they will find you. There is nowhere you can go. Somalis know each other. There in Cape Town they will find you’.

Trust within the Somali community is imperative. That is why Adesh cannot cheat his clients for fear of severe ostracism. Even if Somalis are a big community their social structure is a closed one. It allows effective monitoring and sanctioning. This is what Adesh means by being ‘big’ and yet ‘small’ because each member is accountable to everyone within the community. Trustworthiness which is engendered in the Somali social structures has normative implications on what Somalis are obliged to do and what is expected of their behaviour. Parallels can be found in Coleman (1988:S105) in which he suggests that the effectiveness of norms dependent on how closed the social structure is. Closed social structures produce trustworthiness of social structures which are possessed by the Somali community.

In 2012 Mahmood left Kenya for South Africa with 6 other young Somalis without knowing any contacts of his immediate family in South Africa. On arrival in Mayfair he had no family members to look after him. He was taken to the elders who immediately traced his clan. After three days he was taken to Pretoria where he joined a clan member from the Dir clan to which he belongs. Within the clan he managed to find relatives who helped him acquire refugee documents and later found him work in Atteridgeville. He now co-owns a shop in Cosmo City. The Somali community is organised around clans or tribes. Social capital is most likely to follow clan or tribal lines. Within the clan that is where resources are easily available. This explains why new Somalis are immediately linked up with their clan. The fact that Mahmood was looked after by the Mayfair community before they could find his clan shows how bonded together Somalis are.

Community elders like Abdi and Kusow, can influence decisions and community trajectory. By influencing collective altruism and the building of strong ethnic bonds, Abdi and Kusow are accorded prestige and power by the community. In turn, Abdi and Kusow see themselves as having the moral and social responsibility to help the community. Community elders are obliged to unofficially oversee discipline and social order within the enclave.

9.7. Social capital in creating *spazas*

Somali business initiatives in the townships are facilitated through social networks from the Mayfair enclave or from international connections. All 18 interviewed *spaza* owners either got the start-up capital from relatives living abroad or they worked for relatives in the townships before saving enough money to start their own businesses.

Inasmuch Mayfair social networks are crucial to the feasibility of Township business ventures; *spazas* also play a crucial role in sustaining the enclave economy of Mayfair. Some money generated from the Townships is spent in Mayfair where the majority of the Somalis live. It takes a maximum of two years to save for one's own shop. Once struggling Somalis have saved enough they re-invest in the Township *spaza*, hire a family member and then go back to Mayfair where they live off the *spaza* dividends. Ali who owns a shop in Cosmo City but lives in Brixton (also a Muslim suburb adjacent to Mayfair) has eight years of living in South Africa. He first stayed in Mayfair for two months until his nephew found him work in Rustenburg. While working in Rustenburg he managed to pool resources with other family members and opened their shop in Rustenburg. He had heard about Cosmo City so he decided to come to Johannesburg and open his own shop in Cosmo City. He now lives off the proceeds from the Cosmo City shop. He also has shares in the Rustenburg shop. Ali deposited his own flat where he lives with his wife and children.

9.8. Township networks

The information about the availability of business opportunities in Cosmo City or in other Townships is openly shared among the Somali community. Somali shops in Cosmo City are located along nationality lines. Extensions 4 and 6 have the highest concentration of Somali shops. This makes it easier to maintain channels of communication with other Somali shop owners in the vicinity.

While Somalis do not hold formal social or business meetings data suggests that they do keep close contact with one another. All interviewed Somalis had contact numbers of most Somali traders in Cosmo City. All Somali know each other's shops in Cosmo City, which suggests that they are a networked group of traders. New entrants rely on other traders for information. Knowing where other traders are is important for security and trade reasons. Sharing Information makes it easy to alert other traders of pending danger in the form of protests or xenophobia. Information about security is shared among *spaza* traders regardless of one's nationality.

9.8.1. Business information

While security information is shared indiscriminately among *spaza* traders, business information is restricted to tribal lines. This explains why *spaza* products are not priced the same. At Bafana Bafana one egg costs R1, while at Cheap Price shop one egg costs R1.20. Both shops are only 100m apart. At Cheap Price shop they ordered eggs from the wholesale in Cosmo City. Bafana Bafana shop ordered from one supplier in Honeydew. This suggests that Somalis do compete for markets even among themselves. They are capitalists with strong norms stressing solidarity.

9.9. Townships as start-up places

All 18 interviewed Somalis first started work in the Townships. Townships offer the only chance of employment for desperate young Somalis. Abdul of Africa shop says while '*locations* are a dangerous place' to trade in, they have 'good business'. The open Township market generates better revenue than the Mayfair ethnic market. Mayfair seems to be an investment place for the well connected and the wealthy as it mainly deals with ethnic products sourced from Kenya. The Township market is for the starts-ups and struggling Somalis. Townships require less financial capital investments compared to Mayfair and are places to make quick money. In Cosmo City building a shop and buying full stock can cost R60 000-R80 000 depending on the size of the shop.

9.10. Financial circulation

All 18 Somalis interviewed indicated that they would one day go back to Mayfair once they are financially stable. The circulation of the Somali economy from Mayfair to the Townships and back to Mayfair has created an inward looking economy rotating among the Somalis themselves. This

has transformed Mayfair into a modern economic hub. Mayfair is proof that Somalis are a highly organised group of migrants capable of sustaining their community. However, there are disadvantages associated with an inward economy. Somalis might be missing on wider markets and new ideas.

9.11. International connections

- Eleven had relatives either in Kenya, America, Europe or Australia (though not all relatives were financially supportive)
- Seven had no immediate relatives living abroad.

Not all international links result in financial gains for the Somalis living in South Africa. Some Somalis do struggle even though they have close relatives abroad. Most of them end up being employed in the Townships as shop keepers. But in cases where family members living abroad have financial resources they do support other Somalis living in South Africa. International links are crucial for facilitating a possible move to overseas. There are better chances of moving overseas when one has a relative already living abroad. Not all Somalis want to go overseas. Abdikani has no wishes to resettle overseas. He feels content with life in South Africa. Abdikani: South Africa is better than America or Europe because you can bring your family to visit. It is easy for them to come here than go to America. For me being in Africa is better.

9.12. Coping with harsh Township life

The Township market, profitable as it is, comes along with danger, stress and exasperation. Omar explains why new arrivals start in the Townships: 'They have no choice. The hard way is the only way out'. It seems Somalis have given themselves up to fate. Faduna takes it in his stride:

According to we, we say everybody will die on his own date because it is planned by God. We don't know what we gonna eat tomorrow, what we gonna be tomorrow, what will happen afterwards and where we go. So when it goes to our own beliefs, we say according to the holy verse we say once your time is reached it will never be increased by a single second or decreased by a second. That's God's plan. Human beings make it an excuse of saying that person has died of an accident, he ate poison, but God write it down that you will die on that day. We believe that a person dies according to God.

Religion gives courage, hope and the spirit to dare; it is an overseer of one's fate and destiny in a hostile, risk riddled and stressful trading environment. Somalis are high risk takers. They have almost accepted that their trade in the townships is chance driven with no guarantees. Caught between the inflexible boundaries of Islam and the tight knit socially exclusive Somali community

young Somalis have nowhere to look for opportunities except within their own community initiated ventures. Breaking out of the community risks one losing ethnic moral and social security which is critical in a hostile environment. This in some ways has forced Somalis into dangerous Township trade. Due to the danger associated with Townships trading, Township labour has become expensive. Somali employees in the Township earn a minimum of R3500 a month. Because of the high prices of Township labour some Somalis manage their own shops and cut the cost of hiring someone. Cosmo City has the best race relations ever, but crime is the major problems Somalis have to deal with. There is little they can do about crime except live through it. In the words of Hasim: 'One day is one day; things will be fine'.

Townships are not places of permanent residence for the Somalis but purely for quick business. This is evident as Somalis do not own any house property except the most basic items like mattresses to sleep on and utensils. All 18 interviewed Somali traders slept in the shop inside the cash room. They lock themselves inside the cash room for fear of robbers who get into the shops through the roof.

9.13. Sources of start-up capital

Somali networks can be trans-national. While bonding networks have been seen as localised, they in fact be spatial, that is, they can spread over vast areas. Somalis remain tied to their kin even if across continents. Five of the traders had received financial assistance from family members either in Kenya, Europe or America.

Generally work opportunities come first from close relatives. If close relatives cannot facilitate work, the near option is to turn to clan or sub clans for help. That why knowledge of one's clan and sub clan matters. It can in some circumstances be taped into for one's benefit. Eleven had saved from working for their relatives.

In circumstances where one has no immediate relatives, Somalis can be altruistic. Two had worked for other Somalis who were not a relative. This is done in the spirit of Islamic brotherhood.

9.14. Conclusion

Following Portes and Sensenbrenner's (1993) theory on social processes that create conditions for the emergence of group behaviours in response to the environment it has been shown that: Somalis relied on four sources of social capital. By bonding in solidarity Somalis developed normative social structures that are the basis of networks of cooperation and trustworthiness. The normative structure of the Somali community on which obligations and expectations are created produces social capital which Somalis depend on for social and economic organisation. Capital gains of all kinds are accessible through the network structure of the community. It has also been shown that

the engendered Islamic culture of altruism is crucial for maintaining social and economic morality. Somalis do adopt a capitalist approach to business, but capitalist greed is checked by the Islamic norm of collective achievement. The obligations and expectations that Islam prescribes to its followers determine Somali conduct. This is akin to what Portes and Sensenbrenner (1993) call *value introjection*. Business success depends on getting the right information. Though Somali businesses are managed in a capitalist model, information sharing within the Somali community is freely available. Somalis have an elaborate network of people from whom they source relevant information. The free exchange of favours is what in Portes and Sensenbrenner terms *reciprocity transactions*. Lastly as a tight knit community with moral responsibilities towards each other Somalis have effective norms endowed with the powers to sanction those who defy values and norms of the group. Coleman (1988) called attributes of such a social structure as closure of a social network. Portes and Sensenbrenner call it *enforceable trust*. Somali discipline and cooperation is born out of fear of ostracism.

Social capital in use in Mayfair is different from that employed in the Townships. It has been argued that penetration of the open Township market relies less on bonding networks, but more on bridging networks or weak ties (Putnam (2000) and Granovetter (1985). Navigation of the Township market requires information sourced from the local South Africans.

Lastly as a component of culture, social capital cannot be easily created and be expropriated by different people. It is a by-product of many environmental factors, religion, xenophobia, culture, common migration experiences and many other common social experiences. In short, the social and economic behaviour displayed by the Somalis is uniquely theirs and it cannot be copied as it is sometimes suggested. Somali discipline lies far deep in social circumstances. The nature of Somali social capital finds expressions in Fukuyama's (1999) article on Foundations of social capital and its effects on civil society. He argues that social capital cannot be created by law or public policy; instead it is a cultural creation.

Chapter 10. Thesis conclusion

This study set out to explore social factors that have shaped Somali social identity and how this has impacted on the Somali spirit of entrepreneurship. Using Mayfair and Cosmo City as case studies it has shown how Somali identity was created. Also shown was how and where Somali ethos of self reliance comes from. Conditions in Somalia, Ethiopia or Kenya and the experiences of refugee life

and journeys to South Africa reinforced Somali identity and created an exclusionary existence in South Africa. The importance of Islam in the lives of the Somalis does not imply that it has any direct technical bearing on the economies of the Somalis. Somalis learn the tactics of entrepreneurship from other Somalis. However, religion offers spiritual guidance, hope, ensures cohesion, brotherhood and collective success. It checks against capitalist greed from group members and ensures that all those in need of help get it. It is an overseer of not only the lives of the Somalis, but their economic successes as well. It makes Somalis have the courage to dare, be bold and try out things in a disciplined manner. It breeds discipline, which in many ways accounts for Somali success. Considering that not all migrant destinations are the same this study also assessed how accepting and conducive Cosmo City is as a migrant destination. Somalia is a dysfunctional country, where Somalis get their human capital and discipline was discussed. In Mayfair social relations among Somalis are tight woven, however once in the Township Somalis have developed a way of carefully fitting within their host communities. Somali social and economic organisation is social capital driven. Norms stressing collective success and brotherhood have moulded Somalis into one of the most organised groups of migrants in South Africa. The general perception by some academics, the public and some social commentators is that Somalis are economically astute. The study sought to argue that non-economic factors were equally critical as determinant factors of Somali economic success.

Right from the beginning, Somalis start from sound business skills and financial bases. Shops are fully stocked. Through social capital Somalis have networks which span clans, countries and continents thereby mobilising valuable financial resources. Efficiency in service provision and greater customer satisfaction has helped Somalis build a brand that is hard to compete with. Among Somalis themselves there exists norms of mutual trust and dependence, these norms play a crucial role in the acquisition of business skills and information. Somali businesses are not trial and error business ventures. Bonds of solidarity have privileged Somalis with vital social and business information. Somalis are a clan conscience people, it is through the clans or familial lineages that obligations and expectations are formed. In this way it is easier to mobilise resources for business ventures.

When Somalis came to South Africa they found a niche in the poorly managed *spaza* sector. With superior business skills and finance they transformed the *spaza* sector, from low profit margins to high profit making retail shops. The opportunity structure of Cosmo City has been accepting of Somalis which has led them being the near sole providers of small groceries besides the huge

retailers operating in Cosmo City. After Somali shops were looted the Gauteng provincial government undertook to integrate Somalis within their host communities. The aim was that Somalis needed to share business information and trade skills with South African traders so as to ease tensions. This was a futile exercise as South African traders simply failed to follow Somali standards of trade. Had there been a proper understanding of social context factors perhaps they could have come up with a better model of co-operation and skills exchange between Somali and South African traders. This research has attempted to highlight that social capital (which is the driving force behind Somali entrepreneurship) unlike economics cannot be learnt or legislated and be applied to life situations. It is instead a product of societal events and circumstances. It cannot be replicated as it is sometimes thought in South Africa. Somali economies are still new and it is only now that many students and scholars have found interest on the lives and economies of the Somalis. Perhaps that is why there is still some misplaced understanding of Somali entrepreneurial activities.

10.1. Limitations of study

Results from the study do not apply to all sections of Somalis: caution should be made on generalising Somali life experiences. Women and Bantu Somalis were left out of the study due to cultural practices. Presented in this thesis are general practices and experiences of the majority of male Somalis, it cannot however, be assumed that all Somalis go through one single life experience. As Mayfair is a Somali enclave, there are families in Mayfair. With no doubt women also play a crucial role in shaping the trajectory of Somalis in Johannesburg.

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Appendices

Appendix A

Consent Form

My name is Kingsman Ngwenya studying towards a Master's degree in the department of Sociology at the University of South Africa. I am conducting a research on Somali immigrants and their entrepreneurial activities in the township of Cosmo City. The aim of the research is to understand how Somalis have managed as immigrants to set themselves on the path of success as entrepreneurs in the townships of South Africa. I would like to interview you asking questions

relating to your life and life history. I would like to maintain an ongoing relationship with you so that I may come back should I need clarifications about the interview. This interview will take approximately 1 hour and I would like to record our conversation on audiotape.

Since this is a purely academic exercise I guarantee that your information will be treated with utmost confidentiality and anonymity. Your name will not be used in any part of the report that will be produced by this research. Your participation in this research is voluntary and where you feel uncomfortable you may refuse to answer questions and opt out of the research.

Consent

Researcher: I Kingsman Ngwenya will not implicate any individuals by discussing the details of our conversation with any other person except my supervisor.

Signed: _____ Date _____

Participant: I understand that the information I provide in the interview will not be linked to me personally. I agree to take part in the research

I agree that our conversations can be recorded

I agree that Kingsman Ngwenya may come back and interview me should he need more clarification about the interview

Signed _____ Date _____

Appendix B

Mixed embeddedness questions

Cosmo City's opportunity structure related questions

What is trading in Cosmo City like, compared to other townships (if ever been to other townships)? Are people friendly/easy to deal with or what?

How did you get the premises you are trading in?

Did you build the shop yourself or did you acquire an already build shop?

Who owns the shop, if not yourself?

Any business partners who have a share in the shop?

How difficult was it to get the trading premises?

If you are renting, are you happy or not with the rent you pay for your shop?

If you are renting, how well do you get along with the owner? Ever any conflict? Did you ever receive any help in establishing their businesses from locals? Did you ever help any locals to establish businesses?

Do you have to apply for permission to run a shop in Cosmo City? How long is the procedure, if any; any help/constraints from local authorities?

Are there any government regulations that one has to follow before setting up shop?

Do you participate in the local community's activities? Like what? If at all.

Do you have close friends around Cosmo City?

What is Cosmo City like socially, politically and economically?

How vulnerable/secure is running a business in Cosmo City? Have you ever experienced any robberies or violence in the local community? Have you ever had to buy off anyone (such as a local gang) to continue operating?

Somali group characteristics related questions

How long have you been living in South Africa and trading in Cosmo City in particular?

What is your level of education?

Where in Somalia do you come from/ what language do you speak?

What work were you doing back home before you came to South Africa?

By which route have you arrived in SA?

Do you speak any of the local languages? What is your language of communication with your clients? How did you come to South Africa?

As a community do you train each other on how to operate shops in the township?

Group/Business strategies related questions

What factors do you consider when setting up shop? Or why is your shop located in this specific place?

Have you ever owned a shop (or any other kind of business) anywhere else in SA? How long have you had this shop?

When pricing goods what factors do you take into account?

Do you sell anything that other, particularly SA spaza shops do not?

How long do you want to trade in Cosmo City?

How do you advertise your business?

Any wishes to expand one day?

Who are your suppliers? How trustworthy are they? Do you know any of them personally? How did you get to know them, if you do know them? Ever negotiated any discounts from them?

What is your relationship like with your clients?

Is the transportation and stocking of goods done as per shop or you collaborate with other Somali shop owners around Cosmo City?

How do you determine your clients' wants and tastes?

Before your arrival here, were there any South African owned spaza shops?

Do you keep a cash register for your business?

Do you give credit, and on what basis?

I think a general question such as why they think they are more successful than local traders would also be helpful. Also how they respond to the government line that they must share their 'secrets', train their competitors.

Social capital questions

How old are you?

What is your religion?

How is life in South Africa? Do you have South African friends around Cosmo City that you visit in their homes?

Are there any challenges you face as a foreigner in South Africa? How do you deal with them?

How are attitudes of South Africans towards foreigners?

As a community what sort of support do you give each other?

How did you get your start-up capital?

Where is your family? How big is it? Does it own any assets? Are there any family members who do not live with you? Where are they?

How often do you meet as Somalis/ family members?

How much do you trust other Somali immigrants to help you?

As Somali business men in Cosmo City how often do you meet to exchange ideas and information? Do you know other Somali shop owners trading in Cosmo?

How relevant are tribal identities in the Somali community?

Tell me about your family lineage?

Would you employ South Africans as shop assistants?

What are your plans for the future? Both for the business and in terms of migration prospects, both locally and overseas.