

**EXPLORING THE RELATIONSHIP BETWEEN THE IMPLEMENTATION
OF BUSINESS STRATEGIES AND BUSINESS PERFORMANCE BY
IMMIGRANT ENTREPRENEURS IN EKURHULENI, SOUTH AFRICA**

by

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DEDICATION

I dedicate this research study to my parents, Mrs and Mr Chidau, who worked hard to see me through school which led to tertiary education. May this work be inspirational to my daughters, Michelle and Myla, and instil them with the desire to value education.

DECLARATION

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Exact wording of the title of the dissertation as appearing on the electronic copy submitted for examination:

Exploring the relationship between the implementation of business strategies and business performance by immigrant entrepreneurs in Ekurhuleni, South Africa

I declare that the above dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements for originality.

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.



Tatenda Chidau

August 2021

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ABSTRACT

The emergence and perceived prominence of immigrant entrepreneurs in South Africa induced mixed feelings amongst members of the local communities because immigrant entrepreneurs are regarded as being opportunistic. This research seeks to explore and gain an in-depth understanding of the business strategies that immigrant entrepreneurs (both globally in general and in South Africa specifically) put into practice and how these tactics affect their business performance. The study seeks to conceptualise business strategies, business performance and entrepreneurship from the reviewed literature. The research was carried out in Germiston and Kempton Park areas within the Ekurhuleni Metropolitan, in Gauteng.

A qualitative research approach was used which enables exploration of lived experiences. This study adopted two non-probability methods, convenience and snowball sampling. Data collection was achieved through the conducting of 12 in-depth face-to-face interviews. The interview transcriptions were saved as Microsoft Word documents and ATLAS.ti was used for data analysis. The research was handled ethically as guided by UNISA (University of South Africa)'s Research Policy on Research Ethics. The participants' countenanced informed consent and confidentiality and anonymity were maintained. The research guidelines provided by the UNISA were adhered to throughout this study.

The findings revealed that immigrant entrepreneurs utilise business strategies that were acknowledged as essential in succeeding which they combined and implemented concurrently. Furthermore, there was a positive correlation between the employment of these business strategies and favourable business performance.

Keywords

Business management; Business performance; Business practices; Business strategies; Entrepreneurship; Immigrants; Immigrant entrepreneurs; Immigrant entrepreneurship; Strategy; SMEs; Xenophobia.

OPSOMMING

Die verskyning en skynbare prominensie van immigrantentrepreneurs in Suid-Afrika het gemengde gevoelens onder lede van die plaaslike gemeenskappe teweeggebring omdat hierdie entrepreneurs as opportunisties beskou word. Hierdie navorsing het ten doel om die besigheidstrategieë wat immigrantentrepreneurs (beide wêreldwyd in die algemeen en in Suid-Afrika in die besonder) toepas, asook die invloed wat sodanige strategieë op hulle besigheidsprestasie het, te ondersoek en diepgaande insig daaroor te verkry. Die studie het daarbenewens ten doel om besigheidstrategieë, besigheidsprestasie en entrepreneurskap aan die hand van die literatuuroorsig te konseptualiseer.

Hierdie navorsing is in Germiston en Kemptonpark, wat onder die Metropolitaanse Munisipaliteit van Ekurhuleni in Gauteng val, gedoen. 'n Kwalitatiewe navorsingsbenadering is gevolg. So 'n benadering maak dit moontlik om beleefde ervarings te ondersoek. Twee nieraarskynlikheidsmetodes, naamlik gerieflikheidsteekproefneming en sneeubalsteekproefneming, is vir die studie gebruik. Data is met behulp van 12 indringende onderhoude ingesamel. Die onderhoude het van aangesig tot aangesig plaasgevind. Die onderoudtranskripsies is as Microsoft Word-dokumente gestoor. ATLAS.ti is vir dataontleding gebruik. Die navorsing is eties benader, ooreenkomstig die navorsingsbeleid oor navorsingetiek van die Universiteit van Suid-Afrika (Unisa). Die deelnemers het ingeligte toestemming verleen, en vertroulikheid en anonimiteit is gehandhaaf. Die navorsingsriglyne van Unisa is deurgaans in die studie nagevolg.

Die bevindings het aangetoon dat immigrantentrepreneurs besigheidstrategieë wat as noodsaaklik vir sukses erken word, toepas. Hulle kombineer sodanige strategieë en pas dit gelyktydig toe. Daarbenewens is 'n positiewe korrelasie tussen die toepassing van hierdie besigheidstrategieë en gunstige besigheidsprestasie gevind.

Hoofsterme

Besigheidsbestuur; Besigheidsprestasie; Besigheidspraktyke; Besigheidstrategieë; Entrepreneurskap; Immigrante; Immigrantentrepreneurs; Immigrantentrepreneurskap; Strategie; Klein en medium ondernemings (KMO's); Xenofobie.

OKUCASHUNIWE

Ukuvela nokugqama okubonwa kosomabhizinisi bokufika eNingizimu Afrika kwadala imizwa ehlukeni phakathi kwamalungu emiphakathi yendawo ngoba labo somabhizinisi bathathwa njengabaxhaphazi bamathuba asheshayo. Lolu cwaningo luhlose ukuhlola nokuzuzisa ukuqonda okujulile ngamasu ebhizinisi asetshenziswa osomabhizinisi bokufika (emhlabeni jikelele kanye naseNingizimu Afrika ngokukhethekile) nokuthi lawo maqhinga anomthelela kanjani ekusebenzeni kwebhizinisi labo. Ngaphezu kwalokho, ucwaningo luhlose ukuhlanganisa amasu ebhizinisi, ukusebenza kwebhizinisi kanye nosomabhizinisi ngokusekelwe emibhalweni ebuyekeziwe. Ucwaningo lwenziwa eGermiston naseKempton Park e-Ekurhuleni Metropolitan, eGauteng. Kusetshenziswe indlela yocwaningo egxile ekutholeni imininingwane ngokusebenzisa ukuxhumana okuvulekile nokuxoxisana, eyenza ukuhlola kokuhlangenwe nakho okuphiliwe. Lolu cwaningo lwamukele izindlela ezimbili ezisekelwe esahlulelweni esizimele, ukukhetha isampula ngokusekelwe ekubeni lula nokufinyeleleka kanye nesampula lapho abahlanganyeli bocwaningo benxaxa abanye ababambiqhaza ukuze benze ucwaningo. Ukuqoqwa kwemininingwane kwafinyelelwa ngokwenza inhlolekhono ejulile eyi-12 ubuso nobuso. Okulotshiweyo kwenhlolekhono kulondolozwe njengemibhalo ye-*Microsoft Word* futhi ne-*ATLAS.ti* yasetshenziselwa ukuhlaziya imininingwane. Ucwaningo lusingathwe ngendlela efanele njengoba luqondiswe yi-Unisa's (Imfundo Ephakeme yaseNingizimu Afrika) Inqubomgomo Yocwaningo Ngezimiso Zokuziphatha Zocwaningo. Ababambiqhaza babhekane nokuvuma ukwaziswa kanye nokugcinwa kuyimfihlo nokungaziwa kwagcinwa. Imihlahlandlela yocwaningo ehlinzekwe yi-Unisa ilandelwe kulo lonke lolu cwaningo.

Okutholakele kuveze ukuthi osomabhizinisi bokufika basebenzisa amasu ebhizinisi avunyiwe ukuthi abalulekile ekuphumeleleni, abawahlanganisa futhi bawasebenzisa kanyekanye. Ngaphezu kwalokho, kube nokuhlobana okuhle phakathi kokusetshenziswa kwala masu ebhizinisi kanye nokusebenza kahle kwebhizinisi.

Amagama asemgoka

Ukuphathwa kwebhizinisi; Ukusebenza kwebhizinisi; Imikhuba yebhizinisi; Amasu ebhizinisi; Ezamabhizinisi; Abokufika; Osomabhizinisi bokufika; Amabhizinisi abokufika; Isu; Amabhizinisi amancane naphakathi; Xenophobia.

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LIST OF ABBREVIATIONS

CC	Close Corporation
CIPC	Companies and Intellectual Property Commission
DBSA	Development Bank of Southern Africa
DHET	Department of Higher Education and Training
EFT	Electronic Funds Transfer
EU	European Union
GDP	Gross Domestic Product
HRC	Human Rights Commission
ID	Identity Document
IDC	Industrial Development Corporation
IOM	International Organisation for Migration
LDC	Less Developed Countries
NGO	Non-Governmental Organisations
NSBA	National Small Business Act
RBV	Resource-Based View
ROA	Return on Assets
ROE	Return on Equity
SADC	Southern African Development Community
SAPS	South African Police Services
SARB	South African Reserve Bank
SARS	South African Revenue Service
SEDA	Small Enterprise Development Agency
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
STA	Street Traders Association
Stats SA	Statistics South Africa

UIF	Unemployment Insurance Fund
UN	United Nations
UNISA	University of South Africa
USA	United States of America
VRIO	Value, Rarity, Imitability, Organisation.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION AND BACKGROUND OF THE STUDY

South Africa is seen as one of the most advanced economies on the African continent but research on immigrant entrepreneurs emerged only recently (Ngwenya, 2017:1). However, the presence of immigrant entrepreneurs has long been the subject of academic, political and public discourse within other continents such as Europe and America (Field, 2017:1; Kademaunga, 2017: 99). South African cities are gateways to many African migrants who reside mainly in Cape Town and Johannesburg (Ngwenya, 2017:1). Media publish news that portrays immigrants as a problem in South Africa, as they exploit, invade and take over from South Africans and do not add value to the economy (Moyo, 2015:30-31). The business operations and conduct of immigrant entrepreneurs have been a hotly debated topic in South Africa because they are always compared with South African entrepreneurs.

There is resentment amongst South Africans because of the increasing existence of profitable business owned and run by Somali immigrants in Delft Township, on the outskirts of Cape Town, Western Province, South Africa (Charman, Petersen & Piper, 2012:49). Furthermore, Somalis are perceived as unfairly lowering their prices and providing good customer service, which has led to South African owned small businesses losing their market share (Charman *et al.*, 2012:49). Immigrants are regarded as taking over South Africans' jobs and business opportunities (Charman *et al.*, 2012:47; Kalitanyi & Visser, 2010:376). It is the immigrant entrepreneur's business acumen that has 'raised eyebrows and questions on their deemed business success over South African entrepreneurs (Crush & Tawodzera, 2017:26; Charman *et al.*, 2012:47).

To address the debatable questions that have arisen due to the presences of immigrant entrepreneurs, the researcher seeks to determine the practices they implement within their business operations. This research will focus on immigrant entrepreneurs specifically within the Gauteng Province, South Africa, and the implementation of business strategies within their business operations. The research builds upon the empirical research that was conducted by Charman *et al.* (2012) and Radipere (2012a).

The study by Radipere (2012a) focused on the performance of Small and Medium Enterprises (SMEs) in Gauteng, South Africa and there is a comparison of performance between local and immigrant entrepreneurs. The studies by Charman *et al.* (2012) and Radipere (2012a) agree that immigrant entrepreneurs are more successful in the running of their businesses compared to local entrepreneurs. The research by Charman *et al.* (2012) focused on the transformation of the Spaza shops owned and operated by immigrant entrepreneurs in Delft Township, Cape Town. Spaza shops are micro-convenience home-based stores that operate in townships and provide mainly basic commodities to local residents. Spaza shops emerged during the apartheid era, which restricted black entrepreneurship (Charman *et al.*, 2012:48). Spaza shops can be classified as SMEs depending on the size of the business operations (Olawale & Garwe, 2010:729).

SMEs verification clearly has many differentiating factors. Abor and Quartey (2010:221) argued that factors that constitute an SME varies across nations and industries and that not only the size of the business should be used as the identifiable entity. There are other determinants, such as the skill of labour required, turnover levels, capital assets or legal status. There is no consensus regarding what constitutes an SME (Abor & Quartey, 2010:220). In South Africa, an SME is defined as:

A separate distinct entity and the National Small Business Act of South Africa of 1996, as amended in 2019, describes a “Small enterprise” as a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the schedule and classified as a micro, a small or a medium enterprise by satisfying the criteria mentioned in columns 3 and 4 of the schedule (Government Gazette, 2019:1-2).

According to Olawale and Garwe (2010:729), SMEs are vital to the economic prosperity of South Africa. SMEs operated by Somali entrepreneurs in Delft Township, Cape Town, outperformed local owners and forced them out of business (Charman *et al.*, 2012:47).

Based on the success of Somalis immigrant entrepreneurs in Delft Township, Cape Town, therefore, the researcher believes that for any business to be successful, specific business strategies should be implemented. The outcome of this research should provide beneficial information for the stakeholders who are interested in the business practices

of immigrant entrepreneurs. Hence, the researcher will, therefore, seek to build on the previous studies and related literature to explore and understand the business strategies used by these immigrant entrepreneurs.

1.2 PROBLEM STATEMENT

In order for a business to be successful and continue to have a competitive advantage it must have business strategies (Agwu, 2018:1). The research problem formulated for this study emanates from the findings by Charman *et al.* (2012:47) and Radipere (2012a:5) who purport that immigrant entrepreneurs' business success rate exceeds that of local entrepreneurs. These two studies did not explore the instruments that were used by the immigrant entrepreneurs which led to their higher success rate and what effect these mechanisms had on their business performance. Therefore, the researcher identified a gap that warrants the research to determine the business strategies that successful immigrant entrepreneurs are implementing. The researcher investigated immigrant entrepreneurs' business conduct to identify elements that gave them the competitive edge over local entrepreneurs. According to Khosa and Kalitanyi (2016:52), the reason immigrant entrepreneurs forge ahead with business operations is due to the success they achieve in running their businesses. The majority of respondents, 51 of 93 (54.8%) held businesses that had operated for more than three years. Fertala, in Khosa and Kalitanyi (2016:52) indicated that immigrant entrepreneurs will only continue to operate their businesses if they are successful. Their main objective is to make a profit, hence, they will not continue to operate at a loss. The researcher, therefore, is of the view that if an immigrant entrepreneur continues to persevere in a business, it means the venture is making a profit, which can also be used as a measure of business success. Radipere (2012a:123-124) also pointed out that the number of immigrant entrepreneurs in South Africa was growing rapidly and that this surge could be rooted in the higher potentiality of business success and profitability. Based upon this finding, there is a likelihood also of a concurrent increase in the number of immigrants pursuing entrepreneurship and those succeeding in business.

1.3 SIGNIFICANCE OF THE STUDY

The findings of this study will be beneficial to society. Globally SMEs are currently considered as the backbone of economic growth and the creation of employment. In South Africa businesses that are owned and operated by immigrant entrepreneurs are mainly classified under SMEs. The research findings indicate that business strategies are

essential for a business to succeed and can be combined, and implemented concurrently. Furthermore, business strategies influence business performance and were considered to bring more success compared to those who opted not to do so. The South African government and other stakeholders can make use of this study's research findings to further develop a conducive operating environment for the current and future SMEs. Operational difficulties faced by SMEs can easily be identified by focusing on the barriers that immigrant entrepreneurs currently face and ways to render support can be easily formulated from that. The study's findings will enable the development of better learning material to be used by organisations that provide entrepreneurial training. Other researchers can also build their studies from the findings of this research project and, thus, add to the body of knowledge in this field. This research will aid a better understanding of the business conduct of immigrant entrepreneurs in South Africa and local entrepreneurs can use immigrant entrepreneurs' business practices to benchmark with their own operations. The findings can be used to enhance the knowledge and skills of current and future entrepreneurs. Overall, it is anticipated that this study will result in both the education of entrepreneurs and significant advancement of SMEs, due to an in-depth understanding of the business strategies that immigrant entrepreneurs implement in South Africa.

1.4 RESEARCH OBJECTIVES

1.4.1 Primary research objective

The primary objective of this study is to investigate how immigrant entrepreneurs in South Africa implement business strategies and how that influences their business performance.

1.4.2 Secondary research objectives

1.4.2.1 Theoretical objectives

1. To conceptualise business strategies from the reviewed literature
2. To conceptualise business performance from the reviewed literature.
3. To conceptualise entrepreneurship from the reviewed literature.

1.4.2.2 Empirical research objectives

1. To discover and explore the business strategies that immigrant entrepreneurs use in their businesses.

2. To determine the reasons why immigrant entrepreneurs choose to implement or not to implement business strategies in their businesses.
3. To determine whether those immigrant entrepreneurs who implement business strategies are more successful than those who do not.
4. To explore whether business strategies influence the performance of a business.

1.4.3 Research questions

1. What business strategies do immigrant entrepreneurs implement?
2. Why do immigrant entrepreneurs choose to implement or not to implement business strategies in their businesses?
3. Do immigrant entrepreneurs who implement business strategies more successful than those who do not?
4. How does the implementation of business strategies affect the performance of businesses owned by immigrant entrepreneurs?

1.5 LITERATURE REVIEW

Kalitanyi and Visser (2010:376) assert that the general presence of immigrants in South Africa has led to controversial comments and debates. There is a notion that South Africans tend to believe that immigrants are taking away the jobs and business opportunities that should be held by South Africans (Kalitanyi & Visser, 2010:376). This perception, in turn, shows that immigrant entrepreneurs' businesses operate in a very complex business environment in South Africa (Garg & Phayane, 2014:62; Landau, 2012:1; Ladzani & Van Vuuren, 2002:153). Immigrant entrepreneurs must deal with and overcome the beliefs held by some South Africans, particularly because these perceptions generate hindrances to a free operating environment. Moyo (2014:257) concluded that immigrant entrepreneurs in South Africa are entrepreneurial and, despite the challenges they face, continue to operate successful businesses in this complex environment, a fact that might well be the result of strategizing.

South Africa is host to a huge number of immigrants not only from the Southern African Development Community (SADC) but from Africa as a whole (Garg & Phayane, 2014:65; Kalitanyi & Visser, 2010:381). According to Kalitanyi and Visser (2010:383) immigrants are people who have left their home country to live in another country. The reasons why people immigrate are various and include searching for better living conditions, political

stability and business opportunities. When people migrate, they are faced with many difficulties settling into a new country, including their failure to obtain employment. This difficulty tends to push immigrants into entrepreneurship as a way of fending for themselves in order to ensure their own survival and that of their families (Garg & Phayane, 2014:65; Kalitanyi & Visser, 2010:381).

Most immigrants survive under difficult circumstances during their first few months of entering South Africa. Therefore, to earn a living, they create and successfully run small businesses and generate employment for locals (Dube, 2017:197; Garg & Phayane, 2014:65; Kalitanyi & Visser, 2010:388). According to the above researchers, entrepreneurship is a means of overcoming poverty and enabling self-sustainability. In South Africa, there is limited information on the drivers of entrepreneurship amongst the immigrants although entrepreneurship is an important force in shaping the changes that take place in an economy (Ibrahim, 2016:8; Herrington, Kew & Kew, 2010:14).

Entrepreneurship is defined as the emergence and growth of new businesses with the prime motivation of making a profit (Kraus & Kauranen, 2009:44; Nieman, Hough & Nieuwenhuizen, 2003:9). Furthermore, Schumpeter (1965) defined “entrepreneurs as individuals who exploit market opportunity through technical and/or organisational innovation”. This research adopted the resource-based theory of entrepreneurship which highlight the importance of how diverse resources at the disposal of an entrepreneur have an impact on how the business performance (Barney, 1991:105). According to Nieman *et al.* (2003:9), there is no unanimous definitive definition of entrepreneurship owing to the diverse nature of this phenomenon. Therefore, Afewerki (2015:10) concluded that entrepreneurship is a process of starting up a business to make a profit or for value creation. For the researcher to identify business strategies implemented by immigrant entrepreneurs there was a need to establish the link between immigrants’ businesses strategising and entrepreneurship. Khosa and Kalitanyi (2015:132) and Ladzani and Van Vuuren (2002:159) state that very few studies have previously been conducted on immigrant entrepreneurs’ business practices in South Africa. A strategy is a long-term course of action for achieving a business’s purpose while a business strategy is defined as the plan of action specifically adapted by firms to keep abreast of competitors, whilst winning over new customers and retaining existing customers (Chew & Gottschalk, 2009:33; Chaganti & Greene, 2002:132).

Therefore, this research study will provide a basis for further research in the exploration of business strategies implemented by immigrant entrepreneurs in South Africa. A glimpse into the implementation of their business practices was provided in a study undertaken by Charman *et al.* (2012) in Delft, Cape Town. This study revealed that a single immigrant entrepreneur owns many shops and runs them as if they belong to a group of mini-supermarkets, such as occurs in a franchise chain (Charman *et al.*, 2012:67). As a result, it is convenient for the owner to disseminate information or make changes simultaneously in all shops, thus, implementing uniformity between the operations. Furthermore, Somalian entrepreneurs pool their resources to secure discounts from suppliers, thus maximising economies of scale in procurement and establishing social networks are at the core to their operations (Charman *et al.*, 2012:71).

Previous studies highlighted business strategies that are implemented by immigrant entrepreneurs (in other countries as well as South Africa) and the following are examples that researchers have explored:

- Differentiation of products, maintaining low costs in production and/or pricing, quality of goods and services, segmentation of the business within multi locations (Chaganti & Greene, 2002:137).
- As a business strategy, the Chinese entrepreneurs in Zimbabwe are known for employing saving and reinvesting as a strategy. They do not believe in consumerism (i.e. spending all their profits) (Kademaunga, 2017:110). The researcher, therefore, seeks to identify whether the same strategy is being implemented in South Africa.
- Somalian entrepreneurs practice efficiency when procuring products, for example, goods are purchased in bulk and transportation costs are shared. Their shops are always fully stocked because sold-out products are timeously replenished (Ngwenya, 2017:80; Moyo, 2014:263).
- Certain immigrant entrepreneurs' use pricing strategies, they set low-profit margins and charge lower prices to move huge volumes of stock (Kademaunga, 2017:107; Ngwenya, 2017:88).
- Kloosterman and Rath (2001:197) identified social networks and social capital as strategies implemented by immigrant entrepreneurs.

1.6 RESEARCH METHODOLOGY

1.6.1 Research design

The research design is the overall plan that is followed to attain the results set by the objectives; it is the blueprint for the collecting, measuring and analysis of data (Cooper & Schindler, 2014:124; Saunders, Lewis & Thornhill, 2009:137). The researcher used the exploratory research design for this study because it seeks to discover in-depth information, gain deep insights and have a thorough understanding of phenomena being researched (Cooper & Schindler, 2014:129).

1.6.2 Methodology

When conducting research there are three main approaches a; qualitative, quantitative and mixed method (Cooper & Schindler, 2014:144). The researcher selected qualitative research for this study because it aims to achieve an in-depth understanding of a situation.

1.6.3 Population

According to Cooper and Schindler (2014:360), a population is the total collection of elements about which the researcher wishes to make some inferences. For this research project, the targeted population was all immigrant entrepreneurs operating in Ekurhuleni Municipality, Gauteng. The researcher chose this setting because Gauteng is South Africa's leading province in terms of development and overall prosperity (Ladzani & Seeletse, 2012:95).

1.6.4 Sampling strategies

There are two sampling strategies, namely probability sampling whereby the selection of an individual in a population is known and non-probability sampling whereby the probability of selection is unknown (Salkind, 2013:96). The non-probability sampling methods commonly used are purposive sampling, snowball sampling and convenience sampling (Cooper & Schindler, 2014:52). The researcher adapted two methods, firstly convenience sampling which entails selecting any readily available individual, who usually reside within close proximity, as the participants (Cooper & Schindler, 2014:152). Secondly, snowball sampling, which uses a referral approach to reach particularly 'hard-to-find' respondents (Cooper & Schindler, 2014:360).

1.6.5 Sample size

When implementing non-probability sampling the determination of sample size is ambiguous because there are no rules (Saunders *et al.*, 2009:233). Therefore, for this study the researcher settled on a sample size of 15 participants. According to Salkind (2013:235) and Dworkin (2012:1320), 15 participants is the ideal number when conducting in-depth interviews. At this number the data collection process would have reached saturation and, thus, continued data collection becomes redundant because it will provide few, if any, new insights (Saunders *et al.*, 2009:235).

1.6.6 Data collection

Data collection is a process of gathering and measuring information, it enables the researcher to answer relevant questions and evaluate outcomes (Leedy & Ormrod, 2015:94-95). As indicated above, in this study data was collected using qualitative methodology during which the primary data collection technique is individual interviews (Cooper & Schindler, 2014:152). Secondary data was collected through an examination of journals, textbooks, websites, newspaper articles and government publications.

1.6.7 Instrument design

These are the actual tools that are used for data collection. Qualitative data collection includes the deployment of questionnaires, interviews and observation (Creswell, 2009:168). The researcher used individual in-depth semi-structured, open-ended interviews that were conducted in English and data was recorded by writing-up field notes and also by using a recorder. The researcher used a comprehensive note-taking method when making field notes.

1.6.8 Data analysis

Data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler, 2014:86). Qualitative content analysis was used for this research study to analyse data collected from all the interviews. This method is defined as “a research technique for the objective, systematic and quantitative description of the manifest content of a communication” (Cooper & Schindler, 2014:385). Audio recordings from the initial interviews into written texts which were saved as Microsoft Word documents. The researcher used ATLAS.ti version 8, a data analysis software program, to analyse and

code transcriptions from field notes. ATLAS.ti is a powerful workbench for analysing data that a researcher has categorised and coded (Smit, 2002:65-66).

1.6.9 Pilot study

The researcher conducted two pilot interviews before undertaking the actual interviews. On completion of these trial interactions, the researcher adjusted the interview guide in terms of the participants' feedback. The adjustments were necessary refinements to ensure the interview guide was easily understandable to the main study's participants, thus enabling them to solve the overall research problem.

1.7 MEASURES FOR ENSURING TRUSTWORTHINESS IN THE RESEARCH

Qualitative research should be trustworthy. Below are the frameworks that ensure that validity and authenticity of data are upheld, thus safeguarding the quality and ethicality of research results.

1.7.1 Credibility

Credibility entails that a true picture of the phenomenon under scrutiny is being presented (Shenton, 2004:63). To ensure credibility, all respondents were identified and described accurately. Constructs of the research were broken-down into measurable parts.

1.7.2 Dependability

Dependability entails the consistency of the study findings to ensure that future researchers can replicate these results. Dependability is deemed difficult to ensure in qualitative research (Shenton, 2004:63). To counteract this problem, the researcher provided detailed descriptions of the method of data collection, analysis and interpretation and provided physical evidence of the research process.

1.7.3 Transferability

Transferability entails that the findings and conclusions from the research can be applied in another similar setting or with other populations (Shenton, 2004:69). The researcher provided a description that reveals that the research findings apply to other contexts and situations. Field notes documenting every aspect of the interviews were kept to ensure transferability of results.

1.7.4 Confirmability

Confirmability entails that the findings are the results of the research data only and not the researchers' predispositions, thus, ensuring there is no researcher bias (Morrow, 2005:252; Shenton, 2004:72). Findings from the research should exactly reflect the participants' responses without any influence from the researcher. The researcher provided evidence that all findings were independent of the researcher's personal feelings and biases. The collected evidence was credible, dependable and transferable and, thus confirmability was achieved in this research study.

1.7.5 Confidentiality

Confidentiality entails that all the data arising from the research project will be held in the strictest confidence (Salkind, 2013:195). In this research, all collect information and records were treated with confidentiality. Participants' names were not recorded and all information was treated with anonymity. The researcher ensured that each participant was informed personally that their confidentiality would be upheld and protected during and after all the interviews. Their personal privacy was maintained and all participants had the right to decline to be interviewed at any point in time.

1.8 LIMITATIONS OF THE RESEARCH

This research study only focuses on immigrant entrepreneurs operating in Ekurhuleni, Gauteng Province, whereas South Africa has nine provinces. Gauteng consists of three metropolitan municipalities – Johannesburg, Tshwane (Pretoria) and Ekurhuleni (East Rand) (Horn, 2010:46). The findings delineated in this study are from Ekurhuleni in Gauteng and might not necessarily be the same if similar research is implemented in another province. The study was based solely on immigrant entrepreneurs that own SMEs with less than 10 employees.

1.9 ETHICAL CONSIDERATIONS

Ethics in research refers to the appropriateness of a researcher's behaviour concerning the rights of the research participants (Saunders *et al.*, 2009:183). Furthermore, access to participants and ethics are critical aspects when conducting research (Saunders *et al.*, 2009:201). The overall goal is to ensure that no one is harmed or suffers adverse consequences from research activities (Cooper & Schindler, 2014:28). Ethical clearance to conduct this research study was obtained from the UNISA's Ethics Review Committee.

Approval to conduct the study was obtained in advance from all the participating immigrant entrepreneurs by providing them with informed consent forms for completion.

The researcher and UNISA take responsibility and are accountable for all aspects and consequences of this research study (Unisa, 2016a:5). Furthermore, all the gathered data was treated with confidentiality and was used solely for the agreed purpose of the research, as noted in non-disclosure of all information (Unisa, 2016a:15). The researcher abided by every instruction stipulated in the UNISA policy on research ethics (Unisa, 2016a).

1.10 THE LAYOUT OF CHAPTERS AND CONCLUSION

Chapter 1 contains the introduction, background to the study and the research problem. It provides data on the phenomena under investigation, highlights the significance of the study and the research methodology.

Chapter 2 provides a comprehensive literature review on strategy and business strategies. The chapter contains definitions of strategy and business strategy and explains business-level strategies.

Chapter 3 defines immigrant entrepreneurs and SMEs and contains a comprehensive literature review of these two entities as practiced mainly in South Africa but also other countries. The relationship between national culture and entrepreneurship is highlighted. Both the contributions and the challenges faced by immigrant entrepreneurs in South Africa are discussed.

Chapter 4 discusses the research methodology (qualitative) that was used in conducting empirical research. This chapter further examines the research design, research instruments and techniques. It also elaborates the steps followed in the data collection and data analysis processes of the study.

Chapter 5 analyses and interprets the research findings. It also combines these results with those documented in the reviewed literature.

Chapter 6 revisits the research objectives and provides answers to the research questions. This chapter provides a detailed conclusion to the study. The study's limitations are highlighted and suggestions for future research based upon the conclusions are made.

This chapter introduced the fundamentals of the study and gave an outline of the relevant literature. The research objectives, questions and chapter overview were defined and discussed. The following chapter provides a detailed exploration of immigrant entrepreneurs' business practices in South Africa.

CHAPTER 2

LITERATURE REVIEW (BUSINESS STRATEGIES)

2

2.1 INTRODUCTION

For any business to operate and succeed it needs to make use of strategies. A strategy is an especially important aspect because all the resources that are available to a business are very limited in supply (Athapaththu, 2016:124; Chladkova & Formankova, 2016:396). Businesses operated by immigrant entrepreneurs have an important role to play in the South African economy. Some of the businesses that immigrant entrepreneurs own in South Africa, are classified as SMEs (Olawale & Garwe, 2010:729; Government Gazette, 2004:2-3). SMEs can contribute immensely to the growth of the economy through the creation of jobs, wealth and eradication of poverty (Opoku & Sandberg, 2017:179; Ramukumba, 2014:19). This chapter, therefore, looks at the business strategies that immigrant entrepreneurs apply and their effect on the performance of their businesses. Furthermore, the chapter is guided by the resource-based theory of entrepreneurship which outline that financial, social and human resources are important in establishing a new business (Barney, 1991:105). The theory enables the understanding of how different resources if applied within a business can influence its performance. The resource-based theory is rooted in a business trying to differentiate itself from its competitors to attain a competitive advantage through unique resources and capabilities (Hesterly & Barney, 2019:80; Barney 1991:109). Furthermore, the resources and capabilities are classified as internal properties which can be used as a measure to determine the prospects of a business (Lazenby, 2018:115). According to Barney (1991:107), a business that possesses bundles of rare and imperfectly imitable resources will achieve sustained competitive advantage which leads to superior business performance.

Firstly, this chapter defines and discusses strategy and business strategy. Secondly, it explains the levels of strategies and the types of business-level strategies, combined with the Resource-based View (RBV) theory, as a tool to determine competitive advantage. Lastly, it identifies and explains the business strategies that immigrant entrepreneurs apply based on the reviewed literature.

2.2 BUSINESS STRATEGIES

Chaganti and Greene (2002:132) defined a business-level strategy as the means and mechanisms used by a business to attract and retain customers and overcome competition. A business strategy is a methodology implemented by a company to achieve a competitive advantage in any industry (Hesterly & Barney, 2019:204). Athapaththu (2016:124) concluded that a business strategy has numerous meanings, all of which are useful to those involved with setting strategy within an organisation. According to Thompson, Strickland and Gamble (2016:32) business unit heads and sole proprietors are responsible for managing business strategies. Irrespective of the size of any organisation, at one point, it has developed a strategy and at any time during its existence has a business strategy in operation (Lazenby, 2018:201; Chladkova & Formankova, 2016:396; Macmillan & Tampoe, 2000:61). A business strategy should specify how the business will outperform its competitors (Braun, Latham & Cannatelli, 2019:41). Thompson *et al.* (2016:4) explain that a business strategy's purpose is to ensure lasting success by competing differently and securing the business's future during the long term. A distinct business strategy is essential due to threats such as deregulation, new technologies, economic and political pressure and increased competition (Griffy-Brown & Chun, 2007:29).

2.2.1 Definition of strategy

There is no universal definition for strategy. Louw and Venter (2013:12) defined strategy as a master plan to harness a firms' resources to attain competitive advantage while, according to Chew and Gottschalk (2009:33), a strategy is a precise pathway that a business will take to achieve its projected goals. In addition, this concept is defined as a long-term directive provided by the decisions and actions of strategists in pursuit of organisational goals (Lazenby, 2018:2; Venter, 2015:10; Hannagan, 2002:16). Louw and Venter (2013:10) further indicated that the term strategy originated from the Greek word '*strategos*' that, in ancient times, meant leading the army. It was this military concept that was adopted by the business society after World War II to solve problems thereby enhancing the operations and management of businesses (Athapaththu, 2016:124; Louw & Venter, 2013:10). Table 2.1 below provides different definitions of strategy offered by renowned academics that, appear to indicate how this concept has gradually evolved from 1947 onwards. Various authors formulated their definitions which are rooted in and aligned to their specific educational background and/or work field. These definitions all

lean towards a single viewpoint, that of creating an action plan that the organisation could adopt to achieve a competitive advantage, an explanation that is confirmed by Hesterly and Barney (2019:19). A strategy is very important for every business, especially when all the resources available to them are limited in supply (Athapaththu, 2016:124).

Table 2.1: Definitions of strategy

Author(s)	Definitions of Strategy
Barnard (1938)	Strategy is what matters for the effectiveness of the organisation, the external point of view, which stresses the relevance of the objectives against the environment, in terms of internal stresses, the balanced communication between members of the organisation and a willingness to contribute towards actions and the achievement of common objectives.
Von Neumann & Morgenstern (1947)	Strategy is a series of actions undertaken by a company according to a particular situation.
Drucker (1954)	Strategy is analysing the present situation and changing it whenever necessary. Incorporated within this is finding out what one's resources are or what they should be.
Chandler (1962)	Strategy is the determinant of the basic long-term goals of a firm, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.
Ansoff (1965)	Strategy is a rule for making decisions determined by product/market scope, growth vector, competitive advantage and synergy.
Mintzberg (1967)	Strategy is the addition of the decisions taken by an organisation in all aspects, as much commercial as structural, with the strategy developing in accordance with the learning process of the firm's manager.
Cannon (1968)	Strategies are the directional action decisions which are competitively required to achieve the company's purpose.
Michel (1976)	Strategy is to decide which resources should be acquired and used so they can take advantage of opportunities and minimise factors that threaten the achievement of desired results.
Glueck (1976)	Strategy is a unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved.
McNichols (1977)	Strategy is embedded into policy-making: it contains a series of decisions that reflect the basic objectives of the organisation's business, and how to use the capabilities and internal resources to achieve these objectives.

Table 2.1: Definitions of strategy (continued ...)

Author(s)	Definitions of Strategy
Steiner & Miner (1977)	Strategy is the formulation of missions, purposes and basic organisational goals, policies and programmes to meet them, and the methods needed to ensure that strategies are implemented to achieve organisational objectives.
Ansoff (1979)	Strategy is a set of rules for decision making under conditions of partial ignorance. Strategic decisions concern the firm's relationship with its ecosystem.
Mintzberg (1979)	Strategy is a mediating force between the organisation and its environment: consistent patterns in streams of organisational decisions to deal with the environment.
Hambrick (1980)	Strategy is the pattern of decisions that guide the organisation in its relationship with the environment, affect the processes and internal structures, as well as influencing the performance of organisations.
Porter (1980)	Strategy is the company choice as to key decision variables such as price, promotion, quantity and quality. The company, to have good performance, must be correctly positioned in its industry.
Mintzberg & McHugh (1985)	Strategy is a pattern in a chain of actions or decisions. It disregards the possibilities for different strategies for several environment conditions.
Porter (1985)	Strategy is a set of offensive or defensive actions to create a defensible position in an industry, to cope successfully with competitive forces and thus get a higher return on investment.
Henderson (1989)	Strategy is the focused use of imagination and logic to respond to the environment so that as a result it generates competitive advantage for the company.
[Ansoff & McDonnell (1990)	Strategy is a set of rules for decision making to guide the behaviour of an organisation. There are four distinct types of rules: standards by which the present and future performance of the company is measured (objectives, targets); rules for the development of relationships with the external environment (product strategy and marketing, or business strategy); rules for establishing relations and internal processes in the organisation (organisational concept); and rules by which the company shall conduct its activities in the day-to-day (operational policies).
Andrews (1991)	Strategy is the pattern of settlement in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans to achieve these targets and ascertains the scale of business that the company should get involved in, the type of economic and human organisation and the nature of the economic and non-economic benefits generated for shareholders, employees and communities.
Henderson (1991)	Strategy is the deliberate search for an action plan to develop and adjust the competitive advantage of a company. The differences between the organisation and its competitors are the basis of its competitive advantage.

Source: Adapted from Ferreira, Raposo & Mainardes (2014:46).

After analysing the information shown in Table 2.1 above, the researcher identified that there is no one definition that is correct because all of the definitions have their limitations. This fact was also proposed by Ferreira, Raposo and Mainardes (2014:45) who outlined that all the definitions that appear in Table 2.1 should be regarded as correct. These definitions vary according to the background of the researcher and, as such, cannot include all the aspects of the concept strategy, because such an explanation would be too long (Macmillan & Tampoe, 2000:13). Every strategy is formulated through the business strategic goals, which enables the clear allocation of resources, setting strategic priorities and reducing uncertainties (Lazenby, 2018:200). This research study adopted Thompson *et.al.* (2016:4) definition of a strategy which states that:

A strategy is a set of competitive changes and business approaches that managers perform to achieve the best performance of the company. It is the managerial plan to enhance the organisation's position in the market, boost customer satisfaction and achieve performance targets. The definition details how a plan is formulated and implemented within a business to generate competitive advantage which guides in the achievement of desired results.

2.3 DIFFERENTIATING BUSINESS STRATEGY AND STRATEGY

According to Kourdi (2015:3), a business strategy is the exploration of an opportunity, ideas and policies applied by a firm that leads to prosperity and sustainability. A business strategy is meant specifically for a single business unit within an organisation or a single business company (Lazenby, 2018:5; Thompson *et al.*, 2016:3). The formulation of business strategy is the responsibility of the owner in a sole proprietorship, business unit manager and business partners in single business companies. A business strategy specifies how a particular business will outperform its competitors and intends to secure the future and lasting success of the business over the long term (Braun, Latham & Cannatelli, 2019:41; Thompson *et al.*, 2016:4; Macmillan & Tampoe, 2000:13). The main responsibility of a business strategy is fulfilling the objectives of the business by providing a vision and direction through clear instructions of what needs to be done, how it needs to be done, and who is responsible for its implementation (Hesterly & Barney, 2019:204; Thompson *et al.*, 2016:4; Macmillan & Tampoe, 2000:13). Therefore, a business strategy provides a detailed master plan and roadmap of how to achieve a particular business goal.

The business strategy provides good answers to questions relating to the business scope and customer needs. Furthermore, a business strategy indicates how the business seeks to exploit its advantages, and how competitive advantage will be achieved (Macmillan & Tampoe, 2000:175). Business strategies entail a set time frame for implementation and include ways to track the company's output and also for measuring business performance against the set targets (Braun *et al.*, 2019:41; Hesterly & Barney, 2019:204; Kourdi, 2015:5). Furthermore, a business strategy provides answers relating to the process for procuring the required resources and how these will be allocated and handled within the business (Kourdi, 2015:3). When a business strategy is implemented, it provides insight on areas of weakness or failure as well as those in which the business is successful. This insight can be used to build profits, grow cash flow and indicate where resources (notably people, effort and finance) must be concentrated (Kourdi, 2015:3). In a small business, a business strategy provides operational details on how the work needs to be conducted to ensure the greatest effect and efficiency (Kourdi, 2015:3; Macmillan & Tampoe, 2000:175). Furthermore, a business strategy instils self-confidence in employees which results in greater commitment, engagement, productivity and creativity (Kourdi, 2015:3).

A strategy encompasses the organisation as a whole and is mainly set for multi-corporations and formulated by top management, usually comprising the board of directors (Thompson *et al.*, 2016:3). Furthermore, a strategy mainly involves long-term plans without a strict enforceable deadline, consequently, strategies merely define business goals, while business strategies outline the detailed roadmap for achieving these goals. According to the definitions presented in Table 2.1 above, strategy is merely the overall plan for an organisation without providing clarity and details as to how that plan will be achieved. Furthermore, a strategy's time frame is vague (Braun *et al.*, 2019:41; Hesterly & Barney, 2019:204).

For the purposes of this research study, Hesterly and Barney's (2019:204) definition of a business strategy was adopted because it clearly outlines that a business strategy is a detailed theory that is applied to a single business or industry to achieve competitive advantage.

2.4 LEVELS OF STRATEGIES

The generic business strategic choices are divided into three groups: corporate-level, business-level and functional strategies (Venter, 2015:12). Furthermore, the three levels outline the different strategies according to the organisational hierarchy as to who is

responsible for the formulation and execution of these plans. Thompson *et al.* (2016:33) mentioned another level, namely the operating strategies which are usually bundled with functional strategies and focus on single business companies or a single business unit and not multi-business companies.

Table 2.2 on page 19 illustrates the generic levels of strategy within an organisation.

Table 2.2: Levels of strategy

	Corporate-level Strategy	Business-level Strategy	Functional Strategy
Where	Corporate Centre	Business unit	Functional management
Scope	The multi-business corporation	Markets in which it is competing	Functional area (e.g. marketing)
Who is responsible	Board of directors	Business unit manager	Functional manager
Goal	Shareholder value	Competitive advantage	Executing business unit strategy

Source: Adapted from Venter (2015:12).

In the context of this study, the researcher will only look at the business-level strategies as the immigrant businesses in the study are small businesses that do not have corporate-level strategies. Corporate-level and functional strategies are excluded because these are more related to corporate companies with many authority hierarchy levels.

2.4.1 Business-level strategies

Business-level strategies are the procedures taken by companies operating within a single market to ensure they have a competitive advantage over competitors (Hesterly & Barney, 2019:7). According to Chaganti and Greene (2002:132), business-level strategies are the means and mechanisms used by a business to attract and retain customers and overcome competition. Business-level strategies are also known as competitive strategies or the five generic business strategies and consist of "cost leadership" (no frills), "differentiation" (creating uniquely desirable products and services) and "focus" (offering a specialised service in a niche market) (Hesterly & Barney, 2019:179; Lazenby, 2018:200; Chaganti & Greene, 2002:137). The generic business-

level strategies' background is rooted in economics and was developed in 1980 by Micheal Porter, who is known as the progenitor of the generic competitive strategies (Lazenby, 2018:197; Wright, Kroll, Tu & Helms, 1991:57). There are other non-generic strategies such as flexibility and tacit collusion which can also be combined and implemented simultaneously by businesses to reduce competition from their rivals (Hesterly & Barney, 2019:179; Chaganti & Greene, 2002:137).

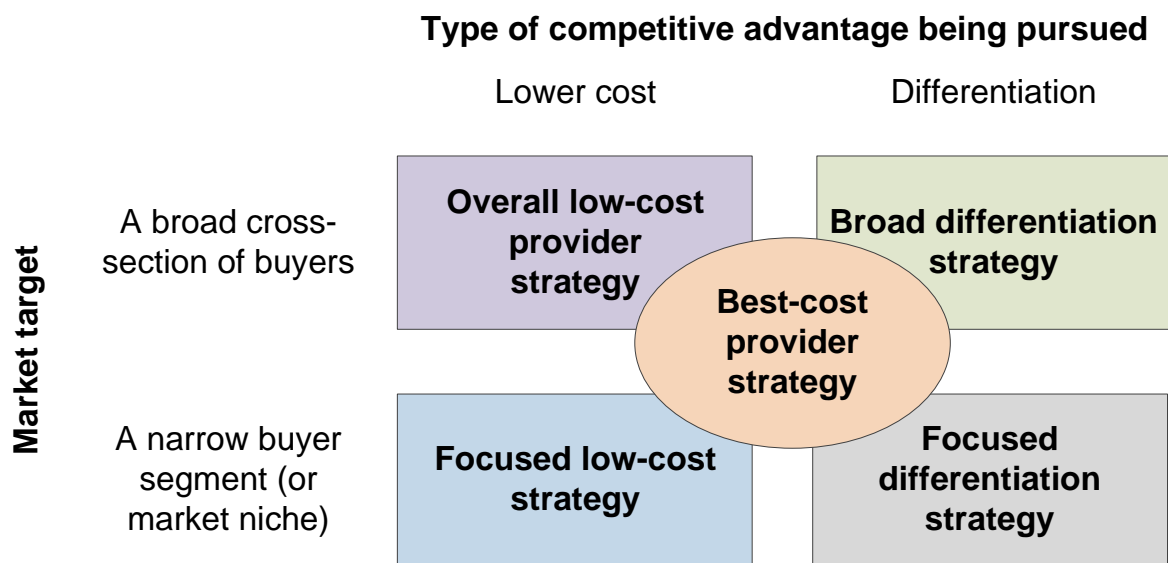
The business-level strategy's main goal is achieving a competitive advantage (Venter, 2015:2). Lazenby (2018:2) outlines that the main concern is winning over customers, beating competitors and deciding competitive strategies. According to Češnovar (2006:232) and Venter (2015:2), competitive advantage is the achievement of superior performance and the ability to sustain this standard long term. Organisational goals and better performance are achieved by having business-level strategies that create sustainable competitive advantage (Hesterly & Barney, 2019:80; Lazenby, 2018:109). Business level strategies include both generic and non-generic competitive strategies. The generic competitive strategies entail overall low-cost leadership, differentiation strategies, focused strategies and best-cost provider strategies. Non-generic competitive strategies are flexibility, collusion and operating strategies. All these business-level strategies are discussed in detail below.

2.4.1.1 Generic business-level strategies

The diagram and table below illustrate the generic competitive strategies

Figure 2.1: Generic competitive strategies

THE FIVE GENERIC COMPETITIVE STRATEGIES



Source: Adapted from Thompson, Strickland & Gamble (2016:118).

Hesterly and Barney (2019:98) explained that in order for a business to establish and successfully sustain a competitive advantage it needs to implement the business-level strategies. Five generic strategic approaches can set a business apart from its rivals by enabling it to compete differently, thus, establishing a sustainable competitive advantage (Thompson *et al.*, 2016:3). Moreover, these strategic approaches are not limited to the five generic competitive strategies but, as previously mentioned by the researcher, other strategic approaches include flexibility and tacit collusion (Hesterly & Barney, 2019:175). The various strategic approaches are illustrated and explained in detail in Table 2.3 on pages 22 and 23.

Table 2.3: The distinguishing features of the five generic competitive strategies

Low-Cost Provider	Broad Differentiation	Focused Low-Cost Provider	Focused Differentiation	Best-Cost Provider
Strategic target	A broad cross-section of the market.	A broad cross-section of the market.	A narrow market niche in which buyer needs and preferences are distinctively different.	A narrow market niche in which buyer needs and preferences are distinctively different.
Basis of competitive strategy	Lower overall costs than competitors.	Ability to offer buyers something attractively different from competitors' offerings.	Lower overall cost than rivals in serving niche members.	Attributes that appeal specifically to niche members.
Product line	A good basic product with few frills (acceptable quality and limited selection).	Many product variations, wide selection; emphasis on differentiating features.	Features and attributes tailored to the tastes and requirements of niche members.	Features and attributes tailored to the tastes and requirements of niche members.
Production Emphasis	A continuous search for cost reduction without sacrificing acceptable quality and essential features.	Build-in whatever differentiating features buyers are willing to pay for; strive for product superiority.	A continuous search for cost reduction for products that meet basic needs of niche members.	Small-scale production or custom-made products that match the tastes and requirements of niche members.
Marketing emphasis	Low prices, good value. Try to make a virtue out of product features that lead to low cost.	Promote unique features. Charge a premium price to cover the extra costs of differentiating features.	Communicate attractive features of a budget-priced product offering that fit niche buyers' expectations.	Communicate how product offering does the best job of meeting niche buyers' expectations.

Table 2.3: The distinguishing features of the five generic competitive strategies (continued ...)

Low-Cost Provider	Broad Differentiation	Focused Low-Cost Provider	Focused Differentiation	Best-Cost Provider
Keys to maintaining the strategy	Economical prices, good value. Strive to keep costs down, year after year, in every area of the business.	Stress constant innovation to stay ahead of imitative competitors. Concentrate on a few key differentiating features.	Stay committed to serving the niche at the lowest overall cost; do not blur the firm's image by entering other market segments or adding other products to widen market appeal.	Stay committed to serving the niche better than rivals; do not blur the firm's image by entering other market segments or adding other products to widen market appeal.
Resources and capabilities required	Capabilities for driving costs out of the value chain system. Examples: large-scale automated plants, an efficiency-oriented culture, bargaining power.	Capabilities concerning quality, design, intangibles, and innovation. Examples: marketing capabilities, R&D teams, technology.	Capabilities to lower costs on niche goods. Examples: lower input costs for the specific product desired by the niche, batch production capabilities.	Capabilities to meet the highly specific needs of niche members. Examples: custom production close customer relations.

Source: Adapted from Thompson, Strickland & Gamble (2016:139).

Table 2.3 on pages 22 and 23 details the distinguishing features of the five generic competitive strategies and from these approaches the researcher will focus on the low-cost provider and best-cost provider strategies. The research emphasis will be the strategic target, basis of competitive strategy, marketing and the keys to maintaining the strategy. The generic competitive strategies that a business can use to create a sustainable competitive advantage are now discussed.

Overall low-cost leadership strategy

Overall low-cost provider strategy is also known as low-cost leadership, whereby a business establishes a competitive advantage by reducing its average operational cost below those of its competitors, whilst targeting a broad market (Lazenby, 2018:206). The value for customers is created through lowered prices. This result can be achieved mainly by under-pricing competitors to attract price-conscious buyers or by maintaining a price whilst reducing the cost of inputs (Thompson *et al.*, 2016:132). Low-cost strategies are practised by major supermarkets such as Shoprite-Checkers and SPAR that offer (generic) store-branded goods, which are less expensive than branded goods due to cheaper packaging and transportation costs. The emphasis on reducing operational costs, however, should not be detrimental to the positive perceptions that consumers hold about the products (Hesterly & Barney, 2019:98; Lazenby, 2018:205). The competitive advantage in cost-leadership strategy can also be obtained through:

- Size differences and economies of scale. When a business expands the average costs per unit of output declines. Large organisations can bargain with suppliers for cheaper prices compared to small businesses. When an individual owns various shops in close proximity, for example, the volume of goods that he will purchase for his shops will be high and, thus, he can bargain with suppliers for discounts (Hesterly & Barney, 2019:99).
- Size differences and diseconomies of scale are disadvantages associated with expansion which can be a constraint on business growth. Small businesses use this advantage to exploit the opportunity not only for survival purposes but to flourish. A small business for example uses its closeness to markets and suppliers as a source of competitive advantage when operating in residential areas not catered for by big firms. The sharing of transportation costs, together with being located close to the suppliers and key markets, ensure competitive advantage (Hesterly & Barney, 2019:103).

- Differential low-cost access, which entails having access to productive inputs such as labour, capital, land and raw materials (Lazenby, 2018:206). Easy availability of labour, such as experienced by Somalian and Chinese business owners who work in their own shops and/or employ family members as assistants, leads to lower economic costs compared to competitors (Ngwenya, 2017:33; Moyo, 2015:78). Learning and experience grow as an employees' business acumen increases, they develops smarter ways to work, thereby increasing productivity and reduction in operational costs due to committing fewer errors (Hesterly & Barney, 2019:105; Lazenby, 2018:206).
- Technological advantages independent scale, which entails embracing technology in business operations to reduce the firm's economic costs. Firms can use technology such as automated till points, the internet, computers and cellular telephones to more efficiently transact business, communicate with suppliers in advance and compare prices. Robots can be deployed in the workplace for example to ease the lifting of heavy workloads or for executing dangerous tasks (Hesterly & Barney, 2019:107; Lazenby, 2018:206).

Differentiation strategies.

Differentiation strategies are grouped into two categories, focused differentiation and broad differentiation. Differentiation occurs when a firm increases the perceived value of its products thus enabling the company to charge a higher price (Thompson *et al.*, 2016:126; Wright *et al.*, 1991:58). Products can be differentiated by the type of service and support rendered. High quality support leads to a competitive advantage because customers are more likely to consider these products and services as important, unique and valuable (Lazenby, 2018:205). Differentiation strategies can be pursued in various ways. Thompson *et al.* (2016:126) provided examples of differentiation being practised in 'one-stop' stores such as Makro, that offer a unique taste in a beverage (Red Bull) as well as providing multi-features exclusively on a mobile device such as an iPad and its iOS system.

- Focused differentiation entails offering unique, customised superior products and services to a narrow and well-defined group of buyers for a very high price tag (Thompson *et al.*, 2016:132). The higher price can lead to higher revenue and a competitive advantage for the business. Customer's perception enables businesses

to create and maintain customer loyalty (Hesterly & Barney, 2019:126; Lazenby, 2018:205).

- Broad differentiation is similar to focused differentiation with the exception of the target market that involves a broad spectrum of buyers and does not focus on customisation to suit individuals (Thompson *et al.*, 2016:118).

Focused strategies

Focused strategies comprise focused low-cost and differentiation strategies (Lazenby, 2018:200; Chaganti & Greene, 2002:137). These two approaches are aimed at catering for a limited group of customers through geographically defined niche marketing. The difference between the two strategies is merely a competitive scope which is the pricing and quality of products and service (Lazenby, 2018:211).

- A focused low-cost strategy entails outcompeting rivals on costs which leads to offering lower prices to members of a niche market (Thompson *et al.*, 2016:132). This approach involves similarities with overall low-cost leadership because both these strategies are concerned with achieving a cost advantage over rivals. The main difference is that overall low-cost leadership appeals to a broader market while focused low strategy appeals to buyers in a niche market (Lazenby, 2018:211). Organisations that implement focused strategies have lower volumes of business and rely on customers' brand loyalty. The local bakeries, butcheries and bed and breakfast lodges for example rely on servicing the needs of the communities in which they operate. The community members maintain loyalty to these local businesses due to their close proximity and the personal relationships they have with the owners.

Best cost provider strategy

Lazenby (2018:215) noted that the best cost provider strategy is also known as integrated cost leadership or hybrid differentiation strategy. Its main function is offering customers greater value for money while beating competing rivals on price. To achieve this result, the strategy incorporates features of both cost leadership and broad differentiation, it also appeals to and caters for both the broad and niche market (Lazenby, 2018:215; Thompson *et al.*, 2016:136).

The next section discusses the other business-level strategies that are considered as the non-generic strategies. These strategies are flexibility, collusion and operating which are explained in detail below.

2.4.2 Non-Generic business-level strategies

2.4.2.1 Flexibility

Flexibility is the ability of the business to select an appropriate strategy among several alternatives when the need arises. A business needs to react effectively to changes that take place in its external environment (Hesterly & Barney, 2019:175; Hatten, 2015:64). When there are rapid changes in the environment and technology, flexibility is critical for an organisation to succeed (Thompson *et al.*, 2016:169). Organisations can implement two or more different strategies whilst evaluating which option to pursue in the long term (Hesterly & Barney, 2019:156). According to Hesterly and Barney (2019:157), there are six types of flexibility, also named real options as detailed below:

- The option to defer is the ability of a company to postpone additional investment in a strategy to a later date. Immigrant entrepreneurs for example operating one shop can put on hold purchasing and owning another shop and make use of the option to rent or lease the shop instead. The immigrant entrepreneur first will assess the situation whilst renting the premises to see if the location is viable and will then proceed to purchase the property. According to Garg and Phayane (2014:62), 97% of the immigrant entrepreneurs interviewed in Brits, Gauteng, rented their business premises and only 3% leased them while none of them bought a building. This result indicates that the uncertainty of their business prospects led immigrant entrepreneurs to have a short-term commitment but with the capability of extending the duration of their business. If the situation becomes financially unviable at any point in the future, they have the option to suspend their commitment and move to another location, without incurring any excessive financial damages.
- The option to grow occurs when an organisation decides how to enhance its ability to grow. Immigrant entrepreneurs use networking and social capital to build their businesses. Somalian entrepreneurs in Mayfair (a Johannesburg suburb) used the Islamic brotherhood and traditional tribes to empower each other (Ngwenya, 2017:33). Another example of this practice can be seen amongst the immigrant entrepreneurs in Cosmo City, Johannesburg, have spaza shops with a similar design and inside layout. The shelves are placed around the shop leaving the middle space empty to accommodate bulky products that cannot be arranged on the shelves or hung on the walls. When a shop experiences growth, its physical structure and layout

can be easily enlarged and modified to accommodate more stock (Ngwenya, 2017:83).

- The option to contract relates to the fact that the employer can decide on whom to hire as workers and when to terminate their services without incurring any repercussions in the process. This concept includes the ability to reduce the structure of the organisation if the need arises in future. Immigrant entrepreneurs implement flexibility through the option of a contract whereby they employ family members and relatives. It is costly to lay off permanent employees because they are entitled to benefits, whereas family members and relatives are not so demanding. Furthermore, the discharge of family members and relatives is resolved through family structures (Hesterly & Barney, 2019:157). Any disputes amongst Somalian immigrant entrepreneurs are resolved by their elders and community leaders (Ngwenya, 2017:60).
- The option to shut down and restart constitutes the ability to stop operations when they are no longer financially viable and to restart them when conditions are favourable. When immigrant entrepreneurs are faced with business threats such as xenophobia, they manage to cease operations and survive the downtime, therefore, remaining in business without worrying about the high cost of restarting operations. The resumption of business is less complicated than restarting a business, because the immigrant entrepreneurs have well-established relationships with wholesalers and transporters who readily provide them with access to credit lines to restock their shops (Ngwenya, 2017:60; Gastrow & Amit, 2013:21).
- The option to abandon involves the ability to change or cease a particular strategy and to move on to a more suitable one and includes the option to sell old equipment. For example, if there is a need to close a shop, it is easier to make this decision and is less costly when the immigrant entrepreneurs own several shops in different areas because the losses incurred can be spread amongst and recuperated through the remaining shops.
- The option to expand relates to making choices that enable strategic growth beyond current markets. An immigrant entrepreneur with a shop, for example, can conclude a pre-leasing contract for a new shop that will be renovated and then become operational in the future (Hesterly & Barney, 2019:157).

2.4.2.2 Collusion

Collusion occurs when different businesses work together to reduce competition in their industry (Hesterly & Barney, 2019:179). Collusion amongst businesses reduces the threat of current and new competitors (Hesterly & Barney, 2019:182). This practice yields 'collusion profits' whereas the other strategies yield 'efficiency profits' (Hesterly & Barney, 2019:179). Collusion is divided into two aspects, explicit and tacit. Explicit collusion occurs when firms directly negotiate agreements on how to reduce competition which are often illegal in many states. Three companies Human Connect, Jobvest and Kone Staffing, for example, were found guilty by the Competition Tribunal Commission in 2017 for colluding the rate to charge for their services (Nicolson, 2017). Tacit collusion is when businesses cooperate on the reduction of competition without face-to-face engagements and, in certain instances, such practice is considered a legal option because nothing is recorded in writing (Hesterly & Barney, 2019:180).

2.4.3 Operating strategies

Operating strategies are plans used to allocate resources in a business to support infrastructure, production and managing key operating units, for example, plants and distribution warehouses (Thompson *et al.*, 2016:33). An operating strategy is driven by the organisation's overall business strategy and seeks to maximise the effectiveness of production and the minimising of all costs. Furthermore, operational strategies should always be aligned with the organisation's corporate strategies, every employee is involved to some extent and is responsible for achieving the organisational objectives (Lazenby, 2018:6). These strategies are implemented in functional areas by frontline managers such as brand managers, plant managers, warehouse managers, distribution managers and inventory managers (Thompson *et al.*, 2016:34). Although the operating strategy appears at the bottom of the strategy-making hierarchy, it is as equally important as all the other strategies.

Multi-business corporations can have several operating strategies existing simultaneously and, if a small business has dual emphasis, it can apply two different strategies (Thompson *et al.*, 2016:34; Wright *et al.*, 1991:59). Not all businesses consist of all the generic strategy-making hierarchy levels, in the case of proprietorships, partnerships and owner-managed businesses, it is possible to have only one or two strategy-making levels because their strategy-making process involves only a few key people. Single unit businesses' highest level in the strategy-making hierarchy is the

business strategy and, as a result, the operating strategy is considered as part of business-level strategies (Thompson *et al.*, 2016:34). There are many types of business-level strategies, thus, there is a need to identify a viable strategy for each specific business. A business needs to follow the strategic management process to ensure that it is pursuing the best strategy (Hesterly & Barney, 2019:5).

Business-level strategies need to focus on the valuable and rare resources that a business possesses to successfully compete with others (Braun *et al.*, 2019:41; Hesterly & Barney, 2019:189). Organisations use these strategies as a guide on how to compete with other businesses daily to ensure they produce sustainable competitive advantage and value creation. A sustainable competitive advantage means a strategy that competitors cannot replicate with ease. (Lazenby, 2018:200-201). Competitive edge is achieved by having valuable and rare resources and capabilities for which there are no immediate substitutes or that rival competitors will struggle to duplicate (Hesterly & Barney, 2019:80; Lazenby, 2018:109; Thompson *et al.*, 2016:140). Rare resources and capabilities within an organisation are identified through internal analysis (Macmillan & Tampoe, 2000:109).

An organisation can only pursue a strategic direction after identifying all its assets and identifying which of these will enable its competitive advantage (Macmillan & Tampoe, 2000:110). Every bankable competitive strategy is centred on the resources a company possesses (Thompson *et al.*, 2016:140). The researcher chose the Resource-based View (RBV) theory that supports the core goal of business strategies which is achieving competitive advantage. The RBV theory's basis is that a business is a bundle of resources that can lead to competitive advantage (Hesterly & Barney, 2019:80).

2.4.4 Determining Competitive advantage

2.4.4.1 Resource-based View theory

The RBV theory is based on a business owning rare and valuable resources and capabilities as a source of above-normal profits and competitive advantage to improve its' overall performance (Hesterly & Barney, 2019:80; Griffy-Brown & Chun, 2007:29). Resources in this theory are identified as tangible and intangible assets that a business owns and uses in the devising and implementation of its strategies (Hesterly & Barney, 2019:64; Lazenby, 2018:115). Further capabilities are "tangible and intangible assets that enable a business to take advantage of the other resources it controls" (Hesterly &

Barney, 2019:64). Tangible assets are the easiest to identify because they are visible, whereas intangible assets cannot be seen or touched but are often the most crucial and valuable assets that create competitive advantage. Moreover, resources and capabilities cannot independently engender value for the customer but only when combined can they deliver value to customers (Lazenby, 2018:115). Resources and capabilities are classified into four categories as stated by Hesterly and Barney (2019:65):

- Financial resources are all the monetary assets that a firm possesses such as cash, equity bonds, retained earnings and profits.
- Physical resources are the business plants, infrastructure, equipment, geographical location and access to raw materials or stock.
- Human resources entail the workforce of the business such as the managers, workers as well as training programmes, experience, intelligence, and individual relationships within a firm.
- Organisational resources are attributed to the achievements of groups of individuals within a firm and include the reporting structure and relationships among groups within the business. These assets also entail a firm's formal and informal planning culture and reputation (Hesterly & Barney, 2019:65).

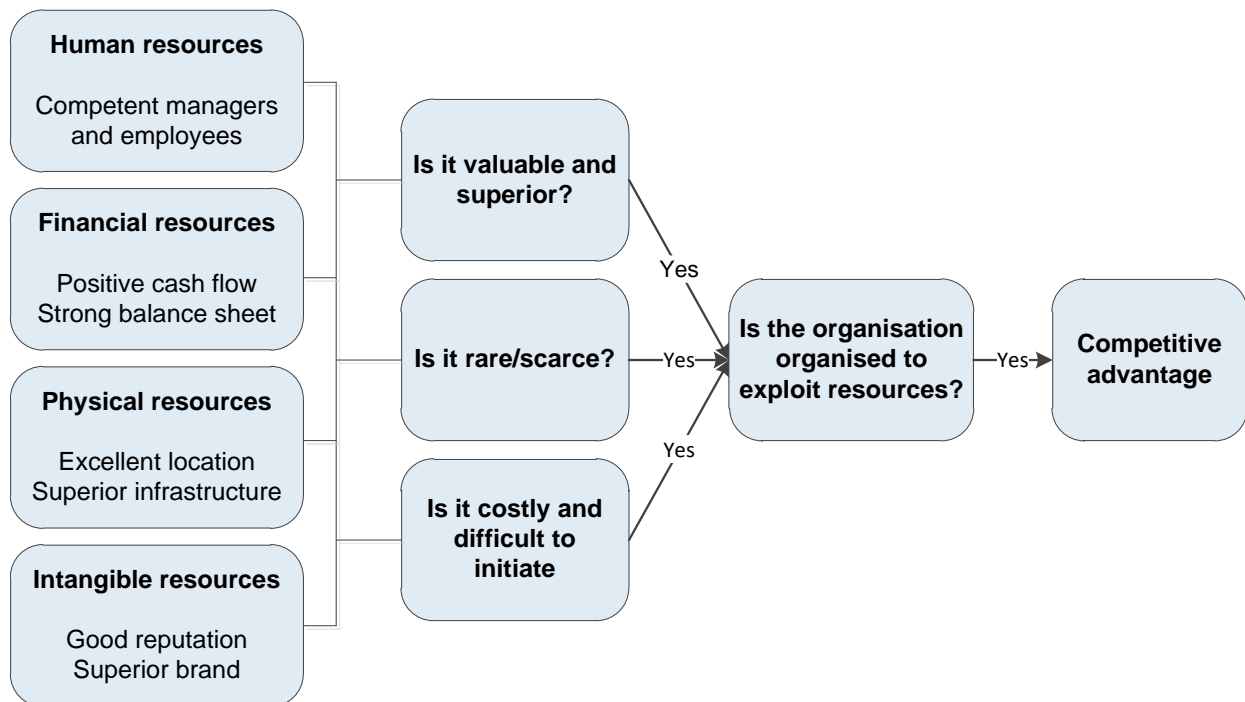
The RBV theory is mainly criticised for its assumptions that all businesses are entirely different, and all have wholly disparate resources (heterogeneity) and these resources are more important than the industry structure (Hesterly & Barney, 2019:66; Lazenby, 2018:115). According to the RBV theory resources and capabilities determine the future of a business (Lazenby, 2018:115). The RBV theory makes use of the Value, Rareness, Imitability, Organisation (VRIO) framework analysis as a tool to conduct an internal analysis of a business's resources and capabilities. Furthermore, to assess the potential they must generate competitive advantage (Hesterly & Barney, 2019:67; Lazenby, 2018:120). RBV and VRIO framework is applied to a business to identify whether the business will gain competitive advantage, the sources of competitive advantage and the sustainability of the competitive advantage (Hesterly & Barney, 2019:86). The VRIO assessment is conducted by asking four crucial questions:

- i. Is the resource valuable?
- ii. Is the resource rare or scarce?
- iii. Is the resource costly to imitate?

- iv. Is the business organised to exploit the value of resources (Hesterly & Barney, 2019:68; Lazenby, 2018:120)?

The diagram below (Figure 2.2) illustrates the VRIO framework and outlines the characteristics of the resources that will lead to a business having a competitive advantage.

Figure 2.2: The VRIO framework



Source: Adapted from Lazenby (2018:122).

Lazenby (2018:115) explains that resources must be able to add value to a business so it can fulfil customers' needs better. Further, a resource should be difficult and costly to imitate, for example patented products, and as a result, a business achieves a long-term competitive advantage. An organised business possesses rare resources which are classified as unique because they create a distinctive core competency (Lazenby, 2018:115; Griffy-Brown & Chun, 2007:29). A distinctive core competency exists "when a core competency has developed a unique capability that distinguishes a business from its competitors", and core competency occurs "when a business performance is superior to the industry average" (Lazenby, 2018:118-120).

The RBV theory states that business strategies need to be constantly adjusted to be on par with changes in the internal and external environment of a business (Lazenby,

2018:8). Moreover, business strategies should be adjusted after the assessment of their overall performance. Shareholders' wealth or profitability were traditionally used to gauge and measure the success of a business strategy (Venter, 2015:13). Therefore, in the case of the success of Somalian immigrant entrepreneurs in comparison to that of local businesses in Delft, Cape Town as highlighted by Charman *et al.* (2012:47), profitability and customer retention might be the measure that was used to determine the level of success. Business-level strategies are the focus of this research study because immigrant entrepreneurs in South Africa mostly operate a solo business unit and serve a single market (Ngwenya, 2017:34; Moyo, 2015:25).

2.5 BUSINESS STRATEGIES IMPLEMENTED BY IMMIGRANT ENTREPRENEURS

This section discusses the different business strategies that immigrant entrepreneurs implement. The discussions that follow will focus on previous studies conducted amongst immigrant entrepreneurs in South Africa. Various researchers as such Ngwenya (2017); Ibrahim (2016); Khosa and Kalitanyi (2015); Moyo (2015); Gastrow and Amit (2013); Charman *et al.* (2012); Kalitanyi and Visser (2010); Kalitanyi (2007) focused on how Somalian immigrant entrepreneurs conduct business, and rarely studied the business practices of other nationalities. Khosa and Kalitanyi (2015:142) identified that in Cape Town, Somalians were the most visible group of immigrant entrepreneurs.

The immigrant entrepreneurs in Delft, Cape Town, make use of business strategies (Charman *et al.*, 2012:47). This strategising process led to the success of Somalian immigrant entrepreneurs, who increased their commercial activities and managed to outperform local businesses. Furthermore, it has been noted that a business plan is a business strategy, and without it, a business is prone to fail (Abosedo, Obasan & Alese, 2016:328). Hatten (2015:81) and Kourdi (2015:9) outlined that every business needs a plan that will outline the future trajectory.

Somalian immigrant entrepreneurs in Cosmo City, Johannesburg and Delft, Cape Town, all have similar traits because they have intermediaries who broker deals for them (Ngwenya, 2017:80; Charman *et al.*, 2012:71). Immigrant entrepreneurs are resilient business owners. Although they are exposed to and operate within hostile environments, they always remain optimistic and find ways to continue operating their businesses and not close down (Ngwenya, 2017:81; Ibrahim, 2016:98; Moyo, 2014:263). To trade successfully in townships immigrant entrepreneurs must ensure they maintain positive

social relationships by always seeking peace and avoiding unnecessary fights (Ngwenya, 2017:81).

Immigrant entrepreneurs make use of social networks and social capital which they have established in neighbourhoods through their concrete locus for many social networks (Kloosterman & Rath, 2001:197). Essential business tools for immigrant entrepreneurs include financial backing, training, mentorship and networking which, is not always “just a matter of what you know, but whom you know and who knows you” (Sekatane, 2018:107&111; Kademaunga, 2017:111). The creation or joining of business associations is an important strategy used by entrepreneurs and mentors within these relationships to provide business guidance (Opoku & Sandberg, 2017:196). Though the formation of business networks is difficult for immigrant entrepreneurs, it is crucial for advice, friendship, accessing mentorship and their eventual success (Stephens, 2013:235). Networking is one of the strategies that immigrants use in their entrepreneurial practices, whilst others use it temporarily to deal with life challenges (Cobbinah & Chinyamurindi, 2018:7).

Networking is an effective tool used to expand a business because members of a network share ideas and acquire business skills (Muchineripi, Chinyamurindi & Chimucheka, 2019:10; Cobbinah & Chinyamurindi, 2018:7). This fact was supported by Khosa and Kalitanyi (2016:52) and Khosa and Kalitanyi (2015:149) who discovered that immigrant entrepreneurs in Delft, Cape Town use social networks to their advantage. Furthermore, these networks provide sources of information, start-up capital and support. Lastly, Charman *et al.* (2012:49) confirmed that immigrant entrepreneurs in Delft are more successful due to being part of these social networks. Ngwenya (2017:52) discovered that Somalians are a clan conscious community and use clan lines and religion as a strategy to start, develop and expand their businesses. Though the findings only pertain to immigrant entrepreneurs who operated spaza shops in Delft, Cape Town, the researcher seeks to explore if these strategies are applied to other forms of businesses.

The accessibility to markets and business growth potential differs according to cities and neighbourhoods. Immigrant entrepreneurs utilise of the spatial patterns of the population distribution to access the consumer markets (Kloosterman & Rath, 2001:197) before establishing their businesses and, in certain instances, they only target and rely on fellow immigrants in their community as customers (Moyo, 2014:267). The community is also the source of low-cost labour skills (Muchineripi *et al.*, 2019:13). Immigrant entrepreneurs

also go through a process of researching prospective locations in which to conduct their business before carrying out renovations and establishing shops (Ngwenya, 2017:81; Moyo, 2014:263; Charman *et al.*, 2012:61). These shops are evenly distributed throughout residential areas with very high pedestrian traffic (Ibrahim, 2016:87; Gastrow & Amit, 2013:21). From the above information, it is obvious that immigrant entrepreneurs engage in strategic planning before deciding on the location of a store.

In Cosmo City, Johannesburg, immigrant entrepreneurs provide credit lines for their customers based on trust and honesty (Ngwenya, 2017:89). This relationship between the business owner and the customer is built through frequent interaction over a long period (Borchardt, Pereira, Viegas, Reolon, Xavier & Battaglia, 2018:85). In addition, the immigrant entrepreneurs improve their local language proficiency to communicate better on a social and business level, a practice which results in customer loyalty (Ngwenya, 2017:89).

Somalian entrepreneurs are known for their efficiency, their shops are always fully stocked due to timeous replenishments. They acquire stock in bulk and the transportation costs are shared amongst many shop owners. Customers' demands are always met and the business operational hours are long (Ngwenya, 2017:80; Moyo, 2014:263; Gastrow & Amit, 2013:31). As a strategy, the long operational hours are used to increase convenience to customers which ensures their loyalty (Ibrahim, 2016:58). Furthermore, the late closing times gives immigrant entrepreneurs an advantage over supermarkets that have more restrictive operational hours (Gastrow & Amit, 2013:25).

Immigrant entrepreneurs buy goods for resale in large quantities in the inner city, or from the country of origin or other countries (Moyo, 2014:259). The implementation of this purchasing strategy is reflected when they use semi co-operative supply systems to obtain discounts, execute a low pricing strategy and offer good customer service (Charman *et al.*, 2012:65). Gastrow and Amit (2013:31), however, discounted the co-operative supply system and stated that Somalian entrepreneurs only share transportation costs but purchase products individually at wholesalers that offer 'specials' and the lowest prices.

Contrary to the belief that Somalian business owners engage in collective bulk purchasing, Somalians establish shops through co-investment (Gastrow & Amit, 2013:25). This is a practice whereby shopkeepers' pool their savings to start their shops after years of work. Established shop owners can have shares in more than one shop

and often give their employee shares in the business. These co-owners pool resources and form joint investments in order to establish four or more new shops (Gastrow & Amit, 2013:25). As already mentioned in Chapter 1 Chinese entrepreneurs in Zimbabwe do not believe in consumerism and are labelled 'penny pinchers' because they opt to save and reinvest in their businesses (Kademaunga, 2017:110). This strategy gives them an advantage over local entrepreneurs in terms of economic performance.

Certain immigrant entrepreneurs admitted to having searched and located certain wholesalers who sell goods at lower prices, however they do not share this information with South African entrepreneurs (Moyo, 2014:259; Gastrow & Amit, 2013:31). According to Ngwenya (2017:86), immigrant entrepreneurs customise the products they sell to meet the daily needs of their township clientele. Customers are known to consider the price and the quality of goods or brands when making their purchase decisions (Borchardt *et al.*, 2018:85). Consequently, Somalian entrepreneurs employ pricing as a strategy by only adding up to a maximum of 5% mark-up on their products and selling hampers of assorted goods (Ngwenya, 2017:88). As a result, their products are competitive and they can out-compete larger and well-established shops due to these lower prices (Moyo, 2014:259).

Chinese immigrant entrepreneurs in Zimbabwe employ the strategy of moving huge volumes of low-priced, cheap-quality goods as opposed to high-quality expensive goods (Kademaunga, 2017:103). They have also exploited certain legal loopholes in government legislation as a strategy to maximise opportunities and run a successful business because there are no repercussions for conducting illicit businesses (Kademaunga, 2017:110). To cushion their businesses, immigrant entrepreneurs engage in diversification, which enables them to realise profits at any given time because costs and losses are widely spread (Moyo, 2014:262).

The researcher's focus is inclusive of the business strategies implemented in Delft, Cape Town by Somalian immigrant entrepreneurs. These strategies will be formulated into a template that will be used to investigate if the same business strategies are applied by all immigrant entrepreneurs in different business sectors.

2.6 CONCLUSION

This chapter looked at strategy in general and business strategies in particular, their definitions and the type of business strategies used by immigrant entrepreneurs. Although the literature on the implementation of business strategies by immigrant

entrepreneurs is limited, there is sufficient empirical research to prove that every business requires a strategy. Various researchers also outlined that businesses that possess a strategy tend to perform better than those without one (Abosedo *et al.*, 2016:328). The researcher examined and discussed the generic business strategies and explored the RBV theory which is based on achieving a competitive advantage. A business strategy can enable the business to achieve a competitive advantage (Louw & Venter, 2013:18). Lastly, this chapter discussed the business strategies that immigrant entrepreneurs have implemented in their business as recorded in the reviewed literature. The next chapter examines the background and practices of immigrant entrepreneurs and explores ways of evaluating their business performance.

CHAPTER 3

LITERATURE REVIEW (IMMIGRANT ENTREPRENEURSHIP)

3

3.1 INTRODUCTION

Since the 'discovery' of South Africa by European explorers in the 15th century it has continued to be the main destination for immigrants (Kalitanyi, 2007:100). Gradually over the years, the movement of foreign migrants and refugees into South Africa has increased (Radipere, 2012a:106). The International Organisation for Migration (IOM, 2011:25), defines a migrant as:

An individual who relocates from his/her home country, or usual residential area to another area or a foreign country in search of better living conditions and job opportunities and that the country of destination effectively becomes his or her new country of usual residence.

Some immigrants out of necessity have had to venture into entrepreneurship. The businesses that are owned and operated by immigrant entrepreneurs are known as immigrant-owned businesses (Fatoki, 2013:214). The history of immigrant entrepreneurs is well documented and how they have contributed to the industrialisation of South Africa (Ngwenya, 2017:26; Gastrow & Amit 2013:16; Kalitanyi, 2007:100; Rubin, 2005:31).

According to Dheer (2018:558), immigrant entrepreneurs are individuals who have left their country of origin and moved to another country to settle there and start entrepreneurial enterprises. Various countries have different definitions of immigrant entrepreneurs and some of those definitions will be discussed below. First, this chapter defines and discusses immigrant entrepreneurship. Secondly, it states the types of immigrant entrepreneurs, the challenges and barriers they face. Thirdly the types of businesses that immigrant entrepreneurs operate in South Africa as well as the advantages and disadvantages of supporting immigrant entrepreneurs. Lastly, the chapter identifies and explains the theories related of immigrant entrepreneurs and how their business performance is evaluated.

3.2 IMMIGRANT ENTREPRENEURS

Khosa and Kalitanyi (2015:134) define immigrant entrepreneurs as people who move from their home country to another country and then establish businesses. In Sweden, an immigrant entrepreneur is delineated as any business owner not born in Sweden or whose parents are not born in Sweden (Najib, 2015:9). Immigrant entrepreneurs are also referred to as ethnic or minority entrepreneurs because they belong to a minority ethnic community (Najib, 2015:6). The terms ethnic and minority entrepreneurs are used interchangeably and, for this research study, they both refer to immigrant entrepreneurs. The terms immigration and migration are also interchangeable because they refer to the movement of people from one nation-state to another where they are not citizens and, thus, are designated immigrants (Dheer, 2018:558). Owing to there being no universal definition of immigrant entrepreneurs, the researcher has used Dheer's (2018:558) definition which states that immigrant entrepreneurs are individuals who leave their country of origin and move to another country to settle there and start entrepreneurial enterprises.

Immigrant entrepreneurs consist of a diverse workforce who find opportunities and use their expertise to start a business (Gong & Nehrbass, 2017:237). Furthermore, they have different skills and incentives to become entrepreneurs (Marchand & Siegel, 2015:4). In the USA, immigrant entrepreneurs contribute to the economy by innovatively creating new jobs and wealth (Marchand & Siegel, 2015:16; Garg & Phayane, 2014:61). In South Africa, the various businesses that are operated by immigrant entrepreneurs are classified as SMEs (Ramukumba, 2014:19; Kalitanyi & Visser, 2010:379). Such businesses are defined as:

A separate distinct entity including cooperative enterprises and non-governmental organisations [NGOs] managed by one owner or more, including branches or subsidiaries" as stated in the National Small Business Act 102 of 1996 amended in 2004 (South Africa, 2004:2-3).

There is universal agreement that SMEs promote a country's economic development (Opoku & Sandberg 2017:179; Jones & Sisay, 2014:1). Therefore, from the findings of researchers recorded above, it is clear that immigrant entrepreneurs contribute to the economic development of South Africa because they own businesses that are classified as SMEs. Despite their contribution, however, in South Africa the presence of immigrant

entrepreneurs drew the attention of the local inhabitants and was met with mixed responses.

These mixed opinions have led to controversial comments and debates. There is a notion that South Africans tend to hold the belief that immigrants are taking South Africans' jobs and business opportunities (Field, 2017:1; Kademaunga, 2017:99; Kalitanyi & Visser, 2010:376). The debate on the role of immigrant entrepreneurs (often hailed as super-entrepreneurs) has been a long-standing and often emotional one (Naudé, Siegel & Marchand, 2017:2). Unfortunately, this view can often exacerbate adverse immigration policies (Naudé *et al.*, 2017:1). Furthermore, there is no strong empirical evidence to support the notion that immigrant entrepreneurs are more successful than nationals (Naudé *et al.*, 2017:3).

The immigrant entrepreneurs in South Africa all have different reasons for migrating to South Africa. Somalians living in South Africa fled political violence, civil war and ethnic persecution (Gastrow & Amit, 2013:15). Furthermore, Zimbabweans migrated to South Africa due to hunger, poverty, lack of security, political persecution, loss of livelihoods, health issues, educational advancement and employment opportunities (Mpondi & Mupakati, 2018:231). Employment opportunities for immigrant entrepreneurs, however, might be limited due to the current high unemployment rate in South Africa – a negative by-product of the Apartheid era that discriminated against Black South Africans, thus creating difficulties with social integration – a situation that could be improved by supporting immigrant entrepreneurs (Sekatane, 2018:9).

One of the solutions to rectify the negative impact of the Apartheid era is solving unemployment in South Africa through promoting the formation and growth of SMEs because such businesses create employment (Fatoki & Patswawairi, 2012:140). This finding is consistent with the results highlighted in the study by Ngota, Rajkaran and Mang'unyi (2019) which states that immigrant entrepreneurs can employ unemployed Black South Africans who are still disadvantaged due to the continuing effects of Apartheid. This practice will lead to skills transfer and enable the creation of more businesses and better social cohesion within communities and society in general. Immigrant entrepreneurs can be supported through the provision of official long-term identification documents that will enable them to operate professionally (Kalitanyi & Visser, 2010:388). According to Naudé *et al.* (2017:11), the provision of an entrepreneur's visa for immigrant entrepreneurs might enable authorities to distinguish between the

actual opportunistic entrepreneurs migrating into South Africa. People's reasons for migration are determined by different factors that make it possible to distinguish between actual and opportunistic immigrant entrepreneurs. The next section will identify and explain the types of immigrant entrepreneurs and their chosen business practices discussed in this study, together with the theories that provide guidelines and a system of related ideas that support the reasons for their migration.

3.2.1 Types of immigrant entrepreneurs

The categorisation of immigrant entrepreneurs seems to depend upon the reasons behind their migration. Chrysostome (2010:138) explained that there are two types of immigrant entrepreneurs, namely: necessity (push) and opportunity (pull) immigrant entrepreneurs who are driven by different motivational factors. Eijdenberg and Masurel (2013:21), however, argued that although these two terms represent separate categories, they are not mutually exclusive. Moreover, these motivating factors tend to overlap in less developed countries (LDCs), whereby an immigrant entrepreneur is driven simultaneously by pull and push factors to engage in entrepreneurship. Within the Western context, there is mutual exclusivity between necessity and other factors influencing an opportunity immigrant entrepreneur (Eijdenberg & Masurel, 2013:20). According to the Western context, entrepreneurs in LDCs, are driven by poverty, whereas in developed countries they are motivated by innovation and opportunity (Eijdenberg & Masurel, 2013:20). The next section will define, explain and differentiate between necessity and opportunity immigrant entrepreneurs.

3.2.1.1 Necessity immigrant entrepreneurs

Necessity entrepreneurs entail those people who are driven by push factors (Dheer, 2018:560; Fatoki & Patswawairi, 2012:134). Necessity immigrant entrepreneurs are people who face obstacles that prevent them from accessing the job market in their host country (Chrysostome, 2010:138). Necessity entrepreneurs are driven by negative motivations that force them into entrepreneurship (Eijdenberg & Masurel, 2013:21). According to Dheer (2018:560), Afewerki (2015:68) and Chrysostome (2010:138) necessity immigrant entrepreneurs are propelled to open their businesses owing to unemployment or under-employment in the formal sector of the economy, resulting in their need to make money for survival and not for achievement.

Necessity immigrant entrepreneurs cannot afford to fail in their businesses due to limitations in the accessibility of capital, and this deficiency motivates them to work extremely hard to ensure their businesses 'stay afloat' (Chrysostome, 2010:141). Eijdenberg and Masurel (2013:36) noted that the underpayment of workers in certain companies deters others from seeking jobs with those businesses, a factor that increases unemployment, therefore, pushing various individuals into entrepreneurship to earn a living. This situation constitutes the refugee effect whereby, owing to the awareness of high rates of unemployment, people are motivated to start a business. Necessity is often the cause for starting a business because this is the only way for a person to make a living (Eijdenberg & Masurel, 2013:34).

3.2.1.2 Opportunity immigrant entrepreneurs

Opportunity immigrants are those people who freely decide to venture into starting up and running a business. They are mainly from developed countries and have easy access to finance (Afewerki, 2015:68; Chrysostome, 2010:138). Opportunity immigrant entrepreneurs are motivated by positive factors (Eijdenberg & Masurel, 2013:21). The reasons for self-employment are either to fill the gaps in the market or opportunity exploitation. Unemployment is not an issue with these entrepreneurs and their business decisions are well-established and rational (Afewerki, 2015:68; Chrysostome, 2010:138). Furthermore, Eijdenberg and Masurel (2013:36) and Radipere (2012a:115) state the following positive factors that motivate opportunity entrepreneurs: financial success, goal-setting, innovation, passion recognition, need for achievement, drive, desire for independence and risk-taking. Table 3.1 below outlines the major motivating factors concerning pull (necessity) and push (opportunity) immigrant entrepreneurs. It explains the two types of immigrant entrepreneurs and the factors that influence their decision to pursue entrepreneurship. For this research, only necessity immigrant entrepreneurs were considered, and the researcher did not use country or region of origin as an exclusion criterion.

Table 3.1: Motivating factors for pull and push immigrant entrepreneurs

Push-Necessity Entrepreneur	Pull-Opportunity Entrepreneur
Unemployment	Market opportunity
Lower education	High economic profit
Language barrier	Social recognition
Dissatisfying labour market	Personal development
Family pressure	Independence and autonomy
Lower income	Rejecting stereotypical feminine identities

Source: Rasel (2014:25).

In South Africa, African immigrant entrepreneurs are identified by their country or region of origin on the continent. According to Rogerson (1997:10), there are two groups of African immigrant entrepreneurs in South Africa, these are immigrants from SADC and those from Non-SADC countries. Table 3.2 below provides a detailed explanation and an overview of the difference between the SMEs run by the two groups.

Table 3.2: The two types of African immigrant entrepreneurs in South Africa

SADC migrant entrepreneurs	Non-SADC migrant entrepreneurs
SADC immigrant entrepreneurs do not have international ties. They barely communicate with their fellow countrymen left behind concerning business opportunities and expansion.	Their businesses are integrated and are supported by wider international and regional (SADC) migrant networks. Some 56% of the sample in Rogerson (1997) had operated similar businesses in their home countries. They have a wide international family and business connectivity, including links with West Africa, Canada, the USA and Europe.
Most SADC entrepreneurs acquired their start-up capital from their previous jobs in South Africa.	Most non-SADC entrepreneurs finance their businesses with funds brought in from outside South Africa.
Businesses run by SADC immigrant entrepreneurs are smaller and seemingly less well-capitalised than those of their non-SADC counterparts.	The diversity and strength of the non-SADC run businesses derive from their exploitation of such income niches as 'ethnic businesses' and those of Francophone culture.
Most SADC entrepreneurs had a secondary school education.	Immigrant entrepreneurs from non-SADC countries are better educated, which gives them wider horizons in their business development strategies. Some 50% of non-SADC entrepreneurs had some tertiary education, three had Masters' degrees and one was a qualified dentist.

Source: Adapted from Rogerson (1997).

Table 3.2 above shows that SADC immigrant entrepreneurs use their savings from previous employment as start-up capital. These immigrants start by seeking menial jobs in South Africa and only when they have sufficient savings will they venture into entrepreneurship. According to Cobbinah and Chinyamurindi (2018:5), these menial jobs are regarded as 'dirty work' and are in the informal sector. The inability to meet work permit requirements or failure to attain documentation on time results in immigrants pursuing 'dirty work' (Cobbinah & Chinyamurindi, 2018:5). On the other hand, non-SADC immigrants bring in funds from outside South Africa to use as start-up capital and do not resort to working to raise start-up capital. These two types of immigrant entrepreneurs, however, both have the same intention, which is running a business in South Africa, although these businesses are different. The researcher included both SADC and non-SADC immigrant entrepreneurs in this study. The next section will provide insight into the types of businesses operated by immigrant entrepreneurs from different regions in Africa.

3.2.2 Types of businesses operated by immigrant entrepreneurs in South Africa.

Immigrant entrepreneurs in South Africa own businesses which are mainly categorised as SMEs and tend to operate predominantly in the retail or service sectors, rather than in the manufacturing and production sectors of the economy (Garg & Phayane, 2014:64; Radipere, 2012a:256; Kalitanyi & Visser, 2010:379). This fact could be due to the lower capital investment required to set up these types of businesses and fewer regulations being encountered in the registration process that drives necessity immigrants to these sectors. The retail and service sectors include, but are not limited to, selling curios, retailing ethnic clothes and foods, motorcar repairs and panel beating and operating hairdressing salons. Various researchers who studied the retail business sector mainly focused on the spaza shops the segment mainly dominated by immigrant entrepreneurs (Ngwenya, 2017:4).

Most South African owned spaza businesses were abandoned or closed because the owners opted for other business sectors, resulting in immigrant entrepreneurs taking the opportunity to dominate this sector (Ngwenya, 2017:4). Many South African SMEs were closed owing to low returns because of their failure to compete with the prices offered by immigrant entrepreneurs (Ngwenya, 2017:4; Charman *et al.*, 2012:47).

According to the Small Enterprise Development Agency (SEDA) (2018:16), there are 687 867 formal SMEs operating in both the formal and informal sectors in Gauteng – the highest number of SMMEs out of all South African provinces. The sector with the largest

number of SMEs is trade and accommodation with 304 325 such entities, followed by finance and business services with 137 213 SMEs, and construction and manufacturing with 11 5141 SMEs and 64 308 SMEs respectively (SEDA, 2018:16-18). These statistics reflect that immigrant entrepreneurs operating in the named sectors are engaged mainly in retail businesses, although some are involved in other sectors. This position is partially highlighted in Table 3.3 below which focuses on African immigrant entrepreneurs operating in South Africa. SEDA (2018:16-18) shows that 75.3% of SME owners listed by population group are categorised as 'Blacks', this percentage includes immigrant entrepreneurs of African origin. The researcher opted to conduct research in Gauteng because, as stated above, it contains the highest number of SMEs within South Africa. Kalitanyi and Visser (2010:379) classified the SMEs owned by immigrant entrepreneurs in South Africa by their business sector, business activity and country of origin. Table 3.3 below provides an insight into the type of businesses operated by immigrant entrepreneurs according to their origins on the African continent.

Table 3.3: Immigrants' business clusters according to their origins

Sector	Activity	Origin of immigrant
Retail	Curio selling	Malawi, Mozambique & Zimbabwe
	Selling ethnic clothing	West Africa
	Food retail	West Africa
Service	Motor car repairs/panel beating	Mozambique & Zimbabwe
	Hairdressing	All
	Operating restaurants	West Africa
Production	Traditional clothing	West Africa
	Wedding dresses	West Africa
	General tailoring	Malawi
Other business sectors	Nightclubs	West Africa
	Cafes	West Africa
	Several import/export	West Africa
	Music shops	Central Africa, West Africa
	Traditional healing	East Africa, West Africa

Source: Adapted from Kalitanyi & Visser (2010:379).

According to Table 3.3 above immigrant entrepreneurs from West Africa dominate business sectors such as entertainment (nightclubs), traditional clothing, wedding dresses and food retailing. Immigrants from Mozambique and Zimbabwe specialise in curio selling and repairing motor vehicles. As stated previously, the businesses that immigrant entrepreneurs own and operate have a positive impact on South Africa's socio-economic status. The country can benefit through the creation of both jobs for the unemployed and competitive markets which reduce monopolies, as well as easier availability of services because immigrant entrepreneurs operate in close proximity to residential areas (Sekatane, 2018:103; Garg & Phayane, 2014:61). The various hindrances, challenges and barriers encountered by immigrant entrepreneurs will be discussed in the next section.

3.2.3 Challenges faced by immigrant entrepreneurs in host countries

Entrepreneurship is not without its setbacks, thus, understanding the barriers to business success is the first step towards improving the strategic performance of immigrant entrepreneurs in South Africa (Fatoki & Patswairi, 2012:139). In 1994 the new democratic South Africa inherited a business environment in which the economic structure was built on political instability, discriminating labour laws, cheap migrant labour and deprivation resulting from extreme wealth disparities (Sekatane, 2018:97). Although there have been reforms post-apartheid, many barriers to entrepreneurial success still exist and require government intervention to enforce legislation (Sekatane, 2018:100). Businesses operated by immigrants are not only hampered by lack of finance but weak markets and lack of human capital (Fatoki & Patswairi, 2012:139). The reviewed literature reflects that in most countries immigrant entrepreneurs' generally engage in businesses that require low capital investment and involve fewer formation regulations such as the retail sector. The next section will highlight and provide an understanding of the different challenges facing necessity immigrant entrepreneurs.

3.2.3.1 Political reasons

The multi-party-political climate that exists across African states can be a hindrance to entrepreneurship because each political party has different ideologies (Opoku & Sandberg, 2017:199). Government institutions and NGOs that were set up to assist entrepreneurs tend to be infested with corruption and nepotism (Luiz & Steward, 2014:390). Furthermore, most obstacles encountered by immigrant entrepreneurs are politically grounded, because salaried government officials forcefully request bribes in

return for service (Opoku & Sandberg, 2017:201). Political propaganda by the government has led to Chinese entrepreneurs being honoured as 'super- impresarios' who can prevail within a hard economic environment (Kademaunga, 2017:110). Immigrant entrepreneurs are exploited by governments who repay them by turning 'a blind eye' on any felonious activities (Kademaunga, 2017:110). This form of negative political interference deprives immigrant entrepreneurs of the right to operate in a free and ethical working environment.

3.2.3.2 Economic reasons

Limited access to finance is claimed to be the main obstacle preventing entrepreneurs from starting and growing small businesses (Tinuoye, Olalekan & Adenike, 2015:718). Immigrant entrepreneurs conducting business in an age of globalisation are faced with the challenge of failing to secure a large enough target market that will buy their products or services (Opoku & Sandberg 2017:192). Two major economic inhibitors that immigrant entrepreneurs face are the inability to secure start-up capital from banks and the high cost of securing such start-up capital (Sekatane, 2018:105).

According to the reviewed literature, owing to limited access to finance and credit from banks, many immigrant entrepreneurs in South Africa do not rely on these formal structures for financial support. Instead, they depend on 'stokvels' (informal saving or investment groups) to afford them loans. Further, the community networks are the business hubs that provide relevant support to immigrant entrepreneurs (Tengeh & Nkem, 2017:2; Kalitanyi & Visser, 2010:382). In South Africa a stokvel is a savings or investment society to which five or more members contribute an agreed amount each month from which one designated member receives a lump-sum payment on a monthly rotational basis (Mulaudzi, 2017). Furthermore, stokvels do not require collateral from borrowers before granting a loan to their members or people within their community.

Such collateral, however, is required from SMEs when seeking a bank loan, thus, making the acquisition of finance beyond the reach of many immigrant entrepreneurs (Radipere, 2012a:121). South African banks require applicants to have a good credit record and to own assets (collateral) before extending them a loan. These restrictions impede immigrant entrepreneurs from accessing financial aid because they neither own any assets nor have a credit record (Muchineripi *et al.*, 2019:7). According to Opoku and Sandberg (2017:193) and Ramukumba (2014:25), SMEs owned by immigrant entrepreneurs operating in the new globalisation age are constantly subject to uncertainty

regarding a constant supply of electricity and fuel and their escalating price. In Ghana, South Africa and Zambia the lack of infrastructure and resources, together with the financial burden of paying the bribes required by some members of the ruling political parties, all have a significant adverse impact on the operations of entrepreneurs (Opoku & Sandberg 2017:199; Moyo, 2014:263).

South Africa does not have an entrepreneurship visa but there is a very restrictive business visa. According to the Integrate Immigration Service (2020), the qualifying criteria for a business visa entails:

- A comprehensive business plan.
- An appropriate business structure.
- An investment amount of not less than five million rands originating from funds abroad.
- Written undertakings in respect of Inland Revenue tax requirements.
- Medical and good standing reports.

The fact that acquiring a business visa requires a minimum of five million rands originating from abroad makes it procurement beyond the reach of many aspiring necessity immigrant entrepreneurs who are pushed into entrepreneurship by poverty (Integrate Immigration Service: 2020). From the reviewed literature, it can be concluded that the South African business visa caters for immigrant investors and opportunity entrepreneurs. According to Akinyemi and Adejumo (2018:7) company registration in South Africa is a herculean task and extremely complicated for immigrant entrepreneurs. Furthermore, the registration process must be completed within 60 days, which includes registering a bank account and obtaining an income tax reference number from the South African Revenue Service (SARS). In addition, South Africa has restrictive labour regulations which contribute to the challenges faced by immigrant entrepreneurs seeking to establish and conduct business. Furthermore, immigrant entrepreneurs' businesses are required to adhere to minimum wages for their employees and contribute monthly to unemployment insurance before reaching the 'break-even' point and making a profit, a combination that adversely affects entrepreneurial businesses during their start-up phase (Musara & Gwaindepi, 2014:113).

3.2.3.3 Legal reasons

Immigrant entrepreneurs are subconsciously discriminated against by organisations that do not accept their documentation, although being permitted by law to conduct business (Crush & Tawodzera, 2017:12; Naudé *et al.*, 2017:11). As a result of the unpredictable and dangerous operating environment, business risks in South Africa are exacerbated by security risks (Crush & Tawodzera, 2017:8). In South Africa, immigrant entrepreneurs frequently are regarded with suspicion and even outright hostility by municipalities, and their businesses are perceived as a reservoir of crime and illegality. Some members of the South African Police Services (SAPS) and Municipal Police Forces tend to intimidate immigrant entrepreneurs by using oppressive regulations whereby they issue fines, raid businesses and confiscate goods, as well as soliciting bribes (Crush & Tawodzera, 2017:8; Moyo, 2014:263; Neocosmos, 2008:588-89).

In South Africa, despite their having different reasons for wishing to move to this country, economic immigrants must follow the same process as voluntary immigrants to obtain legal documentation to reside and operate a business (Field, 2017:2). Unlike their economic counterparts, voluntary immigrants have the financial means to fund their applications. Another barrier faced by entrepreneurs is that South Africa is heavily unionised and, thus, it tends to be very cumbersome for migrant entrepreneurs to employ local workers during the start-up phase, because they might not be able to pay their employees the union stipulated salaries (Ramukumba, 2014:25; Chrysostome & Arcand, 2009:4). Moreover, major labour regulations affect the growth of immigrant entrepreneurs (Luiz & Steward, 2014:390; Ozgen & Minsky, 2007:62). Under the South Africa Labour Act of 1995, all employers are required to recognise a representative union member who should organise 50% or more of the workforce in union related issues. This situation results in employees wielding very strong employment rights which can be a negative factor for employers, especially immigrant entrepreneurs (Bischoff & Wood, 2013:497).

Unions often demand that all employees are employed permanently after a certain period and they impose a high minimum wage for staff, mandates that can result in strikes if a business fails to meet them (Ramukumba, 2014:25; Bischoff & Wood, 2013:502). Every immigrant entrepreneur who is an employer is legally obliged to contribute monthly payments to the Unemployment Insurance Fund (UIF) which is managed by the Department of Employment and Labour (Nieman *et al.*, 2003:114). When an immigrant entrepreneur expands the business and employs more workers it means more

compulsory contributions must be paid to the Department of Employment and Labour. Furthermore, this requirement makes the business more conspicuous to regulatory authorities (Bischoff & Wood, 2013:502). Regular check-ups by authorities on immigrant entrepreneurs' businesses often lead to exploitation and coercion to pay bribes (Crush & Tawodzera, 2017:8; Moyo, 2014:263; Neocosmos, 2008:588-89). These sets of regulations are very detrimental and restrictive to the operations of the immigrant entrepreneurs, specifically those who recently started operating.

3.2.3.4 Social reasons

Immigrant entrepreneurs are faced with start-up barriers such as motivation, culture, self-efficacy, intention and entrepreneurial orientation (Radipere, 2015:170). According to Fatoki and Patswawairi (2012:139), the lack of entrepreneurial orientation results in immigrants establishing links through networking. Furthermore, these links are mainly limited to members of their own ethnic group, the majority of whom are not part of any business organisations such as the regional Chambers of Commerce (Charman *et al.*, 2012:47; Fatoki & Patswawairi, 2012:139). Immigrant entrepreneurs are faced with a language barrier that affects both their communication and business operations, which they often circumvent by employing South Africans, and, in certain instances, hiring an interpreter (Ngota *et al.*, 2018:6). Certain areas in South Africa are still under-serviced and information dissemination is often a challenge (Sekatane, 2018:107). Therefore, the lack of timely dissemination of information results in resistance from locals regarding the integration of immigrants into their community and allowing them to operate businesses freely.

Immigrant entrepreneurs in South Africa are affected by factors such as racial and gender prejudice and finding a suitable business location (Sekatane, 2018:104). Gender prejudice appears to be an inhibitor because only 31% of all immigrant entrepreneurs are women owing to regressive regulations that discriminate against women in favour of men (Sekatane, 2018:104). Muslim and Hindu religious marriages are not recognised as a legal marriage under South African law in terms of the Marriage Act or the Civil Union Act. Therefore, the parties involved in such marriages are deemed to be unmarried which leaves the women and children from these 'religious' marriages vulnerable upon their dissolution due to either death or divorce (Mabanga, 2021:1; Amien, 2020:1; Amien & Leatt, 2014:505-506). The socio-cultural expectations of women entrepreneurs are that they must make trade-offs between fulfilling their family responsibilities and operating a

business. Their domestic obligations constitute a burden that results in less time being devoted to the business (Sekatane, 2018:106). This situation perpetuates the shortage of all female entrepreneurs consequent upon the historical Apartheid regulations that discriminated against women in general, the effects of which are still present in South Africa today. During the Apartheid era women were paid less than their male counterparts for doing the same work and were restricted to certain jobs, such as domestic work and/or farm work and factory jobs (Sekatane, 2018:99). Although, these restrictive regulations were outlawed after 1994, enforcement of many of the new 'woman-friendly' regulations into reality are still lagging.

The current situation in South Africa makes it difficult for women immigrant entrepreneurs because they have fewer family structures to assist with raising their families. To establish a business in certain neighbourhoods where informal practices of exclusion exist, immigrant entrepreneurs need to negotiate and create openings (Kloosterman & Rath, 2001:198). In the case of the Somalians living and trading in Mayfair, South Africa, the dominantly Indian residents accepted and welcomed them because of their Islamic religious link but in other places, non-white immigrants are labelled with derogatory names (Ngwenya, 2017:54). This situation highlights that discrimination remains prevalent in South Africa because if Somalians were not Muslims, they would not have been accepted to settle and operate SMEs in Mayfair. The presence of these barriers is an indication that immigrant entrepreneurs operate in a hostile environment that could suppress their full potential to succeed. The researcher identified that the existence hostility in the operating environment can also be attributed partially to xenophobia in South Africa.

3.2.3.5 Xenophobia in South Africa

Xenophobia is defined as the fear of foreigners and hostility towards or exclusion of foreigners or strangers (Field, 2017:3). Ngwenya (2017:38) observed that even though South Africa is comprised of different racial groups, social relations between these groups are always strained. Black immigrants in most cities have suffered from criminal and xenophobic attacks from mainly Black South Africans (Field, 2017:1; Ngwenya, 2017:38). This fact has led to South Africa offering a different theoretical and analytical understanding of immigrant entrepreneurship.

Xenophobic attacks are mainly directed towards immigrant entrepreneurs of African and Arabic origin (Crush & Tawodzera, 2017:8; Ngwenya, 2017:38). Limited research has

been able to provide proof that immigrant entrepreneurs from the Americas, East Asia or Europe have been on the receiving end of xenophobic attacks. Immigrant entrepreneurs are vulnerable to opportunistic and often violent crimes in the form of theft, robbery and assault and SAPS's inability to prevent such offences has resulted in inconsistent protection (Crush & Tawodzera, 2017:8; Moyo, 2014:264). Some government regulations and policies appear to be exclusionary and xenophobic and, thus, tend to be detrimental to Black African migrants, while Western and East Asian immigrants are left to thrive (Moyo, 2014:261; Peberdy, 2001:23).

The South African government has repudiated many attacks against Black African migrants as being xenophobic, claiming instead that they were merely the actions of criminal elements (Crush & Tawodzera, 2017:9). Therefore, as a result of this lack of governmental support, conducting business in South Africa for these particular immigrant entrepreneurs becomes difficult because the protection of their lives and businesses is not guaranteed (Crush & Tawodzera, 2017:9). Past activities in South Africa, such as xenophobic attacks on mainly Black foreign nationals, has left a negative effect on their entrepreneurship drive (Crush, Chikanda & Skinner, 2015:1-3; Landau, 2012:1). When citizens of the host country are economically deprived and they perceive migrants as making economic progress at their expense, this situation often leads to violent xenophobia (Field, 2017:3). In South Africa, violent xenophobia tends to be concentrated amongst poor and disempowered citizens (Field, 2017:4).

Somalian immigrant entrepreneurs suffered immensely owing to their choice of the business location because many residents of South Africa's so-called 'townships' tend to be xenophobic and protest-prone (Ngwenya, 2017:94). Immigrant entrepreneurs regard Afrophobia as being a major setback to their business, livelihood and families (Ngota, Mang'unyi & Rajkaran, 2018:7). According to the Human Rights Commission (HRC), Afrophobia refers to "hostility or aversion meted on people, culture or ideas of African derivation, particularly those of sub-Saharan origin" (Ngota *et al.*, 2018:2). Xenophobia greatly affects how immigrant entrepreneurs conduct business in South Africa, because it always causes uncertainty pertaining to the future. Immigrants in South Africa have been exposed to severe manifestations of hostility but were not deterred from applying their entrepreneurial flair successfully, a skill which often leads to envy from local counterparts (Garg & Phayane, 2014:62).

Despite the hostility they experience, immigrant entrepreneurs are always optimistic about expanding their businesses as a result of their business performing well (Rogerson, 1997:14). There are different measures used to evaluate the performance of a business as explained in the next segment.

3.3 BUSINESS PERFORMANCE

Business performance essentially involves assessing the profitability of a business and its ability to sustain itself. It is vital to measure business performance in the current economic environment (Zulkiffli & Perera, 2011:1). Garg, Joubert and Pellissier (2004:7) conclude that measuring business performance is intricate and has resulted in ongoing debates because of the many objectives of the business, of which profit maximisation is a pivotal objective. Business performance is defined using various methods but mainly is defined using a combination of financial and organisational operational performances (Buttenberg, 2017:448). Various researchers use organisational profitability, sales growth, innovation, return on assets, customer satisfaction and growth in the number of employees, as business performance measures. Furthermore, these diverse parameters make business performance multidimensional (Radipere, 2012a:254; Garg *et al.*, 2004:13).

Business performance can be measured by a company's financial performance through the Return on Assets (ROA) and Return on Equity (ROE), whereas intermediate performance is assessed using labour and administrative productivity (Rai, Patnayakuni & Patnayakuni, 1997:89). Financial performance is based on the measurement of the monetary results of a business, whereas product market performance is based on evaluating the performance of the firms' products or services (Buttenberg, 2017:448). Financial performance analyses various elements of the business which include the ability to fund business growth from profits and market performance assesses the rate at which customers procure their products and services (Buttenberg, 2017:453). The drawbacks of financial performance are its inability to depict the non-financial parameters, such as goodwill and customer loyalty (Garg *et al.*, 2004:7). Business performance evaluation can be used as a tool to help a company increase its customer satisfaction and confidence in the company (Ab Aziz, Mohamed, Ibrahim, Muda & Abdullah, 2014:238).

Zulkiffli and Perera (2011:2) predict that the measuring of performance in SMEs is difficult because they are usually reluctant to reveal their actual financial records, thus there is a

need for subjective measures. When researching SMEs difficulty is also experienced when interpreting performance data. A low profit or losses might be regarded as poor results but this fact might be due to extensive funds being invested in acquiring new machinery or larger premises from which to operate (Zulkifli & Perera, 2011:3). This research study made use of non-financial organisational operational performance measures as highlighted by Buttenberg (2017:448), which entail measuring growth in the number of employees, assets acquired, sales growth, as well as the perceived market share, customer satisfaction and customer loyalty. The next section will provide insight into the advantages and disadvantages of supporting immigrant entrepreneurs.

3.4 ADVANTAGES AND DISADVANTAGES OF SUPPORTING IMMIGRANT ENTREPRENEURS

According to Fatoki and Patswawairi (2012:140) supporting immigrant entrepreneurs is the way to improve the level of entrepreneurship in a country and reduce unemployment and poverty. The South African education system does not empower students to form business ventures which leads to high unemployment figures. This commercial gap is filled currently by immigrant entrepreneurs (Radipere, 2012b:11018). Furthermore, the solution to the high unemployment problem in South Africa is through supporting entrepreneurship (Kalitanyi & Visser, 2010:388). Many foreigners are settling and starting businesses in South Africa due to the perceived availability of opportunities (Muchineripi *et al.*, 2019:1). The current lack of government support and recognition of immigrant entrepreneurs is harmful to job creation, the socio-economic well-being of communities and entrepreneurial growth (Ngota *et al.*, 2017:148). Therefore, the government needs to be proactive in supporting immigrant entrepreneurs. Although various research projects undertaken on migration in South Africa focused mainly on the perceived threat posed by foreigners and excluded the possible benefits of such immigrants to the local economy (Gastrow & Amit, 2013:8).

South Africa needs to export more than it imports, therefore, the support of immigrant entrepreneurs will increase the production of goods and services that can be exported (Opoku & Sandberg, 2017:182). Immigrant entrepreneurs from Asia operating in South Africa still have connections with family and businesses in Asia, which is an advantage because they have knowledge of the markets abroad and established trading links whenever they want to export South African goods to Asia. Therefore, when government supports these entrepreneurs, it will gain access to both the knowledge and Asian

markets (Kerby, 2018:107). When the government supports immigrant entrepreneurship it prevents increased competition in the job market and reduces the local population's reliance on social services (Gastrow & Amit, 2013:7). Corruption by certain political leaders and police personnel can be reduced if the government fully recognises and supports immigrant entrepreneurs by assisting them to operate legally (Opoku & Sandberg, 2017:196).

As pointed out previously, immigrant entrepreneurs rely mainly on personal savings as well family finance mostly from their country of origin for start-up capital, thus, when regulations are adjusted to more favourable conditions, there will be a cash injection into South Africa as a result of greater direct foreign investment (Nkem & Tengeh, 2018:96; Ngota *et al.*, 2017:148; Garg & Phayane, 2014:66). Assisting immigrant entrepreneurs in registering their businesses will increase the government tax base and enable SARS to derive more tax revenue from immigrant entrepreneurs (Garg & Phayane, 2014:65; Gastrow & Amit, 2013:7). Immigrant entrepreneurs voluntarily save money and if this habit is embraced and harnessed through the easing of restrictive regulations, it will help to eradicate the restrictions these SMEs face when accessing capital from financial institutions (Nkem & Tengeh, 2018:96). Although certain government sectors criticised South Africans who chose to rent houses at subsidised prices to immigrant entrepreneurs, this practice led to the transformation of previously poor households into income generators and, thereby, helped to alleviate poverty (Gastrow & Amit, 2013:33).

Local South African landlords are benefitting from these transactions because immigrant entrepreneurs on average pay a higher monthly rent than local entrepreneurs renting similar properties (Crush & Tawodzera, 2017:25). Therefore, these immigrant entrepreneurs are making the rental market competitive and highly rewarding for the buildings' owners. South Africa can benefit from the presence of immigrants because they bring the necessary skills (including some scarce skills) required in the country (Ngota *et al.*, 2017:148). According to the findings of various researchers recorded in the reviewed literature, immigrants have strong work ethics that can be taught to the local entrepreneurs (Kademaunga, 2017:112). They constantly import new technology into the country and, in this way, increase industrialisation in South Africa (Kademaunga, 2017:115).

Chinese immigrant entrepreneurs in Harare, Zimbabwe, as indicated above, employ members of the local community (Kademaunga, 2017:101). After the isolation of

Zimbabwe by the European Union (EU), Chinese immigrant entrepreneurs provided cheaper substitute goods and services that were imported from China to the Zimbabwean consumers (Kademaunga, 2017:112).

Immigrant entrepreneurs in South Africa operating in the footwear sector produce quality shoes at a low cost (Kalitanyi & Visser, 2010:386). The skills used to produce such footwear can be harnessed and taught to other immigrant and local entrepreneurs. According to Kalitanyi and Visser (2010:387), 82% of the interviewed immigrant entrepreneurs employ South Africans. Such employment provides financial stability while employees gain skills through on-job training, thus helping to ensure that jobs are awarded on merit and not nationality, thereby improving production (Muchineripi *et al.*, 2019:13). New businesses benefit from immigrant entrepreneurs mentoring local entrepreneurs who require guidance, thus assuring that much needed scarce skills become easily accessible and can be harnessed to empower local communities (Opoku & Sandberg, 2017:195).

According to Garg and Phayane (2014:61), immigrant entrepreneurs in Brits, in Gauteng province, renovated dilapidated buildings and revamped neglected businesses areas. Therefore, immigrant entrepreneurs, if properly supported by government and local communities, could uplift certain neglected areas such as former mining towns in South Africa and improve the living standards of the locals. Supporting immigrant entrepreneurs is not without its disadvantages as explained next.

There are certain disadvantages to supporting immigrant entrepreneurship, one of which might be authorities' failure to ensure accountability – various immigrant entrepreneurs in Johannesburg break the law without arrest as a result of bribing some members of the Johannesburg metropolitan police and other government officials (Moyo, 2014:263). It was proven in Johannesburg that some Nigerian entrepreneurs use legal shops as a front for selling drugs (Moyo, 2014:265). The government's failure to regulate and support immigrant entrepreneurs' operating within the informal sector, as previously mentioned, deprives the government of tax revenue (Garg & Phayane, 2014:65). Some immigrant entrepreneurs have taken advantage of loopholes in the regulations to conduct businesses in non-designated trading areas and the law enforcers have been unable to reach consensus on whether these operations were illegal (Yendaw, 2019:235).

Bribery to avoid following the regulations has increased, and some immigrant entrepreneurs have admitted to paying bribes, known as 'protection fees' to government

officials (Kademaunga, 2017:116). Wholesalers flout regulations, because, although they are meant to screen bulk buyers and only sell to those with trading licences, some immigrant entrepreneurs are allowed to buy from wholesalers without providing proof that their businesses are registered and they pay rates and taxes (Moyo, 2014:264). This illegal trading is due to the lack of proper regulations regarding how immigrant entrepreneurs should conduct business in South Africa. Unfortunately, the government could be faced with anarchy should it decide to open previously restricted niches (Kademaunga, 2017:110). The Zimbabwean government supported immigrant entrepreneurs by giving them access to previously reserved economic sectors, a practice that, eventually, disadvantaged Zimbabwean nationals (Kademaunga, 2017:110). In Ghana, immigrant entrepreneurs evaded paying taxes to authorities and affected local businesses through excessive competition (Yendaw, 2019:235).

In Johannesburg, some immigrant entrepreneurs remit all their profits earned in the city centre to their country of origin (Moyo, 2014:267), thus, there is little investment in South Africa (Naudé, Siegel & Marchand, 2017:11). In Hungary, the Chinese immigrants dwindled profits and drove the locals out of business by paying higher rental fees to landlords and lowering prices of goods (Garg & Phayane, 2014:60). In South Africa some immigrant entrepreneurs imported poor-quality cheap products and counterfeits, a practice that adversely affected the local textile industry (Kademaunga, 2017:115). Strong work ethics can also result in negative labour practices (such as long hours and low wages) that can be deemed unfair treatment of employees by labour unions (Kademaunga, 2017:112). In Ghana, immigrant entrepreneurs are required to submit a high minimum capital investment which the majority find unaffordable, thus forcing them to operate retail businesses without permits. Furthermore, they engage in unfair competition and often trade in sectors in which they are not qualified to operate (Yendaw, 2019:225). The next section discusses the organisations that offer support to immigrant entrepreneurs in South Africa.

3.4.1 Immigrant entrepreneurship support in South Africa

In South Africa, data on immigrant entrepreneurs is very limited compared to the USA where data is readily available at city level (Marchand & Siegel, 2015:5). In Johannesburg, the Street Traders Association (STA) assists immigrant entrepreneurs with registering their businesses and securing legally designated vending stalls and stands from the municipality (Moyo, 2014:255-256). Further STA only requires the

documentation and start-up capital before registering immigrant entrepreneurs. The IOM in South Africa and its stakeholders, the United Nations (UN) agencies, with funding from the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC), administer projects aimed at building and strengthening peace within diverse communities in South Africa (IOM, South Africa, 2014:9; IOM South Africa, 2013:4).

The findings of (Moyo, 2014) resulting from research conducted in Johannesburg inner city, revealed that immigrant entrepreneurs receive some form of support from the government, training institutions and universities (Moyo, 2014:256). For example, in February 2013 immigrant entrepreneurs attended a business management and development course at the University of Witwatersrand (Moyo, 2014:256).

3.5 THE ROLE OF IMMIGRANT ENTREPRENEURS WITHIN THEIR HOST COUNTRIES

Immigrant entrepreneurs create employment, contribute to economic growth as previously stated and are regarded as investors in a country (Nkem & Tengeh, 2018:85; Garg & Phayane, 2014:61; Radipere, 2012a:257). Immigrant entrepreneurs are responsible for creating new businesses with competitive markets that lead to job creation and has a positive effect on the economy (Sekatane, 2018:103).

3.5.1 Africa

Countries that support migrant entrepreneurs reap the benefits of economic growth through employment creation (Khosa & Kalitanyi, 2015:133). Ghana, a country with a flourishing economy and political stability, attracted immigrants from Nigeria and the West Africa sub-regions. These immigrants established business and formed partnerships or merged with Ghanaian companies, especially in the banking, insurance and telecommunications sectors (Bosiakoh, 2011:71).

When immigrants from less-developed countries move to more advanced economies, they contribute to globalisation (Garg & Phayane, 2014:58). This statement acknowledges that the existence of immigrant entrepreneurs benefits the host country. Their contribution to globalisation reflects the growth that could be driven by strategies. Assisting immigrant entrepreneurs as previously mentioned is one of the ways to improve the levels of entrepreneurship in any country, thereby reducing unemployment and poverty (Fatoki & Patswawairi, 2012:140).

3.5.2 South Africa

South Africa is the most racially diverse country on the African continent and is host to various immigrants (Ngwenya, 2017:38). As a rainbow nation, it has a myriad of global immigrants, a fact that is supported by the 2001 Census results that record that South Africa hosts immigrants from Africa, Asia, Australia, Central and South America, Europe, New Zealand and North America (South Africa, 2003). Those immigrants who venture into entrepreneurship create opportunities and become valuable contributors to the South African economy (Fatoki, 2013:214). Although immigrant entrepreneurs often start without any resources, they proceed to create new values in the realm of business (Sekatane, 2018:103).

As indicated previously, in South Africa, immigrant entrepreneurs create employment and, thus, improve income distribution, reduce poverty and facilitate export growth (Ramukumba, 2014:20). Kalitanyi and Visser (2010:387) also confirmed that immigrant entrepreneurs create employment for South Africans. Although only 98 out of 120 participants were interviewed by Kalitanyi and Visser (2010) in Cape Town, 82% of them employed South Africans, a situation that had a positive effect on the unemployment rate. The employment of locals also enables skills transmission. This was validated by Ngota *et al.* (2019:16) who concluded that immigrant entrepreneurs transfer their entrepreneurial skills to their employees via work experience and training sessions. Immigrant entrepreneurs contribute to the country's economy through increased trade. For exportation, immigrant entrepreneurs have trade links and the knowledge of the markets in their countries of origin (Kerby, 2018:107). Trade links are networks established across borders and enable easy ways of importation and exportation of goods and services, thus, increasing the foreign direct investment inflows into South Africa (Marchand & Siegel, 2015:17). The earnings that immigrant entrepreneurs' remit are transacted through the financial institutions regulated by the South African Reserve Bank (SARB), thus, SARS receives transfer fees and taxes (Peberdy, 2017:32-38).

According to Moyo (2015:143), 35% of the 40 interviewed immigrant entrepreneurs operated registered businesses and were legally bound by law to pay tax in South Africa. This finding proves that not all immigrant entrepreneurs operate illegally in the informal sector without registering their businesses. Immigrant entrepreneurs contribute to South Africa's Gross Domestic Product (GDP). This latter finding is supported by Garg and Phayane (2014:57) who explained that some immigrant entrepreneurs target the markets

that are abandoned or neglected by local entrepreneurs and large chain stores. Immigrant entrepreneurs usually occupy premises left vacant by closed businesses and, thus, provide the building's owners with rent (Garg & Phayane, 2014:57; Charman *et al.*, 2012:58). The factors that influence immigrants into entrepreneurship can be backed by the theories explained below.

3.6 THEORIES EXPLAINING IMMIGRANT ENTREPRENEURSHIP

The more common theories relating to immigrant entrepreneurs, such as the ethnic conclave theory and cultural theories, are explained below. These theoretical frameworks have their background in sociology, anthropology and labour economics (Volery, 2007:32). They all seek to address the nature of entrepreneurialism among immigrants.

- **The cultural theory** – This theory builds on the belief that cultural factors such as ethnic resources, are used to assist immigrants in starting up and sustaining their businesses (Chrysostome, 2010:141). Immigrants rely on social networks for labour, capital information and support (Khosa & Kalitanyi, 2016:49; Chrysostome & Arcand, 2009:7). The theory suggests that immigrants bring with them culturally determined features such as risk-taking, loyalty and hard work (Chrysostome & Arcand, 2009:36). This theory is criticised for concentrating only on the cultural aspect as the determinant of entrepreneurship, whilst forgoing the influence of socio-economic and political factors (Chrysostome, 2010:141; Volery, 2007:33; Galster, Metzger & Waite, 1999:97). This scenario applies to Muslims in South Africa as confirmed by the findings of the reviewed literature that state that Muslim communities use religion as a vehicle for economic and social mobilisation. Hesterly and Barney (2019:157) and Ngwenya (2017:99) attest that culture influences entrepreneurship, Somalis place importance on maintaining clanship which is culturally grounded in teaching and helping each other to achieve financial freedom. There is an indication of Somalis being taught business skills as part of their national culture which explains their entrepreneurial ethic.
- **The ethnic enclave model** – this model combines the sociological and anthropological entrepreneurship theories. It argues that there is a high concentration of immigrants in certain occupations due to employers using referrals from other immigrants to seek employees. The value chain is dominated by co-ethnics, the niche market is an ethnic community served with ethnic products that were produced by ethnic labour from ethnic resources (Ndofor & Priem, 2011:793). The ethnic market is

considered a competitive advantage and is essential for the survival of necessity immigrant entrepreneurs who they possess critical skills unknown to members of the local community (Chrysostome, 2010:140). Ethnicity is the core of culture, which is the result of the combination of norms and values (Adendorff & Halkias, 2014:9). Immigrants are employed by business owners of the same ethnicity and the business niche market catered for comprises mainly co-ethnic customers (Chrysostome, 2010:142; Chrysostome & Arcand, 2009:7). Further, the prerequisite for ethnic enclave entrepreneurs is entrepreneurial skills, capital and access to ethnic labour. An example of this scenario being the Chinese and Somalian immigrant entrepreneurs who employ their spouses, family members and relatives in their businesses that are based in communities with a high concentration of co-ethnics such as found in Cyrildene and Mayfair in Johannesburg (Ngwenya, 2017:33; Moyo, 2015:78; Harrison, Moyo & Yang, 2012:911).

- **The Market Disadvantages theory** – this theory is also known as the iron cage perspective. It refers to immigrants who are faced with the inability to find and secure employment in the job market of their host country. This situation leads them to starting up of small-scale ethnic business because this step is the only way of gaining employment and surviving for these necessity immigrants' entrepreneurs (Chrysostome, 2010:140). This practice is common upon immigrants from SADC, residing in South Africa without legal documents, who fail to secure employment, and, as a result, engage in informal businesses (Moyo, 2015:85-87).
- **The ecological succession concept** – this approach proves that changes within an environment affect the ownership of businesses. As the population of immigrants' increases within a specific area, the locals tend to move to other more secluded areas and, in the process, leave the immigrants to take over their businesses (Crowder, Hall & Tolnay, 2011:25). Chinese and Somalian who relocated to Bruma, Cyrildene and Mayfair in Johannesburg eventually became the dominant communities (Ngwenya, 2017:33; Moyo, 2015:78).
- **Opportunity structure theory** – this is based on the opportunity-based entrepreneurship theory and outlines that various major businesses are interested only in large markets, because small markets are deemed unviable (Galster, Metzger & Waite, 1999:97). This lack of interest from major businesses causes a market gap which is then exploited by immigrant entrepreneurs who focus on the neglected small niche markets. For example, when various supermarkets pulled out of high-density

areas and relocated to shopping malls around Johannesburg, immigrant entrepreneurs exploited the subsequent business opportunity. According to Garg and Phayane (2014), out the 90 immigrants interviewed in Brits, 97% were renting their business premises and 3% were leasing the old buildings in which they operated. All these properties were previously occupied by native business owners who had either relocate or stopped operating (Garg & Phayane, 2014:82). The gap that was left after the closing and/or relocation of local businesses, created opportunities for immigrant entrepreneurs to rent the vacated premises and operate their businesses (Galster, Metzger & Waite, 1999:97).

- **The interactive theory** – this concept involves a combination of the cultural and opportunities models. Immigrant entrepreneurs use strategies created through interactions and opportunity structures in their host countries. The theory proves that entrepreneurship happens through social interaction (Lindgren & Packendorff, 2002:3). The success of an ethnic business is due to the interaction between opportunity structures and group resources (Volery, 2007:33). Ethnic businesses use ethnic networks which are based on family and friendship ties which have a positive impact on immigrant businesses (Adendorff & Halkias, 2014:4).
- **Mixed embeddedness** – this theory explains the opportunity structure of immigrant entrepreneurs through social networks and the external environment (Najib, 2016:145). Mixed embeddedness refers to a combination of theories that study the immersion of immigrant entrepreneurs in the socio-economic and political-institutional environment of their host country and includes the cultural theory (Akin, Bostancı & Akyol, 2017:502; Marchand & Siegel, 2015:7). The mixed embeddedness theory explains that social networks and personal relationships are vital when entrepreneurs need to mobilise resources (Brzozowski, 2017:169). Volery (2007:35) explained that according to the mixed embeddedness theory the creation and existence of businesses are largely influenced by the economic structure and legal institutions, both of which differ from one country to another. Further, it was outlined that the mixed embeddedness model is based on three assumptions:
 - Opportunities must not be blocked by excessive barriers to entry or government regulations.
 - An opportunity must be recognised through the eyes of a potential entrepreneur as one that can provide sufficient returns; and

- An entrepreneur must be able to seize an opportunity in a tangible way (Volery, 2007:35).
- **Ethno-burb model** – this model was created by Wei Li in 1997 and the term ‘ethno-burb’ means an ethnic suburb (Li, 1997:47). This theory illustrates that ethnic minorities have a significant influence in multi-ethnic communities due to their being educated and professionally employed. These ethnic minorities do not necessarily need to comprise a majority within a community (Li, 1997:47). Li (1998:481-482) discussed that this model illustrates the change in the social dynamics of traditional setups. The results of affordability are the upward movement of immigrants from their traditional neighbourhoods and venturing into new suburbs in search of better housing, neighbours and environments. Chinese immigrant entrepreneurs relocated to Bruma, Chinatown and Cyrildene in Johannesburg inner city to establish ethno-burbs (Huynh, 2018:35). Somalians settled in Mayfair, Johannesburg and established a community that can be classified as an ethno-burb (Ngwenya, 2017:33; Moyo, 2015:78).

For this research mixed embeddedness theory was adapted as it better explains and explores the business practices of immigrant entrepreneurs in South Africa. The theory is based on a combination of other theories which make it ideal as it is collaborative.

3.7 CONCLUSION

South Africa as a country is challenged by the high unemployment rate and the solution could lie in the empowerment of SMEs, including those owned by immigrant entrepreneurs. The findings of various research undertaken in South Africa have illustrated that immigrant entrepreneurs possess certain business traits that are beneficial to the growth of the economy (Sekatane, 2018:103; Garg & Phayane, 2014:61; Radipere, 2012a:257; Kalitanyi & Visser, 2010:387). Immigrant entrepreneurs enabled skills transmission (Ngota *et al.*, 2019:16). The South African government needs to ensure that the business environment is conducive to immigrant entrepreneurs and must eliminate xenophobic attacks on businesses which are known to reduce business growth and adversely affect the economy.

This chapter has reviewed aspects relating to immigrant entrepreneurs, particularly the definition, classification and the types of businesses owned and operated by immigrant entrepreneurs. The evaluation of business performance was also explained. The

management of business performance involves achieving the future performance goals of a company through constant evaluation of the business environment (Smith, 2015:12). The challenges that immigrant entrepreneurs face in South Africa were also discussed. The next chapter delineates the research design and methodology used in this study.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4

4.1 INTRODUCTION

This chapter presents the research design and methodology of the study. Therefore, it provides an exposition of the procedures taken to conduct this research project. According to Walliman (2011:15):

Research is about acquiring knowledge and developing understanding, collecting facts and interpreting them to build up a picture of the world around us, and even within us.

The research design for this study emerged from the research objectives and literature discussed in Chapters 2 and 3 above. The research instrument was adapted by the researcher in order to ensure that it would provide the best answers to this study's research questions and objectives. In this chapter, the following sections discuss in detail the research design that was used, the target population and sample size determination. This information is followed by a discussion of the procedure used to collect the data, analysis and interpretation of the data. Lastly, issues of credibility, confirmability, authenticity and confidentiality are discussed.

4.2 RESEARCH PARADIGMS

A research paradigm is defined as an approach or ideology that has been verified and unanimously selected as the standard practice by leading scholars in a particular field (Walliman, 2011:175). A further simplification of this definition is that there is always more than one way to make sense of something. To make sense of this study's research problem, the researcher adapted two standard beliefs of research, namely: ontology and epistemology, both of which are used to pursue knowledge.

4.2.1 Ontology

Ontology is concerned with the nature and study of reality in the world (Saunders *et al.*, 2009:110). Furthermore, it is regarded as a system of belief, therefore, researchers can draw conclusions from their perceptions and views on people in a particular social reality. It is merely a collection of facts without interpretation. This type of investigation might

entail the researcher just observing immigrant entrepreneurs conducting business without engaging in personal interaction and drawing conclusions on their business practices merely from observations. In this study, the ontology was employed as it enables the researcher to observe and report on the dynamics of immigrant entrepreneurs' businesses. According to Saunders *et al.* (2009:110), there are two important aspects of ontology, namely: objectivism (or positivism) and subjectivism. Objectivism assumes that social entities exist externally to the social actors concerned with their existence. Subjectivism, whereas, assumes that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence (Saunders *et al.*, 2009:110).

4.2.2 Epistemology

Epistemology is a theoretical perspective that explores how humans cognise elements around them and then draw a conclusion on what is considered as sufficient information within a particular domain (Walliman, 2011:16). Epistemology assumes that there should be an interaction between the researcher and participants within close proximity to acquire knowledge. In the case of this study, the researcher presents facts from the reviewed literature relating to immigrant entrepreneurs' business practices but, in addition, seeks to interpret these facts through his lived experiences of these immigrants. Epistemology was adopted in this research because of its ability to let the researcher gain a better understanding of immigrant entrepreneurs through close interaction. Walliman (2011:17) states that there are two basic approaches in epistemology, namely empiricism and rationalism. Empiricism is a process whereby knowledge is obtained through sensory experience or inductive reasoning. The rationalism approach draws a conclusion based upon logic or deductive reasoning (Walliman, 2011:17).

Inductive reasoning involves drawing a conclusion based on the broad generalisations from specific observations about phenomena, there is no pre-established truth or assumption from the start of the process (Leedy & Ormrod, 2015:37). This study identified the patterns within the data collected from the participants who comprised the sample to formulate a conclusion about the larger population from which this sample was drawn. Inductive reasoning entails using the past experiences of participants to predict an outcome (Given, 2008:429). The researcher focused on the experience of immigrant entrepreneurs in South Africa to explore the relationship between business practices and

business performance. Therefore, the researcher made use of inductive reasoning (empiricism).

4.3 THE RESEARCH METHODOLOGY

A research methodology is a meticulous process that aims to provide solutions to research questions whilst adhering to the agreed upon research approaches (Kothari, 2004:8). Furthermore, a research methodology focuses on the research process and can involve one of three primary approaches namely: quantitative, qualitative and/or mixed method research (Leedy & Ormrod, 2015:389; Cooper & Schindler, 2014:144).

Qualitative research is implemented when one seeks to understand and interpret a phenomenon (Cooper & Schindler, 2014:146). The researcher's responsibility in a qualitative study is to provide literature in a manner that is consistent with the assumptions of learning from the participant, and not being prescriptive (Creswell, 2009:26). Qualitative research focuses on characteristics or qualities of participants that cannot be entirely reduced to numerical values, to examine the many nuances and complexities of a particular phenomenon (Leedy & Ormrod, 2015:24).

In this study, the researcher used the qualitative research approach. Hence, to understand their participants' business practices, the researcher had to communicate with the immigrant entrepreneurs through a process of recording and analysing their narrations. This practice meant there was interaction between the entrepreneurs and the researcher. The entrepreneurs' narrations were ethically managed by conducting interviews, which is a qualitative research method. Qualitative or interpretive research entails developing an understanding through a detailed description of a phenomenon (Cooper & Schindler, 2014:146). Moreover, a qualitative approach was employed in this study because it seeks information through exploration, probing and interpreting a phenomenon.

According to Khosa and Kalitanyi (2015:141) and Fatoki (2013:212), there is no database of immigrant entrepreneurs in South Africa. In situations in which variables are unknown or certain information is missing, a researcher conducts a qualitative study (Leedy & Ormrod, 2015:269). Furthermore, qualitative research comprises various different methodologies that focus on a preceding or current phenomenon (Leedy & Ormrod, 2015:269). Qualitative research is investigative and takes place in a natural setting

(Creswell, 2009:193). When employing a qualitative approach, the researcher focuses on people's beliefs, judgements, emotions and ideas (Walliman, 2011:71).

A quantitative study, however, is used to measure an existing theory, for example when a researcher attempts to acquire the precise measurement of something (Cooper & Schindler, 2014:146). Quantitative research focuses on amounts or quantities of one or more variables of research interest that are measured in a numerical way (Leedy & Ormrod, 2015:23). A quantitative study includes a review of a substantial amount of relevant literature at the beginning of a study to provide direction for the research questions, based on a theory (Creswell, 2009:27).

Lastly, mixed-methods research entails implementing both qualitative and quantitative methods (Cooper & Schindler, 2014:146-147). Creswell (2009:28) explained that the researcher can use either a qualitative or a quantitative approach to compile a literature review, depending on the type of strategy being used in the research.

4.3.1 Research type

4.3.1.1 Exploratory studies

An exploratory research study is identified as a formative research study (Kothari, 2004:35). According to Babbie (2010:92), exploratory studies are most typically conducted for three purposes: (1) to satisfy the researcher's curiosity and desire for better understanding, (2) to test the feasibility of undertaking a more extensive study, and (3) to develop the methods to be employed in any subsequent study. Exploratory research is designed to discover in-depth information, gain deep insights and have a thorough understanding of phenomena (Cooper & Schindler, 2014:129). Furthermore, it entails the formulation of a problem that, subsequently, can be fully investigated, and focuses on the discovery of ideas and insights (Kothari, 2004:36). An exploratory research study is accompanied by a non-probability research design sampling (Kothari, 2004:39). According to Saunders *et al.* (2009:140), there are three principal ways of conducting exploratory research, this entail searching the literature, interviewing 'experts' in the subject or conducting focus group interviews.

The researcher used exploratory research in this study which involved searching for patterns, life experiences and ideas through interviewing experts, who for the purpose of this study are immigrant entrepreneurs, a process which led to the answering of the research question. When initially researching a new topic and the information is vague

and limited, the researcher should use the exploratory research method (Cooper & Schindler, 2014:94). Therefore, the exploratory research design was ideal for this study due to the limited information available on the experiences of immigrant entrepreneurs concerning the business practices they utilise in South Africa. The exploratory research assisted the researcher to probe participants, thereby discovering and extracting their personal feelings and experiences in relation to the research topic.

4.4 RESEARCH DESIGN

The research design is the overall planning process that is followed to attain results as set by the study's objectives, it is the blueprint for the collection, measuring and analysis of data (Leedy & Ormrod, 2015:92; Cooper & Schindler, 2014:124; Saunders *et al.*, 2009:137). Research design entails properly organising ideas that can be checked for flaws and inadequacies, thereby making research efficient (Kothari, 2004:32).

4.4.1 Targeted population

A population is the total collection of elements about which the researcher wishes to make some inferences, which are the subject of the study (Cooper & Schindler, 2014:360; Walliman, 2011:94; Kothari, 2004:153). According to SEDA (2018:16), 687 867 SMEs are operating in Gauteng. These SMEs are inclusive of those that are owned by both immigrants and non-immigrants. For this research, the targeted population comprised all immigrant entrepreneurs operating in Ekurhuleni, Gauteng. The current study was conducted in Germiston and Kempton Park, Ekurhuleni Metropolitan Municipality (East Rand) which falls under the Gauteng Province (Ladzani & Seeletse, 2012:95). The total population for this study was immigrant entrepreneurs that operated SMEs in Ekurhuleni, Gauteng.

The researcher implemented a screening process to ensure all selected participants qualified to be part of the research project. The selection criteria for the immigrant entrepreneurs who were the research participants were as follows:

- The participants should be immigrant entrepreneurs operating in the Ekurhuleni Municipality of South Africa.
- The immigrant entrepreneurs should be documented in South Africa and operating legally registered businesses.
- The participants should be the owners of the business.

- The participants must be between the ages of 18 and 65 at the time of conducting the interview.

The exclusion criteria were as follows:

- Undocumented immigrant entrepreneurs
- Participants operating an unregistered business
- Employees of immigrant entrepreneurs.
- Immigrant entrepreneurs who were younger than 18 years and older than 65 years.

Those older than 65 years were excluded from the study as it conforms to the legal age for retirement in South Africa is 65, however people are not forced to retire or stop working (Mbandlwa and Shezi, 2020:3480). The age from 18 to 65 years is, therefore, considered the legal working age range.

4.4.2 Sampling strategy

According to Salkind (2013:95), a sample is a small group of participants that is identified from a specific population. The researcher followed a technique or procedure known as the sampling strategy or design to obtain a sample from a specific population (Kothari, 2004:55). There are two sampling strategies, probability sampling whereby the probability of the selection of a specific individual within a population is known and the non-probability whereby the probability is unknown (Salkind, 2013:96; Walliman, 2011:95; Kothari, 2004:58). Non-probability sampling is referred to as deliberate sampling and judgemental sampling (Kothari, 2004:59). The researcher selects the sample deliberately according to their personal choice when conducting non-probability sampling (Walliman, 2011:96; Kothari, 2004:59). Non-probability techniques are used when it is not possible to construct a sampling frame (Saunders *et al.*, 2009:243). A fully representative sample in non-probability sampling is not easy and less effort is applied to generate a representative sample (Cooper & Schindler, 2014:152).

The researcher used two non-probability methods, namely: convenience and snowball sampling. Convenience sampling is known as accidental sampling due to its nature of relying on participants who are readily available (Leedy & Ormrod, 2015:182; Cooper & Schindler, 2014:152). The researcher started with reaching out to various entrepreneurs that he had previously interacted with, followed by approaching other entrepreneurs who were easily accessible. Snowball sampling is whereby a selected few participants refer

the researcher to others who have similar characteristics, experiences or attitudes (Cooper & Schindler, 2014:152; Saunders *et al.*, 2009:240). In this study, the subsequent participants were obtained through the help of the initial participants.

4.4.3 Sample size

The sample size is the number of items selected from the universe to constitute a sample (Kothari, 2004:56). When implementing non-probability sampling the determination of sample size is ambiguous and there are no rules (Saunders *et al.*, 2009:233). In qualitative research, the sample size varies by technique and generally is very small (Cooper & Schindler, 2014:151). According to Leedy and Ormrod (2015:280), the ideal sample size for qualitative studies is not stipulated. Furthermore, they suggest that when conducting phenomenological studies, the typical sample size is between five (5) and 25 participants (Leedy & Ormrod, 2015:273).

Therefore, in this study, the researcher settled on a sample size of 15 participants. As previously mentioned, there is no database of immigrant entrepreneurs in Ekurhuleni. According to Salkind (2013:235), and Dworkin (2012:1320), not more than 30 participants is the ideal number when conducting in-depth interviews, at this number data saturation, together with the redundancy point of data would have been reached. In this study, a sample of 30 participants would be difficult to achieve because referrals are used and potential participants might be reluctant to partake and, further, it would take the researcher months to interview 30 participants. According to Saunders *et al.* (2009:233), 12 in-depth interviews are sufficient in a study that seeks to explore similarities of alike participants in the same cluster. Immigrant entrepreneurs are homogenous and, thus, they have similarities, the researcher, therefore, settled for 12 participants to reduce the sampling error. Fifteen interviews were deemed achievable in the set period from 1 June to 3 August 2020.

Table 4.1 below depicts examples of studies for which the qualitative research method was used and the total number of interviews that were conducted.

Table 4.1: Previous studies on qualitative research

The researcher	Research type	Number of Qualitative research interviews conducted
Samson Afewerki Tella – 2015	Masters’ dissertation	10

B U A Rasel – 2014	Masters' dissertation	08
Nokwanda Nqobile Shangase – 2017	Masters' dissertation	10
S Dube – 2017	Masters' dissertation	09
W Sami – 2016	Masters' dissertation	12

Source: Researcher's compilation

The saturation point occurs during data analysis at the point at which any additional data collected provides few, if any, new insights (Saunders *et al.*, 2009:235). If saturation is reached before 15 participants' responses have been analysed, the interviewing will be halted but, if not, interviewing will continue until the saturation point is reached. In this study, 12 participants were interviewed, and the saturation point was reached during the 10th interview. The researcher continued until interview number 12 was completed to ensure that no new additional information would emerge.

4.4.4 Research instrument

A research instrument is a strategy used to collect, measure, and analyse data related to the particular subject being studied (Leedy & Ormrod, 2015:26). In this study, in-depth interviews were conducted and one participant at a time approach was used. The semi-structured questions in the interview guide (see Appendix B below) were drafted using the interview protocols and questionnaire guidelines as stipulated by Leedy and Ormrod (2015:166) and Creswell (2009:183). Various questions in the interview guide were adapted from previous studies. The studies by the following scholars were consulted by the researcher to help design the final interview guide Ngwenya (2017), Sami (2016), Moyo (2015) and Radipere (2012a). The interview guide was divided into two sections. The first section begins with a sequence of questions that includes the introductions, general information and the participant's demographics. The second part focused on the business profile, business details whereby entrepreneurs were probed and requested to explain their ideas in more detail. The questions were asked randomly but everything in the interview guide was covered, the way participants responded guided the interview flow. The final interview guide was designed in an easily understandable way.

4.4.5 Pilot testing of the interview

A pilot test is a short probe to identify any possible weaknesses in the preliminary interview structure, which may need rectification to facilitate logical research (Leedy & Ormrod, 2015:388). Two preliminary interviews were conducted before the actual study interviews to accustom the researcher to carrying out interviews, plus identifying weak questions and making the necessary changes. After these two interviews, the researcher adjusted the interview guide to make it more easily understandable to participants, thus enabling them to supply the responses necessary for answering the research questions. According to Walliman (2011:98), conducting a trial run of the questionnaire on a small sample and then making the necessary amendments is essential.

4.4.6 Data collection procedure

Primary data for this research study was collected through personal interviews and secondary data through journals, textbooks, websites, newspaper articles and government publications. Personal interviews, known as one-on-one interviews, entail the researcher asking questions during a face-to-face encounter with the participants (Creswell, 2009:181; Kothari, 2004:97). The data was collected either at the business premises of the study participants or at a neutral venue agreed by both parties, the interviews were conducted after an ethical clearance certificate had been issued by the (UNISA) Ethics Review Committee.

The researcher used comprehensive notetaking when making field notes, and also used a Dictaphone to record the interviews. According to Wolfinger (2002:90), comprehensive notetaking systematically and comprehensively records everything that occurred during a particular period, which for this study will be each interview session. Field notes ensure that all data was captured even when the audio recording equipment malfunctions. In this study, the field notes described events from the time the interviewer arrived at the participants' business premises until she left. Every occurrence during the interviews was noted, including any interruptions which the audio recorder did not record. These notes also included the perceived emotions and views of the participants and those of their employees, particularly when the researcher arrived, and then during the interview session.

Moreover, the field notes provided important information as evidence that allowed the researcher to understand the phenomenon being studied (Wolfinger, 2002:90). Before

recording the interviews, the researcher sought permission individually from all respondents. The researcher pre-booked appointment times with all the participants before conducting the interviews and sent out follow-up reminders. The interview was carried out as an informal conversation, with the researcher listening whilst the participant did most of the talking (Leedy & Ormrod, 2015:274). The interviews took between 30 and 111 minutes. According to Leedy and Ormrod (2015:273), although some interviews can be lengthy, they usually do not exceed 120 minutes.

4.4.7 Data analysis

Data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Leedy & Ormrod, 2015:276; Cooper & Schindler, 2014:86). Data analysis is defined as a process whereby the researcher makes sense out of textual and image data (Creswell, 2009:182). Qualitative content analysis was used for this research study to analyse data collected from all the interviews. As mentioned above, qualitative content analysis is defined as a flexible, systematic method that reduces and describe data (Cooper & Schindler, 2014:385). Furthermore, it follows a methodical process of coding and drawing an inference from texts. The researcher used ATLAS.ti, version 8, to analyse transcriptions from field notes. ATLAS.ti is computer-assisted qualitative data analysis software which is a powerful workbench that analyses data that the researcher has categorised and coded (Given, 2008:37; Smit, 2002:65-66).

Coding is defined as the attachment of keywords onto text segments, concepts and categories (Walliman, 2011:133; Smit, 2002:69). Data coding entails assigning numerals and other symbols to answers obtained from the research participants and then categorising these into segments to develop a generalised meaning of the collected data (Creswell, 2009:227; Kothari, 2004:123). Coding results in the efficient analysis of data because bulk data is reduced to manageable 'classes or categories that include all the critical information required for analysis (Kothari, 2004:123). In this research, there were 29 codes that generated six categories as presented in the research findings in Chapter 5, Table 5.4. Categories comprise interlinked codes that share common characteristics and are formulated by qualitative researchers as the unit of measure to systematically classify any findings pertinent to a particular phenomenon (Given, 2008:71-72). Moreover, categories encapsulate unwieldy data into manageable codes (Kothari, 2004:18). According to Creswell (2009:189) five (5) to seven (7) categories will suffice for

a research study. In this study, the interview guide also provided predetermined categories such as demographics and business details.

4.4.8 Time dimension

The researcher only conducted one face-to-face interview with each participant, hence the use of cross-sectional studies, because this approach involved only one opportunity for data collection from each participant. A study of a particular phenomenon (or phenomena), which is carried out once at a particular time, is a cross-sectional process (Cooper & Schindler, 2014:128; Saunders *et al.*, 2009:155). A cross-sectional study is a descriptive study in which data is collected during a single session and the recorded characteristics or behaviours of the sample participants are then compared (Leedy & Ormrod, 2015:386).

4.5 MEASURES FOR ESTABLISHING TRUSTWORTHINESS IN THE RESEARCH

Qualitative research should be trustworthy and below are frameworks that can be employed to ensure rigour. These frameworks ensure that the authenticity of the collected data is upheld in order to guarantee the quality and ethicality of results by enabling the rectification of any obvious mistakes that occurred during the research process.

4.5.1 Credibility

Credibility entails that a true picture of the phenomenon under scrutiny is presented (Shenton, 2004:63). To ensure credibility in this study all the respondents were identified and described accurately, using the pseudonyms from B1 to B12 for all 12 participants. B1 represented Bag 1, a different zipper bag that contained the recording of each interview session. Constructs of the research were formulated into measurable parts.

4.5.2 Dependability

Dependability entails that future researchers can repeat the study and produce consistent findings, a practice that is deemed difficult to accomplish in qualitative research (Shenton, 2004:63). To overcome this problem, the researcher gave a detailed description of the method of data collection, analysis and interpretation and also provided physical evidence of the research process. The researcher prevented any shift in meaning during the coding process by rechecking the transcripts of the interview recordings and comparing codes. The researcher ensured there was dependability by storing the

physical interview data in a secure lockable place and agreeing only to provide this data to interested parties when requested.

4.5.3 Transferability

Transferability entails that the research findings and conclusions can be applied in another similar setting or with other populations (Shenton, 2004:69). Field notes were kept ensuring transferability of data because these documented every aspect of the interviews. The researcher provided a description that revealed that the research findings are applicable to other contexts. Through the use of the descriptive research process, whereby audio recordings and field notes were kept, the researcher ensured transferability of this study, thus, enabling other academics to judge whether the findings would be applicable in another setting.

4.5.4 Confirmability

Confirmability entails that the study findings are the result of the analysis of research data only and not of the researcher's predispositions, thus, ensuring that there is no researcher bias (Morrow, 2005:252; Shenton, 2004:72). Findings from the research should exactly depict the results of the participants' responses without any influence from the researcher. Evidence was provided that all the findings in this study were independent of the researcher's personal feelings and biases. In this study, the participants were not manipulated by the researcher. Furthermore, the interview results were described verbatim, and both the transcribed fields notes and audio recordings were rechecked and compared to ensure they were accurate recording of the interviews. Thus, the recorded evidence comprised credibility, transferability and dependability, because confirmability is only achieved when these three concepts are attained.

4.5.5 Authenticity

Authenticity entails that the study findings and conclusions are genuine and that the original data has not been corrupted (Morrow, 2005:252). To establish authenticity in this study the physical field notes and the voice-recorder data will be made available to relevant stakeholders if the need arises to support the fact that the research process was not influenced by the researcher and, thus, impartial. No records of the interviews will be altered to suit the needs of the researcher.

4.5.6 Confidentiality

Confidentiality entails that the results of the research study will be treated with the strictest confidence (Salkind, 2013:195). In this research study, all information collected and the records thereof were treated with confidentiality. Identification documents were used only for verifying that study participants were immigrants. Participants' names were not recorded and all the information they provided was treated with anonymity. The right to privacy was maintained and all participants could decline to be interviewed at any point during the research process. The researcher assured participants that their confidentiality would be upheld during and after the interviews.

4.6 ETHICAL CONSIDERATIONS

Ethical research ensures the appropriateness of a researcher's behaviour concerning the rights of the research participants (Saunders *et al.*, 2009:183). Furthermore, access to ethical behaviour is a critical aspect when conducting research (Saunders *et al.*, 2009:201). The overall goal of such practices is to ensure that no one is harmed or suffers adverse consequences from research activities (Cooper & Schindler, 2014:28). Ethical clearance (see Appendix C below) to conduct this research study was obtained from the UNISA Ethics Review Committee after the submission of a research proposal. The proposed research was approved because it complied with all UNISA's ethical requirements. Informed consent forms were handed to all the participating immigrant entrepreneurs for completion prior to conducting interviews, thus, their approval to conduct the study through such interactions was obtained from all the participating immigrant entrepreneurs.

The researcher and UNISA are accountable for all aspects and consequences of the research (Unisa, 2016:5). Furthermore, all the gathered information was treated with confidentiality and used for the agreed purpose of the research, including the non-disclosure of all information (Unisa, 2016:15). The researcher upheld every instruction stipulated in the UNISA Research Ethics policy (Unisa, 2016).

4.6.1 Privacy

The researcher must protect the privacy of research participants in order to generate their trust (Creswell, 2009:87). Personal privacy was observed throughout this research study. As indicated above, the researcher employed pseudonyms to protect the participants' identities and anonymity and all personal identifiers were removed from the research

data. The analysed data will be retained for at least five years as stipulated in the UNISA Research Ethics Policy and will remain confidential. After five years the hard copies of this data will be shredded, the computer-based documents deleted, and the hard drive reformatted.

4.7 LIMITATIONS OF THE STUDY

Limitations of the study are the elements encountered in a study that could hinder a justifiable outcome of the research. In this study efforts were made to lessen, avoid and/or mitigate the effects of such elements. As indicated above, although South Africa has nine provinces, this study focuses on Ekurhuleni, in Gauteng. Gauteng Province comprises three (3) metropolitan municipalities: Johannesburg, Tshwane (Pretoria) and Ekurhuleni (East Rand) (Horn, 2010:46).

The findings from research conducted in Ekurhuleni in Gauteng might not be the same if implemented in another South African province. A major limitation in this research study was the small sample size due to the lack of a known definite population size. This study was based only on immigrant entrepreneurs who own SMEs with less than 100 employees. Immigrant entrepreneurs who own large companies, as defined in the National Small Business Act (NSBA), were excluded from the study, so the research findings might not apply to them.

4.8 CONCLUSION

In this chapter the research design, research method, population sample and research instrument were discussed. In-depth interviews were conducted to collect data using the qualitative research approach. The researcher utilised an interview guide to enhance the data collection process. Computer-assisted analysis (ATLAS.ti, version 8) was then used to analyse the transcribed data from both the written notes and audio records of the personal interviews. The measures that were upheld to ensure both trustworthiness and ethical behaviour were explained in detail. In the next chapter, the research findings are provided and discussed.

CHAPTER 5

RESEARCH FINDINGS

5

5.1 INTRODUCTION

This chapter reports of the qualitative research findings based on the participants' responses during the interviews and subsequent data analysis. The field notes recorded by the researcher during the interviewing process are provided. All the data collected during research process was transcribed verbatim and represent the actual feedback provided by the participants. The researcher employed the interview guide during the data process to curb deviations by participants. Miles, Huberman and Saldaña (2014:257) state that during qualitative research researchers have a vertical monopoly because they are responsible for everything that occurs, ranging from data collection in the field until the processing and interpretation of that information.

In this study, the researcher was responsible for both data collection and interpretation, which included conducting and recording the interviews using an audio recorder and a notebook. The audio recording was then transcribed and converted into text, which was saved in Microsoft Word documents were then uploaded to ATLAS.ti. The researcher incorporated matrices as the data display format because these allow the reader to recreate the intellectual journey with confidence (Miles *et al.*, 2014:78; Walliman, 2011:135). Some interviews were conducted in June 2020 during the initial lockdown imposed upon South Africa due to the outbreak of the global COVID-19 pandemic, resulting from the rapid spread of SARS-CoV-2 virus during 2020 (Karunanayake, 2020:1). The rest of the interviews took place after the Department of Higher Education and Training (DHET) deemed it safe to resume such research activities.

In this study, 12 participants were interviewed, and the saturation point was reached during the 10th interview. The researcher continued until interview number 12 was completed to ensure that no additional information would emerge. The findings of this study began with exploring the participants' demographics which are recorded in the next section.

5.2 THE DEMOGRAPHICS OF THE RESEARCH PARTICIPANTS

This section provides details of the immigrant entrepreneurs who participated in the research, and outlines factors such as nationality, age, education, gender and language ability. As indicated above, pseudonyms B1 through to B12 were used in the study to protect the participants' identity. The code B1 represents Bag 1 – the researcher encased all the documents used during each individual interview session in a different zipper bag and labelled them accordingly.

Table 5.1: Demographics of participants

Participant - (Pseudonym)	Nationality	Age	Education	Gender	Language(s)
B1	Ethiopian-Pakistani	42	Degree in Electronic engineering	Male	English, Swahili and Arabic
B2	Zambian	34	Degree in Electrical engineering	Male	English and Nyanja
B3	Senegalese	40	Degree (participant did not disclose)	Male	French, Wolof and English
B4	Congolese	41	Diploma in Fashion Design	Female	French, Swahili, Kikongo and English
B5	Senegalese	46	Diploma (participant did not disclose)	Male	French, Wolof and English
B6	Nigerian	48	Degree in Agriculture	Male	French, Hausa and English
B7	Nigerian	39	Diploma in Information technology	Male	French, Hausa and English
B8	Zimbabwean	44	Master's in Arts	Female	English, Shona and Chichewa
B9	Zimbabwean	36	Master's in Tourism and Hospitality	Female	English, and Ndebele
B10	Cameroonian	45	Degree in Computer science	Male	French, Bulu and English
B11	Zimbabwean	48	Higher National Diploma in Graphic Design and Printing	Male	English, Chibarwe and Shona
B12	Zimbabwean	61	Degree in Culinary Arts	Female	English, Shona, Ndebele and Tonga

Table 5.1 above provides details of the participants' demographics. A total of 12 participants were involved in the research interviews and, as previously stated, comprised eight (8) male and four (4) female participants. Kalitanyi's (2007:63) noting of the dominance of men over women entrepreneurs is supported by this disparity. The pre-eminence of male participants as business owners reflects that the lack of gender equality has not changed very much since Rogerson (1997:10) presented his study, because men still control more businesses than women in South Africa. According to Rogerson's (1997:10) study, male participants dominated females by 84% compared to 16%. The same findings were reported by Lo and Teixeira (2015:633), namely that three-quarters of immigrant entrepreneurs participating in their study were men. In addition, the ratio gap between male and female entrepreneurs has managed to rise remarkably from a rate of 1.52 (12.5/8.2) in 2017 to 1.14 (10.9/9.6) in 2019 however, the male is still dominant (Bowmaker-Falconer & Herrington, 2020:16).

The African male takes responsibility for being the financial providers to their families, and females to take the role of assisting males, whilst raising children (Chinomona & Maziriri, 2015:840; Kalitanyi, 2007:63). Various scholars argue that there are certain regressive regulations in South Africa that still discriminate against women in favour of men (Sekatane, 2018:104; Chinomona & Maziriri, 2015:844; Deborah, Wilhelmina, Oyelana & Ibrahim, 2015:49). Patriarchal norms could play a significant role in the study's findings because B11 noted that his wife was involved in the business as a part-time accountant. Her role did not include being involved in the daily operations of the business because she merely assisted her husband to validate financial records during weekends. Female participants B4 and B9 indicated that they were not married and as a result, were solely responsible for taking care of their families.

The oldest participant in the research was 61 years and the youngest 34 years old. All participants spoke English, even though for some it was not their first language. All the participants have post-secondary qualifications. These results are contrary to with findings from studies by Kalitanyi (2007:64) and Rogerson (1997:11) who highlighted that 80% and 75.7% respectively of the participants had achieved a minimum of secondary school education.

Chrysostome (2010:146) pointed out that the educational level is an important factor for immigrant entrepreneurs because education has a positive effect on business performance. Ngota *et al.* (2017:145) also reported that participants' educational

attainment was significantly associated with business ownership, a fact that is affirmed in Table 5.1 above. The researcher's decision to classify participants according to their tertiary qualifications contrasts to the general standard of using matric or secondary qualifications as the minimum basic requirement considered in South African research studies.

All but two (2) of the study participants were forthcoming about their educational qualifications. There is a prospect that the two (2) Senegalese respondents who refused to disclose their field of study, conspired on what to disclose to the researcher throughout the interviews. The researcher gave all the respondents interview guides so they could familiarise themselves with the questions before participating in the interviews, except for B6, due to the misrepresentation that occurred. The researcher recorded the languages used by participants in conducting business as well as the home languages that they use within their communities, even within South Africa.

5.3 BUSINESS DETAILS

This section provides information on the type of businesses owned by the participants, the date the business was registered, and the number of employees involved in the business. Table 5.2 below provides a visual summary of this information.

Table 5.2: Business details

Participant	Business type	Nature of business	Years of operation	Number of employees
B1	Close corporation (CC)	Furniture, electronics sales and repairs shop (Retail Sector)	2013	3
B2(i)	Personal Liability Company (INC)	Computer shop and Internet café (Information and Communication Technology Sector)	2010	2
B2(ii)	Close Corporation (CC)	Event hosting and catering (Hospitality Service Sector)	2010	8
B3	Close Corporation (CC)	Clothing shop (Retail Sector)	2005 (Was not sure exactly when)	1
B4	Close Corporation (CC)	Seamstress and fabric shop (Production Sector)	2008	1 (part-time)

Table 5.2: Business details (continued ...)

Participant	Business type	Nature of business	Years of operation	Number of employees
B5	Close Corporation (CC)	Clothing shop (Retail Sector)	2013	2
B6	Close Corporation (CC)	Baby commodities, disposable nappies and hair commodities (Retail Sector)	2014 (Was not sure exactly when)	None - family business. (husband and wife)
B7	Close Corporation (CC)	Laundromat and Internet café (Business Service Sector)	2011	1
B8	Close Corporation (CC)	Internet café (Business Service Sector)	2010	3
B9	Private Company (Pty) Ltd	Travel agency business (Tourism Sector)	2012	3
B10	Private Company (Pty) Ltd	Information technology business (Information and Communication Technology Sector)	2018	2
B11	Private Company (Pty) Ltd	Graphic design and printing company (Printing Sector)	2009	5
B12	Private Company (Pty) Ltd	Restaurant and events catering (Hospitality Service Sector)	2008	7

The data contained in Table 5.2 above reflects that most of the participants' companies are registered as closed corporations. Eight (8) participants operate Close Corporations (CC), four (4) participants operate a Private Company (Pty) Ltd, and one (1) runs a Personal Liability Company (INC). There are a total of 13 registered companies because B2 participant owns and operates two (2) businesses. When registering their companies, the participants revealed that they had made use of consultants who used a loophole in the Companies and Intellectual Property Commission (CIPC) system namely that while the registrations of CCs were officially discontinued from 2009 onwards, the existing CCs could continue operating (South Africa, Company Act, 2008:354). The anomaly enabled the selling of dormant companies, thus the participants were able to buy and register already existing CCs even though no new CCs could be registered. The new business owners were updated on the CIPC system as new company directors, then a change of

ownership was enacted. Most of the businesses in this study operated in the retail and service sectors. In this study, the only participant B4 was involved in production activities through designing and sewing African attire and handbags. Respondents B3 and B5, who were of Senegalese nationality, engaged in the clothing retail, which is in line with the findings of Rogerson (1997:11) stating that Senegalese businesses were clustered in the retail sector.

The succeeding part of the data analysis provides information from the researcher's perspective of the interactions that took place during the data collection process.

5.4 DATA ANALYSIS

The researcher prepared in advance for conducting the qualitative data analysis process. The interview recordings and written verbal field notes had to be processed before they can be analysed (Miles *et al.*, 2014:78). Qualitative content analysis was used for this research to analyse data collected from all the participants. Content analysis comprises a detailed, systematic process to study and review a subject to discover recurring patterns and themes. Furthermore, it is performed on human communication such as the interviews conducted in this study (Leedy & Ormrod, 2015:275). "The analysis of content is a central activity whenever one is concerned with the study of the nature of the verbal materials" (Kothari, 2004:110).

As mentioned above, the researcher began with transcribing the audio recordings into written texts and saving them in Microsoft Word format. The researcher audio recorded eight (8) of the 12 interviews. Participants B5 and B7 were not comfortable about the making of audio recordings. Participants B11 and B12 were interviewed whilst they were working – B11 was applying vinyl to the top of a vehicle and B12 was preparing food using three separate gas stoves – thus, it was not appropriate to make audio recordings due to their constant motion, a situation that would have constituted a safety hazard for all parties.

The researcher recorded all the feedback on a notepad and ensured that the data captured exactly what the participant had said. After converting both the written interviews and the researchers' handwritten field notes into Microsoft Word, the researcher then proceeded to compile codes. According to Miles *et al.* (2014:80), coding or tagging in qualitative analysis is a method of discovery. Furthermore, it provides symbolic meaning

to the descriptive or inferential information that leads to the detection of reoccurring patterns (Miles *et al.*, 2014:80).

The researcher began formulating codes while reviewing relevant literature review and compiling the research questions, a process known as deductive coding. The remaining codes emerged progressively during the data analysis through a process known as inductive coding (Miles *et al.*, 2014:86), thus, combining inductive and deductive coding during the research study. The codes were included after the Microsoft Word interview documents were uploaded to ATLAS.ti cloud.

Table 5.3 contains the codes and categories that the researcher used during the data analysis.

Table 5.3: Codes and categories applied in the research

Categories	Codes
Demographics	Nationality, gender, age, language, education
Advertising	Business cards, pamphlets, word of mouth, billboards outside business
Payment methods	Cash payment, bank transfers, credit and lay-byes.
Business details	Business type, business premises, employees, years in operation
Business tactics	Networking, supplier relations, customer relations, transportation, pricing methods, bulk buying.
Business performance	Expansion plans, competition, profitability, competitive advantage

The codes in Table 5.3 above were arranged according to their similarities to create a category. This table contains six (6) categories and, within each category, there are different codes. The researcher began with the demographics of participants previously covered in Table 5.1 above, defining them according to criteria such as country of origin, age, gender, languages and level of education.

The category Advertising in Table 5.3 above explains the different means used by participants to showcase and increase the visibility of their businesses and include business cards, pamphlets, word of mouth and billboards.

The participants both used and offered customers different modes of payment structures. The category Payment methods (see Table 5.3 above) provides the options used by

participants when making payments to the suppliers and receiving payments from customers. This category contains the codes cash payment, bank transfers, credit and lay-byes. Business detail consists of codes such as business type, business premises, employees and years in operation (see Table 5.3 above). Participants were asked to indicate the businesses they operated and the number of years these had existed, whether they owned or rented their business premises. In addition, they listed the number and nationality of their employees. The second last category is Business tactics containing the codes participants use to create a competitive advantage namely: networking, supplier relations, customer relations, transportation, pricing methods and bulk buying (see Table 5.3 above). The participants also commented on their relationships with customers and suppliers, and their effect on their businesses. In addition, whether their mode of business transportation was through suppliers offering free delivery or using personal vehicles to collect goods and products. The last codes to be examined under business tactics are social networks, pricing methods and bulk purchasing of goods.

The last category to be explored (see Table 5.3 above) was the Business performance that focused on plans for expanding the business and how the participants handled competition. The researcher also examined the financial aspect of the business, such as profitability and whether the participants believed they had a competitive advantage, a practice that entails successively outdoing competitors.

5.5 FIELDNOTES

While conducting the interviews the researcher made fieldnotes relating to certain aspects of the participant's emotional and physical reactions, personal views, experiences and the state of the surrounding areas. These emotions, actions and information could not be audio recorded. When an interview was completed, the researcher summarised all the collected data and created a specific document for that each interview to ensure the trustworthiness of the research finding because the participants' information was captured in its raw state without alteration by the researcher. The researcher used the fieldnotes to create a summary that describes the interview setup, together with the views and lived experience of the researcher, as well as activities and events that took place before and during the interview session.

5.5.1 Research interviews summary

In this research, (as mentioned above) participants are identified by the pseudonyms B1 through to B12 to protect the participants' identity and B1 represents Bag 1, the zipper bag used to store all relevant information after each interview. Table 5.4 below provides both a description of the interview setup and a report of the interactions that took place. The information in Table 5.4 below displays the field notes compiled during the interview process which provide a vivid picture of what transpired at that specific time.

Table 5.4: Interview summaries

Interview	Interview description
B1	It was a cold rainy day and there was no electricity in the whole area. The interview had a few disruptions from the time the researcher arrived. Initially, the interview was meant to be held inside the business premises but unfortunately, due to the noise in the shop, it was held in the car. The employees initially interrupted the interview a few times. The participant informed them about the interview, but they did not give them privacy or reduce noise. The researcher was tense owing to this being the first interview. Although the participant was very understanding, he spoke very fast and sometimes it was difficult to hear him clearly, also because of his accent. The interview was different from the previous rehearsal interviews but the researcher still managed to compile all the information required.
B2	It was very cold and wet, the researcher waited for an hour before getting a chance to proceed with the interview. The participants' employees were late for work. The interview was held inside the shop where it was really cold owing to there being no heater. There were many disruptions throughout the interview because the participant had to assist customers and answer the phone. The shop was very noisy, because of the loud radio. The participant was unsettled because he was angry at his employees for arriving late and also was clearly feeling very cold because his gas heater was not working – one of the employees had to rush out and buy gas for the heater. Once the heater was working, the interview setting changed and the participant relaxed. He was very open and accommodating and answered all the questions.

Table 5.4: Interview summaries (continued ...)

Interview	Interview description
B3	<p>It was a very windy and cold day, but the researcher was prepared this time, unlike on previous encounters. When the researcher arrived at the business premises, the participant was busy packing stock and, after a few minutes, he informed the researcher that it would be best to conduct the interview in the parking area at the back of his shop because it was more private and warmer. The participant had a hearing issue and the researcher only realised after starting the interview. The researcher managed to adjust and accommodate his hearing problem. The interview continued smoothly without any disruptions. Initially the participant was not very forthcoming and provided only one-word answers, however, everything changed as the interview progressed and the participant became more engaging and provided answers with explanations.</p>
B4	<p>The researcher arrived at the business premises just before the appointed time and the participant was very friendly. It was the first interview conducted with a woman, who although she was busy, took time to settle the researcher before the interview. She was very jovial and engaging and insisted that the interview be conducted whilst standing so she could prepare some of her material. Therefore, the researcher stood on the other side of her working table. She answered all the questions without hesitation. It was an easy interview because of the participant's positive attitude. There were no disruptions and the researcher really felt comfortable interviewing her.</p>
B5	<p>The researcher was early for the interview and the participant was not there. The researcher waited outside the shop and interacted with the employee. The participant was then an hour late and took another 30 minutes to prepare for the interview. The researcher held the interview at the back of the shop because the shop was not busy. He was the first participant who requested not to be audio recorded, thus, the researcher had to ensure every detail of the interview was written down. It was a very long interview due to this process. The participant provided precise responses to enable the researcher to capture his responses and remarks. His staff were very accommodating and, thus, the interview was conducted without any interruptions.</p>

Table 5.4: Interview summaries (continued ...)

Interview	Interview description
B6	<p>The interview was scheduled for midday and the researcher arrived early for the interview. The researcher met the person with whom he had scheduled the interview who, subsequently, informed the researcher that he was not the owner of the business but that it belonged to his younger brother. He said he was willing to go ahead with the interview, having been briefed by his brother. The participant then voluntarily provided his identity document and the business tax certificate even though the researcher did not request them. As a result, the exclusion criteria was not invoked because the participant was identified. The researcher gave the participant a summary of what the interview entailed and went through the interview guide. The participant was very patient and understanding. He spoke loudly and responses were very clear. There were a few disruptions, because the venue did not offer much privacy and there was noise from the radio. A few people came in looking for the participant, but they respected the fact that he was occupied. The interview was very brief, but the researcher managed to obtain all the required information without much probing.</p>
B7	<p>When the researcher arrived at the business premises, the participant was busy assisting his clients so the researcher waited for him to finish. He appeared disinterested in the interview and, after the greetings, he informed the researcher he was very busy and only had a few minutes for the interview and that he did not wish to be audio recorded. The researcher had to write down all his feedback and, because he was a fast speaker, had to make use of 'shorthand' to record verbally all his words. The interview was tense because the participant gave the impression that the researcher was wasting his time. The shop was noisy because there were people operating washing machines in the background and customers in the internet cafe speaking loudly. Throughout the interview the participant was constantly checking his phone and playing a game on his computer. It was a short interview with many interruptions, thus, it was difficult for the researcher to get the participant's full attention and provide answers to the questions.</p>
B8	<p>When the researcher arrived at the business premises 10 minutes before the interview the participant was busy with clients. After a few minutes, she attended to the researcher and introduced her husband who was the co-owner. Although the participant was very engaging and open, the husband made it clear that he did not wish to be interviewed due to his poor command of the English language. He made the researcher go through the interview guide with him before he granted permission for his wife to be interviewed. At first, the interview was very tense because the husband kept interrupting until the participant complained to her husband and he left. One employee reduced the volume of the television playing in the background. Throughout the interview participant requested time off to assist clients and help her employees. The interview was long, nonetheless, it went on smoothly. The participant was easy going and she answered all questions without too much probing.</p>

Table 5.4: Interview summaries (continued ...)

Interview	Interview description
B9	<p>On arrival at the business premises, the participant was busy on her computer, and she requested a few minutes in which to complete her work. The office space was very neat, elegant and professionally designed with one employee working behind the counter. The researcher was offered a place to sit, and the interview commenced at 3 pm. The interviewee was open and engaging, the researcher started by going through the interview guide. She spoke very clearly and it was easy for the researcher to understand and record her responses in the field notes. The premises were very quiet and warm, although it was a very cold day. Halfway through the interview, the participant had to assist her employee and take a phone call. The participant was very friendly and easy to engage which made the interviewing process run smoothly.</p>
B10	<p>The interview was held on the same day as that with B9 because the business was located within close proximity of those of B9. When the researcher arrived, the participant was busy on a telephone call and he did offer the researcher a seat. Although, it was very cold outside it was very warm inside the building. When the interview commenced, the participant sat behind the counter while the researcher went through the interview guide. The participant was quite easy to interact with, spoke eloquently and gave precise answers. His shop was beautifully arranged and presented a professional image of the participant. The interview was quite long but enjoyable, and there was little need for probing remarks. The interview was disrupted once by a customer and, overall, was one of the easiest interviews the researcher conducted.</p>
B11	<p>The interview was scheduled for 11 am and the researcher arrived at the business premises 30 minutes earlier. The researcher was taken to a small boardroom by an employee who was working at the front desk. The participant arrived a few minutes later and apologised for rescheduling the interview four times. The participant then took the researcher into the workshop and, even though he had agreed to be audio recorded, it was impossible to record him because he was constantly moving around and, at times, climbing on top of the vehicle that he was repairing. The premises were very neat, and much larger than all the other business premises the researcher had visited for interviews. There was a lot of high-tech machinery in the workshop, which was rather intimidating for the researcher. Overall, the participant was a good communicator and easy to interact with. The interview took place in the workshop without a single interruption. It was a long interview, but it went very well.</p>

Table 5.4: Interview summaries (continued ...)

Interview	Interview description
B12	The researcher called the participant before 10 am just to confirm the interview and the participant informed him that she was available, and asked the researcher if he could come to the business premises within 30 minutes? The researcher rushed there and when he got to the business premises the participant was waiting for him. It was a very cold and windy day. She escorted him to into her kitchen at the back of the building (they walked past the main seating area in which there were two employees and a family eating breakfast) and she offered him a place to sit. She sat on the opposite side of the counter and then the interview started. The participant was very friendly and kept asking the researcher if the kitchen was too hot. Even though the participant had initially agreed to the interview being recorded, the researcher did not do so because she informed him she would be moving around in the kitchen constantly preparing meals. She spoke very loudly, and it was very easy to hear all her answers from wherever she was in the kitchen. The interview experience was a pleasant one due to the participant's welcoming and accommodating personality. She was very open and her employees came into the kitchen but never disturbed the interview. The researcher was very comfortable and confident throughout the interview.

Table 5.4 above contains the researcher's perceptions, views and impressions of the participants including their business environment. The data collection was hampered by the difficulties of inaccessibility and the lack of cooperativeness from certain participants. As already indicated, the interview with B11 was rescheduled four times due to time constraints on the participant's side. The researcher ensured raw data collected was not corrected during the transcribing process even though errors and omissions were detected, to retain authenticity and eliminate researcher bias. The transcribed data was analysed in its verbatim format.

5.6 RESEARCH DATA ANALYSIS CODES AND CATEGORIES

This section provides the codes and categories that the researcher used during data analysis. As stated before, the researcher made use of inductive and deductive codes. In the process of looking for patterns and themes, the researcher used pattern coding. During the uploading of the interview transcripts to ATLAS.ti, the researcher had to assign document names that appeared in the document manager. The following is the key coding example: Interview B1 transcript was labelled Biz 1. Next is an example of a statement retrieved from a document in ATLAS.ti: "*I give them a business card*" (Biz 3). The statement inside quotes (italicised) represents what the participant stated and the

brackets contain participant identification. The above statement is from interview transcript B3.

5.7 BUSINESS-LEVEL STRATEGIES

The participants make use of both generic and non-generic business strategies in business. As indicated previously a generic strategy or business practice is how a business positions itself within a particular industry. Furthermore, the business practices approach is utilised by a business to set it apart from its competitors by achieving and sustaining competitive advantage (Thompson *et al.*, 2016:3). There is no clear distinction when it comes to the way the participants compete in their industry. These findings delineated below and recorded verbatim, are based on the business strategies that are closest and share similar traits with the ones implemented by the participants.

5.7.1 Generic business strategies implemented by immigrant entrepreneurs

5.7.1.1 Overall low-cost provider

“If somebody needs a discount it is fine, but I do not think there somebody's price better than me” (Biz 1).

“It depends again for us to offer a discount; it depends on how much we have put in the product or in the service” (Biz 2).

“I am very cheap because we charge per bucket load and dry cleaners charge per item. So, we are very cheap. We really put a low margin because we have a lot of competition when it comes to that side of the business. So prices have to be in line with our competitors or else you won't have clients” (Biz 7).

“Our clientele is foreigners mostly; we mainly get local people when they are doing local routes and local bookings but otherwise it is mainly foreigners. We have different business partners; we have very flexible prices. I would say the cheapest because we have discounted prices as agents and you as an individual if you were to make your own booking online direct with the hotel, for example, you will get a higher price than one we will provide you. It is more like we buy in bulk and individuals buy single units, so we have discounts, you know economies of scale through cost advantage” (Biz 9).

“If you check your prices around here. I would still say in terms of quality I am the cheapest. You want to maintain the quality but at the same time, you want to make sure that the price is reasonable” (Biz 10).

Biz 10 noted that his business offered cheap products to customers but also ensured these products were of good quality. The business is constantly looking for a way to lower prices and save costs. These businesses have a broad market, which is very price sensitive. The strategy is to provide good products for a low price deemed ‘value for money’ products. These businesses entice customers by offering discounts and adding low margins to keep in line with competitors.

5.7.1.2 Focused differentiation

“No, I cannot go down I prefer to rest or be at home drink coffee this cold, drink coffee or do something at home than to work for nothing, imagine someone come to give you a dress for R200” (Biz 4).

“Specialising in classy trending attire. Sportswear and a huge range are Sneakers. All my merchandise is imported. People just want the shoe they do not care about the price and I like those because they do not give me stress, imports are not cheap. I do not sell cheap stuff, so I cannot charge cheap prices, I do not sell mass-produced products” (Biz 5).

“Most of my canvas printing orders are from out of South Africa but vinyl printing and vehicle branding are mostly local because I need to have the vehicle in my workshop. My prices are very affordable compared to others in the industry. That is how I keep them coming and back and providing quality service. I do not put a high mark up on my products, even though I have a special niche. I believe in reasonable prices and increasing my output at the end I will have more customers and more profit” (Biz 11).

“I do not have a competition to say, we are more of a unique business. We have our loyal clients who miss well-cooked African cuisine especially Zimbabwean and Malawian traditional dishes. You see we do not mass produce things in here, so first we need to cover our input costs and expenses then we put a mark-up. I cannot say we charge very high prices. We cannot charge the same with the ladies cooking at the taxi rank because we are different in the way we operate. My customers are not concerned about the price it is about the experience” (Biz 12).

Biz 5 and Biz 12 specialise in providing unique high-end products and not mass-produced commodities, therefore, they cater for customers who are not price-conscious, which is a niche market. Products were tailored to the specific needs of the customers. Biz 11 noted that although the prices were competitive, the targeted market is a specific niche market because the services rendered appeal specifically to a certain market niche. Features and attributes were tailored to the tastes and requirements of the customers. Furthermore, the customers' needs were different from the larger market because they required custom-made clothes that stand out, rather than mass-produced garments. Biz 4 specialises in bespoke tailoring and, while not willing to lower prices, the pricing is competitive. As a result, this participant stated that if a potential customer could not afford her products, she would not 'short-change' herself. Biz 4's major business emphasis is to serve a certain niche market through the provision of unique, high-quality products.

5.7.1.3 Best cost provider

"I give discount and some people I offer lay-byes" (Biz 3).

"Our prices are different from their own prices because they put a huge amount of money to sell. As a micro-business we make it easier for people to buy from us, we offer affordable prices" (Biz 6).

"With our customers no, I do not offer discounts, our prices are the lowest around this area. Our only advantage is we have the biggest shop and we have been operating for long, so people trust us. Others try to copy us, but you see after a few months the shop is closed because we have a huge chunk of the market. It is easy to get similar, but it is not easy to offer the same services as us because our operational costs are very low" (Biz 8).

Biz 3, Biz 6 and Biz 8 use affordability as their core business structure. They all emphasised offering affordable prices, a practice that is usually achieved through low operational costs. Competitors were unable to compete with their price offerings. Furthermore, catering for both the broad and niche markets, they tend to adjust their operations according to customers' requirements. They can tailor-make products or services when required to do so. According to Thompson *et al.* (2016:139) when a business is marketing products the emphasis is placed on providing value for the money on products. So, these three businesses offer products for low prices whilst ensuring that their quality is not compromised.

In conjunction with the generic businesses' strategies, as previously explained and illustrated by Thompson *et al.* (2016:139) immigrant entrepreneurs' tactics include flexibility and resource-based theory, which are non-generic strategies. The researcher linked the responses of the participants and the non-generic strategies stated in the literature review above. During analysis, the following feedback was identified which indicates that the research participants indeed make use of flexibility and RBV theory as business strategies. The next section will outline the findings provided by participants on the use of non-generic strategies to gain and sustain competitive advantage.

5.7.1.4 Flexibility

Flexibility occurs when a business can select a strategy among several alternatives when the need arises. Every business needs to react effectively to changes that take place in its operational environment (Hesterly & Barney, 2019:175; Hatten, 2015:64). Flexibility is a non-generic strategy that is in line with the codes used in this study such as employees, social networks and capital, all of which are explained in the following section. Included within the flexibility strategy is the option to grow and the option to contract employees. These two options outline the ability of the participants to adapt and adjust in the business environment.

Option to grow

The researcher identified the following findings after interviewing the participants regarding whether they made use of community connections to obtain business advice, mentorship and funding. Participants indicated that all these factors are used to enhance their business and its competitive advantage. The option to grow occurs when an organisation decides on how to enhance its ability to improve (Hesterly & Barney, 2019:157). The participants who confirmed using social networks and capital provided the following responses:

"My friend and brother they helped me to start and build the business" (Biz 1).

"Some of the money used to start a business is from my pocket, some is my family" (Biz 3).

"My family assisted me by buying me a bigger machine. My family in Congo send me material and I have someone who goes to Congo and brings me the material" (Biz 4).

“I got business funding from my family and my wife. We have elders who were already in the business when we were kids. They have the knowledge you see. So, they help us with advice and assist us when we having problems” (Biz 5).

“Family helped me when I was starting off here. In business, you see family always help you when you have financial problems. As a foreigner in South Africa, you depend on your countrymen. We learn a lot from each other, they advise you on where to buy cheaper things and good areas to put businesses. So yes, we share ideas” (Biz 7).

“Business is all about saving costs, so we are always on the lookout for that. So, we constantly engage each other. Since we cannot get bank assistance, we have to help each other as a community” (Biz 8).

“Yes, we do with other Zimbabwean business owners we share ideas on how to run a business” (Biz 9).

“It is important to stay in touch and abreast, we have friends who are economist and others with the insurance industry. They share their views on how we should look after our business. Especially planning, when it is right to take a risk and when not to. You see as a business you can never know everything, so you learn a lot from interacting with others. Even sourcing of raw materials, you get leads from other fellow businesspeople” (Biz 11).

“Now I am actually like a mentor to the young ones starting businesses. So we teach each other, share ideas and sometimes help young people with finances” (Biz 12).

The above listed participants concurred that their community plays an important role in their business strategy. Community is used as a source of capital, mentorship and creating business links. Participants agreed that sharing business ideas was one of the main benefits of being part of a community. Biz 11 noted that the meetings assist in forecasting the future business terrain and formulating ways on how to handle it. By way of contrast, the findings by Lo and Teixeira (2015:649) contradicts the findings in this study because the participants in their study were individualistic and less community oriented.

Option to contract

The option to contract relates to the employer being able to decide whom to hire as workers and when to terminate their services without incurring any repercussions in the process (Hesterly & Barney, 2019:157). Certain participants interviewed made use of family members as employees in the businesses. This option aided the participants' businesses and improved their performance because they save on salary expenses which overall decreases the costs of the business. The interviewed participants gave the following comments:

"My wife yes, she is like a silent partner she helps me with managing the business, especially when I go to Dubai or China to order new merchandise" (Biz 5).

"I can say family business me and my wife" (Biz 6).

"I have my two young brothers and sister who help me when it is too busy, especially weekends. I only involve them when I need help like when my sister and young brothers help. I am actually teaching them to have their own businesses when they finish university and college" (Biz 7).

"We do get help from my kids. I have a son who is in University, so he handles the technical side of things for us. So, when we have repairs we do not hire anyone he fixes everything. My son gets rewarded in certain ways, but I definitely save a lot of money" (Biz 8).

"My wife helps with the accounting side of the business on weekends. My wife is a qualified accountant and that is a huge bill if you contract someone. Even our taxes she does that and if I was using tax consultancy that will be a lot of money. So, it is very advantageous to have the skills in-house. We save a lot" (Biz 11).

"My granddaughters, they work for me. Then I have my two grandsons, they assist with managing this place. I am already mentoring my grandkids and actually now they can run this place when I am absent" (Biz 12).

Biz 1 and Biz 4 did not involve family members as employees in their businesses – these operations were the smallest businesses when assessing the use of infrastructure.

"I do not rely on anyone, so I do not have family that work for me" (Biz 1).

“I am working alone; I do not have family people working with me” (Biz 4).

Those participants who employed family members tend to use this strategy as a competitive advantage by reducing their wage bill. Biz 7, Biz 8 and Biz 12 used family members as employees in order to groom and prepare them to take over the business in future. Biz 5, Biz 6 and Biz 11 all involved their wives in the business in different roles. Biz 11 noted how his wife’s expertise assisted the business because her realistic budgeting and very careful financial controls led to increased business. The involvement of family members in the business was highlighted as a major cost-saving means and, thus, constitutes an important competitive advantage (Chrysostome, 2010:144).

5.7.1.5 Resource-based theory

The following participants make use of the elements of the resource-based theory to gain a competitive advantage. The RBV theory’s basis is that the resources owned by the participants can lead to a competitive advantage (Hesterly & Barney, 2019:80). The participants mentioned the following in terms of assets that create a competitive advantage for the business:

“We actually own this building, so we do not incur rentals” (Biz 8).

“I am the proud owner. A building brings with it security and a lot of other advantages. The new machinery is coming. Unfortunately, with COVID it is not going to be here on time, but construction should be done in a months’ time, then we will wait for the machinery to arrive. I got a bigger printer that will do billboards like the ones you see on the freeway” (Biz 11).

“Yes, I do. It is more of my family and grandkids. It is their inheritance. We managed to save a lot and they renovated this place for me and got me nice equipment in here” (Biz 12).

The above participants all stated that they owned the business property, and agreed that being building owners was a competitive advantage, largely due to their saving on rental costs. These participants had the largest businesses in terms of physical structure, machinery and operating space out of all the interviewed participants.

5.8 BUSINESS PRACTICES IMPLEMENTED BY IMMIGRANT ENTREPRENEURS

The following list of business practices were compiled from the reviewed literature and are based on previous studies conducted mainly on immigrant entrepreneurs practising in South Africa. The next section provides the categories, based upon the participants' responses, that the researcher used during data analysis to group similar data codes: Advertising, Payment methods, Business details and Business tactics:

5.8.1 Advertising

Businesses use advertising to reach and persuade consumers to make purchasing decisions and is the most important form of communication in a business because it promotes the sale of products and services (Mishra & Mahalik, 2017:1935). The research participants all use different means to advertise their businesses and the advertising modes explored in this study include print media, banners, social media and billboards. The next section contains comments made by participants after being asked about which form of advertising they use to set their businesses apart from rivals:

"The only part that we advertise is on the security system part. On the internet café side, you know the services that you do to the people advertise itself" (Biz 2).

"I give them a business card" (Biz 3).

"You see I have banners, pamphlets and also social media helps a lot" (Biz 5).

"It is just only to print posters and give people, then the adverts on the doorstep there" (Biz 6).

"We have a Facebook page and I do print pamphlets and give people passing, but not newspaper" (Biz 7).

"Those banners out there. I am sure even from afar you can clearly see our signs. We do print pamphlets that we hand over to people that is all. Newspapers no, that is expensive for small businesses, but social media yes we have those my Son do all that for us and we have a website also" (Biz 8).

"We do. As a matter of fact, last year we had this event in Germiston, just marching around the town, it was more of travel awareness towards the festive season for people to be safe around the roads. So, we actually incorporated all the bus

partners, airline partners and accommodation partners that we have just to make a safety awareness in Germiston” (Biz 9).

“Certainly, on daily basis. Certainly, always we advertise. We have got a big Facebook. We have a website, here we have got banners right there by the door” (Biz 10).

“Yes, why not. I make material for others to advertise their businesses. I have banners, business cards, active social media presence. We are on every popular platform. We also do newspapers once in a while” (Biz 11).

“Newspapers we did a few times a few years ago. We have a website that my grandsons operate for me. It does have all our social media details. So, it is pretty easy to get hold of us. On the website, they can book a table, when and what time, the type of food” (Biz 12).

Not all research participants make use of paid advertising as a business tactic. Two (2) of the 12 participants refuted the use of paid advertising but utilised word-of-mouth, free social media and customer loyalty that do not require payment as their core instruments to promote their businesses:

“No, because my shop has been here a long time” (Biz 3).

“No, I did not do it, and then I think the people do it first, they come with another one or the send some another” (Biz 4).

The researcher noted an emergent trend amongst the participants for using social media to advertise the business in addition to the traditional means of advertising such as in newspapers. The participants interviewed agreed on the value of using social media to advertise their businesses, some emphasised that their business had profiles on all the major social networking sites while others admitted to making use of business websites. These findings reveal that all participants engage in some form of advertisement to provide exposure for their businesses. Biz 5, Biz 7, Biz 9, Biz 10 and Biz 11 all highlighted how advertising positively influenced their sales, profit and customer base continuously. When products and services are promoted, the consumers are influenced to purchase them, leading to an increase in sales, which has a positive effect on business performance. In the next section the responses of participants who agreed on using word-of-mouth as a business practice are presented.

5.8.2 Word of mouth

The interviewed participants maintained that any form of advertising, including the use of word-of-mouth, led to a competitive advantage. Those participants who use word-of-mouth to promote their businesses rely on providing good service in return for reciprocated goodwill that will lead to customers spreading the 'good word' and informally advertising their businesses. The researcher discovered that word-of-mouth and customer loyalty were interlinked, because when customers recommend the services of a certain business subconsciously, they are confirming their loyalty to that business. When the researcher interviewed the participants, they provided the following comments:

"You know customers you get one and tomorrow he is going to tell his friend or brother or whatever. If you have a problem, you go to that shop" (Biz 1).

"The services that you do the people advertise itself" (Biz 2).

"People who are happy with our customer service they tell others and the word spread and we end up with more business" (Biz 5).

"Sometimes the customers you have is the way you treated them because we treat them nice. Customers can come and buy. If you buy today, you go home use it is nice. You tell the neighbour, the neighbour ends upcoming, so that is how we get customers" (Biz 6).

"People so they see the signs out there, others are told by their friends" (Biz 7).

"Mostly it is word of mouth" (Biz 8).

"Word of mouth. I mean is the greatest form of advertising. Another guy called me, he came and bought the same computer and he said Ati send me to you" (Biz 10).

"The most efficient is word of mouth by customers who are impressed and satisfied with our service" (Biz 11).

"People usually know us through word of mouth. Usually, someone will tell me so and so referred me to this place" (Biz 12).

The participants admitted that providing good service to the customers created both goodwill and customer loyalty which are catalysts for increasing business performance. The main goal of the participants was providing quality service which can be reciprocated

with free advertising through recommendations by satisfied customers. The researcher regards word-of-mouth as an informal way of advertising a business because it is based on goodwill and non-payment. The participants advocate word-of-mouth advertising as the best way of exposing their businesses to new customers. Many believe that the fact that their business has survived in the same location for many years provides sufficient appeal to customers.

5.8.3 Payment methods

The offering of credit facilities to customers and the requesting of credit from suppliers is a business practice that the participants utilise (Ngwenya, 2017:89). However, Ngwenya, (2017:89) cautions that this strategy is solely based on trust and honesty, concepts that are only garnered over a long period of interaction. According to Adendorff and Halkias (2014:13), trust is of paramount importance for a business to succeed. The participants provided the following responses after being questioned as to whether they offer credit lines and 'lay-by' systems to their customers and/or request credit from their suppliers:

"There is no credit I do lay-byes, when they finish paying then they can take their stuff" (Biz 1).

"Yeah they pay me later. Some people do not like every people I give credit" (Biz 2).

"Some people it is lay byes" (Biz 3).

"No, and Yes, I have people I trust, my good customers, I give credit but if you a new customer no" (Biz 5).

"Yeah, sometimes you give credit to South Africans but tomorrow they will not come back. Once you give them the credit, they will never come back to you. Yeah, not necessarily, we do give credit to people but due to the experience we have from most of the blacks then do not come back when they take credit from me but when the Whiteman come here or White woman come to me and say please I need credit help me I will pay month-end, month-end he comes here and pays" (Biz 6).

"Not too much, but yes I do. You see some parents come and say my child will come and do schoolwork after school here and we agree, they pay me every week like Friday after work, but these are people I know personally" (Biz 7).

“That is tricky but yes I have offered credit to certain students” (Biz 8).

“Unfortunately, we do not offer credit unless in certain special circumstances when maybe a regular customer does have an urgent matter and they are not able to pay. We make exceptions, but it is only for those people who have been doing business with us for a long time” (Biz 9).

“Some of the times I have done credit, or you can do a lay-bye of at least 50% you know, you leave the product with me and when you complete it, then, you can get your product” (Biz 10).

“I guess I can say that because with an account I can do a job on the 5th of the month and get paid on the 31st. I have helped a few people some will come and negotiate especially school kids like you who have a limited budget but want their thesis done professionally” (Biz 11).

“Yes definitely, we have people whom we give credit, we prepare food for them and they pay at a later stage but, it is trustworthy people. If for example, it is a wedding, we usually offer lay-byes” (Biz 12).

The participants who offered credit to their customers confirm the views of Ngwenya (2017:89) and Ibrahim (2016:88), both of whom emphasise that credit lines were based on trust and honesty. Some of the participants in the study who did not offer credit provided other options of making purchasing easier. Those customers were assisted through being offered ‘lay-byes’ as stated by Biz 1, Biz 10 and Biz 12. The participants who did not offer credit clearly stated that if customers could guarantee their trustworthiness, they would offer them credit facilities.

5.8.4 Business tactics

Business tactics entail business tools and skills that the participants use to create and sustain a competitive advantage within their particular industry. This practice is in line with the findings of both Venter (2015:2) and Češnovar (2006:232) who explain that competitive advantage is an achievement of superior performance and ability to sustain this practice for the long term. These tactics are used as tools to build and enhance businesses by the participants. One of the tactics involves networking which is the ability to create and maintain connections within one’s society or community.

Networking as a tactic was covered in Section 5.7.1.4 above under the heading Flexibility, as a form of non-generic business strategies. Participants agreed that networking within society and community was one of the tactics they used to acquire a better understanding of successful business performance. Networks are essential because they are the business hubs that provide the relevant support to immigrant entrepreneurs (Tengeh & Nkem, 2017:2; Kalitanyi & Visser, 2010:382). These previous studies highlight the importance of networking as a way for the participants to enhance their business performance.

The findings on networking as a business tactic recorded above under Flexibility confirm that immigrants rely on societal linkages in business. Biz 12 acknowledged being part of a group who mentor young immigrant entrepreneurs within the community. Opoku and Sandberg (2017:195) further elaborate on the benefits of networking by stating how businesses benefit from successful immigrant entrepreneurs who are able to provide guidance to inexperienced entrepreneurs.

The researcher ask the participants which business tactics they use and their response are recorded below:

5.8.4.1 Supplier relations, customer relations

“Yeah, I have good relationships with both suppliers and customers. I give them good service, they come in next time again. I got the number for the factory owner. So, when, when I need stock, I call them they bring, I got money, I pay them” (Biz 1).

“Yeah, we do, we even have special offers that we give to them” (Biz 2).

“Yeah, because these people you know them, with suppliers it is good, yeah, I have a very good relationship with them” (Biz 3).

“I do not travel that much now because I now have established connections, so I can order online then make the payment” (Biz 4).

“With my suppliers we are okay, you see they trust me, I trust them. I order online pay online and they deliver everything in good condition with no problems” (Biz 5).

“We go to the importer, we organise what we want to buy pay the money just not credit, and we buy cash. Sometimes we will call to ask them that we are coming to buy so can they arrange the stock and if they do not have, they say it” (Biz 6).

“Relationships are fine, you see we use technology, email, WhatsApp, phone calls and online buying and if you buy online, you pay EFT. Then when I go to the factory, I pay with a card they do not take cash there. Other suppliers like for Internet café business supplies I pay end of month you see. I have accounts with them, I cannot pay R100 now and tomorrow, so they prefer I just give them R15000 end of the month once. Yes, obviously I am a loyal customer. So, when there are specials we get emails mostly” (Biz 7).

“We usually email them and then we confirm the order on the app” (Biz 8).

“We have a very good, healthy business relationships. Same with companies, we also do their bookings, and they rely on us even when accommodation is probably fully booked in that certain city or country they know we always come through for them. With us you can just App us or email then we will call you and finalise everything without you having to go through queuing” (Biz 9).

“Sometimes I have to help young guys around who struggling. It is not easy to just get full money to get this stuff. I advised Ati that okay so you can do lay-bye, this is how I will help you; he did a lay-bye he was paying gradually and finally he got his computer. But one of the things I have seen over and over by is that when a customer leaves here he always comes back and always bring friends and do business here. Some companies when you go, you have a problem with your computer. You have to pay in consultation. I do not do consultation fees. I need to be able to diagnose a problem-free of charge. Then you pay for the repairs. My suppliers, I contact them online, I have got specific companies where I buy from and make sure I buy from companies that are recognized, VAT payers you know that is very, very important” (Biz 10).

Biz 10 emphasised that all business products were sourced from companies that operate legally in South Africa and abide by the country’s regulations. Furthermore, customers are not charged diagnostic, consultation and/or call-out fees. Customers were only charged for the service provided when resolving or fixing the problem. Biz 10 confirmed

this practice as a business tactic that creates goodwill amongst customers and results in increased business performance annually.

“We have very good relations; you see relationship matters in business. We usually get design templates or ideas by customers then our designer deal with that aspect. You see when there are specials or sales, I am the first person to know. If I need something which is out of stock my suppliers can make it happen and still charge me the normal price even though it might be on short notice. I rarely go there; we use technology, so we place orders by email or on their websites” (Biz 11).

“You see most of these people we have known each other over the years, since my days in the hotels. As an Executive Chef, you make very good relationships. We have a few suppliers with farms around Johannesburg they deliver themselves. We have very close relations, which is why certain people deliver straight from their farms to this place” (Biz 12).

Various study participants consider personal relations as beneficial to good business performance. There was consensus on the benefits derived from good relationships with customers and suppliers. This outcome supports the findings of Sekatane (2018:107-111) and Kademaunga (2017:111) studies, which reiterated that relationships were essential in business, because it is ‘not always just a matter of what you know, but whom you know and who knows you’.

5.8.4.2 Transportation and bulk buying

“I do not go there, they deliver free. Only the electronics that I go myself to buy by the Chinese mall” (Biz 1).

“Everything that we order is either they charge us for delivery, or we go collect ourselves” (Biz 2).

“Yeah, we share transport” (Biz 3).

“I got a Mama here she was travelling to Congo and would bring material for me. Sometimes I go myself, I go to town to buy the material” (Biz 4).

“Yes, I just do not buy for myself. Other shop owners actually buy things from me. So, I can order online then make the payment. The only unfortunate part is the merchandise usually take a long period to arrive” (Biz 5).

“Yes. Sometimes when we do not have a bakkie we go there and buy then hire bakkie and come back, but now we have bakkie we go there buy and come back with our bakkie. We always go there and collect ourselves” (Biz 6).

“If I want delivery, I ask them to deliver, but usually I like going there, check, pick up my stock and bring it here” (Biz 7).

“No, we do not collect, they provide free delivery if you order more than 15 boxes. If it is less, then you have to pay a small delivery fee” (Biz 8).

“It is more like we buy in bulk and individuals buy single units, so we have discounts, you know economies of scale through cost advantage” (Biz 9).

“Sometimes I need to go right there to get the stock depending on how bulk the stock is and the quantity you need. You know those are some of the things you need to for example if you need very heavy stuff, you would not want to go and collect for a small size business that is still growing. I mean if you need 10, 15 computers you want them to come and deliver. If it is one, I have a car so I have to run there go there, pick up them up. Sometimes it is also good to see the products, maybe with things like USB sticks those are light things. Those are things you can just sit and place an order online and get them delivered” (Biz 10).

“I just print, and they collect. Transportation most orders have free delivery unless if it is a small thing then we will use a courier, or we go there and pick for ourselves. I cannot transport just one crate to Zimbabwe in a big truck alone, so we get together with others share the truck and cut down on our costs” (Biz 11).

“The ones we import we use couriers mostly, locally sourced material usually my husband and I get them from the fresh food market. We have a few suppliers with farms around Johannesburg they deliver themselves. If you buy in bulk, you most likely to get a discount” (Biz 12).

Various participants stated that bulk buying from suppliers was incentivised by the provision of free transportation. Other participants opted to use their own transport or request delivery for a fee. The researcher noticed that the means of transportation was based mainly on how the business interacted with its suppliers and the number of goods being purchased at a specific time. Gastrow and Amit (2013:25) clarified the misconception of immigrant entrepreneurs buying in bulk and engaging in collective

purchasing but, instead, utilised co-investment. In this study the findings in this area were mixed because, as mentioned previously, Biz 5 mentioned collaborating with other shop owners to buy stock in bulk and uses his international networks to secure bulk orders that he then sells to other shop owners. Biz 3 admitted to sharing transportation costs with other participants. Bulk buying of heavy products was incentivised through the free delivery offered by suppliers, thus, only small products incurred delivery costs if the buyer did not opt to use personal transportation. Biz 8, Biz 9, Biz 10, Biz 11 and Biz 12 agreed that bulk buying assisted in lowering costs, therefore, the benefits resulting from economies of scale contribute to positive business growth. These findings are similar to those of Ngwenya (2017:80), Ibrahim (2016:88) and Moyo (2014:263) who confirm the provision of free transport by suppliers when goods are purchased in bulk and the use of personal transportation when fewer goods are acquired.

5.8.4.3 Pricing methods

The researcher probed how participants formulate the prices of the goods as well as the profit margins involved. Although, participants were not forthcoming with this particular information they did provide the following responses:

“We have got fixed prices” (Biz 2).

“I display my prices. So, if you afford, you just buy. If you cannot afford you just look and move on” (Biz 5).

“We really put a low margin because we have a lot of competition when it comes to that side of the business. So, prices have to be in line with our competitors or else you will not have clients” (Biz 7).

“We have very flexible prices” (Biz 9).

“If you check prices around here. I would still say in terms of quality I am the cheapest” (Biz 10).

“My prices are very affordable compared to others in the industry. That is how I keep them coming back and providing quality service. I do not put a high mark-up on my products, even though I have a special niche. I believe in reasonable prices and increasing my output at the end I will have more customers and more profit” (Biz 11).

“You see we do not mass produce things in here, so first we need to cover our input costs and expenses then we put a mark-up. I cannot say we charge very high prices. We cannot charge the same with the ladies cooking at the taxi rank because we are different in the way we operate” (Biz 12).

It is evident from the participants’ feedback that except for Biz 5, the majority believed that the prices of their products were not very high and, thus, affordable for the majority of consumers. The prices charged by Biz 5 were not flexible and negotiable, because the products were not meant for cost-conscious customers. These findings support those of Ngwenya (2017:88), Gastrow and Amit (2013:6) and Charman *et al.* (2012:49) all of whom explain that the pricing tactic used by immigrant entrepreneurs is to implement a 5% mark-up on their products. A low mark-up ensures the prices are kept low and very competitive. Biz 11 reflects that the product or service is well-suited to the needs of the market and customers are willing to buy it, resulting in securing more customers and sales for the business. The prices set by the majority of study participants were deemed to be in line with those of their competitors. Certain participants also noted that there was room to help the customers through negotiating the final price, as is stated by Biz 9 above.

5.8.4.4 Operational hours

Immigrant entrepreneurs use long operational hours as a business strategy and are inclusive of businesses that worked on weekends and public holidays (Ibrahim, 2016:58). The researcher, therefore, explored the notion of operational hours being a business strategy as is revealed in the following statements from the participants:

“Yeah, seven days a week” (Biz 3).

“We are very hard workers; you see even Sundays we work. We open from morning until at very late” (Biz 5).

“You see December period most suppliers close and only open end of January and for us, it is a very busy time” (Biz 8).

“We are available any time of the day whereas the shops close” (Biz 9).

“You know like weekends we usually have the specials most of those foods people like and with technology some of them they order online, and we deliver to their places” (Biz 12).

Various participants agreed they open longer hours than other more formal businesses and work during weekends and public holidays. Biz 8 noted operating normal hours in December and highlighted this period is the busiest time of the year due to the annual shutdown of their competitors. The researcher also witnessed that participants such as Biz 8, Biz 11 and Biz 12 operating during weekends because the interviews were conducted during this period. Biz 5 alluded that a combination of hard-working employees and long working hours contributed to company's positive business performance and expansion. Long operational hours were proven beneficial to immigrant entrepreneurs because they mean that customers' demands are always met (Ngwenya, 2017:80; Moyo, 2014:263; Gastrow & Amit, 2013:31).

5.8.4.5 Language and business location

The usage of local languages and the location of the business premises were previously noted as being practices that immigrant entrepreneurs make use of (Ngota *et al.*, 2018:6; Ngwenya, 2017:81; Moyo, 2014:263). Furthermore, the immigrant entrepreneurs who lack the mastery of local languages were documented as resorting to hiring interpreters (Ngota *et al.*, 2018:6). The participants were requested to provide answers on their views as to whether learning and using the local languages in their businesses had any advantage. The following answers were provided:

"I have seen that a lot of our local people here they like to use the local language. So basically, it would help out I would say to use those local languages" (Biz 2).

"Yes, and No my brother you see most of my customers are these young generations those working probably not married, so they communicate in English" (Biz 5).

"Yes, definitely I do, I have learnt a couple of local languages" (Biz 9).

"Yes, of course, you become one with the people, it is easier to communicate, and your customers also feel comfortable around you. I have been in South Africa for many years working in Hotels, so I mastered the local languages very well" (Biz 12).

All the participants specified that English was used as the main language for business communication even though for many of them it was not their first language. Participants: Biz 2, Biz 9 and Biz 12 were positive in their responses that learning and using local languages was beneficial and advantageous in the business world.

The following are answers indicate where the location of the business was planned or just a random decision:

“It is in the mall and I am renting” (Biz 4).

“You see this place the rent was reasonable plus there were no other shops close to me. I looked for a few places and I wanted one whereby my customers could see me easily” (Biz 5).

“So actually, the business is like this, it moves like this. It depends with the site you are and what you have” (Biz 6).

“You see we are in a busy area full of young people, so they see the signs out there” (Biz 7).

“Mostly I can say young people, you see those doing job applications or school children. We are close to two colleges, a police station and Home Affairs office. Most of the people require photocopies and we are strategically located. So, we have a lot of traffic in here. You see being in the CBD alone is a selling point, what drew us was the potential of the building what we could do with it in future” (Biz 8).

“For us, we had to be in a place which is safe, close to a lot of businesses and easily accessible. As you see parking is plenty and we can be easily located” (Biz 9).

“We are more of in a safe area. Sometimes I really do not want to put it as a safe area but maybe say we are fortunate” (Biz 10).

“You see location is a factor when your business is not well established, I will say. Yes, when I was renting location was a big factor, I had to be in a neutral place that is easily accessible. So when I finally bought this building I did see the potential in the location for future activities I am planning in the future” (Biz 11).

Areas with high traffic and security were given as the main factors the participants considered before buying a building or renting a venue. This response agrees with that of Ibrahim (2016:87) and Gastrow and Amit (2013:21) all of whom argue that immigrant entrepreneurs thoroughly researched their business location that involves the element of pre-planning before setting up the business. Biz 9 and Biz 10 noted security and a parking area as one of the factors they considered, whereas Biz 4 selected a shopping mall, because it provides both security and high customer traffic. Biz 8 noted that being

strategically located was instrumental in the positive growth of the business. The participants revealed that the business location was an important element to consider before 'setting-up shop' and all agreed that their businesses were strategically located. Various participants in the study were optimistic about future growth of their businesses. However, a lack of resources and uncertainty of their business prospects could be credited for the high numbers of participants who rented compared to owning a building. Only participants Biz 8, Biz 11 and Biz 12 owned buildings, the rest were renting. These findings are in line with those of Garg and Phayane (2014:62) who explain that short term commitment amongst immigrant entrepreneurs gives them the option to defer their lease at any point and move to another location without incurring excessive financial damages.

5.9 BUSINESS PERFORMANCE

Business performance entails assessing the profitability of a business and its ability to sustain itself (Zulkiffli & Perera, 2011:1). According to Adendorff and Halkias (2014:10), profitability is the coveted long-term goal for a business. The researcher probed the participants on whether their market share, sales, investments or income had increased or decreased during the recent past. The following comments delineate their responses in terms of how participants gauge their business profitability and performance:

"I would say I use both profit and sales to gauge business performance. The current situation it is quite bad, but before this COVID-19 thing, it was okay. I would say it was well, it was doing well" (Biz 2).

"Since I started, I have managed to grow a lot. My sales are way higher, and we are performing very well. I will still have to judge this year because Corona grounded everyone" (Biz 5).

"Business is good, we are doing very well. On my side I have to look at profit, we have to cover our expenses first. We pay bills and suppliers after that then we see how much we have left. That will be invested into the business or saved. We also check people who open new accounts monthly on the café side and Laundromat side" (Biz 7).

"Mostly we look at our sales, then we consider the profit and investments we did to the business. You see one year my profit might be low but on the other side, I added new machinery in the business to make it function better" (Biz 8).

“I would not say there is a bit of growth, there is a lot of growth because when we started this business it was just money transfer, then we had to you know enlarge add our services, that’s when now we have the bus booking, airline, accommodation. So now we are seeing yeah growth” (Biz 9).

“I am growing. I am tracking the progress. I am growing there are the challenges of the loans and all the rest that comes, the rents. But you can if you check the inflow as compared to last year, and now, you can see it has increased. If you check the number of people who have heard about our business and they come to buy products also increased” (Biz 10).

“We have different ways, like anyone else first thing is profit and sales, and then we consider other things like equity and assets we acquired. We have been doing very well, only the first year was tough because we invested heavily in machinery, but now it is growth every year. All the cars we have it is the business, the building and the expansion happening it is all returns of the business” (Biz 11).

“We consider a lot of factors like profit, sales volumes and also our investments. With profit, you compare with previous years or on a monthly basis, same as sales volumes, then with the investment, we tally up what we managed to acquire as a business over a certain period. All that is considered after removing all the expenses incurred by the business like the salaries and inputs” (Biz 12).

The researcher discovered that those participants who mainly operated small businesses in terms of infrastructure only considered sales volumes and profit as the main source of information to gauge business performance. Most participants were not forthcoming regarding their financial results, thus, the researcher had to gauge the value of a business by observing the physical assets and responses in terms of sales and profit. This situation supports the study by Zulkiffli and Perera (2011:2), which note the complications and difficulties in gauging business performance due to the reluctance of immigrant entrepreneurs to reveal their financial results. As previously stated in the introduction to this study, while other participants highlighted that in the years preceding 2020, their businesses performed well, but that in 2020 the global pandemic (COVID 19) negatively affected business performance (Karunanayake, 2020:1). The participants considered themselves to be growing their businesses by successfully applying business practices that resulted in attracting more clients and increasing profitability. Biz 5, Biz 7, Biz 9, Biz 10 and Biz 11 noted how their businesses improved through the application of advertising

as a business practice that resulted in ever increasing higher sales and profit. These findings are similar to the results produced by Lo and Teixeira (2015:644) which state that immigrant entrepreneurs considered themselves to be successful in business.

The next section will highlight the business challenges experienced by the study participants in South Africa.

5.10 BUSINESS CHALLENGES

Business operations are constrained by different factors and the researcher discovered that these limitations affect business performance. These constraints result in setbacks and barriers that hamper the businesses operated by immigrant entrepreneurs (Sekatane, 2018:100; Fatoki & Patswawairi, 2012:139).

5.10.1 Xenophobia

Xenophobia is defined in Chapter 3 above as the fear of foreigners and also the hostility shown towards or exclusion of foreigners or strangers (Field, 2017:3). The study participants provided their lived experiences in the following section concerning xenophobia in South Africa.

“Yeah xenophobia affect us for the business it did not go on well anymore since the start of xenophobia, you know you must be at home, you are not safe to come alone here” (Biz 4).

“We all had to close our shops. They tried to break into other shops but failed. So, our shop was closed for more than a week. So, we would just come, stand there and look to check if there is nothing that happened to your shop” (Biz 5).

“I am sorry to say this, but you must know the xenophobia issue whenever they came here to buy, whenever they have a problem, they want to break the shop and take the goods” (Biz 6).

“We were affected a lot you see all shops around this area were closed. The police actually came and instructed us to close for our own safety” (Biz 8).

“Yeah, at one point we were affected we had to close shop I think it was 2-3 days. So actually, it affected us a lot” (Biz 9).

“Yeah, but we had to lock our doors, by the way, because it was really, really terrible” (Biz 10).

“Yes, we had to shut down, my next-door neighbours there who own the pharmacy it was looted” (Biz 11).

Participants indicated that xenophobia affected the operations of their businesses. Various shops, including those of Biz 5, Biz 8 and Biz 9, had to close their businesses for different periods, thus, hampering their functionality and performance. Biz 11 noted how shops were looted resulting in shop owners losing revenue which has a ripple effect on profitability and business performance. These findings agree with those of Crush, Chikanda and Skinner (2015:1-3) and Landau (2012:1) who argue that xenophobia harmed immigrant entrepreneurs.

5.10.2 Business registration and funding

“If you want to open your account is too much requirements. You need your ID; you need all this and that” (Biz 1).

“At first it was quite hard for me to open the account. They wanted me to have a business permit because I have a working permit instead and they wanted a business permit to open a bank account. So, we had some challenges there until we finally we came through” (Biz 2).

“I open an account I think a few months, I think last year, I went to Durban then I open it any account. Here they refused saying; no my papers cannot allow opening an account” (Biz 4).

“We did not open an account because by then we do not have the necessary papers, South Africa is a country that is difficult for foreigners let me put it that way. When we came here, they give you asylum, the asylum, government does not care about the asylum seekers” (Biz 6).

Participant Biz 6 faced challenges with the banks that refuse to register business accounts without the owners holding a legitimate South African national identity (ID) number, despite their possessing valid asylum documentation and a company registration certificate, both of which are recognised as legal business documentation in South Africa. The ID is usually in the form of a green book or smart card, which the

majority of immigrant entrepreneurs do not have. The banks show inconsistency in their operations because some banks in Johannesburg refused to open accounts for asylum holders who possessed asylum permits, whereas in Durban, immigrant entrepreneurs could use these same documents to apply and register a bank account. Biz 2 struggled to open a bank account despite holding a valid work permit, because banking institutions insisted on a business permit.

As mentioned previously, such a business permit is beyond the reach of many immigrant entrepreneurs due to a minimum requirement of a guaranteed five million rands in investment (Integrate Immigration Service, 2020:1). This fact further confirms that the participants suffer subconscious discrimination even though when they are in possession of legal documents (Crush & Tawodzera, 2017:12; Naudé *et al.*, 2017:11). The inability to register bank accounts does have a negative effect on the use of participants' valuable time and resources, both of which are wasted whilst trying to set up a business.

"I can never ask assistance from the bank, even if I give them everything, they will decline me. You see as a foreigner you just bank with them, but those extra services are tough. You see opening an account is hard. After I open the account at one point my permit was about to expire but still with six months to go and they froze my account. I had to go through lawyers, and I got my money then closed the account with that bank when my new permit came, I opened a new account with another bank which is much better" (Biz 7).

"At first my husband tried alone, and they all refused banks. They would just give him the run-around. So, since I am a director on the company papers, I had to use my papers which are the same like my husband but it was not too bad they agreed to open an account for me, but it was a process. Company registration was easy because we used a relative who is a lawyer" (Biz 8).

"I have got a house, so I had to trade it with the bank because the bank all it needs is the collateral. It was a complex process because I also needed to go through an expert to do most of the stuff for me. It is really a complex process, registering of businesses is not that easy in SA" (Biz 10).

"For me, business registration was a bit easy than the bank account. I had to sort a few health permits with the municipality before the bank could even open an account" (Biz 12).

Biz 10 and Biz 12 explained that the registration process was easier for them because they have collateral, which they presented to the bank and, as a result, the process of opening a bank account was less complicated. According to Chrysostome (2010:145) if an entrepreneur does not have sufficient collateral to impress financial institutions, they will face challenges securing financial assistance. The conclusion that can be drawn from this finding is that South African banks are only willing to enter into negotiations with entrepreneurs who possess collateral. Most of the participants in this study did not possess collateral and, thus, were disadvantaged when seeking to secure funding from a financial institution. The studies of both Lo and Teixeira (2015:639) and Radipere (2012a:121) present findings that are comparable to those of this research study.

5.10.3 Crime

Crime does not discriminate amongst its victims and thus is prevalent amongst immigrant entrepreneurs and severely affects their businesses. Ngota *et al.* (2019:2) reports that immigrant businesses are always primary targets for criminals. Various scholars such as Field (2017), Ngwenya (2017) and Ibrahim (2016) highlight the multitude of crimes against immigrant entrepreneurs in South Africa. The study participants stated that they are vulnerable to opportunistic and often violent crimes in the form of theft, robbery and assault and the inability of the police to combat such activities, has resulted in inconsistent protection (Crush & Tawodzera, 2017:8; Moyo, 2014:264).

“The last time they break two times in my shop” (Biz 1).

“Sometimes immigrations and customs hold your stock without any reason especially if your stock is shipped through OR Tambo, you know it is all corruption. So, the best is when you are there no one holds your stuff. If you are using containers, then Durban is the best, they are very professional and not as corrupt as here in Johannesburg” (Biz 5).

“Too much crime, plus people do not like foreigners” (Biz 9).

“They target the younger generation. Even when they present papers, the other time we had to close down, they had to verify the permits of all my employees even though my grandkids are all born in South Africa. So, it is a constant issue, but it is usually driven by corrupt activities, looking for bribes” (Biz 12).

Various participants narrated how they are affected by crime in South Africa, some of them having to close their shops as explained by Biz 12. Participant Biz 5 experienced corruption from Immigration officials whilst importing stock. The subsequent holding of stock to solicit bribes from the participants affected their business operations because time and resources were lost attempting to resolve this problem. The performance of their businesses was direly hampered by the challenges the participants faced as a result of the crime and corruption which constrained their full business potential. This situation has a very negative impact on the performance and profitability of these business entities.

5.11 CONCLUSION

This chapter covered the process of converting the audio data that was collected during the interviews. The researcher transcribed the audio recordings from the initial interviews into written texts which were saved as Microsoft Word documents and then uploaded to ATLAS.ti, for coding and analysis. Different codes were generated during this process whilst other codes were constructed before the resumption of interviews. Codes were grouped according to similarities and placed in categories. During the analysis, the findings reflected that various participants made use of business practices. Many participants agreed that the adoption and/or adaption of these strategies improved the performance of their businesses.

The link between education and the types of businesses operated was disputed by Ngota *et al.* (2019:11) who implied that there was no significant association between these two factors. The participants' demographics revealed that men still dominate women in the business sector. Word-of-mouth was the most valued means of promoting a business and retaining customers. The findings of this study highlight that there is a positive ripple effect on the business performance as a result of the business strategies implemented by the participants. The usage of business practice tools by the participants to create awareness and achieve a competitive advantage affirm the benefits of sound business performances.

In the following chapter, the conclusions are drawn followed by recommendations and propositions for future research.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6

6.1 INTRODUCTION

This chapter provides the limitations of the study, conclusion and recommendations. The chapter begins with an overview of the study, followed by a discussion of the findings and limitations of the study and suggestions for future research. The research findings from Chapter 5 and information in the literature review were used to answer the research objectives and formulate the last section in this chapter.

6.2 OVERVIEW OF THE PREVIOUS CHAPTERS

This section provides a brief resume of the previous chapters within this study.

Chapter 1: This chapter entailed the introduction and a brief background of the study. The problem statement of the study which emanates from studies by previous scholars was explored. Next the significance of the study in the world today was addressed. The chapter then stated research objectives which were divided into theoretical and empirical objectives. A brief overview of both literature review and the research methodology was presented. The chapter concluded by providing the layout of the dissertation with a summary of each chapter and a conclusion.

Chapter 2: This chapter encompassed the first part of the literature review that was separated into two sections and covered the definition of strategy and the business level strategies in the study. The reviewed literature was used to identify and link previous research on the business practices with those implemented by immigrant entrepreneurs in South Africa. The chapter focused on differentiating between a strategy and a business strategy and discussed the various levels of these strategies. The generic and the non-generic business-level strategies were next explored. Finally, Chapter 2 discussed the different business strategies that immigrant entrepreneurs apply.

Chapter 3: The chapter provided a literature review that focused on identifying and defining the different types of immigrant entrepreneurs. Chapter 3 showed the theories used to support the characteristics and existence of immigrant entrepreneurship. Lastly, the types of businesses operated by immigrant entrepreneurs, the challenges faced by

immigrant entrepreneurs and the performance of immigrant entrepreneur's businesses in South Africa was discussed.

Chapter 4: This chapter entailed the research tools used in this study in which a qualitative research method was pursued. The research explored the lived experiences of immigrant entrepreneurs whereby, an exploratory study was necessary to uncover in-depth information and gain deep insights. Information on the population that comprised this study and the data collection method, which were personal interviews, were next delineated. Data analysis was achieved firstly by transcribing the audio recordings into text-based documents using Microsoft Word and then uploaded these to ATLAS.ti, a computer-assisted qualitative data analysis program, used for categorising and coding the data. Lastly, the measures for establishing trustworthiness in the research were identified and explained, together with the ethical considerations stipulated by UNISA that guided this study.

Chapter 5: This chapter outlined and analysed the findings of the research. It provided the participants' demographics and the types of businesses they operated. A detailed data analysis was provided as well as the codes and categories formulated in the study which the researcher linked with the literature review to answer the study objectives. The summaries of interviews also were included in Chapter 5.

6.3 FINDINGS IN RELATION TO EACH OBJECTIVE

The primary objective of this study was to investigate how immigrant entrepreneurs in South Africa implement business strategies and how these influence their business' performance. The study found that these immigrant entrepreneurs implemented business strategies that had a positive effect upon the performances of their businesses.

The secondary research objectives were divided into theoretical and empirical aspects as follows:

6.3.1 Theoretical objectives

To conceptualise business strategies, business performance and entrepreneurship from the literature.

The literature in this study provided an outline of preceding studies, which both highlighted and explained the research objectives.

- The literature identified and clarified the business strategies as a set of tools that immigrant entrepreneurs use in their business to enhance profitability.
- The literature explained business performance as the results and growth of a business when measured within a specific period. This information was determined in the study using various factors such as sales, profit and customer numbers.
- The literature noted entrepreneurship as the process and ability to form and operate a business with the anticipation of making a profit.

6.3.2 Empirical objective 1

To discover and explore the business strategies that immigrant entrepreneurs use in their businesses.

The literature in Chapter 2 identified the business strategies that immigrant entrepreneurs used as recorded in previous studies. According to the participants interviewed in Ekurhuleni, Gauteng, they implemented the following the business strategies:

- Social networking
- Business location
- Relationships with suppliers and customers
- Bulk buying and transportation
- Operational hours
- Pricing and payment methods
- Provision of credit lines and discounts
- Advertising

The participants in Ekurhuleni highlighted that these business strategies could be combined and implemented concurrently. Various participants agreed they integrated different strategies. The overall conclusion reflects there are certain similarities between the results in this research and those of previous studies by Ngwenya (2017), Ibrahim (2016) and Moyo (2015). Various researchers such as Kademaunga (2017); Garg and Phayane (2014); Charman *et al.* (2012) identified these comparable business strategies as being the core components for the success of immigrant entrepreneurs' businesses. It emerged from the findings that there were no stipulated rules regarding the sequence

for implementing the business strategies. Their use was determined by the immigrant entrepreneurs after factoring in the costs and targeted market.

6.3.3 Empirical objective 2

To determine the reasons why immigrant entrepreneurs, choose to or not to implement business strategies in their businesses.

The findings recorded in Chapter 5 revealed that all participants interviewed in Ekurhuleni have a business strategy or a combination of strategies in order to gain a competitive advantage in the market and become profitable. Faced with many challenges the only feasible way to overcome the challenges facing immigrant entrepreneurs is for them to incorporate and implement various business strategies. The lack of a sound business plan according to Braun *et al.* (2019:41) is regarded as detrimental to the existence of a business. Certain participants in Ekurhuleni did not implement business strategies such as offering credit facilities due to a lack of trust in their customers. Various forms of advertising, such as newspapers and billboards, were regarded as too expensive by immigrant entrepreneurs. The overall conclusion was that the major determinants in selecting a business strategy were costs and the perceived returns. A business strategy was noted as being necessary for every business to succeed, failure to have one was deemed catastrophic.

6.3.4 Empirical objective 3

To determine whether those that implement business strategies are more successful than those that do not.

Every immigrant entrepreneur in the study revealed that they were profit-driven and had clear expansion plans. Various participants interviewed in Ekurhuleni agreed that business strategies were used to enable business success. Determining the participants' success rate was impossible because all of them used various business practices. According to Agwu (2018:1) implementing business strategies are essential for a business to succeed and sustain its competitive advantage. This fact should have resulted in immigrant entrepreneurs opting to implement business strategies to improve their business performance. In conclusion, because all the study participants were profit-driven, business strategies were deemed to bring more success to those who implemented them compared to those who opted not to do so.

6.3.5 Empirical objective 4

To explore whether business strategies influence the performance of a business.

The findings supported the study by Lo and Teixeira (2015:644) that indicated that the implementation of business strategies had a positive effect on business performances. According to the participants in Ekurhuleni, business strategies were proven as a means to improve their competitive advantage, which leads to business success. The participants supported the notion that the success of immigrant entrepreneurs was directly associated with the implementation of business strategies and confirmed that these were directly linked to their positive business performance. Participants indicated how advertising continuously enhanced their sales, profit and customer base. Bulk buying was noted for lowering costs due to benefiting from economies of scale which contributed to positive business growth. A combination of hard-working employees and long working hours resulted in positive business performance and expansion. Various participants considered personal relations as essential for good business performance. In conclusion, it emerged from the findings that in Ekurhuleni the business strategies influenced the performance of a business.

6.4 THE RELATION BETWEEN BUSINESS PRACTICES AND PERFORMANCE

The findings revealed that immigrant entrepreneurs implemented various business strategies to increase their business performance. These findings highlight that immigrant entrepreneur's business practices do not necessarily follow Porter's generic business levels model. Various entrepreneurs noted simultaneously implementing a combination of strategies.

The exploration disclosed that in certain instances the participants combined two or more factors from each generic strategy. The business values derived from offering credit were solely based on trust and honesty which, in return, generated continuity. The results revealed that there were no significant differences as to the practices pursued by the immigrant entrepreneurs but that there were reoccurring patterns such as the offering of credit, which was based on mutual trust. Immigrant entrepreneurs highly value customer relationships, the provision of good quality products and services. Various research participants declared that even though pricing might be non-negotiable, there were ways, such as lay-byes, to enable the customer to acquire a product or service. This study further confirmed that the definition of business performance varies widely, although

amongst the study participants, the common denominator was profitability and sales volumes over a specific period.

The study findings further revealed that immigrant entrepreneurs who used business strategies achieved a positive business performance. This result was supported by the fact that all 12 participants agreed to make use of business strategies. If the business strategies did not enhance business performance the participants would not have used any of them.

6.4.1 Advertising

The findings revealed that there is a strong positive relationship between immigrant entrepreneurs who advertised their businesses and their business performance. Various entrepreneurs highlighted that word-of-mouth was the most widely used form of advertising within their businesses. There was an avoidance of using newspapers and billboards due to the high cost associated with them. However, the affordable and most popular means were pamphlets, social media, banners and business cards.

6.4.2 Payment methods

In this study, there was a consensus amongst immigrant entrepreneurs that cash was the most popular payment method although others used Electronic Fund Transfers (EFTs) and electronic card payments. This practice was also consistent with payments made to suppliers by immigrant entrepreneurs. The study found that immigrant entrepreneurs offered credit only to loyal customers with whom they had close relationships. Mutual trust and honesty were a determining factor on which customers were afforded credit lines. Those who did not qualify for credit had the option to 'lay-bye' the product or negotiate a discounted cash price. Various participants highlighted experiencing dishonesty amongst customers when repaying credit. The outcome had a negative impact on business performance, because revenue was lost. Credit and discounts were used as tools to reward loyalty and a way to retain new customers. Immigrant entrepreneurs used to request discounts from suppliers, mainly through bulk buying, as a way to save money. In return, immigrant entrepreneurs were able to offer lower prices after benefiting from economies of scale.

6.4.3 Transportation

The delivery of goods incurred costs. In this study, the participants' relationship with suppliers determined the transportation method. Certain participants did not incur a delivery cost because when they bought in bulk, suppliers provided free transport. Other participants shared transportation costs by collaborating with other immigrant entrepreneurs. This business practice was used as a cost-saving business mechanism. One participant used courier services deeming them cost-effective, efficient and timesaving and, instead of having to travel to Dubai, orders were now placed online and deliveries handled through couriers. One participant who dealt with fresh produce relied on farmers to deliver goods to their businesses daily and, in certain instances, free of charge. The consistency in the freshness and quality of the stocked goods was guaranteed through daily deliveries direct from the farm to the shop. The fulfilling of customers' expectations when making purchases directly influenced the business performance.

6.4.4 Bulk purchases

In this research study, participants concurred to bulk purchasing of products and resources, which resulted in cost savings. Various participants used bulk buying to gain free delivery of goods. These savings enabled them to add lower mark-ups than competitors. These findings support the study by Moyo (2015:181) who claims that immigrant entrepreneurs bought goods in bulk. Lower prices draw price-conscious customers, thus, increasing sales and the overall business performance.

6.4.5 Social networking

Social networking is associated with the mixed embeddedness theory, which was explained in Chapter 3. In this study, immigrant entrepreneurs agreed to using social networking, which confirms the relationship with mixed embeddedness theory. Moreover, the theory emphasises the fact that immigrant entrepreneurs were firmly established in their communities from whom they acquire knowledge (Akin *et al.*, 2017:502; Marchand & Siegel, 2015:7). The researcher admits that the social networking habits of study participants are better explained through the mixed embeddedness theory. The theory points out that business challenges and restrictions were resolved by solutions created through societal networks by providing internal remedies for resolving conflicts amongst immigrant entrepreneurs. Various structures, such as the presence of elders within the

networks, were responsible for providing guidance and ingraining acceptable business practices to members. The social networks relied on different strategies to assist and uplift immigrant entrepreneurs in the community.

The research findings confirmed that social networking encompasses flexibility that is a non-generic strategy. Flexibility comprises elements such as the option to grow the business and the option to contract employees, which involve employing family members and using the community for financing. The findings further support the results of Charman *et al.* (2012:71) that indicate success amongst immigrant entrepreneurs is closely associated with the involvement of family members and social networks.

6.4.6 Business location and operational hours

According to the research participants, it is essential to locate a business in a strategic place. Traffic, competition, security and parking space are considered very important in choice of the business location. The participants who owned properties in specific locations first considered the prospects of future growth and returns before purchasing a property. A certain participant opted to rent a shop in a shopping mall due to the security it offered and its easy accessibility by customers. A strategically located business will easily draw in clientele and has a positive effect on business performance. There was a mutual agreement amongst participants that operating longer hours than the usual and also during public holidays was an advantageous business practice that improved their business performance. Various participants indicated that their business is open seven days a week meaning that consumers were not restricted to normal shopping hours when accessing products from these shops – a process that increases consumer traffic and, thus, profit.

6.4.7 Relations with suppliers and customers

The research participants indicated that good personal relationships with suppliers and customers resulted in more business. Existing literature (Ngwenya, 2017; Ibrahim, 2016; Moyo, 2015), highlighted the importance of the personal relationship with customers and suppliers, a fact that was confirmed in this study. A positive personal relationship with the owner ensures that customers remain loyal, while simultaneously, improving communication and the overall service provision, thus, reducing conflicts. An important aspect noted was that the participants' businesses were owner managed. The decision-

making process was flexible and swift which improved efficiency when communicating between owners and customers who were considered 'part of the family'.

6.5 OTHER RESEARCH FINDINGS

The challenges faced in business, such as the lack of financial assistance from banks, strengthened community links. Various immigrant entrepreneurs indicated that they financed their business through personal savings and family and community members' assistance. The elder entrepreneurs admitted to mentoring relatives and other community members in how to efficiently operate a business. Although the literature review in this study focused a lot on Somalis, not a single participated in this research. This can be expounded by the findings of Ngwenya (2017:94) and Ibrahim (2016:87) about Somalis preferring to operate in high-density areas 'townships' whereas, this research was in medium density areas. Furthermore, the researcher did not ask for nationality when approaching the potential participants. Most participants employed family members in their businesses thereby reducing the wage bill. Saving on expenses enable immigrant entrepreneurs to improve their business performance.

6.6 LIMITATIONS OF THE STUDY

This research, in common with other studies, has its limitations. The study was conducted on 12 immigrant entrepreneurs within one economic area – Ekurhuleni, Gauteng. As a result, the findings cannot be generalised to other metropolis within Gauteng. Furthermore, the other provinces within South Africa have different traits, regulations and business practices. Although these study results are only applicable to immigrant entrepreneurs, South Africa has native entrepreneurs to whom this information might not apply. This study focused on the immigrant entrepreneurs in Ekurhuleni, Gauteng, therefore, the findings might not apply to immigrant entrepreneurs in other countries.

Participation in interviews was hampered by the general lack of availability of SME business owners. Another limitation is that this study was an exploration of lived experiences and various factors affect people's experiences in different places and, thus, the outcomes of research studies are bound to be different depending upon their location.

6.7 RECOMMENDATIONS AND FUTURE RESEARCH

The notion that immigrant entrepreneurs are very successful in business that was raised in Chapter 1, is further supported by the findings of this research presented in Chapter 5. The following are the recommendations that emanated from this study:

The way immigrant entrepreneurs operate in business is unique and there is a need for stakeholders in South Africa to fully engage immigrant entrepreneurs. South African government can improve the success rate for business start-ups in the country if they learn from immigrant entrepreneurs. The employment of family members can be used as a way to save on the wage bill, therefore, leaving more income that can be channelled to grow the business and increase performance. Muhanna (2007:98) highlighted a lack of continuation after the death of the owner of a business owned by entrepreneurs in South Africa. Only 5% of entrepreneurs sampled had inherited a business. Immigrant entrepreneurs could be used to provide helpful information on business continuation through skills continuation and succession plans because the majority of study participants admitted to grooming family members to take over their business in the future. The findings indicated how mentorship enabled immigrant entrepreneurs to enhance business performance.

The education department and business schools can harness the skills of immigrant entrepreneurs which are tailor-made and suited for the South African market to improve the knowledge of learners. Various immigrant entrepreneurs in this study highlighted the limitations of growth due to a lack of finances to expand the business, therefore there is a need for the banking industry to integrate immigrant entrepreneurs as a means of boosting businesses in South Africa. There was no divergence of answers on the prospects of future business expansion, although constrictive measures were identified. These constrictive measures confirm inflexible bank financing and bureaucratic ways of Government institutions, previously identified by other scholars. These findings support the study by Muhanna (2007:97) which states that bureaucracy and unavailability of finances weigh negatively on the expansion of immigrant entrepreneurs in South Africa.

There was a strong indication that immigrant entrepreneurs had the skills to run large businesses, but were constrained by certain challenges. The government can alleviate the challenges limiting immigrant entrepreneurs' growth and enable fair conditions which will increase their productivity and boost the country's economy. Immigrant entrepreneurs

self-financed businesses therefore, prospective business owners can learn how to build and use personal savings in addition to social networks to finance a business start-up.

According to Gastrow and Amit (2013:8), foreigners in South Africa are mainly perceived as a threat to the economy. The researcher advocates the view that the South African economy can benefit immensely if immigrant entrepreneurs are embraced and accepted. There is a need for the Government and other stakeholders to combine efforts and learn more about immigrant entrepreneurs operating within South Africa. Aspiring entrepreneurs can learn from these established business operators to improve entrepreneurship in this country.

6.8 SUGGESTIONS FOR FURTHER RESEARCH

Entrepreneurship is renowned worldwide for improving countries' economies (Nkem & Tengeh, 2018:85; Sekatane, 2018:103). According to Ngwenya (2017:4), various researchers in South Africa have focused on immigrant entrepreneurs who operate spaza shops. The researcher, therefore, suggests that more studies be carried out within the other business sectors in which immigrant entrepreneurs operate. The following are the suggestions for further research:

- There is a need to further explore ways immigrant entrepreneurs manage businesses and if the same methods could be adapted by local businesses that are not necessarily classified under the SME category.
- This research is based on registered immigrant entrepreneurs only whereas, there is a large percentage of informal entrepreneurs that contribute to the South African economy that can be explored in the future.
- Little information is known about the way communities handle the financing of aspiring immigrant entrepreneurs. Various immigrant entrepreneurs in this study noted receiving financial assistance from relatives and the community but not much is known about how these funds are managed and repaid.
- There is evidence that immigrant entrepreneurs engage in social networking and have informal ways of educating each other on ways of operating and growing a business. The study findings reveal the emerging pattern of using social media to place orders and advertise the business, there is further room for researching how this uptake of technology has improved business performance.

6.9 CONCLUDING REMARKS

This research sought to investigate how immigrant entrepreneurs in South Africa implement business strategies and how these practices influence their business' performance. This objective has been achieved because the findings reveal that entrepreneurs combined different business practices to improve their business success by attracting new customers and increasing their sales and market share, which have a positive influence on their business performance. Chaganti and Greene (2002:132) define business practices as a package of actions and methods used by businesses to lure and retain customers and to defeat the competition. It is evident from the study findings that there is a strong positive relationship between implementing business strategies and improved business performance.

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APPENDIX A: CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty.

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the audio recording of the face-to-face in-depth interview

I have received a signed copy of the informed consent agreement.

Participant Name and Surname.....

Participant Signature..... Date..... 2020

Researcher's Name & Surname..... TATENDA CHIDAU

Researcher's signature  Date: 2020

APPENDIX B: INTERVIEW GUIDE

Prof/ Dr. /Mr. /Mrs. /Ms.

I would like to thank you for the opportunity to interview you in connection with the implementation of business strategies and business performance by immigrant entrepreneurs. The research seeks to answer these questions:

1. What business strategies do immigrant entrepreneurs implement?
2. How does the implementation of business strategies affect the performance of businesses owned by immigrant entrepreneurs?

The objectives of the research are to find out:

1. To discover and explore the business strategies that immigrant entrepreneurs use in their businesses.
2. To determine the reasons why immigrant entrepreneurs choose to or not to implement business strategies in their businesses.
3. To determine whether those that implement business strategies are more successful than those that do not.

This information will add knowledge that will enable the understanding of the business strategies that immigrant entrepreneurs use.

I will start by sharing with you the definitions used in the research and you are free to share your own if you disagree, as it will assist us in our study. If you have any questions at this stage you are welcome to ask before we start?

The interview

BIOGRAPHICAL DATA OF PARTICIPANT

Age:-----

Gender:-----

Educational level:-----

First language:-----

Nationality (Country of Origin):-----

Type of business owned:-----

Business:

1. Can you describe to me your business and how long it has been in existence? How did you fund it (Start-up Capital) from the beginning? Did you involve banks, community or it was personal savings?
2. How many employees do you have and their nationalities? Do you have any family members working in the business? Please explain if you save on salaries by having family members involved in the business?
3. Do you own the premises you are trading from and what factors did you consider to select these premises? Can I have your views on whether you prefer renting or owning and what are the advantages of your choice?
4. Can you explain for me the advantages if any of speaking a local when conducting business? Do you think your business will perform better if you speak a local language, please can I have your views?
5. Please explain to me how you attract and retain customers. Furthermore, please explain how you dispense competition or defeat competitors?
6. What are your views on maintaining your loyal customers, does it improve your business performance?
7. I am going to explain a few business strategies to you and can you please select one that best describes your business and explain why you believe so?? There are different strategies like :
 - cost leadership, whereby a business establishing a competitive advantage by reducing its average operational cost below those of its competitors whilst targeting a broad market
 - Differentiation strategy is when a firm increases the perceived value of its products which will enable the company to charge a higher price
 - Focused differentiation entails offering unique, customised superior products and services to a narrow and well-defined group of buyers for a very high price tag
 - A focused low-cost strategy entails outcompeting rivals on costs which leads to offering lower prices to members of a niche market
 - The best cost provider strategy's main function is offering customers better value for money while beating competing rivals on price can you explain if the overall costs of your products are lower than competitors?

8. Please explain if you offer buyers something attractively different from what the competitors' are offerings.
9. As a business can you explain if you own rare and valuable resources, and special ways of operating and can you explain if that is a source of above-normal profits or competitive advantage to improve your business overall performance?
 - 9(a) What I mean is if your tangible or intangible assets make your business perform better than your competitors?
10. Please describe and explain if you serve a specific niche market that is you target certain customers only?
11. Can you explain if your products only appeal to a specific niche? An example being only Malawians buy your products or only women require your products or services?
12. Can you describe to me the factors you consider when setting the price of your products? How do you go about determining the prices of your products? Do you offer better goods at attractive prices and why do you think so?
13. Please provide your views on advertising, do you advertise your business and if you do which methods do you use?
14. Can you explain to me the means of transportation you use for your business and whether you have collaborations with other business owners when acquiring and transporting goods?
15. Do you think social networks are an important part of immigrant entrepreneurs in South Africa? Can you describe if social networks have an effect on the way businesses perform?
16. Can you explain to me the type of relations do you have with your suppliers? Can you explain further if you negotiate for any discounts from the suppliers and what is the process like?
17. When you look at how your business operates can you provide your views on whether your competitors can easily copy your business ideas?
18. Can you explain to me the form of relationships you have with your customers? How is the competition in your line of business?

19. Please explain the payment methods you have with your customers and what are the benefits to your business? Describe if you extend lines of credit to your customers and the reasons for that?
20. Can you explain if you ever benefitted from any Government or NGO programmes? If so can you mention which ones and how they impacted your ways of doing business?
21. Can you please explain how you measure your business performance? What methods do you use to measure financial performance, customer performance and employee performance?
22. Please explain how many people did you employ in the last three years and describe if you will employ more if your business is performing?
23. Businesses gauge their performance by benchmarking with competitors. Can you explain to me if you compare your business performance with those leading in the industry?
24. Can I have your views and thoughts about your business, can you explain if it is successful are you making a profit are sales increasing? Moreover, what attributes to that success? Do you think you are successful because you are a hard worker, you charge low prices, better quality products, good employees or your knowledge of the business?

Do you have anything else that you think is relevant to the study that you would like to add?

THANK YOU VERY MUCH FOR YOUR CONTRIBUTIONS.

APPENDIX C: ETHICAL CLEARANCE LETTER



UNISA DEPARTMENT APPLIED MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE (DAM-RERC)

Date: 18 May 2020

Dear Mr. T Chidau

ERC Reference # :
2020_CEMS_DAM_005

Name: Tatenda Chidau
Student #: 45586411

**Decision: Ethics Approval from
May 2020 to May 2023**

Researcher(s): Mr. Tatenda Chidau
+27 84 392 3022 / 45586411@mylife.unisa.ac.za

Supervisor (s): Mrs Magaret Phillips
082 455 5253 / phillmj@unisa.ac.za
Mr Risimati Maurice Khosa
083 754 0916 / khosarm@unisa.ac.za

Working title of research:

**Exploring the relationship between the implementation of business strategies and
business performance by immigrant entrepreneurs in Ekurhuleni, South Africa**

Qualification: Master of Commerce in Management Studies (Entrepreneurship)

Thank you for the application for research ethics clearance by the Unisa DAM Ethics Review Committee for the above-mentioned research. Ethics approval is granted for three years.

The medium risk application was reviewed by the DAM Ethics Review Committee in May 2020 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The decision was approved on the 15th of May 2020.

The proposed research may now commence with the provisions that:



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1. The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached.
2. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
3. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the DAM Committee.
4. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
5. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
6. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
7. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
8. No field work activities may continue after the expiry date (05/2023). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

*The reference number **2020_CEMS_DAM_005** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



Mrs C Poole
Chair: DAM-RERC
E-mail: damrerc@unisa.ac.za



Prof M Mogale
Executive Dean: CEMS
E-mail: mogalmt@unisa.ac.za



URERC 25.04.17 - Decision template (V2) - Approve

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TO: ALL RESEACHERS

DATE: 09 April 2020

SUBJECT: UNIVERSITY OF SOUTH AFRICA COVID-19 POSITION STATEMENT ON RESEARCH ETHICS

Dear Colleagues

On 15 March 2020 President Cyril Ramaphosa addressed the nation to declare a state of national disaster, following an increase in confirmed cases of COVID-19. The evolving COVID-19 pandemic requires that research is adapted on an ongoing basis to the dynamic situation.

A responsible approach to human participant, community engaged, animal, environmental, molecular and cell research is required in the context of COVID-19. Unisa supports the continuation of research activities, where possible, guided by the following principles and activities supported by the Policy on Research Ethics:

Protection of the participant, the community, and the researcher(s) and research support staff from any risks of harm while conducting research through the implementation of clear pragmatic risk mitigation measures.

Researchers must assess the risk - benefit ratio of a research study, particularly research that requires face-to-face contact, and the collection of data in public spaces or in locations where social distancing cannot be practiced.

The respect for the participant's rights for self-determination should always be carefully considered, for example the right to decline participation or to withdraw or collectively exploring alternative ways of participation.

In the interest of participants and researchers, the consensus is that new face-to-face or studies with an inherent risk to participants and/or researchers should not be embarked upon for the duration of the lockdown period.

Although this sounds like a blanket statement, registered Unisa Health Research Ethics Review Committees would be willing to consider well-motivated applications as exceptions only. The researcher needs to provide an accompanying letter with a detailed rationale for why this research study needs to be enacted during this time.

Unisa Ethics Review Committees (ERCs) will continue to accept and review research ethics applications but will clearly indicate where the ERC does NOT wish this study to commence with immediate effect in accordance with the lockdown regulations.

No research involving face-to-face contact or research studies involving settings where it is difficult to institute social distancing or practice protective measures may continue without formal notification and approval by the ERC that **granted the approval in consultation with one of Unisa's registered Health ERCs/RECs.**

Where or when it is unavoidable to reduce, suspend or postpone research activities, the onus is on the principal researcher to notify the ERC that approved the research study and to provide a rationale why the research needs to continue.

The ERC must inform the Unisa Research Ethics Review Committee (URERC) of all ongoing studies that may pose a risk of harm relating to the Covid-19 pandemic. National instituted protective measures such as hand hygiene, cough etiquette, and social distancing should be implemented, and monitored at sites where these studies will continue.

Research for degree purposes: The College of Graduate Studies and the Heads: Graduate Studies and Research will negotiate processes to mitigate the possible negative fallout to student progress (both new research and research that is in progress). The COVID-19 outbreak and its ramifications are difficult to measure or predict, but the suggested time frame for this position statement to be enacted is not less than the lockdown period.

Staff, researchers and supervisors are requested to carefully monitor any further internal communications for directives and guidance on this matter. Researchers who are dependent on internal, and more so external, sources of funding and sponsorship should consider the potential risks that COVID-19 and social distancing strategies will have on project milestones and audit reporting deadlines. Where possible, researchers should engage with the funder/sponsor regarding these timeframes.

Approved research that may continue without ERC notification

- Research conducted by Unisa researchers that does not engage participants face-to-face and thus limits or does not pose the risk of COVID-19 infection may continue without ERC notification.
- Research studies that collect data online or consists of the review of records are considered of low risk in current circumstances and may continue.
- Data science research and other forms of research that does not require face-to-face interaction may continue.
- Laboratory-based research where appropriate safety precautions can be taken and legitimate access to the facilities negotiated may continue (except research related to COVID-19).

The researcher/s remain responsible to ensure safety and protective measures, and to continue to minimise risk.

The onus is on the researcher to contact the relevant Ethics Review Committee if uncertain or concerned about how, or if at all, to proceed with approved research studies.

Kind regards



Prof T Meyers

Vice Principal: Research, Postgraduate Studies, Innovation and Commercialisation

Acknowledgement:

Stellenbosch University (SU) Faculty of Medicine and Health Sciences (FMHS) Researchers'
Position Statement on Research Involving Human Participants (Clinical Research), 6 April 2020

APPENDIX D: LETTER FROM THE LANGUAGE EDITOR

DECLARATION OF ENGLISH LANGUAGE EDITING

A dissertation submitted in accordance with the requirements for the Degree of Master of Commerce in the subject Business Management, University of South Africa

entitled

Exploring the Relationship Between the Implementation of Business Strategies and Business Performance by Immigrant Entrepreneurs in Ekurhuleni, South Africa.

by

Tatenda Chidau, 45586411

has been subjected to an English language edit by

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8 August 2021