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# Foreign Business Entrepreneurship in Cape Town: How To Start A Business - Stories Of 6 Cape Town Based Immigrants

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*SIT Study Abroad*

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FOREIGN BUSINESS ENTREPRENEURSHIP IN CAPE TOWN:  
HOW TO START A BUSINESS – STORIES OF 6 CAPE TOWN BASED  
IMMIGRANTS

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## Abstract

South Africa has become a shelter for immigrants from all over the world (Wilkinson, 2015). Combined with its internationally recognized economy, it is a tempting location for foreigners to establish a business (“Starting a Business in South Africa as a Foreigner – A Complete Guide”, n.d.). With this in mind, the intent of this study is twofold. First, this project aims at analyzing how foreigners establish businesses in Cape Town. Its objective is to trace the entrepreneurial process from the initial stages to its recent development. Second, it aims at outlining their experiences in Cape Town, thus serve as a platform for sharing the experiences of six foreigners from different countries.

This research was conducted during a four-week period in Cape Town, South Africa. The primary method used for data collection was semi-structured interviews, thus the content deviated based on the interviewee’s eagerness to share. This study includes interviews with 6 foreigners conducted in their safe working space. All interviews were privately conducted and lasted between 30 minutes and two hours.

The findings of this research determined that there are multiple ways of establishing a business while maintaining one’s legal status. Although some came illegally, while others came for studying or working; they are currently residing in Cape Town. Subsequently, immigrants from different countries face various challenges, and with the exception of one interviewee, they have all experienced some form of violence or xenophobia attack due to being foreign. Overall, their relocation to Cape Town had been justified, but half of them see themselves going back to their country of origin.

## Acknowledgements

There are many people who have helped me along the way that I want to acknowledge and thank for their support. I want to express sincere gratitude to my advisor, Kolade Arogundade who not only helped me polish my idea, but also connected me with entrepreneurs I could interview. His advice and guidance, intertwined with his knowledge in the field, have helped me throughout the research process. I would also like to thank Stewart Chirova and Emma Arogundade, who have worked with me throughout the semester in preparing me academically for this research, which has allowed me to engage with this topic. Then, I want to thank my classmates who have supported me during these past few weeks, and especially Alison Ungaro who connected me with a business owner in Langa. Most importantly, I am grateful for the participants in my study, without whom this research would not be feasible. I want to thank them who for dedicating their time to being interviewed and sharing their personal experiences with me.

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## **Introduction**

### **Statement of Intent**

South Africa has become a host country for many immigrants coming from various countries, and according to the 2011 census, there are 2.2 million foreigners living in South Africa (Wilkinson, 2015). Meny-Gibert and Chiumia (2016) find that 75 percent of these were born in other African countries. The majority of the foreigners relocate to South Africa due to its booming economy that contributes almost three-quarters to the Southern African economy (Solomon, 2005). Foreigners relocate seeking better economic opportunities, but upon arrival face discrimination and xenophobia from the locals and from the institutions (Crush, 2015). Despite the challenges, Fatoki (2014) finds that immigrants are more entrepreneurial than natives although the exact number of existing businesses is not estimated. Fifty percent of the small businesses established in South Africa fail within a few years, thus I intend on outlining the successful journey of the participating foreigners (Ladzani & Van Vuuren, 2002).

Foreign business owners in South Africa face challenges pertaining to their legal status and the maintenance of their business. To legally reside in South Africa, a foreigner has to obtain a visa or a permit that has to be renewed continuously. In addition, for a foreigner to establish a business, he or she has to invest ZAR 5 million or be able to waive this requirement by having a South African spouse, being an economic refugee, or obtaining permanent residency (“Starting a Business as a Foreigner in South Africa”, n.d.). As most immigrants do not have enough resources to invest this amount, I analyzed alternative ways of opening a business. Unfortunately, the South African government indirectly

engages in xenophobia by making it difficult for immigrants to obtain legal papers and punishing those who fail to do so (Peberdy, 2001).

In addition to the challenges of obtaining the necessary permits, foreigners are often harassed by the community, especially in the informal sectors (Crush, 2015). This violence stems from being regarded as job stealers, criminals, and drug dealers (Mafukidze & Mbanda, 2008). Failing to find employment, many of them open their own businesses (Fatoki & Patswawairi, 2014). Moreover, it has been found the foreigners who operate small and medium enterprises are more committed to self-employment, and are more optimistic and ambitious regarding the future, thus they invest more in enhancing the performance of the business (Peberdy & Rogerson, 2000).

By keeping this in mind, my research will focus on vocalizing the experience of foreign business owners with respect to entrepreneurship. Moreover, my goal is to better understand the entrepreneurship process and the challenges that business owners face. For this research, I interviewed entrepreneurs in Cape Town in various locations, including Rondebosch, Newlands, Langa, and the city center. I acknowledge that the small sample restricts the conclusions I can draw, but provides insight into the lives of the individuals as foreign business owners. Specifically, the objectives of this study are twofold. First, I investigated the practical part of establishing a business in a foreign country. This entails outlining the entrepreneurship process, which begins by the origin of the entrepreneurial idea and the collection of the starting capital. Then, I explored the visa and permits that they had to obtain as foreign business owners. Lastly, I outlined the challenges that pertain to maintaining the business.

Second, I vocalized their experience as foreigners. I investigated the obstacles and discrimination they faced while residing in South Africa. Thus, I will share their experiences by intertwining the challenges of being foreign and entrepreneur, hence operating in unfavorable, and often hostile, environment.

Based on my initial research and interests, I developed research questions that would guide me in my research process. Moreover, the following questions enabled me to outline the most important aspects of the participants' experiences:

- How do foreigners establish businesses and maintain their legal status?
- What has their experience been like?

### **Literature Review**

This literature review will briefly discuss immigration to South Africa and the multiple incentives. Furthermore, it will focus on small and medium-sized enterprises and their effects on the economy. Finally, it will combine the two and focus on foreign entrepreneurship, including its impact on the economy, the current regulations, and the foreigners' experiences.

#### **Immigration and displacement.**

##### ***Estimating the number of immigrants in South Africa.***

The number of foreigners in South Africa has been challenging to estimate as immigrants, migrants, refugees, and asylum seekers are categorized in this group. Although some claim that due to the continuous inflow of undocumented immigrants past the South African borders, the number is impossible to estimate, others have attempted to tackle this challenge (Gebre, Maharaj, & Pillay, 2011). A contributing factor to the increased number of

African immigrants to South Africa could be the dangerous voyages they have to undertake to reach Europe (Schapendonk, 2012). Those who choose to travel through Libya report the lack of protection from the state regardless of their legal status (Hamood, 2006). These dangerous voyages coupled with the lack of safety, have led to 3,700 migration-related African casualties who have lost their lives trying to reach Europe (Schapendonk, 2012). Onishi (2015) claims that the advanced South African economy has lured about five million immigrants, most of whom are from other African nations. Similarly, an article supports this estimation and adds that there are about one million Zimbabweans living in South Africa as economic or political refugees (“Zim student body”, 2015). The Human Science Research Council (HSRC) indicated that in 1994 there were about 5 million illegal immigrants, but later withdrew its exaggerated estimations (“How many foreigners really live in South Africa?”, 2017). Similar estimations have been projected by McDonald et al (2000) who claim that the number of undocumented foreigners ranges between 2.5 to 12 million. Since then, the census and official statistics have undertaken this challenge. The 2011 census found that there are 2.2 million people who live in South Africa but were born abroad (Wilkinson, 2015). Consequently, articles have appeared to refute the previously exaggerated number of foreigners (Wilkinson, 2015). The current statistics continues being questioned, as researches arrive at vastly different numbers. For instance, the 2016 Community Survey has estimated 56,412 people from the UK compared to 318,536 as found by the United Nations Department of Economic and Social Affairs (Meny-Gibert & Chiumia, 2016). It is hard to estimate precisely because undocumented migrants are less likely to participate in official surveys and provide the correct information (Meny-Gibert & Chiumia,

2016). Thus, a lot of estimations have been extrapolated from the investigation units of the South African Police Stations (SAPS) and the field offices of the Department of Home Affairs (Solomon, 2005).

### ***Origins of immigrants.***

Analyzing the countries of origin of the foreigners residing in South Africa is as challenging as estimating the respective population. Many researchers support the claim that most foreigners come from the South African Development Community (SADC) countries (Meny-Giberty & Chiumia, 2016 and “Documented Immigrants in South Africa, 2013”, 2014). Recently, Africans from other parts of the continent, such as from Ghana and Somalia, are entering South Africa at increasing rates to look to work, visit friends, and to sell goods (McDonald et al, 2005). In 2014, there were over 65,000 refugees and 230,000 asylum-seekers, mostly from Somalia, the DRC, Angola, and Ethiopia (Meny-Gibert & Chiumia, 2016). The 2011 census showed that more than 68 percent of the foreign-born residents in South Africa are from the SADC countries, but of those granted temporary residence permit in 2013 only 34 percent are from SADC countries (“Documented Immigrants in South Africa, 2013”, 2014). An additional 7.3 percent of all internationals residing here are born in other parts of the African continent, adding up to 75 percent of South African foreigners originating from Africa (Meny-Gibert & Chiumia, 2016). The 2016 Community Survey conducted by the Statistics South Africa listed the top 10 “sending countries” to South Africa. This list included mostly African countries: Zimbabwe, Mozambique, Lesotho, Malawi, Swaziland, Namibia, Democratic Republic of Congo, Nigeria, together with United Kingdom and India (Meny-

Gibert & Chiumia, 2016). Meny-Gibert and Chiumia (2016) suggest that although SADC countries provide higher proportion of immigrants compared to Asian countries who comprise only 4.7% of the immigrant population, there is almost equal proportion of successful permit applications between the two, which indicates discrimination against African immigrants. Documented migrants who have received temporary permits in 2014 from the SADC countries comprise 33.3 percent compared to 30.6 percent from Asian countries, demonstrating the troubling position that African immigrants hold in South Africa. Immigrants from Eastern Europe and Asia have started entering South Africa at higher rates than before (McDonald et al, 2005). The high number of African immigrants is due to the geographic location of South Africa coupled with its relatively developed economy (Solomon, 2005).

### ***Reasons for relocating.***

The diverse foreigners decide to reside in South Africa for various reasons. The most prevalent reason for relocating to South Africa is the aspiration to engage in its booming economy that currently contributes almost three-quarters to the Southern African economy (Solomon, 2005). According to the World Bank and the International Finance Corporation, it is ranked as the 39<sup>th</sup> best place in regards to ease of opening a business (“Starting a Business in South Africa as a Foreigner – A Complete Guide”, n.d.). Other reasons for relocating include the effort to escape civil wars and political mismanagement in the home country (Solomon, 2005). As a residing location, South Africa offers socio-economic opportunities due to its relatively stable government, its infrastructure, and the economic stability (Meny-Gibert & Chiumia, 2016). According to StatSA, even

reasons such as “environmental degradation” in the region have increased the number of immigrants entering South Africa (Meny-Gibert & Chiumia, 2016). Furthermore, some foreigners have been forced to leave their countries due to extreme instability and threat of their human rights. In fact:

Refugees, as forced migrants, have suffered displacement under conditions not of their own choosing. When refugees abandon their own home, community, and country, they do so because there is a probability of their losing all rights and face being murdered, tortured, raped, imprisoned, enslaved, robbed, or starved (“How many foreigners really live in South Africa?”, 2017).

To welcome such individuals, South Africa has engaged in providing asylum and refugee papers. For an individual who fears prosecution in their home country to obtain these, they must apply for such permits at the nearest Refugee Reception Office (“Asylum seeker and refugee permits”, n.d.).

### ***Types of visas that immigrants utilize.***

As many foreigners relocate from neighboring African countries, the number of visits to South Africa are 80% by road, 19% by plane, and less than 1% by sea and there are many visas to accommodate foreigners (Meny-Gibert & Chiumia, 2016). When seeking immigration status in South Africa, the visas that one can obtain include work visa, retired persons visa, business visa, a study permit, spousal and life partner visa, relatives visa, corporate visa, financially independent permits, and volunteer’s visas (“Visas and Permits for Immigration to South Africa”, n.d.). The work visa can be obtained through an intra company

transfer, corporate work visa, and a general work visa (“Visas and Permits for Immigration to South Africa”, n.d.). In addition, there is a critical skills work visa for individuals who satisfy multiple criteria that substantially prove that the foreigner is qualified, has been previously employed, and has the capacity that is required (“Visas”, n.d.). Despite the numerous existing visas, foreigners increasingly overstay their visas and are entering the country without proper documentation (McDonald et al, 2005). Partially this has been caused by the lack of white paper on migration policy as of 2004 by the Department of Home Affairs (Solomon, 2005). Others have successfully stayed in South Africa as refugees and asylum seekers. It has been suggested by the UNHCR that some economic migrants are trying to apply for asylum status to remain in the country due to the “stringent immigration regulations” (“How many foreigners really live in South Africa?”, 2017). The asylum seeker’s permit allows individuals to stay while their application for refugee status or for asylum is pending (“Asylum seeker and refugee permits”, n.d.). If granted, the foreigner is officially recognized as a refugee and it is valid for two years, and after living in South Africa for more than five years, they can apply for a permanent residence permit (“Asylum seeker and refugee permits”, n.d.). Alternatively, the Department of Home Affairs has offered permanent residency to Southern African Development Community (SADC) citizens who have been in South Africa since 1991, are economically active, in a relationship with a South African partner, dependent children, and had no crime history (Solomon, 2005). However, FIPSA claimed that the company processing visa documents has stopped accepting applications from refugees or asylum seekers for permanent residence (Furlong, 2016). In addition, sources claim that asylum seekers have been paying R500 to receive

preference over other applicants, an evidence of a corrupt system (“South Africa introduces new Asylum Procedures”, 2016).

### **Small and Medium Enterprises (SMEs).**

#### ***What are SMEs?***

Small and medium enterprises (SMEs) contribute to the respective country’s economy and generate employment. The term SME is used worldwide and its definition depends on the geographic location (Smit & Watkins, 2012). The National Small Business Act of South Africa of 1996 describes an SME as follows:

A separate and distinct entity including cooperative enterprises and non-governmental organizations managed by one owner or more, including its branches or subsidiaries if any is predominantly carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards and can be classified as a SME by satisfying the criteria mentioned in the schedule of size standards (Olawale & Garwe, 2010, p. 730).

Furthermore, these organizations are divided into four categories: micro enterprises, very small enterprises, small enterprises, and medium enterprises depending on the number of employees (Smit & Watkins, 2012). The SMEs consist of variety of firms ranging from survivalist self-employed firms to businesses that employ over a hundred people (Berry et al, 2002).

#### ***Estimating the number of SMEs.***

Accurate information regarding the number of SMEs is hard to extract in South Africa due to the lack of data on the informal sector, which represents at least two-thirds of the SME population (Berry et al, 2002). Many researches agree that SMEs are dominant in the economy, especially in Third World

countries like South Africa (Smit & Watkins, 2012). According to Smit and Watkins (2012), 90 percent of all formal businesses are SMEs, which largely contribute to the South African economy. Additionally, they account for 56 percent of the employment in the private sector and 36 percent of the gross domestic product (Olawale & Garwe, 2010). This data supports the claims that developments of SMEs could reduce the South African unemployment rate. To better analyze the impact of SMEs on the country's economy, many official state agencies have engaged in estimating the number of SMEs. Such analysis conducted by Ntsika and Statistics SA reveal that the total number of SMEs ranges between 1 and 2 million (Berry et al, 2002). However, these official state agencies do not follow the four official size categories introduced by the Small Business Act that are mentioned earlier. Instead, they add categories including Survivalist and Large without further explanation (Berry et al, 2002). Such inconsistencies make it harder to compile data extracted from multiple researches and check their credibility.

### ***Advantages, Disadvantages & Challenges SMEs face.***

SMEs in South Africa operate in a very unfavorable environment, thus it is often difficult to sustain despite its positive effects on the economy (Ndiege, Horseman, & Flowerday, 2012). Due to their size, SMEs are able to flourish by adapting to the needs of their customers and by being loyal (Smit & Watkins, 2012). As many public sectors fail to generate employment, increasing amount of attention is given to SMEs hoping that they could generate more employment (Olawale & Garwe, 2010). However, this goal is not achieved to its fullest potential due to the high rate of failure of enterprises. The failure rate in South

Africa is among the highest rates worldwide and it has reached 50 percent according to The Small Business Development Corporation (Ladzani & Van Vuuren, 2002) and 80 percent according to Smit and Watkins (2012) as well as Olawale and Garwe (2010). There are multiple factors that contribute to these failures. One of the major reasons is the lack of necessary financial capital. Firstly, the South African bankers are hesitant to support SMEs due to the high risk and low return, thus the initial capital for SMEs comes from family members and friends who support the business (Smit & Watkins, 2012). Operating in the same economic environment as large firms has constricted the impact that SMEs can achieve because they lack resources, such as emerging technologies and human resources (Smit & Watkins, 2012). Smit and Watkins (2012) suggest that the other major reason is the lack of management skills within the firm, which often results in unpredicted economical shocks. SMEs fail to maintain their profitability due to lack of training in all areas regarding the business (Ladzani & Van Vuuren, 2002). A large percentage of firms fail in the first five years due to lack of technical and managerial skills resulting in financial strains and inadequate leadership (Smit & Watkins, 2012).

### ***Impact on the economy.***

It has been established that a major number of businesses in South Africa are SMEs and their high number could promote economic growth and job creation (Smit & Watkins, 2012). However, the majority of SMEs in South Africa are micro and very small enterprises, which have limited growth prospects (Kesper, 2001). Therefore, the contribution that could be achieved by SMEs is expected to remain low. Medium sized enterprises are found to generate

employment at the desired levels, but only 13 percent of SMEs are medium-sized (Smit & Watkins, 2012). The small enterprises constitute between 70 and 80 percent of all SMEs, but their contribution to GDP is very minimal (Berry et al, 2002). It has been found that medium enterprises that generate the desired impact are led by educated and motivated entrepreneurs (Kesper, 2001). Thus, as education improves in South Africa, the impact of the SMEs could become more visible.

### **Immigrant Entrepreneurship.**

#### ***What is immigrant entrepreneurship?***

Combining the previous two themes together, this section focuses on foreign entrepreneurship. Used interchangeably with immigrant entrepreneurship, foreign entrepreneurship according to Fatoki (2014) is described as “the process by which an immigrant establishes a business in a host country (or country of settlement) which is not the immigrant’s country of origin (p. 2)”. Similarly, Fatoki (2014) describes foreign entrepreneurs as business owners born elsewhere who engage in economic innovation. These definitions exclude ethnic entrepreneurs who have been living in the host country for generations. Although the number of foreign owned businesses is not estimated, it has been found that immigrants are more entrepreneurial than natives (Fatoki, 2014). Studies have found that the average number of employees at a foreign owned business is 4, thus classifying immigrant entrepreneurs in the small business category (Fatoki & Patswairi, 2012). Research has found a positive correlation between the owner’s education and the firm’s success (Fatoki, 2014). Peberdy and Rogerson

(2000) suggest that foreign entrepreneurs have more education than their South African competitors.

*Why do they open businesses?*

Multiple researches have indicated that immigrant entrepreneurship tends to be triggered by lack of other opportunities more often than the desire to be entrepreneurial (Fatoki & Patswawairi, 2012). To differentiate between the two, the factors that contribute to establishing a business have been categorized as “pull” and “push”, where “pull” refers to opportunity entrepreneurship and “push” refers to necessity of entrepreneurship (Fatoki & Patswawairi, 2012).

Fatoki (2014) notes that:

Entrepreneurship can provide immigrants with work and income as immigrants find it difficult to enter into the labour markets. Thus, immigrants can become a significant driving force in the creation of new businesses and the reduction of South Africa’s high rate of unemployment (p. 1).

Fatoki and Patswawairi (2012) support this by adding that the lack of access to the labour market, the discrimination at the work place, and the limited career opportunities make self-employment more appealing. Studies find that the implications of immigrant entrepreneurship positively affect the South Africa economy (Fatoki & Patswawairi, 2012).

***Benefits of foreign entrepreneurship.***

The economic benefits of foreign entrepreneurship are evident to some, while others disagree and debunk such statements. About 78 percent of foreign owned businesses employ South Africans only which, coupled with an average of 4 employees, has generated employment for natives (Fatoki & Patswawairi,

2012). Another research shows that most immigrant entrepreneurs begin by employing family members, but as they expand they employ South Africans (Fatoki, 2014). While some recognize the generated employment by foreign SMEs, others claim that these businesses are not crucial for the economy, as they don't contribute significantly (Tengeh, 2013). Furthermore, they emphasize that immigrants steal jobs from locals by providing services for smaller wages (Khosa & Kalitanyi, 2014). What they fail to recognize is that despite improving the economy, foreigners contribute by purchasing goods and services and by importing skills (Khosa & Kalitanyi, 2014). Additionally, they contribute by being innovative and as evidence from other countries has suggested, the immigrant community can contribute from an entrepreneurial perspective in the home country (Tengeh, 2013).

### ***Difficulties foreign SMEs face.***

#### *Challenges.*

In addition to struggling to survive financially, foreign SMEs face additional challenges including barriers to entry in the market, lack of institutional support, lack of training, violence, and maintaining their legal permits as summarized below. According to Tengeh (2013),

The major prerequisite for a thriving small-scale enterprise sector is an enabling environment, which includes political and economic stability, relative security, market based incentives, and access to the resources needed to survive and grow (p. 352).

In addition to operating in a hostile environment and surviving even with lack of finances, foreign owned businesses do not benefit from the existing supporting structures for SMEs (Tengeh, 2013). For example, the Small Enterprise

Development Agency (SEDA) is not accommodating for foreigners (Fatoki, 2013). Thus, the government needs to recognize the benefits of foreign businesses and promote and help the process by encouraging participation of foreigners in the training and coaching by such governmental organizations (Fatoki, 2013). Furthermore, foreigners have to maintain their legal status. In order to establish a business, one can either apply for a business visa or an independent financial permit (“Starting a Business as a Foreigner in South Africa”). These visas require an investment of ZAR 5 million and ZAR 12 million, respectively. Alternatively, refugees or asylum seekers are granted the right to establish a business (“South African Court Backs Refugees’ Right to own Businesses”). Furthermore, if a foreigner has a South African partner and holds a spousal or life partner visa, they can utilize them to set up a business (“Starting a Business as a Foreigner in South Africa”). In addition to the practical difficulties faced by foreigners, they often face direct violence and xenophobia in South Africa as their host country.

### *Violence.*

Fatoki (2014) notes that the violence foreign entrepreneurs face include crime and xenophobia (Fatoki, 2014). Xenophobia is recognized as the prejudices and behaviors when individuals are labeled as foreigners (Khosa & Kalitanyi, 2014). Such behaviors have become more prevalent in South Africa and often result in SMEs temporarily stopping their business or terminating it permanently (Khosa & Kalitanyi, 2014). Many owners of SMEs face xenophobia because they are perceived as economic competition. According to Crush (2015), the main reason stems from the fear of locals that foreigners are stealing their jobs despite

regulations that force enterprises to employ at least 60% South Africans (“Starting a Business as a Foreigner in South Africa”, n.d.). Foreign owners, especially in the informal settlements and townships, report daily harassments both from the locals and from the police (Crush, 2015).

## **Methodology**

### **Methodology Approach**

The methodology I utilized for investigating my research topic was qualitative as I used semi-structured interviews to collect data. I wanted to get involved in qualitative research with the goal of understanding the experiences of those involved and contextualizing the issues while listening to the participants’ stories (Glesne 2006). Furthermore, I decided to engage by conducting semi-structured interviews that probe the subjects to share their narrative (Slim, 1994). Prior to conducting the interviews, I educated myself on regulations that pertain to foreigners who establish businesses in Cape Town. In addition, I read about experiences of immigrant business owners in order to have the necessary background to understand the interviewee’s perspective. During my interviews, I utilized open-ended question that allowed participants to be as vocal and as personal as they choose. I was willing to deviate from the topic while keeping my goal in mind. After every interview, I synthesized the information I received and reflected back on what I learned.

By definition qualitative researchers strive to make sense of personal narratives and the way they intertwine, thus it is important to provide my personal connection with the given research (Glesne 2006). As a social innovator

and mentor at Hamilton College, I have participated in many entrepreneurship workshops and helped students establish their projects. However, as a foreigner I was discouraged of launching an idea in the U.S. and instead I did so in Macedonia, my home country. Knowing the multiple challenges, I admire foreign entrepreneurs who manage to succeed despite the often-unwelcoming environment. As a result, I set out to research foreign entrepreneurs in Cape Town in order to vocalize their experience and show the burdens they have overcome in order to thrive.

Prior to interviewing, I recognized my positionality as a student and the fact that I will be perceived as an American. To show that I have enough context despite being a student, I occasionally brought up statistics that I had familiarized myself with prior to the interview to support and validate their statements. Knowing that by being perceived as American, I am instantly associated with 'privilege' and 'ignorance', I introduced myself and my Macedonian roots in the beginning of the interview (Maxwell et al, 2016). Thus, I articulated that I am also a foreigner in the country I reside in. Also, my interviewees are successful entrepreneurs who I admire and who identified themselves as successful during the interview, thus there was not power dynamics that interfered with my study. I was very cautious not to project any of my experiences as a foreigner although they are vastly different. Despite this similarity, my positionality as having a different cultural and racial background distanced me from the interviewees.

I carefully phrased my questions as open-ended and in a non-leading way, and asked multiple peers and my advisor to offer insight, as I am neither an expert in interviewing nor in entrepreneurship in Cape Town (Kvale, 2007).

Despite being cautious in exploring their experiences, I acknowledge that my past experiences and intersectionality must have affected my findings. As Maxwell et al (2016) indicate, the ways in which I identify myself affect how I communicate and interpret the data in addition to what I communicate. Aiming to realistically vocalize the participants' experiences, I was cautious not to form expectations prior to the interviews and to not impose any harmful stereotypes.

### **Setting and Participants**

I conducted my research in multiple locations in Cape Town. I interviewed six participants from various countries: Nigeria, Ethiopia, Cameroon, England, Bangladesh, and Germany. I utilized connections that my ISP advisor, academic directors, and friends have in order to identify foreign entrepreneurs who are interested in participating. I met one time with each of the six foreigners that consented to being interviewed for my research. In the beginning of each interview, I introduced myself and my research. Then, I provided the consent form that has been approved by my advisor and is in accordance with the SIT regulations, and encouraged participants to let me know if they are uncomfortable or want to terminate their involvement at any point. After receiving their approval, I used the voice recorder on my phone to record the interviews that lasted between 30 minutes and two hours. The interviews were conducted in the comfort of the interviewee, thus they took place in their workspace. Moreover, they agreed to the interview with the understanding that I will neither use their names nor the name of their business.

I agreed to protect my interviewees' identities by keeping them anonymous, thus I will not provide their real names. However, I intend on

providing context on their identity as well as their business. Throughout this research, I will refer to them under pseudonyms that I decided to introduce in order to humanize them.

Ruben (Participant #1): This interviewee is from Bangladesh, and relocated to Cape Town in 2005 as a refugee. He would be classified as coloured in South Africa. Currently, he owns a shop in Cape Town that employs another individual from Bangladesh. He established this shop in 2005, and the interview was conducted in this shop located in Rondebosch, Cape Town.

Gabriel (Participant #2): This individual relocated from Nigeria in 2000, and he is black. He manages two stores in Cape Town that are franchises from previously established businesses in Johannesburg and Pretoria. He has a retail shop for women's handbags and shoes, and employs 2 other individuals in the store I interviewed him in. He opened the business 6 years ago.

Sam (Participant #3): This entrepreneurial black woman was born and raised in Cameroon. She moved to South Africa 8 years ago, and currently owns a hair studio in Cape Town that she opened 6 years ago. She employs 6 other women and the interview was conducted in her studio in the city center of Cape Town.

Dawit (Participant #4): This entrepreneur's home country is Ethiopia and he decided to move to South Africa 8 years ago. He is black and currently runs a spaza shop in Langa that he established 8 months ago after selling stuff on the street and by walking to houses. His business is not legally registered, and he is the only one that is employed in the shop.

Amy (Participant #5): This white participant originates from England. She relocated to South Africa in 2005, and has established a jewelry business in 2009. Currently, she owns 2 jewelry shops across Cape Town and employs 14 people. The interview was conducted at one of her shops located in Newlands.

Charlie (Participant #6): This white interviewee was born in Germany. He relocated to South Africa in 1969, and he established a car repair shop and a car rental in 1994. He employs 7 individuals, and the interview was conducted in his office in Rondebosch.

### **Limitations and Biases**

Given the short amount of four-weeks dedicated to this research, it is inevitable to encounter limitations. During this period, I faced numerous limitations, including methodological and personal limitations.

First, my methodology approach of identifying foreign entrepreneurs through connections of highly educated individuals has certainly affected my sampling. As a result, the sample is not randomly chosen. In addition, the small sample size restricts the conclusions that I can draw from the data. The diversity of my participants, who are born in various countries coupled with the various branches of business they engage in, makes it hard to consolidate their answers and experiences. As mathematics major with a focus on statistics, I am used to quantitative research with big data sets. However, for a qualitative research, the sample size is not as restrictive and I will utilize the narratives and experiences that interviewees have shared with me in my analysis.

The second limitation that I faced was the location of the interview. All of the interviews I conducted were ran in the workspace of the respective participant. Given that they are busy business owners, they were working simultaneously while answering my questions. Thus, whenever a customer walked in, we had to pause the interview and resume after the customer had left. As a consequence, the participants were distracted as they were trying to make sales while the interview was in progress. I found this limitation to be significantly limiting when I interviewed the shop owner in Rondebosch because customers walked in every few minutes, which resulted in multiple breaks and prolonged the interview to two hours. I recognized in those moments that having limited free time is a consequence of establishing a business, and as an owner they could not afford to lose customers due to any reason. Although the interview was interrupted a few times, I was fortunate of these instances as it gave me a glimpse of their priorities and their commitment to the business.

Other limitations that I experienced included the language and cultural barriers. The business owners that I interviewed originate from multiple countries across the world. This not only made the conversation more difficult due to both of us speaking with different accents, but it also made it hard for me to interpret their body language. During the two months I have been in South Africa, I have learned some of the local cultural values and beliefs. However, interviewing successful business owners from different countries was challenging, but I tried to be as prepared as possible. Prior to any interview, I researched their home country, its economy, and the number of people that have relocated to South

Africa. While this is certainly not as sufficient as I would like it to be, it was appreciated when I mentioned facts about their home country.

Additionally, my background as a Macedonian student in the U.S. might skew my data analysis and interpretations. I recognize that my experiences as a foreigner in the U.S. knowing the difficulties of establishing a business could alter my conclusion. To counter this, I have focused primarily on the participants' stories and burdens they have encountered coupled with South African literature. I came into this research trying to be fully aware of my identity and the potential power dynamic I would bring to the interview. As a foreigner in the country I operate in, I thought that my participants would identify me similarly. However, during one of the interviews, the participant told me that although we are both foreigners, I would not be bothered because I am white. Thus, I recognize that there are many ways in which one identifies oneself, and although I can't sometimes fit in, I am appreciative of their background and interested in their personal narrative and success.

Despite these limitations, I was able to identify six diverse entrepreneurs not only in terms of origin, but also in terms of interests and line of business. I am fortunate to have interacted with entrepreneurs in various parts of Cape Town, ranging from an elite shop in the city center of Cape Town to small, unregistered spaza shop in the Langa township. The information I extracted during the interviews will help me in analyzing and answering my research questions.

## **Findings and Analysis**

In this section, I will discuss the major themes that emerged during the six interviews I conducted with the foreign business owners. My findings and analysis will be presented and discussed in the following order: background and relocation to South Africa, development of the entrepreneurship idea, experience in Cape Town, and goals for the future.

### **Background: Relocation to South Africa**

In order to fully contextualize the participants' experiences as foreign entrepreneurs in Cape Town, I decided to begin by investigating their past. More specifically, I decided to explore the process of relocating to South Africa. This major theme includes subthemes that aim at investigating the reasons for relocating, expectations, prior occupation, type of visa obtained, and people who relocated with them.

#### **Reason for relocating.**

The reasons for relocating varied from seeking better opportunities in terms of employment and education to only means of survival. Sam, Ruben, and Dawit started considering relocating to South Africa when their friends or siblings who had recently moved described the enormous economic opportunities to do business. Due to its relatively stable economy, South Africa attracts people who seek better economic opportunities (Meny-Gilbert & Chiumia, 2016). While this was the primary driving force for Sam and Dawit, Ruben had to relocate due to the political instability in Bangladesh (Ruben, personal communication, April 13, 2017). More specifically, he was involved in politics and his life was in

danger. Acknowledging this as a sensitive topic for him, I reiterated that he does not have to share if he doesn't want to, but he continued articulating his experience. Scared for his life, he decided to leave his home country and seek residency elsewhere. His friend recommended him to move to South Africa as a very prosperous country, and Ruben agreed (Ruben, personal communication, April 13, 2017). Solomon (2005) finds that many immigrants relocate due to civil wars and political mismanagements. Unlike Ruben, Sam had a Cameroonian friend who helped her in the initial stages of her settlement (Sam, personal communication, April 18, 2017). Similarly, Dawit's brother resided in South Africa and taught him how to run a successful business here (Dawit, personal communication, April 21, 2017). Dawit was fortunate to have visited South Africa prior to deciding to permanently relocate. He visited his brother when he was younger, and "only saw the positive aspects of being here, such as the booming business and the welcoming people" (Dawit, personal communication, April 21, 2017).

Alternatively, Gabriel was encouraged by his family members to come to South Africa to obtain graduate training (Gabriel, personal communication, April 15, 2017). Although his family is all over the world, his mother insisted on him coming to South Africa. His initial plan was to relocate to Canada, but as African, he wanted to stay in Africa. He admitted that he does not regret this decision as moving to Canada would have been more dangerous given the current economic events worldwide (Gabriel, personal communication, April 15, 2017). On the other hand, Amy decided to relocate due to her prior experiences in South Africa. She first arrived in South Africa when she was 18 years old, and volunteered in a

school for children with disabilities (Amy, personal communication, April 22, 2017). Afterward, she came to South Africa during her holidays to volunteer, and finally relocated after obtaining her undergraduate degree in economics and anthropology. South Africa was the first and only place where she had to figure out life for herself, which attracted her to move to Cape Town (Amy, personal communication, April 22, 2017). Finally, Charlie worked and studied in East Germany under communist ruling. Wanting to escape, he took the first opportunity to relocate when he was offered a position in Bosch's distribution branch in South Africa in 1969 (Charlie, personal communication, April 28, 2017).

Acquiring the reasons for relocating was of immense importance for this research as participants' backgrounds alter their experiences in Cape Town. Furthermore, they speak about the living conditions of individuals in their home countries and subtly underline their hopes and aspirations. Each of the participants' answer led me to believe that they want to advance economically and are motivated to fulfill their potential. To understand their prior working experience, I asked about their occupation prior to relocating and their expectations.

### **Prior occupation and expectations.**

Three of the six interviewees managed their own businesses while in their home country. Two of them, Sam and Dawit, owned a business that is in the same line as the one they are currently managing (Sam, personal communication, April 18, 2017 and Dawit, personal communication, April 21, 2017). To desert what they were doing to come to South Africa, they must have certain

expectations, especially if they already had a successful business. The third one, Ruben used to manage three jewelry shops in Bangladesh (Ruben, personal communication, April 13, 2017). After realizing that he has to flee the country due to security reasons, Ruben passed these businesses to his father and brother. Similarly, Charlie's main reason for relocating was his desire to escape communism although he had a stable job at Bosch in the export department. He continued working for the same company in South Africa. On the other hand, Gabriel and Amy moved to South Africa after completing their degrees. Gabriel completed his honorary degree in Nigeria and Amy completed her undergraduate studies in England. The decision to relocate must have been probed by certain expectations.

Having expectations prior to coming to South Africa often affects the experience of the individual. Ruben and Sam both expressed that they are very disappointed and their expectations are not met in terms of financial opportunities (Ruben, personal communication, April 13, 2017 and Sam, personal communication, April 18, 2017). Moreover, they both recognize that their home countries, Bangladesh and Cameroon respectively, have improved since they have relocated and hope to go back in the near future. A few studies suggest that the visits home serve as a coping strategy for the experienced stress as an immigrant, which attracts them home (Marschall, 2017). Ruben said that his friends saying that the economy was booming was misleading, and he adds that he feels very unsafe in this environment (Ruben, personal communication, April 13, 2017). On the other hand, Amy expressed her expectations career-wise. She had not expected to start a business, instead she could have seen herself being a

social worker, mid-wife, or a teacher. The strength of the ties people have with their home country also alters their initial experience and sense of belonging, thus I inquired who relocated with them and how often they visit their country of origin.

### **Initial relocation and home visits.**

All interviewees relocated to Cape Town by themselves. Dawit is the only one whose family member, his brother, is also in South Africa. On the contrary, Gabriel's family is in multiple countries across the world, but his new family is in Cape Town, which he considers home. Similarly, Charlie's family is mostly in South Africa. He was engaged when he relocated in 1969, and his fiancé moved 3 months after he settled. Ruben's family continues to live in Bangladesh, but he relocated with 6 other Bangladeshi citizens who were trying to escape the political crisis (Ruben, personal communication, April 13, 2017). He continues to send money to his family in Bangladesh. Research has found that the primary reason for sending money is the ultimate plan of immigrants to return back home in a country with better living standards (Marschall, 2017). Similarly, Amy's family lives in England, Scotland, and Wales. I found Sam's story with regards to family members most astonishing. When she relocated 8 years ago, she left her family, including her children, in Cameroon. She even sent her child that was born in South Africa recently to live with her sister in Cameroon. When probed for explanation, she told me that she wants the kid to be raised properly. According to her, Cape Town is not good for young children because those who grow up here are naughty and get addicted to unhealthy stuff (Sam, personal

communication, April 18, 2017). Thus, it is compelling for immigrants to visit their home country, especially if their immediate family resides there.

Marschall (2017) suggests that visits home alter immigrants' identity by invoking a sense of belonging, and a rediscovery of their identity. Some have closer ties to people in their home countries, thus visit their home country more often while others don't feel the need. Gabriel and Charlie are the only participants who view South Africa as their home, and would like to stay here with their families. For Gabriel, this might be due to the fact that his siblings are across the globe, thus his prior family in Nigeria is not complete. Similarly, Charlie has been in South Africa for more than 40 years, thus he has adapted to the culture and has his family here. As Marschall (2017) says, the main motivation for going home is the desire to be with one's family, and affirmation of one's identity. During Ruben's 12 years stay in South Africa, he has visited Bangladesh twice. The last time was in 2014. Sam has only visited Cameroon two years ago after arriving in Cape Town in 2009. Dawit has been in Ethiopia twice in the past 8 years. Finally, Amy used to visit once every two years, but recently she goes to England more often depending on personal schedule and need. Financial constraint is the main reason for the rare visits, and their cultural background might regard travelling as an 'unnecessary' expenditure (Marschall, 2017). The type of initial visa could also alter the ease with which one can travel.

### **Type of initial visa.**

After realizing that they desire to permanently reside in South Africa, these participants had to think about the visa they needed to obtain. As Peberdy and Rogerson (2000) suggested, foreign entrepreneurs most often enter on

visitor's visas or as refugee and asylum seekers. My respondents fell into two categories: those who obtained some type of visa and those who moved as undocumented immigrants. Despite the available visas, foreigners continue to overstay their visa or enter the country illegally (McDonald et al, 2005). Gabriel and Amy got tourist visa, which Amy substituted with volunteer visa 4 months later. Sam received a visitor's visa claiming to visit her friend in South Africa (Sam, personal communication, April 18, 2017). After it expired, she sought refugee status. UNCHR suggests that some migrants try to apply for asylum or refugee papers due to the rigorous immigration regulations ("How many foreigners really live in South Africa?", 2017). Charlie explained that at the time he relocated, the government was looking for white immigrants with certain expertise to come to South Africa. When he relocated, the government covered the expenses for his flight, the accommodation for the first few months, and provided him with permanent residency within the first year (Charlie, personal communication, April 28, 2017). On the other hand, Dawit and Ruben entered the country undocumented. Dawit brought his passport, but he stated that the government is not friendly and did not give him the necessary documentations, as they don't value foreigners (Dawit, personal communication, April 21, 2017). Being illegally in South Africa and being interviewed by a white person, Dawit was hesitant in answering this question. Initially, he told me that he arrived with a passport and not wanting to probe into a sensitive issue, I did not insist that he answers. Later in the interview, Dawit felt more comfortable and told me that he is an undocumented immigrant. Similarly, Ruben moved illegally as he was trying to flee Bangladesh and was given asylum papers upon arrival that he had to renew every six months (Ruben, personal communication, April 13, 2017). As

an individual fearing prosecution, he was able to apply for asylum paper at the Refugee Reception Office (“Asylum seeker and refugee permits”, n.d.).

### **Business development**

The hardest part of establishing a business is the entrepreneurial idea, its development, and acquiring the initial capital. These challenges are then followed by obtaining the necessary legal documents and by finding the right employees. Unfortunately, the business world is not stable, so how one overcomes the continuous challenges that keep arising is what makes the difference.

### **Idea/initial stages.**

#### ***Why did they pursue their entrepreneurial idea?***

Recognizing the challenge of indulging in a risk in order to establish a business, I decided to investigate why and how these entrepreneurs chose to engage in this process. Dawit learned managing skills from his brother who also helped him in the beginning process (Dawit, personal communication, April 21, 2017). He decided to open a spaza shop in Langa because it would be safer after the items he was selling on the street got stolen (Dawit, personal communication, April 21, 2017). Fatoki and Patswawairi (2014) imply that immigrant entrepreneurship is often driven by the lack of other opportunities. As another Ethiopian immigrant has shared with Gebre, Maharaj, and Pillay (2011), it is impossible to find a job as undocumented because they need to see your paperwork, thus many seek opportunities in the informal settlements and townships. However, my other participants decided to open a business for other reasons. Ruben does not like working for other people and generating revenue for

them (Ruben, personal communication, April 13, 2017). Instead, he prefers working hard for himself for a short amount of time and then relaxing when he chooses to.

Similarly, Charlie was working for a German fellow who owned a car repair shop, which fell into his son's hands after he passed away. The conflicts that aroused by having him as an employer encouraged Charlie to go on his own. Having accumulated expertise in the automotive industry, he decided to buy a petrol station – a franchise of BP (Charlie, personal communication, April 28, 2017). As his revenue grew, he bought the car repair shop next to the petrol station. A few months later, German tourists inquired if he rents cars. After evaluating the market for car rental, he decided to buy more cars and rent them. In the meantime, 8 years ago, BP gave him notice that because of Black Economic Empowerment, they want the franchise managed by a black individual (Charlie, personal communication, April 28, 2017). As a result, he sold the franchise and has accumulated 65 cars for rental. On the other hand, Sam's dream has always been to own a hairdressing studio and it was something that she had pursued in Cameroon (Sam, personal communication, April 18, 2017). After getting the experience and customers by working for other people, she decided to follow her dream again. Gabriel had worked in the corporate world for 11 years when he realized that he wants to be an entrepreneur (Gabriel, personal communication, April 15, 2017). He had a connection with a friend in Pretoria who owned this shop, and decided to open a franchise in Cape Town. Finally, Amy was doing beadwork development for other people prior to starting her own beadwork shop (Amy, personal communication, April 21, 2017). However, she

was getting paid hourly, only worked part-time, and would be giving her best designs to someone else. As a result, she decided that if she does not have security from a job, she should at least own the business and opened the first shop. Arguably, the most difficult part of opening a business is the starting capital (Gebre, Maharaj & Pillay, 2011).

### ***Initial capital.***

In order to establish any business, one has to invest initial start-up capital. This can be achieved either by having an investor or by investing one's own money. Depending on the line of business, the necessary initial capital varies. For Dawit, Ruben, and Sam, the starting capital amount was not as high. Dawit said that he did not need much because he did not have a lot of products in the beginning (Dawit, personal communication, April 21, 2017). Similarly, Ruben did not need a lot, but he borrowed money from a friend in addition to the personal money he brought from Bangladesh (Ruben, personal communication, April 13, 2017). Sam decided to develop her business while it was in its initial stages. She had saved money during the first two years of working for someone else. Not being enough, she only supplied the studio with a chair and a mirror (Sam, personal communication, April 21, 2017). Every month, she would buy more of the necessary supplies. Amy was fortunate in that her father could put up the funding of ZAR 150,000 (Amy, personal communication, April 22, 2017). Luckily, this is the turnover that she currently has on a slow month. On the other hand, Gabriel used his pension money, which was a big risk as he had an 11-year old daughter (Gabriel, personal communication, April 15, 2017). Finally, Charlie used his savings to invest in his business, and has been growing it gradually since

then. Because South African bankers have been very hesitant in supporting SMEs, their initial capital usually stems from family members or friends, as has been the case for Amy and Ruben (Smit & Watkins, 2012).

### **Visa/special permits.**

Being a foreign entrepreneur is even riskier as you are operating in a non-native land. This further burdens the foreign business owners, as they have to comply not only with business regulations, but also maintain their legal status. Thus, it adds uncertainty to an already unpredictable future. For this reason, I have examined the necessary permits and visas that the participants have to obtain in order to sustain themselves.

### ***Legal status of the entrepreneur.***

To legally reside in South Africa, foreigners have to obtain the necessary documents. Thus, after inquiring about the initial type of visa they had when they first arrived in South Africa, I asked about the type of visas they currently have and if they have become a South African citizens since then. Gabriel is the only one who is a South African citizen. He obtained the citizenship by marrying a South African woman 12 years ago (Gabriel, personal communication, April 15, 2017). Charlie was given permanent residency during his first year, and has maintained the same legal status since then. However, Amy applied for permanent residency recently, but was denied. Instead she is staying on a business permit that is valid for 3 years (Amy, personal communication, April 22, 2017). Ruben is also on a business visa that he renews every 3 years by hiring a lawyer that he pays ZAR 4,000 (Ruben, personal communication, April 13,

2017). After renewing his initial asylum papers twice a year for 4-5 years, he obtained a business visa. Sam obtained refugee papers after her visitor's visa expired (Sam, personal communication, April 18, 2017). Her refugee papers have to be renewed twice a year. She has had problems with renewing her status, which is one of the main reasons she wants to return to Cameroon because she does not want to live somewhere undocumented and without access to basic facilities. Finally, Dawit is still not legally residing in South Africa. He does not have any legal papers that he justifies by claiming that the government doesn't want to help him and foreigners in general (Dawit, personal communication, April 21, 2017). Taking risks and developing a business in a country where you might not be allowed to reside anymore is discouraging and could limit the growth and the risk one is willing to take.

### ***Permits for the business.***

In addition to the documents pertaining to the individual, foreign entrepreneurs have to obtain the necessary documents for their business. As a foreigner, you have to invest at least ZAR 5 million in your business ("Starting a Business as a Foreigner in South Africa", n.d.). However, all of my participants avoided this requirement and managed to establish a business in various ways. Gabriel obtained a South African citizenship when he married a South African, which enabled him to open a business and waive the investment requirement (Gabriel, personal communication, April 15, 2017). Since the company already existed in Pretoria and Johannesburg, he didn't need to register it. He explained the process as a very easy process, but expressed that it has been getting harder recently. Charlie didn't face any difficulties in registering and maintaining his

business. As a permanent resident, he didn't have to invest the above-mentioned amount and he didn't need any special permits other than registering the business. Similarly, Amy met her South African partner and obtained a spousal visa for 5 years (Amy, personal communication, April 22, 2017). This visa enables the foreigner to set up a business without the high investment ("Starting a Business as a Foreigner in South Africa", n.d.). Even though she separated with her partner, the government could not apply the requirement retrospectively. To maintain legal status for the business, she registers it every 2 years for ZAR 400. To do so, she submits annual returns to the body that oversees that you are still an active business (Amy, personal communication, April 22, 2017). If one fails to do so, they deregister your business.

On the other hand, Ruben obtained a business visa after 4-5 years of having asylum papers (Ruben, personal communication, April 13, 2017). He registers his business annually, but his cost is ZAR 3,000 per year. The difference between his and Amy's amount could be due to lawyers that Ruben utilizes although he did not explicitly state this for the business permit. Sam uses her refugee papers that enable her to work and own a business because she can't afford to have a business visa (Sam, personal communication, April 18, 2017). Fortunately, refugees are allowed to legally establish a business in South Africa ("South African Court Backs Refugees' Right to own Businesses", n.d.). Finally, Dawit has not registered his business. He explained that the government can't do anything for him, and that he has decided not to pay taxes or obtain legal documents (Dawit, personal communication, April 21, 2017). Undocumented

immigrants like Dawit show high level of entrepreneurship in the informal economy (Crush & Chikanda, 2015).

My research suggests that establishing a business and staying in South Africa as a foreigner has become harder recently. Although Amy and Gabriel described the process as easy at the time they established the business, they recognized that the regulations have become stricter, especially for those who can't afford it. Gabriel said that it is only hard to open a business when you don't have money, especially if you have a bigger vision (Gabriel, personal communication, April 15, 2017). In this case, given the limited amount of resources one has, he or she has to start somewhere where they don't necessarily want to be until they can afford to expand (Gabriel, personal communication, April 15, 2017). Amy had trouble registering her business due to the insufficient number of South African employees, as noted in the next section (Amy, personal communication, April 22, 2017). Although she employs 14 people, she could have been denied the necessary business permit. Ruben shared that the increasingly harder regulations have discouraged him from going to the government by himself (Ruben, personal communication, April 13, 2017). Instead, he hires a lawyer to submit the necessary documents for him and the business. For Sam, the stricter laws have reinforced her desire to move back to Cameroon. On the other hand, Dawit has been so disappointed by the institutions, as explained later, that he decided not to request legal status for his stay in South Africa (Dawit, personal communication, April 21, 2017). The stricter laws and regulations might be aimed at reducing the number of immigrants in South Africa, but the government needs to consider the negative effects of such actions.

If successful entrepreneurs leave the country, it could harm the South African economy, which is currently benefiting from immigrant's businesses (Washinyira, 2015). One of the ways in which it is benefiting South African is by employing South African citizens, thus reducing the unemployment rate (Fatoki & Patswawairi, 2012).

### **Employees.**

#### ***Number of employees.***

To identify the size of these businesses, I inquired the number of employees in each business. Based on this number, SMEs are divided into four categories: micro enterprises, very small, small, and medium enterprises (Smit & Watkins, 2012). Businesses that employ less than five people are categorized as micro enterprises, and those that employ between 5 and 20 are categorized as very small businesses ("Small Business Definition", n.d.). Thus, the businesses managed by Ruben, Gabriel, and Dawit fall in the micro category as they employ one, two, and zero people respectively. On the other hand, Amy's, Sam's, and Charlie's businesses are very small enterprises since they employ fourteen, six, and seven employees, respectively. Since most SMEs in South Africa fall in these two categories, they have limited economic impact (Kesper, 2001). However, they create employment by employing an average of 4 people whose origins I have investigated in the following section (Fatoki & Patswawairi, 2012).

#### ***Employees' origin.***

Curious about the diversity at the workplace, I asked about the origins of their employees. As I conducted the interviews, I found that my research suggests

that foreign business owners distinguish between the work ethic of domestic versus foreign workers. Every interviewee, except Dawit who operates by himself, commented on the bad habits of South African workers. In fact, Mafukidze and Mbanda (2008) explain that employers prefer engaging with foreigners because they are more hardworking and have better educational background.

Ruben employs one more individual from Bangladesh. He claims that South Africans come to work late, and come to work to steal rather than to learn how to run a business (Ruben, personal communication, April 13, 2017). He generalized and said that blacks are very lazy and unethical unlike Bangladeshis who are honest. Similarly, Charlie referred to local black people as a “lazy bunch” compared to black foreigners who are more hardworking and have more qualifications in terms of education (Charlie, personal communication, April 28, 2017). As a result, the 2 black people who work for him are from neighboring countries. In Gabriel’s experience, South Africans don’t want to come to work and when they do, they don’t do a good job so he has to finish both his and their work (Gabriel, personal communication, April 15, 2017). As a result, he only hires South Africans if the reference comes directly from his peers or family members. His two employees at the moment are both South African citizens. Sam employs 6 people from Zimbabwe, Congo, Cameroon, Mongolia, and Malawi. She would only employ South Africans to do outside work, such as marketing because they don’t know what to do, and more importantly they don’t want to learn (Sam, personal communication, April 18, 2017). This claim is supported by

Fatoki's (2014) research that suggests that natives are not entrepreneurial, thus are not willing to learn.

Amy employs 14 people in total, 10 of which work in manufacturing. The remaining four are refugees from Rwanda and the Democratic Republic of Congo, while the ones working in manufacturing are a mix of local and foreign workers. She said that her staff from other African countries is far more educated in terms of number of years in education, which is why she prefers foreigners (Amy, personal communication, April 22, 2017). In addition, she struggles to hang onto South African staff, who often leave because they find a better job or because they can't manage the work. She also acknowledged that in her experience, refugees are less traumatized and are not taught to fear and mistrust white people. She said: "refugees consider their upbringing lucky; they are glad they did not grow up in South Africa even with war and conflict" (Amy, personal communication, 22 April, 2017).

A recent regulation requires businesses to have at least 60% of their employees be South Africans ("Starting a Business as a Foreigner in South Africa", n.d.). Only Amy, Gabriel, and Charlie comply with this regulation. Amy spoke to the difficulties she has faced due to the introduction of this regulation. Some of her South African staff resigned, and 40% of her team was South African at the time. However, to register the business she had to reach the necessary 60%. Unable to fire someone, as this would be illegal, she employed more South Africans that she didn't need only to fulfill the requirement and obtain the visa (Amy, personal communication, April 22, 2017). As a result, she struggled financially. Amy acknowledges this regulation as a very reasonable, but

advocates for having an adjustment period of 3 years, especially for already existing businesses with an established team (Amy, personal communication, April 22, 2017). It is unfortunate that as soon as the regulation has been enforced, everyone has to comply regardless of previous employment contracts (Amy, personal communication, April 22, 2017). This has created an additional burden for foreign business owners who want to comply with the law, but have been operating for some period of time.

Fatoki and Patswawairi (2012) have found that 78 percent of foreign owned businesses employ only South Africans. Of the six interviewees, only Gabriel employs solely South Africans. This disparity encourages me to continue my research by interviewing more people in the future and comparing my findings with the existing literature. Perhaps, the experience of the participants with South Africans has discouraged them from engaging with them. Thus, in the next section I analyze their experiences in Cape Town, including the challenges and advantages they encounter as foreigners.

## **Foreigners' experiences in Cape Town**

### **Challenges as a foreigner.**

Foreigners tend to face more challenges in addition to the hardship of sustaining oneself. Their experience is altered by being perceived as different from the natives, and by not being accepted in the community. In order to thrive in a small-scale enterprise, one needs relative security and enabling environment in addition to economic stability (Tengeh, 2013). Often lacking such support, immigrants face difficulties that I have categorized as xenophobia and strict

business regulations. Harris (2002) claims that the political environment in South Africa has made foreigners victims of these newly introduced regulations.

### ***Violence/xenophobia.***

Violent and xenophobic attacks are very common in South Africa, especially targeting African immigrants working in the informal settlements and townships (Crush, 2015). Fortunately, the participants in my research have not experience extreme physical violence, however they have felt unsafe and unprotected by the government. Sam supports the research that indicates that African foreigners are not treated well. She has witnessed customers using a “certain language for foreigners” that aims at diminishing her identity, but she keeps quite since she relies on them for income (Sam, personal communication, April 18, 2017). Mafukidze and Mbanda (2008) express that African immigrants are labeled as job stealers and undocumented criminals. Ruben was in Johannesburg in 2008 and 2009, and a lot of Bangladeshi people were in danger (Ruben, personal communication, April 13, 2017). He claimed that the number of people that have died is very high. Online resources suggest that during that time, more than 40 Bangladeshi were murdered (“Bangladeshis in South Africa”, 2015). Afterward, Ruben relocated to Cape Town where it has been less violent. However, he could recall many times when windows were broken, the last time being a few days before the interview when students broke windows in a nearby store (Ruben, personal communication, April 13, 2017). He claimed that foreigners operating in the townships, such as Langa and Kayletcha, get harassed much more. This view is also supported by Crush (2015) who found that immigrants in such areas are harassed by the police and by the community. In

those areas, he would be scared all the time because according to him, “black people don’t have common sense” and “they [blacks] cause a lot of trouble everywhere”, which is why he has to move (Ruben, personal communication, April 13, 2017).

Dawit is the only interviewee that works in a township. He claimed that he has not faced any violence due to being a foreigner, which shattered my previous notions that were based on the above-mentioned sources (Dawit, personal communication, April 21, 2017). However, he shared that a few years ago he lost everything because of the police. Thieves stole his car and his belongings, and when the police arrived, they interrogated him instead of searching for the criminals (Dawit, personal communication, April 21, 2017). Thus, Dawit contradicted himself by claiming that he has not experienced xenophobia because I perceive the police’s action as xenophobic. A Congolese man interviewed by Harris (2002) shared that the police refused to help him because he was not their brother. This is part of the reason that Dawit does not trust the government. Instead, if he needs something, he prays to God and hopes that He will respond to his prayers. He described the community as friendly and welcoming, and he is glad that his customers are referring to him as a brother (Dawit, personal communication, April 21, 2017). Alternatively, the online literature indicates that the community harasses immigrants in townships (Crush, 2015). Dawit’s experience with the natives has made me critically analyze this literature. For this reason, I wish I had more time to dedicate to identifying more foreign business owners in the townships in order to vocalize their experiences and compare with my prior sources.

Gabriel also reinforces the research by sharing his experience as a foreigner and being threatened both physically and verbally, unlike Amy and Charlie. A few years ago, during the ANC demonstrations, people broke the windows of his shop and stole most of his items (Gabriel, personal communication, April 15, 2017). As a result, he keeps fewer inventories in sight. In addition to this, he has had multiple instances when people diminish him because he is a foreigner. Fifteen years ago, he was called for an interview regarding a job he was qualified for. Not only did they never get back to him, but they were also very arrogant during the interview (Gabriel, personal communication, April 15, 2017). At another instance, one of his customers who worked in the government approached him and said: “if I become president, I would send all of you back home”. Gabriel asked what he means by all of them because he is a citizen of South Africa, to which the government official responded by saying that he is a citizen only on paper (Gabriel, personal communication, April 15, 2017). This interaction scared Gabriel and he has been very careful since then. His experience has suggested that even a black person who is not Nigerian, but engages in illegal activity is categorized as Nigerian. Furthermore, Nigerians in South Africa are labeled as drug dealers (Mafukidze & Mbanda, 2008). Unfortunately, there have not been campaigns to counter these perceptions. At the same time, he suggested that black foreigners are welcome by white South Africans because they are regarded as better than the native blacks. He also told me that as a white foreigner, I would be accepted and not attacked, which is underlined in Amy’s and Charlie’s experience (Gabriel, personal communication, April 15, 2017).

Amy and Charlie have not experienced any xenophobia due to being foreign. Amy recognizes this as a “weird twisting of white supremacy, which is bizarre” (Amy, personal communication, April 22, 2017). Meanwhile, she knows that black foreigners are often used as proxies for white business owners, partly because as a foreigner with no social security rights, one is willing to work for lower wages. One of the reasons for xenophobia stems from this idea that immigrants steal jobs by providing services for lower salaries (Khosa & Kalitanyi, 2014). Amy employs foreigners, but she works hard to have a welcoming environment for everyone and to pay salaries above the minimum wage. On the other hand, Charlie emphasized that when he arrived, white educated people with certain expertise were welcome in the country. Although he did not speak English fluently in the beginning, he did not face any challenges.

#### ***Difficulties obtaining permits.***

In addition to direct violence by the locals, foreigners face xenophobia that is also prevalent in the governmental institutions that protect the South African national identity at the expense of protecting foreigners (Peberdy, 2001). Peberdy (2001) emphasizes that the government engages in punishing illegal immigrants at an increasing rate. The hardships caused by registering one’s business have discouraged Dawit from trying to engage with the system, and have revived Sam’s desire to seek relocation to her home country. The waiting time coupled with the excuses they provide when asked to renew Sam’s refugee status can’t be justified as anything other than xenophobia (Sam, personal communication, April 18, 2017). Ruben notes that the process of obtaining the necessary documents has been getting harder over time. When he could not deal

with the government himself, he decided to hire a lawyer who would do all the paperwork (Ruben, personal communication, April 13, 2017). Although Amy does not face violence, the system restricts her from giving partial ownership to someone else because her business visa relies on it (Amy, personal communication, April 22, 2017). Moreover, foreign SMEs don't benefit from existing supporting structures aimed at helping SMEs owned by natives (Tengeh, 2013). Finally, Gabriel summarizes his struggles by saying that in the past 10 years, it has become harder to become a South African citizen than an American citizen (Gabriel, personal communication, April 15, 2017). Although this might be biased, it gave me a good understanding of how difficult he perceives it to be as the U.S. is the most popular country for immigration (Walsh, 2014). Despite the difficulties that immigrants face in South Africa, I was anticipating that there are advantages to being foreign in Cape Town that have encourage them to stay.

### **Advantages.**

Supplementing the qualities that these foreign business owners recognize in their foreign employees, I asked them about the advantages of being a foreign entrepreneur. Dawit and Ruben could not identify any advantage of operating in South Africa, which is why they hope to move out of the country soon. Sam could not identify an advantage other than working harder as a result of being an immigrant and relying solely on herself (Sam, personal communication, April 18, 2017). Gabriel suggested that people think you are very intelligent and courageous as Nigerian because they tend to be very educated and involved in academia (Gabriel, personal communication, April 15, 2017). This contradicts the findings of Mafukidze and Mbanda (2008), who suggest that Nigerians are

regarded as drug dealers. Furthermore, Gabriel added that black natives want to be around Nigerians because they get good vibes. The culture in Nigeria is respectable: “children have to respect their parents, they don’t do dreadlocks, earrings, or tattoos, and they don’t get pregnant prior to getting married” (Gabriel, personal communication, April 15, 2017).

Charlie acknowledges his privilege as a German because he can communicate with customers from Western European countries who comprise 80% of his car rental customers. In addition, Germans have a reputation as reliable, punctual, and knowledgeable, which has helped him throughout the years (Charlie, personal experience, April 28, 2017). Similarly, Amy recognizes her privilege as a foreigner through her relationships with customers and staff (Amy, personal communication, April 22, 2017). She is lucky to have grown up in a multicultural city because she watches a lot of white South African businesses struggling to form trusting and solid relationships with black staff, who are the only blacks they interact with. Many of her customers are foreigners and people living abroad, and she can engage with them and better understand where they are coming from. Finally, she notes her white privilege as an advantage in this country even as a foreigner. By virtue of foreigner’s white skin, he or she is seen as contributing unlike people of color (“Afrophobia versus xenophobia in South Africa”, n.d.).

Foreign business owners try to recreate the elements of ‘home atmosphere’ by engaging with the community of people who come from the same country, and their experiences is affected by the strength of this community (Marschall, 2017). Dawit and Ruben acknowledged that the many Bangladeshi

and Ethiopian people here have eased their experience. Ruben classified the Bangladeshi community as not too strong, but numerous enough to have most of his friends be Bangladeshi (Ruben, personal communication, April 13, 2017). On the other hand, Dawit said that his friends group is comprised of both Ethiopians and South Africans despite a lot of Ethiopians residing in South Africa (Dawit, personal communication, April 21, 2017). Finally, Sam said that a lot of Cameroons live in South Africa, but did not comment about the strength of the community as she is very busy and usually works with South African customers (Sam, personal communication, April 18, 2017). Gabriel's friends while he worked in the corporate world were mostly South Africans due to the lack of Nigerians working in corporations. After starting his own business, he has acquired more Nigerian friends, thus his current friends group comprises of both Nigerians and South Africans (Gabriel, personal communication, April 15, 2017).

### **Opportunities comparable to home country.**

The economy and conditions of conducting business in South Africa is relative to one's place of origin. As previously mentioned, many of my interviewees relocated to South Africa because of their desire to advance economically. Dawit, Sam, and Ruben stated that their country of origin has been improving economically, while the conditions in South Africa have been getting worse. Dawit stated that although South Africa's economy is good for business development, a lot of regulations have restricted him from living comfortably and confidently (Dawit, personal communication, April 21, 2017). Unable to obtain legal documents, he would feel safer in Ethiopia and he prays to God to enable him to relocate home. Similarly, Bangladesh has been improving recently, so

Ruben thinks it would be profitable to return (Wazed, 2016). To draw the parallel of the current and past conditions in South Africa, Bronkhorst (2016) compares the value of the rand to the US dollar. In 2005, one US dollar was equivalent to 6.65 rand. Currently, one US dollar equates to 13 rand. Ruben sees the advantage of moving back from a social perspective as well. People in Bangladesh value family more than in South Africa (Ruben, personal communication, April 13, 2017). Finally, he feels unsafe in South Africa and would like to be protected.

Sam went back to Cameroon two years ago, and saw her classmates thriving and achieving their dreams. In the meantime, she is struggling to sustain herself in South Africa. As a result, she wants to return to Cameroon soon. However, she thinks that she will struggle when she relocates because she has to start at the bottom and work hard to become successful again (Sam, personal communication, April 18, 2017). Gabriel said that economically he might not be better off in Nigeria, but his quality of life would be better (Gabriel, personal communication, April 15, 2017). He sees a market in Nigeria as the economy has started to improve. However, Udo (2017) claims that although there is slight economic improvement in Nigeria, the country remains in recession. Similarly, Amy believes that if she had stayed in England, she would be better off economically by having pension and savings money (Amy, personal communication, April 22, 2017). However, her quality of life would not be as high as it is here. It is important to note that she has only been a kid and a student in the UK, which made it hard for her to draw the comparison. Finally, Charlie's life in Germany was comparable to the first few years in South Africa when he worked for the same company. However, he has established a very successful

business since then, and emphasizes the access to nature that he wouldn't have in Germany.

### **Goals for the future**

One of the most interesting aspects of being an entrepreneur is the growing aspiration that one develops. As one engages with entrepreneurship, the possibilities increase and people engage in thinking about ways to grow the business or establish another one because they are satisfied when their idea is brought to fruition (Lasarow, 2016).

My research suggests that the foreigners' goals for the next years depend largely on their desire to go back to their country of origin. Those, whose priority was not to leave South Africa, could underline more specific goals in terms of advancement of the company. Others focused on ways and timeline for going back, where they would have to resume entrepreneurship or find a job.

Gabriel, Amy, and Charlie were able to identify their goals with regards to advancing their company or establishing a new one. Gabriel currently has two ideas about potential new businesses (Gabriel, personal communication, April 15, 2017). First, he wants to move away from retail, and enter the food market. To do so, he wants to rearrange his current store in the city center. On the first floor, he would set up as a supermarket with a coffee shop, and have his wife manage a bakery on the second floor. He is looking for investors at the moment, but has agreed to share 50 percent of the profit with the landlord. Second, he wants to pursue a manufacturing business in Nigeria. He has researched that there is demand for juice locally manufactured in Nigeria. His friend is currently

manufacturing this juice in Pretoria, but he wants to produce it in Nigeria. Yetunde Oni, the director-general of the national agency for food and Drug Administration and Control has prohibited the sale of juices imported to Nigeria (“We’ll prosecute supermarkets selling imported fruit juices”, 2016). Thus, Gabriel hopes to sell fruit juices to informal businesses, because a lot of big companies fail to pay on time in addition to limiting your independence (Gabriel, personal communication, April 15, 2017).

On the contrary, Amy has goals pertaining to her current jewelry business. She hopes to get to the point where she can give ownership of the business to her team and become a consultant for the business (Amy, personal communication, April 22, 2017). This would enable her to have more freedom, and perhaps study again. Furthermore, she would like the business to grow both geographically and thematically by also producing artwork. Finally, she would like to raise wages by the end of next year and hopes to improve working conditions for people all over South Africa. Charlie, as an 82-year old man, is thinking about his retirement plan. His two children are not interested in inheriting his business, thus he is looking for potential partners who could take over the majority of the business in the next few years (Charlie, personal communication, April 28, 2017).

Ruben and Sam hope to leave South Africa within the next few years, and Dawit hopes to do so as well. Before Ruben makes a final decision, he will visit Bangladesh and assess the working environment (Ruben, personal communication, April 13, 2017). If the economy is better, he would go back. If not, he would move somewhere in Europe or in the U.S., but he definitely does not want to stay in South Africa due to safety reasons. Sam aims to move to

Cameroon in the next 2-3 years due to the violence and harassment toward foreigners in South Africa (Sam, personal communication, April 18, 2017). She wants to change the line of business she engages in when she relocates. Instead of having a hair studio, she wants to sell items that she imports from China. Thus, she is saving money for a trip to China where she can buy the products. She explicitly said that her mind is at home, so she doesn't have any plans pertaining to South Africa (Sam, personal communication, April 18, 2017). Similarly, Dawit does not have any specific plan either. He lost everything 6 years ago when he got very injured in Newcastle, and has stopped planning ahead since (Dawit, personal communication, April 21, 2017). I recognized that he did not want to expand on the way he got injured that resulted in spending 2 years in the hospital, thus deviated to another topic. Instead of planning, he now prays to God to enable him to go to Ethiopia where the love for people and family is much greater (Dawit, personal communication, April 22, 2017).

Two of my interviewees, in addition to Dawit, emphasized the importance of family and the ideal conditions for their children. Sam dislikes the South African environment to an extent that she would rather have her children grow up far away from her in Cameroon (Sam, personal communication, April 18, 2017). She even managed to part with her newborn child, hoping that his futures will be better by growing up elsewhere. She was scared that her children would engage in illegal activities, and in an environment that is hostile to foreigners. Similarly, Amy would not want her children growing up in South Africa because of the racial tensions and the patriarchal institutions (Amy, personal communication, April 22, 2017). Her partner is black, and South Africa likes labeling and placing

people, thus he often feels out of place. Fearing that her children would face the same issues, she would want them to grow up in the U.K. Foreign women often acknowledge the patriarchal environment, especially when they don't have the necessary supporting network (Mafukidze & Mbanda, 2008).

### **Conclusion**

My research on foreign business owners reveals some of the multiple layers of challenges that emerge during their business management in South Africa. These challenges include obtaining and maintaining one's legal status, and operating in a hostile environment. These challenges were vastly different for people of color compared to the white participants that I interviewed. Although I only interviewed two white foreign business owners, the immense disparities suggest that in South Africa, whites continue being regarded as superior in terms of wealth and power.

All interviewees of color spoke about the violence and direct discrimination and disrespect they have experienced in Cape Town. Thus, my research suggests that xenophobia can be linked to skin color – a hypothesis I would like to continue researching. What I found astonishing was that Ruben, as Bangladeshi, was equally harassed as the black participants. Moreover, he felt more threatened than the African immigrants, and commented on the bad and unethical actions of black people. Even more surprising, given the available literature and the general perceptions, was the friendly environment Dawit claimed he engages in in the township Langa compared to his anger toward the government. Although once robbed, he claimed that he is accepted and recognized as their brother, which suggests that the working conditions for foreigners could be improving. In

addition to not being threatened by the community, Amy and Charlie as white foreigners describe the process of establishing a business in South Africa as very easy. This contrasts the description of the other participants, who described it as extremely challenging and discriminating. In fact, it has frustrated them so much that one of them has hired a lawyer to handle the paperwork, while two others' desire to relocate in the near future is driven by these burdens.

I find it very interesting that the three participants, who abandoned already existing business in their home country in order to relocate to South Africa, are the ones who now hope to go back to their home countries. My study suggests that for individuals who seek better economic opportunities, South Africa is portrayed as a utopia only from afar. After these individuals had arrived, they started describing their home country as more prosperous than before. This suggests that they start valuing their community more, as they want to be reunited with their family and have a sense of belonging. While in South Africa, they are daily reminded that they are foreigners either by not speaking the language, by being discriminated against, or by the hardship to maintain their legal status. Alternatively, the other three participants, two of whom relocated to South Africa after graduating from College and one by being internally transferred from his company, did not express the urgent need to move back.

At the same time, all participants mentioned that they either want to form a family outside of South Africa or acknowledge that the South African culture lacks respect towards one's family. Four of the six participants want to relocate to their home countries, two of whom want to do so because they want their children to grow up in a better social environment. Meanwhile, the fifth one

emphasizes the disrespectful South African culture towards the family and oneself, evident through abundance of tattoos and getting pregnant. The sixth one spoke about the bad traits that South Africans possess. Thus, my research suggests that immigrants come to South Africa for economic reasons, but often don't integrate in the South African culture, which drives some of them to seek relocation to their country of origin.

The source of starting capital for the foreigners suggests that they are not wealthy upon arrival, but manage to establish the business. All participants obtained their initial capital by utilizing their savings or by borrowing money from friends and family members, thus avoiding the necessary investment for obtaining a business permit. Thus, my research suggests that many of the foreign businesses operate by successfully waiving this requirement.

I was surprised that only three of my interviewees complied with the recent requirement for businesses to employ 60% South Africans. Amy claimed that she could not register the business until this requirement was fulfilled. However, the other two businesses that are legally registered employ only foreigners, and the sixth employs only 30% South Africans. Thus, my research makes me question the way the government ensures that such regulations are met or if there is another loophole that enables them to register the business without fulfilling this requirement. Moreover, my research suggests that foreign entrepreneurs prefer employing other immigrants. They rationalize this decision by describing South Africans as lacking work ethic, lack of interest and motivation to learn, and unpunctuality.

I was fortunate that I was able to outline six entrepreneurs' experiences and trace the development of their business along with their experiences. This research has enabled me to share the beginning stages and challenges that arise when establishing a business and the many underlining burdens. Despite the difficulties, these individuals have managed to succeed by being hardworking and intelligent, and acknowledge their skills in establishing good relationships with their customers and staff.

### **Suggestions for future research**

Despite the short period of time allocated to the research, I managed to identify six foreign entrepreneurs all from different countries. In the future, it would be beneficial to identify six more business owners immigrating from the same countries. This analysis would contribute to better understand what trends pertain to individuals rather than country of origin. On the other hand, I believe it would be beneficial to interview South African business owners who are competitors to my participants, and see how they view these businesses.

During my research, I recognized that there is limited literature on experiences of white foreign business owners of SMEs. Given the lack of such information, I expected white foreigners to not face any discrimination. However, while this was true for xenophobia from the community, one of the white foreigners I interviewed had been denied permanent residency and not given an explanation. To better analyze this, I would like to interview more white business owners who are born elsewhere.

Finally, this research included businesses that are micro enterprises and very small enterprises. Interviewing foreigners, who manage medium enterprises and employing 100 people, could benefit the start-up businesses by outlining the growth process. This could also motivate prospective entrepreneurs, and outline the next steps for smaller businesses.

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## Appendix A

### ISP Interview Questions<sup>1</sup>

#### Introduction:

- Name and country of origin
- Year of relocation to SA:
- Name and type of business:
- Year of establishing the business:
- Number of employees (and their nationality):
  - o If no South Africans, why?
- Who are your customers?

#### Background:

- What did you work as in your country of origin?
- How does your current life compare economically? Socially?
- Do you visit your home country often? How often?
- Who relocated with you? Do you still have family in the other country? If so, do you have plans of moving your family to SA with you?

#### Relocation to South Africa:

- When and why did you decide to relocate to SA?
  - o What had you heard about SA prior to coming here?
  - o What did you expect when you came for the first time? Are your expectations met?
  - o Did you know anyone when you first arrived?
  - o Did you intend to stay in South Africa?
- Did you own another company prior to this one? If so, what happened?
- What type of visa did you obtain to come to SA?

#### Entrepreneurial idea:

- Why did you decide to open a business instead of finding a job?
- When did you come up with the idea?
- How did you obtain the initial capital to start the business?
- Did someone help you establish the business?
- What documents did you obtain in establishing this business?
  - o Is the business legally registered?
    - Do you pay taxes?
  - o Did you need any permits? Visa? How did you acquire them?
  - o Are you a South African citiDawit?
    - If no, what type of legal status do you have? How did you obtain it?
    - If yes, how and when did you become a citiDawit?

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<sup>1</sup> Depending on the interviewee, I selected the appropriate combinations of questions to ask during the interview. For example, if the individual is a South African citizen, I will skip the question aimed at identifying the type of visa they maintain.

- On a scale 1-10, how easy/difficult was it to register your business and get visa permits?
- On a scale 1-10, how successful would you say your business is? Why?

#### Experience

- Disadvantages
  - o Have you experienced any violence or xenophobia due to being foreign
- Advantages
  - o Have you noticed advantages due to being a foreign business owner?
  - o Is there a strong community of people from your country?
  - o How do you see yourself in comparison to South African business owners?

#### Challenges

- Have you experience any difficulties in maintaining your legal status/visa?

#### Future

- What is your overall satisfaction from relocating to Cape Town?
- Where do you see your business in 5 or 10 years?

## **Appendix B**

### **Interview dates**

Ruben (April 13, 2017)

Gabriel (April 15, 2017)

Sam (April 18, 2017)

Dawit (April 21, 2017)

Amy (April 22, 2017)

Charlie (April 27, 2017)