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**THE DETERMINANTS OF SUCCESS OF FEMALE  
AFRICAN IMMIGRANT ENTREPRENEURS IN  
SOUTH AFRICA**

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**ABSTRACT**

*The study aims to investigate the key success factors of female African immigrant entrepreneurs in South Africa. Female entrepreneurial activity in South Africa is reported to be lower than in other Sub-Saharan African countries, due to women's 'fear of failure' and low self-confidence although it is increasingly recognised for its contribution to economic development, through growth and job creation. Although extensive research has uncovered drivers and challenges of African immigrant entrepreneurs in South Africa, most findings draw from male-dominated populations, with minimal information on their female counterparts. A phenomenological design was adopted for this study. Ten successful female African immigrant entrepreneurs operating in Johannesburg were selected. The study investigated their personal characteristics, entrepreneurial behaviour and business practices. Perceptions on doing business in South Africa, and the main challenges they faced as immigrants, were evaluated. The data revealed that most of the female African immigrants who launched business ventures were initially driven by necessity and that courage, resilience, hard work and social skills, were required for successful businesses. Many of these entrepreneurs had difficulty obtaining the business permit required to open business bank accounts. This calls for more business-friendly*

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*immigration policies towards African female entrepreneurs, amongst other recommendations. This paper brings a new gender perspective which was missing from existing research on African Immigrant entrepreneurship in South Africa.*

**Keywords:** business performance, entrepreneurial activity, female entrepreneurship, immigrant entrepreneurs

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## 1. INTRODUCTION

The South African economy is plagued by a high level of poverty and unemployment, causing frequent social and political unrest. Entrepreneurship is recognised as the solution for employment creation by scholars, business leaders, and policymakers. According to the Global Entrepreneurship Monitor, a global report which measures the level of entrepreneurial activity across the world, South African performance (standing at 9.2%), is lower than that of the other Sub-Saharan African countries, such as Senegal, Botswana, and Cameroon, who stand respectively at 38.6%, 33.2%, and 25%. The South African activity rate is also lower than in similar emerging markets such as Brazil or China, who stand at 21% and 12.8% respectively (Kelly & Singer, 2015:120).

One key determinant of entrepreneurial activity is the ‘entrepreneurial intention’, which is defined by Global Entrepreneurship Monitor as the proportion of people who intend to pursue a business opportunity within the next three years. According to the 2012 report, this number has been decreasing since 2010 (Turton & Herrington, 2012), with lower rates recorded among females. Indeed, focusing on female entrepreneurship, the 2012 Women report indicated that “confidence in capabilities to start and run a business”, and “fear of failure”, were among the reasons explaining the low level of female entrepreneurial activity in South Africa (Kelly, Brush, Greene & Litovsky, 2012:25). According to this report, fewer females (35%), believed they had entrepreneurial capabilities, compared to males (43%) (Kelly *et al.*, 2012:26). The same report equally showed that confidence rates were higher (over 80%) among women in Sub-Saharan African countries such as Zambia, Ghana, Uganda, and Nigeria, and that fear

of failure was lower among women from Angola, Ghana, and Zambia, compared to South Africa (Kelly *et al.*, 2012:26-35). Therefore, encouraging greater numbers of women to start businesses in South Africa is necessary to increase the country's overall entrepreneurial activity; achieving this contributes to the South African government's agenda to alleviate poverty.

Despite a stagnating economy, South Africa continues to attract immigrants from Sub-Saharan neighbouring countries, seeking a better life. Lack of employment pushes some to start a business to survive. Others relocate to the Republic for educational or professional reasons. Among this population is a thriving generation of African immigrant female entrepreneurs who are harnessing marketing opportunities with their talents and skills to create thriving business ventures which generate employment. Their experience is worth understanding, to serve as a learning ground for aspiring female entrepreneurs. Equally, exploring their characteristics, their behaviours, and the best practices that contributed to their entrepreneurial performance, provides insights that can help expound self-confidence, and decrease fear of failure, among local and immigrant female potential entrepreneurs, so they can start and grow successful business ventures in South Africa.

Therefore, this paper poses a key question: What does it take for an African female immigrant to be a successful entrepreneur in South Africa?

To answer this question, it is critical to first review the conditions of successful business venturing according to entrepreneurship theories, and secondly to understand the challenges of African immigrant entrepreneurship, in the context of South African economic environment. Lastly, the study will investigate the stories of successful African female immigrant entrepreneurs, in a bid to draw a tentative framework for successful female entrepreneurship in South Africa.

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## 2. LITERATURE REVIEW

### 2.1 Entrepreneurship theories

The term ‘entrepreneurship’ is derived from the French word that refers to a business endeavour. The founder of entrepreneurship theory, French economist R. Catillon, described the entrepreneur as a person who takes risks by combining resources to maximise his or her financial return. Joseph Alois Schumpeter (1883-1950) was one of the first economists to identify the role of entrepreneurship in developing an economy by means of creating wealth through innovation. He also described entrepreneurs by their conduct, using distinguishable characteristics such as creativity and risk-taking.

Many theories have been developed around the conditions for successful entrepreneurship. According to the **motivational theory** (McClelland:1961), and the **disadvantage theory** (Volery:2007), there must be a reason which drives entrepreneurs to start a new business venture. They are either pulled by their passion or the desire to solve a problem, or they are pushed to survive unemployment (Volery, 2007:33). Both theories respectively serve as a foundation for opportunity and necessity-based entrepreneurship (Risimati, Khoza & Kalitanyi, 2015:135-136), also referred to as the “push” and “pull” theories. Segal, Borgia and Schoenfeld (2005:44) argue that individuals can be pushed to entrepreneurship by external factors like job dissatisfaction, joblessness, or lack of job flexibility. Meanwhile, entrepreneurs who seek self-fulfilment, wealth, and independence, are motivated by “pull” factors.

The **theories of personality traits**, initially introduced by Schumpeter, argue that entrepreneurs’ characteristics and profile determine their potential for success, whether they are born with it or they have acquired it. Personality traits include abilities, motives, attitudes, and characteristics of temperament, which all influence a person’s overall behaviour. This theory has given birth to the “Big Five” concept, also known as the “OCEAN” approach, which stands for open-mindedness, conscientiousness, extraversion, agreeableness, and neuroticism; these attributes describe the personality traits that entrepreneurs ought to demonstrate in order to be successful (Brandstätter, 2010:225). **The theory of ‘need to achieve’**, developed by McClelland

(1961) and Borland's **locus of control theory** (1974), both highlight one major personality trait that is required to start and run a successful business, namely, the motivation to achieve.

The **human capital theory** by Fatoki (2014:142), discusses previous research which argues that knowledge, skills, and competencies are a form of capital as important as physical and financial capital, to ensure business success. Regensys (2015:44) defines human capital "as the combination of intellectual capital, emotional capital and social capital". Intellectual capital is the entrepreneur's set of knowledge, skills and expertise. Emotional capital is described by the entrepreneur's resilience and courage. Social capital is the structure and quality of the entrepreneur's network of relationships. This theory is limited in that it only relies on the entrepreneur's personal capabilities, regardless of environmental challenges. Alternatively, the **theory of mixed embeddedness** (Dana, 2007) focuses on how the economic, political, and institutional environment, shape opportunities for aspiring entrepreneurs.

According to Bygrave (2009:2), successful entrepreneurship is the result of following an "**Entrepreneurial process**" which is defined as "the sequence of activities related to the development of a business idea or opportunity into a successful and sustainable organisation" (Bygrave, 2009:2). According to this view, everyone has the potential to become an entrepreneur, depending on their environment, life experiences, and personal choices. Bygrave's model is made up of four stages: the first one is when a new idea is formed, or the 'innovation' stage, when a person arrives at a business idea through a deliberate search, identifying an unmet need, or by chance (Bygrave, 2009:3). The second stage is the 'triggering event', when a specific problem pushes the entrepreneur to move from the idea to a materialised product or a service. In the third stage, the business idea is executed through a series of organisational initiatives and profit-seeking activities. At this stage, entrepreneurs' competencies impact positively on organisational performance (Fatoki, 2014). The fourth stage is business growth management. Radipere and Dliwayo (2014) posit that a successful business is one that operates effectively and efficiently. Besides the McKinsey 7-S model of efficiency which considers strategy, systems, style of leadership,

the structure of organisation and staff, as the ingredients of business performance, it is also necessary to monitor operational indicators such as income, profit, market share, return on investment, number of employees, and increasing production. Cash flow is equally critical for the survival of a business venture as it enables one to cater for business operating expenses.

The Entrepreneurial process is summarised and illustrated in Figure 1.

<b>PERSONAL ATTRIBUTES</b>		<b>SOCIAL RELATIONSHIPS</b>	<b>ENTREPRENEURIAL PRACTICE</b>
Achievement		Networks/Teams	Leadership style
Control/Risk-taking		Parents/Family	Management skills/Commitment
Personal values/Age		Role models	Vision and motivation
Education/Experience			Strategy/Products
<b>MARKET ENVIRONMENT</b>		<b>GOVERNMENT POLICIES</b>	<b>ENTREPRENEURSHIP ECO-SYSTEM</b>
Opportunities		Resources	Customers
Role models		Regulations	Suppliers
Creativity		Incubator	Investors
Competitors		Economy	Bankers

**Figure 1: Simplified diagram of the entrepreneurial process**

Source: Adapted from Bygrave (2009:3)

Bygrave's model is integrative of the various entrepreneurship theories and it considers personal characteristics along with business and social practices in the context of the market environment, hence it was adopted as an assessment tool to evaluate African immigrants' entrepreneurship experience in South Africa.

## 2.2 Entrepreneurship eco-system in South Africa

According to the 2015 GEM report (Kelly & Singer, 2015:31), the entrepreneurship eco-system represents “the combination of conditions in which entrepreneurial activities take place, namely financing, government policies, taxes, bureaucracy and support, education, social norms, and access to commercial and professional infrastructure”.

Compared to GEM 2015/16 standards, the South African eco-system measures lower on cultural and social norms, government entrepreneurship support policies, taxes and bureaucracy (Herrington, Kew & Singer, 2016:104). Added to this, is the fact that many African immigrant entrepreneurs are not eligible for government entrepreneurs' support programs, because of their non-citizen and non-resident status. This situation shows how challenging it is for them to run businesses in South Africa.

### **2.2.1 Challenging immigration regulations**

Based on the Immigration Act 13 of 2002, as amended in May 2014, the Department of Home Affairs determines the conditions for issuance of business visas to foreign citizens who desire to open businesses in South Africa. One main condition is that such a business must show potential to advance the national interest and benefit the South African economy. This implies that a business plan assessment by the Department of Trade and Industry and the Department of Labour, which can be a lengthy process. Another major condition to obtain a business visa is that 60% of the business' employees must be South African citizens or permanent residents, for job creation and transfer of skills. Finally, the amount of investment required from business visa applicants is R5million. This financial requirement is a major hindrance for aspiring African immigrant entrepreneurs, since funding their business is already a big challenge.

### **2.2.2 Discrimination**

Although the positive contributions made by the migrants to the South African economy are increasingly being recognised by scholars (Kalitanyi & Visser, 2010:9) and civil society, the recent attacks against African immigrants in Pretoria and Johannesburg attest to the fact that xenophobia remains a major threat for many African immigrant small business owners. Discrimination is an invisible form of xenophobia encountered by migrant entrepreneurs in dealing with administration, suppliers, customers and finding business premises (Tengeh, Ballard & Slabbert, 2011:368).

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### 2.2.3 Funding

Although funding is a challenge that many entrepreneurs face regardless of their origins, Tengeh, Ballard and Slabbert (2012:362) argue that African immigrants are disadvantaged in terms of accessing financing capital from formal institutions. Fatoki (2014:3) confirms this view regarding access to formal debt and equity markets. Volery (2007:38) contends that the lack of credit history and collaterals (Tengeh *et al.*, 2011: 376) can be an obstacle to credit applications and the acquisition of bank loans. Hence, African entrepreneurs rely on personal savings accrued from previous work in South Africa. Other funding avenues include financial support received from families or businesses operated in their home countries, loans from informal institutions, or credit offered by suppliers, at early start-up stage (Tengeh *et al.*, 2011:7).

### 2.2.4 Success factors

Despite of a challenging South African environment, many African immigrant entrepreneurs prosper. In their recent study conducted among African immigrant entrepreneurs in Cape Town, Khosa and Kalitanyi (2016:51) reported that 55% of the businesses which were investigated were more than three years old. Networking and partnerships were rated among the key success factors. Fatoki and Patswawairi (2012) found that African immigrant entrepreneurs used mainly their co-ethnic social networks as sources of information, business opportunities, start-up capital, and support. Partnerships between African entrepreneurs and locals are beneficial to both: local parties represent transferred knowledge, competencies, and entrepreneurial expertise (Barringer & Ireland, 2010:79); immigrant entrepreneurs benefit from fewer xenophobic attacks, reduced operating costs, and access to government funding (Khosa & Kalitanyi, 2014, as cited by Chinomona & Maziri, 2015). Their growth positively impacts the economy with employment creation as an immediate benefit (Rogerson, 1997:20; Kalitanyi & Visser, 2010:376-390).



### 2.3 Low female entrepreneurial activity in South Africa

According to GEM 2012 Women's report, South Africa holds the lowest female entrepreneurial rate in the continent (Kelly *et al.*, 2012:15). Higher fear of failure and lower perception of opportunities are described as the main causes of low female entrepreneurial activity, compared to other Sub-Saharan African countries. The female entrepreneurship index (FEI, 2015:36) confirms this observation.

Perceived capability is another personal challenge females are faced with in South Africa. It reflects their low confidence in their own ability to start and run a business. GEM's Women 2012 South African report (Turton & Herrington, 2012:26) presents a far lower rate (35%) of perceived capabilities among females in South Africa compared to the average Sub-Saharan African (73%) country. This perception is often related to their level of education and work experience. Equally, lack of knowledge in business practices and limited exposure to entrepreneurial education are among the reasons preventing local females from starting businesses. This context presents a great opportunity for educated African female immigrants to start business ventures in the rainbow nation, hence the importance of understanding the characteristics of successful African female immigrant entrepreneurs in South Africa.

## 3. METHODOLOGY

Based on the theoretical background on conditions for successful entrepreneurship, the determinants of success of female African entrepreneurship were investigated on the basis of the following assumptions:

- **Assumption 1:** certain personality traits and attributes are required to be a successful female African immigrant entrepreneur, and
- **Assumption 2:** specific entrepreneurial behaviour and practices are required to develop and sustain a business as a female African immigrant entrepreneur in South Africa.

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### **3.1 Research design**

A phenomenological strategy was used to explore the causes of female African immigrants' business success, based on their personal experience narratives. Phenomenological studies seek to understand people's perception and perspective of a particular event or phenomenon (Leedy & Ormrod, 2013:145). Given the limited existing information on female African immigrants, the study is exploratory in nature. Therefore an inductive approach was used to collect distinctive insights enabling the formulation of a female entrepreneurship paradigm.

### **3.2 Research sample**

The population targeted in this study is made of female immigrant entrepreneurs, originally from Sub-Saharan African countries, who have been successfully operating their own business in Johannesburg, for over forty-two months. According to Maas and Herrington (2006), as cited by Fatoki (2013:212), 42 months of activity is an indicator of business survival and a condition for a business to be considered an established firm.

The sample was made up of 10 respondents.

## **4. FINDINGS AND DISCUSSION**

### **4.1 Respondents' profile**

The target population was made up of female immigrant entrepreneurs from Sub-Saharan countries who have been operating a business in Johannesburg for more than three years. Except for two entrepreneurs, who each had a business less than one-year-old, all the other entrepreneurs had businesses older than three years with an average of seven years of tenure. The respondents were between 35 and 48 years old. Most women were married or in a relationship at the time of the interview, with children. Most female immigrants arrived in South Africa as a result of their husband or companion's transfer to South Africa for professional reasons. The majority of respondents held a tertiary education either from their home country or from a European institution. The detailed respondents' profile is presented in Tables 1, 2 and 3.

**Table 1: Demographic profile of female African immigrant entrepreneur respondents in Johannesburg**

NO.	COUNTRY OF ORIGIN	AGE	FAMILY STATUS			CHILDREN		TERTIARY EDUCATION		YEARS IN BUSINESS
			M	S	D	Y	N	Y	N	
1	Cameroon	42					1	1		13
2	DRC	35	1			1		1		6
3	Ivory Coast	35			1		1	1		7
4	Kenya	41	1			1		1		1
5	Namibia	45	1			1		1		3
6	Nigeria	44			1	1		1		6
7	Nigeria	35	1				1	1		7
8	Nigeria	36	1			1		1		4
9	Zambia	41		1		1		1		11
10	Zimbabwe	48	1			1		1		1
	<b>Average</b>	<b>40</b>								<b>5.9</b>
<b>Participation</b>		<b>40</b>	<b>60%</b>	<b>10%</b>	<b>20%</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>		

Source: Interviews conducted in October 2016 and January 2017

**Table 2: Experience profile of female African immigrant entrepreneur respondents in Johannesburg**

NO.	COUNTRY OF ORIGIN	MAIN ACTIVITY	WORK EXPERIENCE PRIOR TO START-UP		YEARS IN BUSINESS
			Yes	No	
1	Cameroon	Marketing agency	1		6
2	DRC	Pre-school education	1		10
3	Ivory Coast	Luxury African tea	1		11
4	Kenya	HR consultant	1		18
5	Namibia	HR consultant	1		23
6	Nigeria	Nail salon	1		12
7	Nigeria	Cake artist	1		18
8	Nigeria	Luxury body care	1		3
9	Zambia	Hair care salon	1		5
10	Zimbabwe	African hair products	1		6
	<b>Average</b>				<b>11.2</b>
<b>Participation</b>			<b>100%</b>		

Source: Interviews conducted in October 2016 and January 2017

**Table 3: Business profile of female African immigrant entrepreneur respondents in Johannesburg**

NO.	COUNTRY OF ORIGIN	MAIN ACTIVITY	TYPE OF BUSINESS		NO. OF STAFF	
			MICRO	SME	<5	5 AND MORE
1	Cameroon	Marketing agency		1		1
2	DRC	Pre-school education		1		1
3	Ivory Coast	Luxury African tea		1		1
4	Kenya	HR consultant	1		1	
5	Namibia	HR consultant	1		1	
6	Nigeria	Nail salon		1		1
7	Nigeria	Cake artist	1		1	
8	Nigeria	Luxury Body care		1		1
9	Zambia	Hair care salon		1		1
10	Zimbabwe	African hair products	1		1	0
	<b>Average</b>				<b>0.4</b>	<b>0.6</b>
<b>Participation</b>			<b>40%</b>	<b>60%</b>		

Source: Interviews conducted in October 2016 and January 2017

## **4.2 Main findings on female African immigrant entrepreneurs**

### **4.2.1 Personality traits of successful entrepreneurs**

**Self-confident** - Most of the respondents could be described as friendly, people-oriented, bold, resilient, passionate, driven, hardworking and demanding. According to them, the following characteristics were required to become a successful female entrepreneur: determination, passion, courage, drive and resilience to overcome obstacles, failure and criticism. Furthermore, having a “tough skin” was required to manage relationships. Organisational and planning skills, as well as a clear vision for the business, were equally cited. However, the most striking personality trait found among successful African female immigrant entrepreneurs is their sense of independence, illustrated by their eagerness to create an occupation that enables them to take care of themselves and their children. Ability to connect to people and social skills appeared as ‘must-have’ to get useful information, to access opportunities, and exchange experience. Self-confidence, hard work, and endurance, also characterise these successful entrepreneurs, who never take ‘no’ for an answer. Not only are they strict and demanding towards themselves, but they can also be tough on their people because they are results-driven. As much as they are ready to take risks to grow, their confidence is backed by family support or strong spiritual values, which they rely on for decision-making. Additionally, self-discipline, organisation, dedication and conscientiousness, are required to excel in a fiercely competitive business world. This description concurs with the ‘Big five’ concept and aligns with the ‘need to achieve’ (McClelland, 1961), and the ‘locus of control’ (Borland, 1974) theories. The findings confirm Bygrave’s description of entrepreneurs as people who like to be in control of their fate.

### **4.2.2 Female African immigrant entrepreneurs’ profile**

**Independent dependant** - The majority of respondents migrated to South Africa to follow their spouse who was transferred to South Africa for a professional assignment. Hence many demonstrate strong family ties and values. Spirituality emerges as a common denominator. For most of the respondents, although the need for self-employment was the initial

motivation behind starting a business, it has turned into an opportunity to gain independence and happiness.

**Educated and experienced** - Most of the women interviewed hold a tertiary education degree, which confers them with a higher than average level of knowledge and learning abilities. The average age of the respondents was forty, suggesting maturity in life and potential professional experience. Socio-cultural background (such as having an entrepreneur in the family or a role model to look up to), along with academic background and skills acquired in their previous career allowed them to overcome their challenges. This finding concurs with the theory of human capital which argues that knowledge, skills, and competencies, are required to ensure business success (Fatoki, 2014:142).

#### **4.2.3 Characteristics of entrepreneurial behaviour and business practices**

**Attitude** - Regardless of their success, a common observable characteristic among these ladies is that they were very humble. They spoke with great gratitude about their support system. While some thanked God for being their source of comfort and strength, others spontaneously commended their husbands for supporting them emotionally and financially. Some respondents considered long-term relationships with customers to be most rewarding for their businesses, both emotionally and financially. This finding is new in that it relates to entrepreneurs' emotional and spiritual support, which has not been sufficiently exposed in previous African immigrant entrepreneurship research.

**Behaviour** - In order to attract customers' attention and access their shrinking wallet, female African entrepreneurs had to be astute and creative to ensure that their products and services noticed. As their purpose is to remain appealing and relevant to their consumers, they turned 'continuous learning' into a lifestyle. Their hunger for accrued knowledge spans from searching information on the internet, to seeking advice from peers and mentors. By reading, training, and sharing knowledge with peers (through networking), they could upgrade their craft with the latest trends, for better operational performance. This behaviour positively affected the quality of

their ‘implementation’ stage, as described in the ‘Entrepreneurial process’ (Figure 1).

**Best practices** - Besides self-development, these successful ladies admitted to investing massively in the training of their people, to enable them to deliver according to their company’s reputation. Recruiting and retaining the right people is critical, as the turnover of qualified people is high in small business ventures. Having a business plan as a strategic tool was considered necessary to expose the business vision and align its activities towards achieving objectives. Building partnerships and investing in communications (such as online advertising using free publicity from social media), were cost-effective entrepreneurial initiatives that contributed to boosting awareness and the performance of the respondents’ businesses. Finally, industry associations and entrepreneurs’ networks were used to exploit opportunities for mentoring, business skills development and exchange of best practice. This finding is similar to that of Fatoki and Patswawairi (2012), who contend that networking enables African immigrant entrepreneurs to be exposed to business opportunities and exchange information which enables their decision-making.

#### **4.3 The challenges faced by female African entrepreneurs when starting and running a business in South Africa**

**Raising funds** – Funding to cover start-up investments and operational expenses is recognised as one of the toughest challenges faced by most entrepreneurs. Khosa and Kalitanyi (2014:205) suggest that it is even more difficult for foreign citizens. In South Africa, they cannot open bank accounts unless they are permanent residents or holders of a business permit. For that reason, some of the respondents could not operate from an independent business account, let alone borrow money from banks. Self-funding through using their personal savings from previous work, or the money received from their husband, enabled them to launch their ventures. This concurs with the finding that African immigrants resort to personal and family funds when starting their business (Tengeh, 2011:7).

**Business permit** - Obtaining a business permit demands a huge financial investment - five million rand as per the immigration policies. Therefore, the



work-around solution for smaller businesses is either to register the resident spouse as a director in the business, which may take a long time if this was not done initially, or to partner with a resident or a South African citizen during business registration. This confirms Khosa and Khalitanyi's (2016:52) argument about the lengthy and cumbersome process non-resident African entrepreneurs have to go through to register their business.

**Cultural and social prejudice** – This was an issue for some respondents when establishing their business, along with the challenge of being accepted by their target market. They would experience scepticism or dislike from local citizens and customers when they realised they were foreigners – notably from their looks or their accents. Respondents contended that these forms of rejection or racial prejudice would appear occasionally from less educated people. As foreign entrepreneurs, they had to go the extra mile to gain credibility and recognition for their service. However, once they proved that they mastered their crafts, they would get the credit, trust and repeated business from their happy customers. Therefore, xenophobia was not considered as a permanent threat to their business. This finding is contrary to Khosa and Kalitanyi (2014:208), who considered xenophobia a notorious challenge to African foreign entrepreneurs.

#### **4.4 The South African business environment as perceived by female African immigrant entrepreneurs**

**Doing business in SA** - Surprisingly all of the respondents had positive perceptions of the South African economic environment. This was unexpected, given the frequent negative reports given by media, on the gloomy economic growth prospect in South Africa. The 'Rainbow' nation is still perceived as the land of opportunity where any entrepreneur who has an appealing business idea and who is set to work hard, can thrive, albeit with constraints from immigration regulations. This finding is contrary to the low perception of opportunities among women in South Africa, as measured by the Global Entrepreneurship Monitor (Kelly *et al.*, 2012:25).

#### **4.5 Female African immigrant entrepreneurship key performance indicators and growth drivers**

**Performance indicators** - The most carefully watched indicator across all respondents was the bottom-line, which was considered to be the backbone of business longevity. Besides the profits, organic growth was a sensitive performance indicator for established businesses - whether it took the form of an increased customer base, an extended distribution footprint, the launch of new products and services, or increased consumer spend. For the younger businesses aged from over one to six years' tenure, sales turnover and cash flow were instrumental in ensuring business continuity. For both categories, increased staff headcount was a clear sign of growth. Customers' satisfaction and positive brand reputation, owing to product and service effective quality, were considered mandatory. These findings concur with Radipere and Dliwayo (2014), who posit that a successful business is one that operates effectively and efficiently.

**Business growth** – Growth was primarily driven by financial resources. Indeed, the most successful female entrepreneurs relied on their cost controlling and financial management strategies as well as their discipline to re-invest the proceeds of their activities into their operations. While some recognised the necessity to stay away from debts, others engaged new business partners or external lenders to take their business to the next level. Beside self-funding or increasing of capital shareholding, self-development, application of best practices, and customer orientation were the main drivers of growth for most of the respondents. Equally, e-commerce and social networking emerged as effective channels to showcase their products and services and gain new customers. This trend is a new finding compared to the reviewed literature on African immigrant entrepreneurship.

#### **4.6 Key success factors of female African immigrant entrepreneurs in South Africa**

**Success definition** - Surprisingly, most respondents defined success in non-monetary terms. Happiness and family well-being (especially children) and the fulfilment they find from seeing their dreams come true, are bigger signs of success than making big money. Two respondents defined success as

“having a successor” which suggested being able to pass on a heritage (possibly their business) to their children, in order to secure their future. Lastly, they considered as success the impact they or their business had on people’s lives, be it family members or customers. This finding confirms Borland’s (1974) “locus of control” theory, which argues that anyone’s fate is in their own hands.

**Success factors** – According to the respondents, the top conditions to achieving entrepreneurial success include personal attributes, personality traits and business growth. In terms of personality traits, courage, confidence, resilience, and self-motivation were the most often cited. Because African female immigrant entrepreneurs faced numerous rejections, they needed to be patient and persevere until they found the solutions to overcome their obstacles. Good planning and organisational skills, as well as the ability to turn down time-consuming activities, contributed to optimising achievement.

**Mistakes to avoid** - The biggest mistakes mentioned by the respondents had to do with the management of people, financials and relationships. Getting the right people was often a big challenge and some entrepreneurs were sometimes tempted to hire young graduates, because they are highly qualified and affordable, despite the risk of high staff turnover. Another mistake mentioned was hiring from the same ethnic group or nationality. Accepting big job orders was a critical mistake because it created stress on resources with a high risk of damaging the company’s reputation if it failed to deliver on their promise. Lastly, according to the respondents, debt was a major enemy for thriving entrepreneurs because it could choke the progress of a business once it got out of control.

Although mistakes are personal and cannot be generalised, the main lesson is that one should not be too quick to grow or too greedy: rather be patient and focus on quality instead of quantity. Even if the temptation to manage every aspect of the business is high and somewhat justified by limited finances, it is wise to consult experts in areas like human resources, the law, and finance to avoid costly mistakes. These findings confirm the three driving forces model of successful entrepreneurship, as developed by

Timmons (1990) and cited by Bygrave (2009:11). According to this model, it takes a superb entrepreneur and management team, plus sufficient resources, to start a company and make it grow. If one of these elements goes wrong, the business performance is jeopardised.

#### **4.7 Proposed entrepreneurial process framework**

In order to simplify the understanding of what it takes to become a successful female African entrepreneur in South Africa, an “Entrepreneurial success” framework has been proposed in this study, as a guiding tool to be used by aspiring females at the start or in the developing stage of their business.

##### **4.7.1 Description of the research framework**

This framework was built from the most frequent terms captured during the interview discussions, around the three initial categories featured in the simplified Entrepreneurial Process Model, namely, personal attributes, social relationships, and entrepreneurial practice. However, new terms relating to entrepreneurial behaviour emerged from the interviews. The financial management aspect of the business was missing from the initial model by Bygrave (2009). Therefore, new categories and additional stages such as ‘returns’ and ‘rewards’ were created to reflect execution effectiveness and the resulting compensation for the entrepreneurs, their teams, suppliers, shareholders and the government.

##### **4.7.2 The value of the framework**

The combination of personal, social and financial assets with the acquired attributes to yield growth and consequently success, is the main contribution of this framework. These assets are labelled in terms of ‘capital’, of the following types:

- **Human capital** provides extensive personal characteristics which should allow anyone to perform a self-assessment in order to determine if their profile fits these requirements, before venturing into entrepreneurship.
- **Social capital** combines social relations with the social-cultural role of the female entrepreneurs, taking into account the positive impact

of family (spouse and children) and community's emotional support to their entrepreneurial endeavour.

- **Entrepreneurial capital** suggests the combination of sound 'customer-centric' business practices with effective leadership behaviour which (if they are well executed), will ensure competitive edge and yield returns.
- **Financial capital** which combines personal resources and financial management, is a critical asset since financial discipline has emerged as a 'must-have' to ensure business sustainable growth.
- **The environment** still plays a crucial role in the model, because it influences the business implementation outcomes.
- **Reward capital**, where the returns generated are used to reward the business stakeholders and support business growth by exploiting new market opportunities.

Overall, the framework showcases entrepreneurial success as a strenuous journey. As one respondent mentioned, "it's not for the faint-hearted". However, practical advice and enlightened recommendations can help to pave the way for aspiring and nascent entrepreneurs.

## 5. RECOMMENDATIONS

**Quick wins** – Based on the respondents' advice, short-term recommendations were made to assist female African immigrants intending to start a business venture in South Africa. First, they must secure immigration papers in order to be able to operate legally, and for their business to be recognised as a legal entity. In this respect, partnering with a South African citizen or a permanent resident when registering the business is the best solution to operate quickly, with such benefits as cost sharing, transfer of knowledge and competencies, credibility, and access to business banking. They must be aware of and comply with the rules and regulations pertaining to the industry in which they plan to operate. Taking advantage of new technologies can quickly leverage a new product, service or business idea; using e-commerce and social media platforms such as Instagram and YouTube, can quickly create brand visibility and free publicity.

Understanding customers' needs, preferences and their pain points through market research, enables entrepreneurs to adjust their offerings to better suit them. Commercial gestures like discounts, free samples, and customer experience go a long way to convert random customers into loyal ones. Because the business must make money, commercial gains over a certain period must be carefully and realistically planned. Planning also means assessing and managing risks if objectives are not reached or if sales forecasts are not achieved. As the saying goes: "failing to plan is planning to fail".

**Mid-term gains** – It is recognised that the biggest obstacles preventing females from starting new businesses is their fear of failure and lack of self-confidence. Coaching interventions are known to help reverse these self-limiting beliefs. It is recommended that entrepreneurs assess their emotional stability and level of boldness before taking the big plunge. Equally, spirituality, and belief in God, have proven to work for many respondents, enabling them to stay grounded and positive in the face of adversity. The practice of faith could be a solution to increase self-confidence in decision-making. Work experience is claimed to be a better source of assurance than formal education, in entrepreneurship. Therefore, working for a small business is an effective way to gain entrepreneurial experience in one's area of interest. Alternatively, free online training is available to obtain a basic understanding basic of business management.

**Long-term returns** - Government programs aiming to foster participation of woman in entrepreneurship are only accessible to South African female citizens. However, if access were to be extended to female immigrants with such access widely communicated to them, government would be able to tap into a wider population of potential female entrepreneurs, thus increasing the country's overall female entrepreneurial activity. Government should create an 'immigrant entrepreneur' status, to facilitate effective business launch and operations. SIMODISA, a South African organisation whose mission is to provide government with propositions to improve the entrepreneurial ecosystem, recommends that business visas should be transformed into an entrepreneurship permit valid for five years.

Further recommendations include a speedier, more transparent and more predictable business visa application evaluation process, with reduced funding requirements. Such changes will foster the participation of African immigrants into the economic and entrepreneurial activity of South Africa (Goldberg, & Habberton & Ractliffe, 2014:9). These propositions should be accompanied by measures to facilitate banking services such as business account opening and basic restrictive overdraft policies for solvent immigrant entrepreneurs. Indeed, the government should reduce red tape measures for banks to allow immigrant entrepreneurs to open business accounts for transactional purposes and access bank loans on a business case study basis. Finally, radio and television interactive shows where would-be entrepreneurs get advice from senior entrepreneur role models, will help to ‘democratise’ the idea that entrepreneurship is accessible.

## **6. RESEARCH LIMITATIONS AND FURTHER RESEARCH**

The current investigation has provided qualitative information about the characteristics and business practices of ten selected successful female African immigrant entrepreneurs. Due to the small sample size, the findings cannot be generalised to the entire target population. Therefore a quantitative survey would be suitable to confirm the results validity. Equally, a similar study where characteristics of successful African female immigrant entrepreneurs are compared with those of local successful female entrepreneurs would evaluate if the findings can be generalised across a the female entrepreneur population of South Africa.

## **7. CONCLUSION**

This study sought to investigate the characteristics of successful African female immigrant entrepreneurs, with the aim of providing a framework of personality traits, entrepreneurial behaviour and business practice, for sustainable and successful business venturing in South Africa.

In light of entrepreneurship theories, the literature review highlighted the many requirements for successful entrepreneurship as well as the challenges of female and African immigrant entrepreneurs in South Africa. Family well-

being, passion, and need for achievement were mentioned as primary sources of motivation for starting a business. Character traits required to be a successful entrepreneur included self-confidence, courage, perseverance, hard work, and sociability. Besides the operational challenges common to most entrepreneurs (namely, funding, gaining customer loyalty, and recruiting the right people), this study revealed that obtaining a business permit and opening a business bank account were the main challenges for female African immigrant entrepreneurs at the start-up stage.

To encourage aspiring entrepreneurs to launch new ventures, the study provided a framework suggesting four categories of assets to leverage for success. While human, social, and financial capital have already been covered by previous research, entrepreneurial capital and success milestones are an addition to the existing entrepreneurial process model.

The study also provides practical advice to aspiring entrepreneurs and vital recommendations for government institutions to better support female African immigrant entrepreneurs with revised permits, banking and funding. Through the stories and the entrepreneurial experience of successful African female immigrant entrepreneurs, this investigation has supplied the necessary information for any local or foreign national women with a valid business idea and personal funds, to confidently start a business in South Africa.



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