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**EVALUATING THE ECONOMIC CONTRIBUTION
AND CHALLENGES OF ETHIOPIAN MIGRANT
ENTREPRENEURS IN DURBAN, SOUTH AFRICA**

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ABSTRACT

This study is aimed at investigating and creating awareness on the economic contribution and challenges of Ethiopian migrant entrepreneurs in Durban and makes recommendations on how to address those challenges. This research used the quantitative research method with a descriptive research design. The study used a structured interview questionnaire consisting of 19 closed-ended questions. The population comprised Ethiopian migrant entrepreneurs who owned and operated their own businesses in Durban, South Africa. The findings from the study showed that migrant entrepreneurs contribute to the South African economy by generating employment, paying rents, providing goods and services to the communities, economic and cultural growth, and supporting formal sector wholesalers and retailers. Migrant entrepreneurs were found to face many challenges such as lack of contacts and networking skills, inefficient bookkeeping systems and poor business planning, non-compliance with the standards of registration bodies, lack of information and language skills, access to finance and credit, lack of support and institutional difficulties, crime, and xenophobic attack. Recommendations were given specifically for financial institutions and the government. The banking system should welcome the immigrant entrepreneurs by eliminating hurdles for the immigrants to access bank

facilities. Lending institutions should encourage emigrant entrepreneurs to save regularly, get debt funding, and own property. The government should implement entrepreneurship support and training programs such as language, information provision, planning, networking, investment, and partnerships.

Keywords: entrepreneur, entrepreneurship, immigrant entrepreneurs, migrant, Small and Medium Enterprise (SME)

1. INTRODUCTION

Ethiopia is one of the most economically poor and politically unstable countries in the Horn of Africa, and many Ethiopians have been migrating out of Ethiopia to countries considered to have more political stability and advanced economies, such as the Republic of South Africa (SA). According to Dyess (2015:1), the decision to emigrate from Ethiopia and the Horn of Africa environment is primarily attributed to economic and political factors. Migrant entrepreneurs believe that without political stability, migrants cannot ensure their economic survival or their children receiving a good education. Therefore, the decision to migrate becomes one of the most feasible options, when considering the existence of pressure and suffering in a poorer, politically unstable country (Kalitanyi, 2010:374). This study seeks to investigate and create awareness on the economic contribution and challenges of Ethiopian migrant entrepreneurs in Durban in South Africa (SA). Even though the scope of the study will be limited to Ethiopian migrant entrepreneurs in Durban, the study is also applicable to all migrant entrepreneurs within SA, regardless of their country of origin or type of business if it is in the service sector.

Foreign migrant entrepreneurs have a relatively higher propensity than local people to create employment, not only for themselves, but also for the local people (Kalitanyi, 2010:378). The creation of job opportunities has been a difficult task for the SA government in spite of its efforts as many jobs have significant positive effects for the economy which can be attributed to migrant entrepreneurs (Kalitanyi, 2010:376). Research by Kalitanyi

(2010:378) shows that in 2007 unemployment in SA dropped to 23 percent from 2006, and entrepreneurs were encouraged to establish small and medium enterprises (SMEs) as a solution to this problem. However, there are some misconceptions concerning the role played by immigrant entrepreneurs. For example, instead of recognising these entrepreneurs as employers, most South Africans believe that immigrants, legitimate or not, are stealing jobs that could have been taken by South Africans. These misunderstandings can be a cause for concern, as migrant entrepreneurs face challenges such as crime and xenophobic attacks. Wilkinson (2015:1) states that foreigners have been frequently blamed for taking jobs from South African nationals. However, the data shows different results from this assumption.

Many migrant entrepreneurs have been victims of xenophobic attacks in SA. Xenophobia is not only limited to material or migrant entrepreneurs' businesses, it also extends to physical attacks. Migrant entrepreneurs in SA are victims of so many crimes because of their national origins and their informal work status. This study therefore focuses on the positive economic roles played by immigrant entrepreneurs and their challenges in SA, by investigating Ethiopian entrepreneurs who operate their business in Durban.

The research will identify some of the problems that arise because of immigrant entrepreneurs' internal weaknesses and others that arise as a product of the external environment. Internal problems identified in the research are the lack of contacts and networking skills, lack of proper book-keeping (accounting) systems, and lack of vibrant business planning, compliance with registration bodies, and lack of information and language skills. The external challenges identified and discussed in the research include the access to financial support and credit including start-up capital, institutional difficulties and lack of support, crime and xenophobic attack. Findings of this study will provide recommendations on how to minimise the challenges that hinder and block migrant entrepreneurs from expanding their businesses and maximising their potential.

The following research objectives derived from the overall aim:

- To examine and analyse the economic contribution of Ethiopian migrant entrepreneurs in Durban;
- To determine the internal weakness and problems that affect the growth and economic contribution of Ethiopian migrant entrepreneurs in Durban;
- To determine the external challenges and barriers that affect the growth and economic contribution of Ethiopian migrant entrepreneurs in the clothing sector in Durban Central; and
- To make recommendations on how to address the challenges of Ethiopian migrant entrepreneurs in Durban.

2. LITERATURE REVIEW

2.1 Migrants and Migration

According to the definition by the International Organisation for Migration (IOM, 2011:25), a migrant is an individual who relocates from his/her home country, or usual residential area to another area or to a foreign country in search of better living conditions and job opportunities. The Suny Project (2013:7) states that based on the data of IOM, the number of migrants around the world for the last decade from 2000 up to 2014, has risen from 150 million to 214 million, which means that 3.1 percent of the population of the world is migrant. The main factors which influence people to migrate may broadly be categorised into four groups: economic, political, socio-cultural, and environmental (Kainth, 2009:84).

According to Kainth (2009:84), economic factors are the main motivators for the people to migrate, even though the other factors of migration are important and make their own contribution to the decision to migrate. Kaur, Singh, Garg, Singh and Singh (2011:461) state that low income, together with poverty, are the main factors of migration; people believe that migrants will tackle these challenges and achieve a better life and economic conditions by migration. The migration of people is also affected by their political experience, approaches and beliefs (Kyaing, 2014:4). War, invasion, military takeover, persecution on ethnic, political, religious, or other grounds and

prosecution for crimes committed, are political factors that lead people to migrate (Hemispheres, 2011:8).

Social factors such as poverty, lack of public facilities, unfriendly relationships, and political pressures, are deemed more important than economic factors and motivate people to leave their home country (Kaur *et al.*, 2011:462). Kainth (2009:86) also agrees that social factors such as clashes with family members and seeking of freedom leads many youngsters to migrate. There is a relationship between migration and change of environment. Most governments pay attention to the environmental effects of migration and even though the degree of the mentioned relationship varies, current studies show that the environmental cause is the reason for migration (IOM, 2012:8).

2.2 Economic Contributions of Migrant Entrepreneurs

There are many contributions that have been made by migrant entrepreneurs in SA. Some of the contributions discussed in this section include generating employment (Fairliet, 2012:6), paying rents (Dachs, 2015:6), providing goods and services to the communities (Tharpe, 2015:1), supporting formal sector wholesalers and retailers (Southern African Migration Programme, 2017:4) and economic and cultural growth (Sahin, Baycan & Nijkkamp 2012:4).

2.2.1 Generating Employment

New business enterprises are frequently associated with accelerated economic development, innovation, and the provision of job opportunities (Fairliet, 2012:6). Migrants can contribute in various ways to private sector development and eventually to the creation of jobs and the generation of income (Meijer & Deubler, 2014:5). Garg and Phayane (2014:60) posit that during the past 10 years, African migrants have experienced a hostile welcome in SA, yet a large proportion of these African migrants have effectively used their skills in creating SMEs, which also contributed towards the employment of fellow migrant workers, occasionally resulting in the envy of local entrepreneurs. According to Sahin *et al.* (2012:4), entrepreneurship helps reduce the rates of unemployment by offering job

opportunities to the entrepreneur himself/herself and to one or more other unemployed working-age adults, including unemployed refugees or asylum seekers who would have had difficulty finding a job in the formal sector of the host country.

2.2.2 Paying rent

Migrant entrepreneurs in SA contribute to the nation by paying rent for their shops to South African residents. Informal sector entrepreneurs contribute to local economies through renting business premises and migrants are more likely to rent premises from a South African company or individual and pay more rent. Almost half of South African business premises are rented to an immigrant business (Southern African Migration Programme, 2017:4). Dachs (2015:6) contends that more than half of migrant entrepreneurs pay rent for their business premises to South Africans or to the local council or municipality.

2.2.3 Providing Goods and Services to the Communities

Migrant entrepreneurs who trade specifically on busy traffic areas provide goods and services needed by the community on a daily basis. South Africans are more likely to buy from supermarkets and small shops, which are likely to charge higher prices that can cut into profits (Southern African Migration Programme, 2017:4). According to Tharpe (2015:1), street SMEs owned by immigrant entrepreneurs help alleviate congestion in main malls or supermarkets by offering local communities essential food or clothing items at affordable prices.

2.2.4 Supporting Formal Sector Wholesalers and Retailers

Migrant entrepreneurs contribute to the economy by supporting formal sector wholesalers and retailers. Dachs (2015:6) shows from research with 518 respondents that one-third of the respondents sourced their goods from a wholesaler in SA and ten percent from local small shops. Only nine percent sourced the supplies in their home country or another country. Most of the migrant entrepreneurs sourced supplies from formal sector outlets such as wholesalers, factories, supermarkets, and the Johannesburg Fresh Produce Market, where they are charged VAT. Thus, immigrant entrepreneurs

contribute to the tax base and formal sector profits (Southern African Migration Programme, 2017:4).

2.3 Economic and Cultural Growth

According to a study by King (2012:10), contributions of migrant entrepreneurs are not restricted to providing job opportunities; they also impact on the gross domestic product (GDP) of the host country. Immigrant entrepreneurs could also act as positive, practical role models of entrepreneurship for fellow immigrants, including younger ones (Wainer, 2015:16).

2.4 Challenges of Migrant Entrepreneurs

Compared to indigenous entrepreneurs, immigrant entrepreneurs face several problems related to their being a foreigner, whether asylum seekers, economic migrants or legitimate immigrants. The challenges of migrant entrepreneurs are either internal or external. While internal challenges arise from the entrepreneur's own weakness, external ones come from the country or national environment.

Internal barriers include lack of contacts and networking skills (Starr, 2012:14), lack of book-keeping (accounting) systems and lack of a business plan (Ludwinek, 2011:18), meeting the standards of the registration body and lack of information and language skills (European Union, 2016:6).

2.4.1 Lack of Contacts and Networking Skill

Isolation from mainstream networks and a lack of information undercut many small immigrant-owned businesses before they can become profitable and consider expansion (Starr, 2012:14). Santos and Silvester (2016:8) assert that the lack of a business network is a problem for most migrant entrepreneurs.

2.4.2 Poor Book-Keeping (Accounting) Systems and Lack of a Business Plan

According to Ludwinek (2011:18), poor book-keeping and the lack of a business plan are some of the factors that affect the entrepreneur's ability to access finance. Poor record-keeping is a frequent problem among immigrant

entrepreneurs, as they often fail to keep separate business and personal accounts (Starr, 2012:15).

2.4.3 Meeting The Standards of the Registration Body

Inability to meet the standards of the registration body is another weakness of migrant entrepreneurs. According to the DELI Project (2014:27), immigrant entrepreneurs often fail to compile a sound business plan for their enterprises or to meet minimum standards as set out by their host country's national government, or local authority, for purposes of registering new business enterprises.

2.4.4 Lack of Information and Language Skills

Relevant information perceived as being useful for the performance of any business enterprise and that known to indigenous entrepreneurs, is often not readily available to immigrant entrepreneurs. A study by the European Union (2016:6) states that this includes a lack of information about local markets and their rules, services and support, available from the public sector. DueDil's (2015:32) study has emphasised language as a major obstacle for many immigrant entrepreneurs, as well as the fact that local business support structures seldom have human resources necessary to appreciate new foreign migrant entrepreneurs' unique cultural (or religious) traditions related to their business activities and financing needs.

2.4.5 External barriers

External barriers identified include access to finance from banks including start-up capital (Metzger, 2016:3), institutional difficulties and lack of support (European Union, 2016:6), and crime and xenophobic attacks (Adewale, 2015:134).

2.4.6 Access to Finance Including Start-Up Capital

Fairlie (2012:14) notes that the lack of access to start-up capital such as a bank loan, is by far the biggest problem for any new potential entrepreneur, and this hinders small business enterprises from expanding and employing more people, increasing the likelihood of lower sales and smaller profits. Indeed, commercial banks are more inclined to refuse an application for a loan or even for a new savings or business account lodged by an asylum

seeker or refugee (Crush, Skinner & Chikanda, 2015:1). Crush *et al.* (2015:7) argue further that the unwillingness of formal financing institutions such as commercial banks to engage in business deals with immigrants or local entrepreneurs is seen by these institutions to be part of the informal sector of the economy which forces small or new entrepreneurs to resort to informal financial bootstrapping schemes. Immigrants generally complain more frequently about financing problems than entrepreneurs in general (Metzger, 2016:3).

2.4.7 Institutional difficulties and lack of support

The European Union (2016:6) lists institutional difficulties, which include permits, licences, the time necessary to solve bureaucratic and/or legal issues, contract enforcement, national and local tax and the subsidy system, as concerns. Lack of fluency in the dominant local language, as well as differences in the educational systems of the world, are two of the main challenges facing immigrant entrepreneurs (March & Siegel, 2012:28).

2.4.8 Crime and Xenophobic Attack

There is often a sense of insecurity and less hope for future expansion in the minds of most immigrant entrepreneurs. Research by Adewale (2015:134) shows that most immigrant entrepreneurs believe that regular xenophobic attacks and killings of innocent immigrant entrepreneurs in SA, make their lives, properties and huge investments insecure. Migrants are more likely to say that they frequently experience crime and theft. Migrant entrepreneurs were also more likely to experience verbal insults and physical attacks by South Africans. Prejudice against their nationality and gender and xenophobic attacks and abuse are a constant threat for many migrant entrepreneurs in Johannesburg.

3. RESEARCH METHODOLOGY

To determine the best strategy for a research study, its suitability, feasibility, and ethics should be analysed first, according to Denscombe (2010:19). The survey research strategy was suitable for this study as it enabled respondent

and researcher interaction, independence, validity analysis, construction of hypothesis, tangible observation and common usage (Pandey & Mishra, 2015:87). The target population of the study was the Ethiopian Migrant Entrepreneurs in Durban. Until the time of this research, there was no documented evidence on the total number of Ethiopian migrant entrepreneurs in Durban. Therefore, the total number of research population for this study is not exactly known. The sample comprised 110 Ethiopian immigrants who owned and operated their businesses in Durban.

This research used a quantitative approach to investigate and analyse the data. The quantitative methodology, using a deductive approach, assisted in bringing out participants' ideas and claims. According to Creswell (2005:88), the quantitative approach translates data through the use of statistical analysis to make the connection between what is known and what can be learned through research. The quantitative research method was applied to assist in extracting exact figures of the information needed from entrepreneurs, for example, the number of local employees an entrepreneur has employed. It was also important to investigate the extent to which the challenges are affecting entrepreneurial business, as well as the exact number of immigrant entrepreneurs who face certain challenges such as the issue of language.

Probability sampling was adopted because it applies the choice of many quantities of subjects from a given population (Gray, 2014:9). Each Ethiopian migrant entrepreneur in Durban had the same probability of being chosen as a respondent. Among the various types of probability sampling techniques, this study employed the random cluster sampling technique, where the Ethiopian migrant entrepreneurs were grouped into clusters based on their location of business and streets in which they operate their business. The questionnaire consisted of 19 closed-ended multiple choice questions. The questionnaire started with an introductory letter as the first page to give the respondents insight into the focus of the study, followed by 5 different sections on the proposed research objectives, as shown in Table 1.

Table 1: Classification of Research Questions

SECTION	NO. OF QUESTIONS	NATURE OF QUESTIONS
Section A	3	Related to type of migrant visa permit and about business sector
Section B	1	Reason why he/she choose to become an entrepreneur
Section C	5	The economic contribution of the Ethiopian migrant entrepreneurs
Section D	4	Internal weakness and problems of Ethiopian migrant entrepreneurs
Section E	6	External challenges and barriers of Ethiopian migrant entrepreneurs

Results from the pilot study of a sample of 10 respondents were gathered and changes were made to the questionnaire document.

4. DATA ANALYSIS

Questionnaires were sent to various respondents and out of the total of 110 sent out, 3 were not returned and 2 were deemed unfit in the analysis because they were spoilt.

4.1 Economic Contributions

4.1.1 Generating Employment

The results of these findings indicate that most Ethiopian entrepreneurs (45.8%) have 1-2 South African employees, followed by those who employ 3-4 (31.4%); those who employ none (15.2 %) and those who employ more than 5 employees (8%). This result is supported by research by Fairliet (2012:6), who discovered that new business enterprises are usually related to accelerated economic development, innovation and the provision of job opportunities.

4.1.2 Paying Rent

From Table 2 it can be observed that all the entrepreneurs rent the buildings they are using for business. 98.1% of the respondents say that they are renting the shop from South African nationals, but only about 1.9% said that they own only one shop. There were no Ethiopian entrepreneurs who owned the shop premises or building from which he/she operated.

Table 2: Rent Payment by Ethiopian Migrant Entrepreneurs

		FREQ.	%	VALID %	CUMULATIVE %
1.	Renting from South Africans	103	98.1	98.1	98.1
2.	Renting from foreigners	2	1.9	1.9	100.0
	Total	105	100.0	100.0	

This result is further supported by Dachs (2015:6), who contends that more than half of migrant entrepreneurs paid rent for their business premises to South Africans or to the local council or municipality.

4.1.3 Providing Goods and Services to the Communities

The results reflect that the entrepreneurs supply 80% of their goods to the middle income and lower income classes and about 20% to the community. The result is further supported in the research by Southern African Migration Programme (2017:4), that says that migrant entrepreneurs who trade on the Main Street provide goods and services needed by the community on a daily basis. South Africans were more likely to buy from supermarkets and small shops, which are likely to charge higher prices that can cut into profits.

4.1.4 Supporting Formal Sector Wholesalers and Retailers

Table 3: Supporting Formal Sectors

	FREQ.	%	VALID %	CUMULATIVE %
Importing Locally in SA	96	91.4	91.4	91.4
Importing from abroad	1	1.0	1.0	92.4
Importing both locally and from abroad	8	7.6	7.6	100.0
Total	105	100.0	100.0	

Migrant entrepreneurs contribute to the economy by supporting formal sector wholesalers and retailers. Results from Table 3 above confirmed that those entrepreneurs who said they get their goods locally in SA constituted about 91.4% of the total respondents in the survey; those who said they import their goods constituted about only 1%, and those who both imported and obtained supplies locally, constitute 7.6%. This is also supported by research by Dachs (2015:6), who showed that with 518 respondents, one third of the respondents sourced their goods from a wholesaler in SA and ten percent from local small shops. Only nine percent sourced the supplies in their home country or another country.

The Southern African Migration Programme (2017:4) also observes that the overwhelming majority of migrant entrepreneurs sourced supplies from formal sector outlets such as wholesalers, factories, supermarkets, and the Johannesburg Fresh Produce Market, where they are charged VAT. Thus, they contribute to the tax base and formal sector profits.

4.1.5 Cultural Growth

In terms of marital status, it was revealed that 21.9% of the respondents are single; about 29.5% show that they were married while they were still in Ethiopia; another 9% are married to South African nationals, and the other

40% were married while in SA but to non-South African nationals. This shows that marriage between Ethiopians (especially those who are single when they came to SA) and SA nationals has been taking place, which also brings about economic growth and cultural diversity. This finding is supported by Sahinet, Baycan and Nijkkamp. (2012:4), who state that immigrant entrepreneurs make a significant contribution to the development of the cultural and social environment in the form of diversity in national backgrounds.

4.2 Internal Weaknesses and Problems

4.2.1 Lack of Contacts and Networking Skills

Lack of contacts and networking skills heavily affect the efficiency of migrant entrepreneurs in obtaining the right suppliers for their stock, the right location for their business, and identifying target customers. The results indicate that about 90.5% of the Ethiopian entrepreneurs do not consult professionals such as accountants and lawyers to assist them in their business and personal matters, and only about 9.5% make use of professionals to assist in their business and personal matters. It is a weakness that needs to be considered as a barrier to success.

This result is supported in a study by Starr (2012:14), that they do not consult lawyers to help them with information, which also adds to the challenge of isolation from mainstream networks. This lack of information undercuts many small immigrant-owned businesses before they can become profitable and consider expansion. Santos and Silvester (2016:8) also assert that the absence of a business network is a problem for most migrant entrepreneurs.

4.2.2 Poor Book-Keeping (Accounting) Systems and Lack of Vibrant Business Planning

According to Ludwinek (2011:18), poor book-keeping and a lack of proper business planning are some of the factors that affect the entrepreneur's ability to access finance. Poor record keeping is a frequent problem among immigrant entrepreneurs, as they often fail to keep separate business and personal accounts (Starr, 2012:15). 96.8% of the entrepreneurs indicated do not use business plans or any accounting systems in running their businesses.

The DELI Project (2014:27) confirms the same finding by stating that immigrant entrepreneurs often fail to compile a sound business plan for their enterprises. Those Ethiopian migrant entrepreneurs who conduct their business without proper recording systems and business plans say that they do not believe they should maintain such a system as their transactions are not complicated and can be controlled by the entrepreneurs themselves. The study indicated that the failure to maintain updated records of business transactions and lack of proper planning are the main reasons for failure amongst most entrepreneurs.

4.2.3 Meeting the Standards of the Registration Body

The results from the study as shown in Table 4 revealed that about 80% of Ethiopian entrepreneurial businesses are registered with the South African Revenue Service (SARS), whereas about 20% have not yet registered their business with the registration body. This may be because they do not know how to register or lack information, which is another weakness of migrant entrepreneurs (7.6%) or because of ignorance (12.4%). Failure to meet the standards of registration bodies is known to be one of the weaknesses of migrant entrepreneurs. According to the DELI Project (2014:27), immigrant entrepreneurs often fail to meet minimum standards as set out by their host country’s national government or local authority for purposes of registering new business enterprises. This eventually affects them in achieving government support since they are not properly registered, which is a major challenge to the entrepreneurs.

Table 4: South African Revenue Service Registration

	FREQ.	%	VALID %	CUMULATIVE %
Yes.	84	80.0	80.0	80.0
No, because I don’t know	8	7.6	7.6	87.6
No, I will register soon.	13	12.4	12.4	100.0
Total	105	100.0	100.0	

4.2.4 Lack Of Information and Language Skills

The results from the study indicated that the language barrier influences the manner in which foreign entrepreneurs run their businesses, especially in the supply chain sectors, when it concerns expansion and dealing with officials. Loss of potential and loyal customers and the failure to get more supplier benefits are some of the effects of language on the performance of the business. About 24.8% of Ethiopian entrepreneurs said that they understood the English language well, hence it has not affected their performance at all. On the other hand, about 45.7% said that they had limited understanding of the English language and are affected in one way or another. About 28.6% said that they had a poor understanding of the English language, which affects them considerably. Overall, the results show that about 74.3% (45.7% + 28.6%) of the migrant entrepreneurs are affected by language barriers. These results are supported by Duedil (2015:32), who has emphasised language as a major obstacle for many immigrant entrepreneurs.

4.3 External Barriers

4.3.1 Start-Up Capital

According to the information in this study, about 21.2% of Ethiopian immigrant entrepreneurs in Durban brought their personal savings into the business as their start-up capital; 48.5% obtained loans from senior family members, and about 30.3% received capital from their own savings, meaning that these respondents did not manage to get any support from banks and local financial institutions. This result is related to a study by Fairlie (2012:14), who argued that lack of access to start-up capital such as a bank loan, is by far the biggest problem for any new potential entrepreneur, and this hinders a small business enterprise from expanding to employ more people, and increases its likelihood of resulting in relatively lower sales and smaller profits. March and Siegel (2012:28) postulate that entrepreneurship is by its nature, full of challenges, such as lack of accessing essential funding or loans. Hence, immigrant entrepreneurs usually have informal options for acquiring start-up capital such as borrowing from their family, relatives and friends.

4.3.2 Institutional Difficulties and Lack of Support

4.3.2.1 Loan Access by Migrant Entrepreneurs

According to the results, all Ethiopian immigrant entrepreneurs did not get access to loans or any financial support from local financial institutions due to several reasons. These include lack of loan access knowledge, not being qualified or allowed by rules and regulations and the process being complicated and bureaucratic. This result is supported by Metzge (2016:3), who argued that immigrants generally complain more often about financing problems than entrepreneurs in general. There is an unwillingness of formal financing institutions such as commercial banks to engage in business deals with immigrant or local entrepreneurs, as they are perceived as being part of the informal sector of the economy. This usually forces small or new entrepreneurs to resort to informal financial bootstrapping schemes. Indeed, commercial banks are more inclined to refuse an application for a loan or even for a new savings or business account lodged by asylum seekers or refugees (Crush *et al.*, 2015:1). Lack of adequate working capital has an adverse effect on the survival and expansion of a business. With a vibrant working capital structure, entrepreneurs perform better when compared to those who possess a weak working capital structure.

4.3.2.2 Electronics Payment System/Credit Card Facility

Another challenge faced by Ethiopian immigrant entrepreneurs is that they do not accept electronic payment systems or credit card transactions from their customers, mainly because they are not qualified or allowed by the rules and regulations. 96.2% were of the opinion that only about 3.8% make use of these systems. This is a major challenge to these entrepreneurs as the use of credit card facilities is on the rise in Durban. Some of the entrepreneurs mentioned that the reason for not using an electronic payment system is because they are not qualified or allowed by rules and regulations, while others believed that the charge (commission) is high. The result obtained is further supported by the DELI Project (2014:27), which points out that immigrant entrepreneurs often fail to meet minimum standards as set out by their host country's national government or local authority. The respondents stated that as they were unable to use a credit card system, it heavily affected

their sales and business performance because most of their customers are women who for safety and security reasons do not carry cash.

4.3.2.3 Violence, crime and xenophobia

One of the greatest challenges faced by Ethiopian immigrant entrepreneurs is that of crime and xenophobic attacks. It was discovered that about 90.5% of the respondents have at some point faced the challenge of crime and xenophobic attack. Only 9.5 have never been experienced any type of crime personally or in their business. This result is supported by the Southern African Migration Programme (2017:5), which states that there are different kinds of crimes that migrant entrepreneurs are facing. Some of the international migrants said xenophobia had affected their business to some extent, possibly reflecting interactions between South African and international migrant enterprises. Research by Adewale (2015:134) shows that most immigrant entrepreneurs believed that because of regular xenophobic attacks and killings of the innocent immigrant entrepreneurs in SA, their lives, properties, and huge investments are not secure.

4.3.2.4 Fear of Crime

Table 5: Fear of crime by migrant entrepreneurs

	FREQ.	%	VALID %	CUMULATIVE %
YES	98	93.3	93.3	93.3
NO	7	6.7	6.7	100.0
Total	105	100.0	100.0	

There is often a sense of insecurity and hopelessness for the future, according to many immigrant entrepreneurs. As shown in Table 5, 93.3% indicated that

Ethiopian migrant entrepreneurs are afraid of crime when operating their businesses, and only about 6.7% were not afraid of crime.

5. CONCLUSION AND RECOMMENDATIONS

New business enterprises are frequently associated with accelerated economic development, innovation, and the provision of job opportunities. Migrants can contribute in various ways to private sector development and eventually to the creation of jobs and the generation of income. Some authors reveal that one of the contributions by immigrant entrepreneurs is the provision of goods and services to the communities. Most migrant entrepreneurs sourced supplies from formal sector outlets such as wholesalers, factories, supermarkets, and the Johannesburg Fresh Produce Market, paying VAT as well. Thus, they contribute to the tax base and formal sector profits. Businesses created by foreign migrant entrepreneurs also contribute to job opportunities and advancement, thereby assisting the host country to achieve its universal goal of increasing its annual GDP. Immigrant entrepreneurs can also act as positive, practical examples of entrepreneurship to fellow immigrants.

The following recommendations are made to mitigate the challenges faced by immigrant entrepreneurs to expand their business and hence maximise the economic benefits of the host country.

- The banking system should welcome migrant entrepreneurs by eliminating hurdles to open a new bank account and access all the facilities provided by the bank;
- Banks and lending institutions should encourage migrant entrepreneurs to save regularly, get debt funding and own property. The property will later serve as collateral for a loan for the entrepreneurs' financial need. Immigrant entrepreneurs also should be aware of the available funding sources and regulations;
- Basic entrepreneurship support and training programs should be promoted to help entrepreneurs conduct their business more

professionally. The training and support programs could focus on language, information provision, planning, networking, investment and partnerships;

- Immigrant entrepreneurs and their community organisations such as the Ethiopian Refugee Association in Durban, KZN, should be encouraged to create strong relationships with government and get the necessary training and awareness on SA laws and governance system;
- Home Affairs should simplify and reduce the time taken to process legal documents such as the brown identity card, business permit, and travel documents, and build a welcoming culture for entrepreneurs;
- The SA government should strengthen and continue to launch a public campaigns movement against xenophobia and crime. The government also create awareness among SA nationals that migrant entrepreneurs have a positive contribution to make to the SA economy, and
- The government should strive to create harmony, respect, and love between migrant entrepreneurs and SA nationals.

The literature review revealed that there are challenges that immigrants face in how they do business. Immigrant entrepreneurs face several problems related to being foreigners. Some of the problems include lack of knowledge about host country laws, limited access to financial institutions such as banks, the absence of a verifiable credit history in the host country and limited or no oral proficiency in the dominant local language. Further, isolation from mainstream networks and a lack of information undercut many small immigrant-owned businesses before they can become profitable and consider expansion. The literature review also noted that having no business network is a problem for most migrant entrepreneurs. Poor book-keeping and a lack of a business plan are some of the factors that affect the entrepreneur's ability to access finance. Under the same issue of challenges, it was revealed that according to a study by the European Union, these

includes a lack of information about local markets and their rules, services and support available from the public sector.

The study has emphasised language as a major obstacle for many immigrant entrepreneurs. Institutional difficulties include permits, licences, time necessary to solve bureaucratic and/or legal issues, contract enforcement, national and local tax and the subsidy system. Further, most of immigrant entrepreneurs believed that with regular xenophobic attacks and killings of innocent immigrant entrepreneurs in SA, their lives, properties, and huge investments are not secure. There are different kinds of crimes that migrant entrepreneurs are facing. Finally, what became clear in the study is that for some international migrants, xenophobia had affected business interactions between South African and international migrant enterprises.

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