

# SOURCES OF ENTREPRENEURIAL OPPORTUNITIES EXPLORED BY AFRICAN IMMIGRANT- ENTREPRENEURS IN SOUTH AFRICA

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## ABSTRACT

**Aim:** *Underscoring the xenophobic violence that has befallen African immigrants in South Africa in the recent past is the perception held in certain quarters that African immigrants take away entrepreneurial opportunities among others from the Natives. This paper sought to determine how African immigrant entrepreneurs identify business opportunities in South Africa in tandem with what South African entrepreneurs could learn from African immigrants.*

**Method:** *The paper was based on quantitative data from 220 participants collected by way of a semi-structured questionnaire. As such, the study benefited from the qualitative insights associated with the use open-ended questions in the questionnaire. The data was analyzed using version 24 of the Statistical Package for Social Sciences (SPSS) software.*

**Results:** *suggest that African immigrants uncover entrepreneurial opportunities through: startup partners, previous employment, families, through ethnic networks, prior knowledge of the market need, prior knowledge of how to serve the market and prior knowledge of the challenges serving the market.*

**Value/Contribution:** *this study is premised on the fact that no previous study has attempted to investigate how immigrants identify business opportunities, in tandem with what South African entrepreneurs could learn from African immigrants.*

**Implications:** *Considering the close parallel between African immigrants and the indigenous black South Africans, it is to be hoped that the study would be of interest to the latter in particular, policy makers and academics in general.*

**Keywords:** Entrepreneurial Opportunities, Opportunity Identification, Business Startup, African Immigrants, Immigrant-Owned Businesses.

**JEL classification:** M10; M13; M21

## INTRODUCTION AND BACKGROUND

Although positive role that entrepreneurship can play towards social-economic development is well established, Holcombe (2003) argues that entrepreneurial activities will not be possible in the absence of profit bearing opportunities. As an outcome, it is widely believed that the start-ups of small businesses have a great potential to create opportunities for employment in South Africa (Mukwarami & Tengeh, 2017). Nkealah (2011) points out that the perception that entrepreneurial flair is more evident among immigrant populations than among indigenous South African ones has resulted in outbreaks of xenophobic violence being directed at immigrant entrepreneurs and the proliferation of perceptions and attitudes which are tainted by

xenophobia. Kalitanyi and Visser (2010) explain that African immigrant entrepreneurs elect to start businesses in South Africa despite the negative experiences which they have as a result of xenophobia, for economic reasons, as a result of perceived business opportunities and political instability in their countries of origin.

In the light of the negative perceptions, which many South Africans have of African immigrants as people who aggravate existing shortages of opportunities for employment, it becomes of great significance to establish whether or not African immigrant entrepreneurs make a significant contribution to the socio-economic well-being of their host countries. This assertion is made on the basis of the studies which have shown that African immigrants tend to be more educated and experienced in the creation and the running of small businesses than a great many of their indigenous counterparts.

According to Fairlie and Robb (2008) and Kalitanyi and Visser (2010), African immigrant entrepreneurs have the potential to improve the general levels of entrepreneurship and also to help with the creation of employment, which will make a positive contribution to the economic growth of their host countries. It is the considered opinion of these researchers that South African citizens could learn a great deal from African immigrants in the SME sector, as the relevant available literature suggests very strongly that their entrepreneurial skills, experience and aptitude tend to be particularly great.

An overview of the entrepreneurship literature highlights a move into three broad directions. The first area relates to the person (entrepreneur), who leads the entrepreneurial process. The second engages the entrepreneurial process itself and the last examines business opportunities (Stokes et al., 2010). This paper focuses on the identification of business opportunities. The skills to identify and select the correct opportunity are critical for any entrepreneur (Stevenson et al., 1985; Ardicvili et al., 2003; Shane & Ventkataraman, 2000). Given the overwhelming need for new business startups and the subsequent survival of these businesses, authors such as Venkataraman, (1997); Shane and Ventkataraman (2000); and Tang, et al. (2012) counsel that more entrepreneurship research efforts should be directed at explaining the discovery and development of opportunities. And such insights can be gleaned from successful entrepreneurs. Tang et al. (2012) are particularly concerned that there is sparse information on how new entrepreneurial opportunities are found and this would be remarkably true in the context of African immigrant-owned businesses in South Africa. Furthermore, the xenophobic violence that has befallen African immigrant in South Africa in the recent past is premised on the perception held in certain quarters that African immigrants take away entrepreneurial opportunities among others from the Natives. The aforementioned propelled this paper's attempt to ascertain the sources of the entrepreneurial opportunities exploited by African immigrant entrepreneurs in South Africa.

The importance of this study lies in the fact that, to date, there has been relatively little research on this topic. Even so, no previous study has attempted to investigate how immigrants identify business opportunities, in tandem with what South African entrepreneurs could learn from African immigrants.

## LITERATURE REVIEW

### Business Startup and Entrepreneurship

Small and Medium-size Enterprises (SMEs) have been undoubtedly been at the forefront of economic development in years. Perhaps that is why there is renewed interest in the topic in

emerging economies in recent years. SMEs are particularly acknowledged for their specific contribution to job creation, economic growth and poverty reduction.

Choosing to start or grow a business is an effort that is in part reliant on a number of factors, some of which are within the reach of the entrepreneur than others. In order to promote the establishment and growth of businesses, industry experts, researchers, and governments seek to improve the start-up rates and to minimize failure (SEDA, 2016).

A number of studies have found out that the rate of business start-ups is influenced by factors not limited to population, industrial structure (Gries & Naude, 2008), human capital (Jiangyong & Zhigang, 2007), access to finance (Tengeh, 2013) and entrepreneurial characteristics (Lee et al, 2004). Related to business start-ups is the notion of entrepreneurship. Entrepreneurship has been acclaimed to be the driving force for market competition and economic growth (Jiangyong & Zhigang, 2007). A number of core attributes have been associated with entrepreneurship and these are not limited to age, gender, education, marital status, financial conditions, ethnic background and attitude towards taking risks (Jiangyong & Zhigang, 2007).

Given the numerous definitions of entrepreneurship that are abound, this paper adopts the position of Shane and Venkaraman (2000) who considers entrepreneurship to be an action that includes the detection, appraisal and development of opportunities to fill customer needs in the market. Greve and Salaff (2005) believe that certain conditions favour immigrants who engage in entrepreneurial activities and this perhaps relates to the enclaves formed in the host countries, social capital and entrepreneurial background. The foregoing presupposes that immigrants would stand a better chance of starting up and operating a successful business than their indigenous counterparts.

### **Immigrating to South Africa**

Although people tend to migrate for many different reasons, in most cases the ultimate goal of migrating is to improve their standard of living and to pursue improved opportunities for themselves and their families. According to Rwodzi (2011), in some cases people migrate to escape from poverty, conflict, pestilence, famine and hunger. Vargas (2005) suggests that factors such as wars, globalisation and political problems in their home countries have all contributed to the large numbers of immigrants coming to South Africa.

According to Crush and Williams (2005), South Africa has been an immigrant-receiving country for a number of decades, and the majority of those immigrants have been, and still are, from neighbouring countries within the region of Southern Africa. During the 1990s, irregular migration increased, partly as a result of the relative absence of legal mechanisms for entering and working in South Africa. In addition, until 1994, South Africa was a popular destination for white immigrants from Europe. All of the available evidence suggests that the main factors which drive immigration to and migration within South Africa stem from variations in economic opportunities within the country and the region (Landau & Segatti, 2009). Despite the rapid changes which have taken place with respect to migration patterns, the government of South Africa has, to a large extent, failed to develop and to implement adequate mechanisms for collecting relevant data on which pragmatic policies concerning immigration and development could be based. Consequently, present policies continue to render most international immigration invisible to the bureaucratic structures which are intended to monitor and control it. Instead of creating mechanisms to plan for population movements, discussions concerning immigration policy in South Africa during the 1990s and early 2000s have tended to ponder over the evidence which is needed in order to make sound choices and to assess the effects which previous decisions have had. According to Dana

(1997), immigration policy tends to dominate national debates with consistent frequency throughout the world.

Landau and Segatti (2009) suggest three “P”s in order to analyse the motivations which underlie immigration to South Africa. Although the majority of immigrants come seeking “Profit”, others come seeking “Protection” from political or domestic harassment, natural disasters or violence. A last group arrives in South Africa seeking “Passage”, or onward movement to a final destination elsewhere. In many instances, their terminuses are outside of Africa, usually North America, Australia or Europe. However, a relatively small number use South Africa as a means of entering either Swaziland or Mozambique (Landau & Segatti, 2009). Subsequent to their arrival in South Africa, immigrants, particularly those who have been forced to emigrate from their home countries, very often encounter severe obstacles to settling successfully in the country. According to Mutambanengwe (2013), among the most significant obstacles are national and local policies, finding secure employment, stigmatisation, marginalisation and discrimination, access to publicly funded healthcare and xenophobia.

### **Definitions of Entrepreneurship and Immigrant Entrepreneurship**

Several different definitions have been advanced in an attempt to define and to explain the precise nature of entrepreneurship. Venter and Rwigema (2004) define entrepreneurship in terms of the methods which are used to conceptualise, organise and to launch businesses and, through innovation, to nurture business opportunities in order to develop them into potentially high growth ventures in difficult and unstable environments. Entrepreneurship provides the most effective means of achieving economic growth, prosperity and success. Herrington et al. (2009) describe an entrepreneur as a person who is able to create something out of nothing. They characterise an entrepreneur as someone who organises resources and is willing to take the risks which are entailed by the launching of a business enterprise. According to Sathiabama (2010), entrepreneurship is an active process of amassing wealth by individual people or groups of people.

A significant number of studies have identified a relationship between entrepreneurship and immigration and the influence of entrepreneurship on the economic and social contributions which are made by immigrants has been widely recognised (Dana, 2007). Immigrant entrepreneurship has been described as a phenomenon which occurs when someone leaves his or her country of origin to establish a business in another country, which becomes either the host country or the country in which he or she settles (Dalhammer, 2004). Aaltonen and Akola (2014) describe the phenomenon in slightly different terms, by maintaining that an immigrant entrepreneur is someone who leaves his or her country in order to move to a new country and when he or she takes up residence in the new country, he or she starts his or her own business.

### **Immigrant Entrepreneurship**

According to Tengeh, Ballard and Slabbert (2011), immigrant entrepreneurship refers to business activities which are carried out by immigrants recently after arriving in their host countries or the countries in which they settle, either through social networks or personal initiative. Other terms which are employed to describe immigrants who carry out business activities include ethnic entrepreneurship and minority entrepreneurship.

For the purposes of this study, the terms ‘ethnic entrepreneurs’, ‘immigrant entrepreneurs’ and ‘minority entrepreneurs’ will be employed to refer to foreign entrepreneurs who carry out

entrepreneurial activities in their host country. The term 'African immigrant entrepreneur' refers to someone from within the African continent who carries out business activities in his or her host country. All four terms will be used interchangeably.

### **Target Markets of Immigrant Entrepreneurs in South Africa**

Studies of immigrant entrepreneurship, which have been conducted in both the USA and Europe, have recognised the significant contributions which immigrants make to the SMME sectors of their host countries. Recent studies have shown that immigrant entrepreneurship has direct beneficial effects on the economies of host countries. Despite the availability of literature pertaining to the contributions which immigrant entrepreneurship makes to the economies of a great many countries abroad, relatively little is known about the contributions which are made by immigrant-owned businesses in South Africa (Tengeh et al., 2011). Immigrant entrepreneurs in South Africa tend to be visible in a narrow band of SMME activities, mainly in the retail or the service sectors, rather than in the production sector. Their activities include selling curios, retailing ethnic clothes and foods, motorcar repairs and panel beating and operating hairdressing salons. Other activities include the running of restaurants, nightclubs, cafes and music shops, import export businesses and traditional healing practices (Kalitanyi & Visser, 2010).

### **The Identification of Entrepreneurial Opportunities**

Many recent definitions of entrepreneurship have tended increasingly to focus on the identification of opportunities as being central to understanding entrepreneurial behaviour (Shane & Venkataraman, 2000). The ability to identify entrepreneurial opportunities is generally considered to be a core attribute of entrepreneurship (Shane & Venkataraman, 2000). Before they are able to act upon opportunities, aspiring entrepreneur's first need to be able to identify them (Shane & Venkataraman, 2000). Shane (2003) defines an entrepreneurial opportunity, as a situation in which entrepreneurs are able to create a completely new means-ends framework by reassembling resources in a manner which they believe will yield a profit.

Not all people are able to identify a specific entrepreneurial opportunity which exists within a given environment or set of circumstances (Shane & Venkataraman, 2000). Some people are able to identify opportunities which others overlook (Kirzner, 1973). In order to attempt to explain why some people and not others are able to identify entrepreneurial opportunities, studies which have been conducted suggest that possession of prior knowledge, social networks and superior cognitive capabilities help individual entrepreneurs to notice specific opportunities (Gaglio & Katz, 2001; Kaish & Gilad, 1991; Mitchell et al., 2002; Shane, 2000).

According Kirzner (1973), as noted in Clydesdale (2008), the presence of an opportunity presupposes either one of the two errors that people usually make. The first type of error that results in failure actualizes as the result over-optimism. For instance, this happens in the market in the case where one sets a goal that cannot be achieved. Unlike the first, over-pessimism is the second type of error that provides opportunities. Over-pessimism occurs when people believe that something is impossible when in reality it can be done. In this circumstance, people do not understand that opportunities exist and are just waiting to be grasped. In the just mentioned case, an immigrant, who arrives in a new market, equipped with different bundles of social and human resources would be in a better position to spot the opportunities that others do not notice (Clydesdale, 2008).

The literature on ethnic entrepreneurial opportunities stresses the fact that immigrants take advantage of niches within ethnic enclaves and only explore other markets when the business is well established and has fully adapted to the conditions at the host country (Tengeh, 2011). As such immigrants tend to focus in the provision of goods and services predominantly consumed by immigrants. This notwithstanding it may be argued immigrant entrepreneurs initially focus on the broader market before specializing on the ethnic market.

From a resource mobilisation perspective it is believed that the social network is a vital cradle of new ideas and worthwhile opportunities for immigrant entrepreneurs in that information exchanges enable the entrepreneur to locate, assess and explore opportunities (Elfring & Helsinki, 2003). This is notwithstanding, Clydesdale (2008) notes although immigrant entrepreneurial are praised for possessing some positive attributes developed elsewhere that favor during business start-up and operation, many a times these attributes do not match the conditions in the host environment.

## **METHODS AND MATERIALS**

A quantitative approach that benefited from aspects of qualitative research through the use of inclusion of open-ended questions was adopted. While the survey questionnaire was the primary tool used in data collection and analysis, the inclusion of open-ended questions provided scope for the benefits that accrue with the use of the qualitative methods. The intention behind doing so was not to be obliged to rely upon a single traditional method of collecting data, but rather to capitalize on the strengths which are inherent in both qualitative and quantitative research methods.

### **Target Population, Sample Size and Sampling Strategy**

The target population for this study comprised all African immigrant entrepreneurs who owned and operated businesses in the Nomzamo area in Strand in the province of the Western Cape in South Africa. Following Tengeh et al. (2011), the perception of success was validated by enlisting only business that have been in existence for 3 or more years and were started from scratch (first generation owners).

Owing to the difficulties which are associated with studies of this nature, which are further compounded by a lack of dependable estimates of the size of the target population, a research sample of 120 businesses which were owned by African immigrants was assembled on the basis of the sample sizes which have been used to conduct other research studies in the domain of immigrant entrepreneurship in the Cape Metropole Area. Researchers such as Krejcie and Morgan (1970) maintain that samples of this size are sufficiently large to generalise the findings of a research study to its entire target population. Nomzamo in Strand, which is some 50 km southeast of Cape Town, comprises 18 streets, from which the researcher managed to assemble a research sample of 120 immigrant-owned businesses, to respond to the quantitative survey questionnaire.

Purposive sampling was used to select a sample of African immigrant entrepreneurs who operate their businesses within the area of Nomzamo. The criteria for selecting participants to participate in the interviews were adopted from Tesfom (2006) and Halkias et al. (2007), namely, that the immigrant entrepreneur was from one of the countries in which the researcher was interested for the purposes of the study, that he or she either owned or managed a business in the Nomzamo area and was willing to be interviewed. These criteria were considered to be less restrictive than a great many others which are used to select research samples. All available

categories of businesses which were operated by immigrants were considered to be eligible for selection.

### **The Survey Instrument and Survey Procedure**

Based on the quantitative research method, a questionnaire was developed and pilot tested. Hoping to gain some qualitative insights, a semi-structured questionnaire was utilized to collect the data for the study. While most of the questions in the questionnaire were closed ended and based on the 5 point likert scale, an open-ended question was added at the end of the questionnaire. Given the prescriptive nature of the questions contained in the likert scale that were directly related to the objective of the study, it was deemed necessary include a question that was explorative in nature. It was hoped that the open-ended question would validate the results of the likert scale questions.

Following Lerner and Haber (2000) the questionnaire was pilot-tested by means of face-to-face interviews with a group of respondents and adjustment was made to the questions that were not very clear. In order to ensure a high response rate, telephone calls were made to the owners or partners of each of the small businesses which were owned by African immigrants which had been selected to comprise the research sample.

### **Analysis of the Data**

The analysis of qualitative data refers to breaking the data up into manageable patterns, themes, connections and trends, in order to understand the various constitutive elements of the data through an evaluation of the relationships between concepts and constructs, in order to discern trends which can be identified or isolated (Babbie & Mouton, 2001). The data which were collected through the use of the quantitative research instrument, was analysed through the use of the Statistical Package for the Social Sciences (SPSS) Software, which enabled the researcher arrive at the descriptive outcomes. Qualitative techniques were utilized to analyse the data which were collected through the use of open-ended questions. In response to the advice of Tengeh (2012), the opened qualitative results and the quantitative results (from open ended questions) were carefully merged, in order to draw reliable conclusions.

## **RESULTS**

The literature pointed to a number of possible sources of entrepreneurial ideas that can be exploited by entrepreneurs and these were tested in the context of African immigrants in South Africa.

### **Country of Origin of the Respondents**

The respondents were drawn from 12 countries across the African continent. Prominent among these African countries were Cameroon, Congo, Ghana, Kenya, Malawi, Mozambique, Namibia, Nigeria, Somalia, Tanzania, Zambia and Zimbabwe (32%). The results of the survey questionnaire suggest the preponderance of Zimbabweans (12%), Somali (18%), Ghanaian (12%) and Congolese (12%) in the study area. Furthermore men (57%) dominated the sample.

## Sources of Business Opportunities which had been provided to the Respondents at the Time of the Survey

### Employees

Table 1 shows that 59.3% of the respondents disagreed that they had been provided with business opportunities by their employees, while 30% agreed with the statement and 10.8% were unsure. The researcher concludes that these findings could have been owing to the fact that most of the businesses of the respondents were start-up businesses.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	8	6.7	6.7
	Agree	28	23.3	30.0
	Unsure	13	10.8	40.8
	Disagree	64	53.3	94.2
	Strongly disagree	7	5.8	100.0
	Total	120	100.0	

Source: Authors

It is interesting to note that none of the responses captured through the opened-ended questions indicated employees as the possible source of the entrepreneurial opportunity.

### Start-Up Partners

Table 2 notes that 50.0% of the respondents agreed that their start-up partners had played a role in the establishment of their present business enterprises, while 43.4% disagreed and 6.7% were unsure. Those respondents who confirmed that their start-up partners had played significant roles in establishing their businesses were mainly Somalis, who are known to work collaboratively in groups.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	17	14.2	14.2
	Agree	43	35.8	50.0
	Unsure	8	6.7	56.7
	Disagree	47	39.2	95.8
	Strongly disagree	5	4.2	100.0
	Total	120	100.0	

Source: Authors

While the questionnaire indicated that business partners were the source of entrepreneurial opportunity, only Somalians mentioned this in their response to the open ended questions.

### Previous Employment

Table 3 shows that a significant majority of 68.3% agreed that their previous employment had provided the principal motivation for their present entrepreneurial activities, while 26.7% disagreed and 5% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	37	30.8	30.8
	Agree	45	37.5	68.3
	Unsure	6	5.0	73.3
	Disagree	29	24.2	97.5
	Strongly disagree	3	2.5	100.0
	Total	120	100.0	

Source: Authors

### No one

Table 4 shows that a majority of 71.7% of the respondents disagreed that no one had assisted them to identify the opportunity which resulted in the establishment of their present business enterprises, while 22.5% agreed and 5.8% were unsure. These findings confirm that most of the respondents freely acknowledged that others had helped them to identify the opportunities which had resulted in the establishment of their businesses.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	15	12.5	12.5
	Agree	12	10.0	22.5
	Unsure	7	5.8	28.3
	Disagree	57	47.5	75.8
	Strongly disagree	29	24.2	100.0
	Total	120	100.0	

Source: Authors

### Friends

Table 5 below shows that 57.5% of the respondents indicated that they had not received assistance from friends to identify the business opportunities which had resulted in the establishment of their present business enterprises, while 39.2% acknowledged that they had received assistance from friends and 3.3% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	9	7.5	7.5
	Agree	38	31.7	39.2
	Unsure	4	3.3	42.5
	Disagree	68	56.7	99.2
	Strongly disagree	1	.8	100.0
	Total	120	100.0	

Source: Authors

### Members of Families

Table 6 below shows that 37.5% of the respondents indicated that they had not been helped to identify the business opportunities which had resulted in the establishment of their business by members of their families, while 59.1% indicated that members of their families had assisted them and 3.3% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	28	23.3	23.3
	Agree	43	35.8	59.2
	Unsure	4	3.3	62.5
	Disagree	41	34.2	96.7
	Strongly disagree	4	3.3	100.0
	Total	120	100.0	

Source: Authors

### Members of Ethnic Networks

Table 7 below shows that a majority of 55.9% of the respondents agreed and 40.8% disagreed that members of their ethnic networks had helped them to identify the business opportunities which had resulted in the establishment of their business enterprises, while 3.3% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	20	16.7	16.7
	Agree	47	39.2	55.8
	Unsure	4	3.3	59.2
	Disagree	39	32.5	91.7
	Strongly disagree	10	8.3	100.0
	Total	120	100.0	

Source: Authors

## Chance Factors

Table 8 below shows that a very significant 87.7% of respondents disagreed that the business opportunity which had resulted in the establishment of their business enterprises had been identified by chance, while 5.8% agreed that chance had played a role and a slightly larger group of 6.7% were unsure.

		Frequency	Percentage	Cumulative percentage
Valid	Strongly agree	3	2.5	2.5
	Agree	4	3.3	5.8
	Unsure	8	6.7	12.5
	Disagree	41	34.2	46.7
	Strongly disagree	64	53.3	100.0
	Total	120	100.0	

Source: Authors

## Prior Knowledge of Markets

Table 9 shows that 78.4% of the respondents indicated that they had prior knowledge of the markets in which their businesses operated before they started their businesses, while 15.9% refuted the suggestion that they had had prior knowledge of their markets and 5.8% were unsure.

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Strongly agree	56	46.7	46.7	46.7
	Agree	38	31.7	31.7	78.3
	Unsure	7	5.8	5.8	84.2
	Disagree	14	11.7	11.7	95.8
	Strongly disagree	5	4.2	4.2	100.0
	Total	120	100.0	100.0	

Source: Authors

## Prior knowledge of operating in specific markets

Table 10 shows that a very significant majority of 90.8% of the respondents agreed that they had prior knowledge of the markets which their businesses served, while 6.7% disagreed and 2.5% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	54	45.0	45.0	45.0
	Agree	55	45.8	45.8	90.8
	Unsure	3	2.5	2.5	93.3
	Disagree	6	5.0	5.0	98.3
	Strongly disagree	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

Source: Authors

### **Prior knowledge of the problems which are likely to be encountered with customers**

As can be seen in Table 11 below, 89.2% of the respondents agreed that they had understood the nature of problems which they were likely to encounter with customers, while 7.5% disagreed and 3.3% were unsure.

		<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percentage</b>
Valid	Strongly agree	57	47.5	47.5	47.5
	Agree	50	41.7	41.7	89.2
	Unsure	4	3.3	3.3	92.5
	Disagree	8	6.7	6.7	99.2
	Strongly disagree	1	.8	.8	100.0
	Total	120	100.0	100.0	

Source: Authors

## **SUMMARY AND DISCUSSIONS**

The results of the likert scale questions suggested that startup partners, previous employment; families; ethnic network, chance, prior knowledge of the market need; prior knowledge of how to serve the market; and prior knowledge of the challenges serving the market were the prominent sources of the entrepreneurial opportunity explored by the participants. These results were correlated by the results of the open-ended question that sought to ascertain the sources of entrepreneurial opportunities that the respondents explored at the time of the study.

## **CONCLUSION**

The concept of entrepreneurship is partly grounded on opportunities that are explored. As one way of looking at entrepreneurship, the opportunities and their sources become an important dimension that needs to be properly examined in order to support the startup and growth of businesses. Given that entrepreneurial opportunities are abundantly available and waiting to be exploited, the challenge alludes to the level of alertness exercised by the prospective entrepreneur. While serial entrepreneurs are able to spot and exploit entrepreneurial opportunities with ease, a great number of people struggle. Going on the assumption that immigrants are more likely to

startup businesses than their native counterparts, and the popular perception that immigrants deprive South Africans of these opportunities, this paper set out to ascertain the sources of entrepreneurial opportunity that are explored by immigrants in South Africa. The results suggest that immigrants uncover entrepreneurial opportunities from a number of sources which are not limited to startup partners, previous employment, family members, ethnic networks, prior knowledge of the needs of the market, prior knowledge of how to serve the market and prior knowledge of the challenges serving the market. Hence, these results support the main thrust of the literature reviewed that the individual and the environment are they primary cradles of entrepreneurial prospects. Another interesting finding that is peculiar to immigrants is the inclusion of the social structure to the individual and the environment as sources of entrepreneurial opportunities.

## IMPLICATIONS

Most entrepreneurship scholars and practitioners would concede that only a small proportion of the viable ideas are actually exploited. Many a times the entrepreneurs do not understand what is it that they are looking for, where to look and how to explore the opportunity. Given the overarching need to redress unemployment and poverty, any research that throws light on the what, where and how to explore entrepreneurial opportunities would be welcome. Hence, it is hoped that this paper may be of benefit to the South African society. In particular, it is anticipated that this paper may spur the creation of new SMMEs through the development of the ability to identify and to exploit good business opportunities. The proliferation of viable small businesses, could lead to the creation of employment and a reduction in the of levels of poverty. In addition, the study has the potential to contribute towards bringing African immigrant entrepreneurs and South African entrepreneurs into closer alignment with each other and to make a contribution to the growth of the South African economy through the creation of employment, particularly for the youth of South Africa.

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