

Xenophobia and Immigrant Entrepreneurs in South Africa's Informal Economy

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Xenophobia in South Africa

- 62 people killed in 2008 xenophobic violence
- Immigrant entrepreneurs are said to have a negative impact on South Africa's economy
 - 2,193 shops immigrant-owned shops were looted between 1994 and 2018 (Xenowatch, 2019)
- Xenophobia:
 - "attitudes, prejudices, and behaviour that reject, exclude and often vilify persons based on the perception that they are outsiders or foreigners to the community, society or national identity."
(United Nations, 2001)

Addressing Myths on Immigrant Entrepreneurs in South Africa's Economy

- **Myth One:**

- “African immigrants in South Africa (also known as *Makwerekwere*, a derogatory term for black immigrants, similar to how the Greek dubbed foreigners ‘*barbarians*’) lack valid immigration status (i.e. they are undocumented immigrants)” (Azindow, 2007).

THE REALITY

KEY FINDING I: An overwhelming majority have a legal right to be in South Africa and to run a business

Type of Permit	Percentage (%)
Refugee permit holder	31.5
Asylum-seeker permit holder	30.7
Permanent resident of South Africa	11.9
Work permit holder	7.8
No official documentation	7.4
Visitor's permit holder	5.8
Other immigration status	2.3
Citizen of South Africa	0.2
Refused / No answer	2.4
N=514	

Myth Two: Bad for the Economy?

“Immigrants are bad for the South African economy” (Tengeh, 2011)

KEY FINDING II : Pay Rent to South Africans

- Lease business premises mostly from local council or South Africans (55.7%)
 - Rent paid per month: Mean = R2,222 (US\$220) (N=362)
 - Total for sample: Mean monthly rent of R805,000 (US\$80,500) or R9.7 million per year (US\$970,000)

Occupancy/ tenure status of business premises

	Percentage (%)
Pay rent to council/ municipality	29.1
Pay rent to South African owner (company or individual)	26.6
Rent-free, with permission	16.1
Own/ part ownership	11.8
Rent-free, without permission (squatting)	7.7
Pay rent to private owner who is not a South African (company or individual)	7.4
Other occupancy/ tenure status	1.3
Total	100.0

Immigrant Entrepreneurs: Are they Bad for the South African Economy?

- **KEY FINDING III:** Immigrant businesses support the local economy e.g. wholesalers and retailers (directly support local jobs!)

Source of goods sold/supplies	%
From wholesaler in SA	33.2
From small shops/ retailers in SA	10.3
Make or grow them myself	9.2
From other informal sector producer/ retailer	8.4
From supermarkets in SA	7.8
Direct from factory in SA	7.7
From fresh produce markets in SA	5.8
From another country	5.1
From home country	3.9
Direct from farmers in SA	1.4
Not applicable (do not sell goods/ get supplies)	2.1
Other source	5.1

Immigrant Entrepreneurs: Job Takers or Creators?

- **KEY FINDING IV:** Immigrant entrepreneurs created 496 jobs (excluding members of their own families). Out of these jobs, 282 (or 57 per cent) went to South Africans.

Employment creation by migrant entrepreneurs in South Africa (non-family)

	South Africans		Non-South Africans	
	N	%	N	%
Full-time	203	40.9	166	33.5
Part-time	79	15.9	48	9.7
Total	282	56.9	214	43.1

- Therefore, on average:
 - 1 entrepreneur created 0.96 non-family jobs

Xenophobia and Immigrant Entrepreneurship

- Impact of xenophobia on business operations varies by nationality; worst among Cameroonians and Somalis and moderate for Zimbabweans

Extent to which Xenophobia has Affected Business Operations for Selected Nationalities

	A great deal/ To some extent	Not very much/ Not at All	Don't know	N
Cameroon	68.2	31.8	0	22
Somalia	64.3	34.3	1.4	70
DRC	50.0	46.6	3.4	58
Ethiopia	48.6	48.7	2.7	37
Malawi	43.6	53.8	2.6	39
Nigeria	41.7	58.3	0	48
Ghana	41.2	58.8	0	17
Zimbabwe	30.5	69.5	0	118

Conclusions

- Research needed to counter negative stereotypes on African immigrants:
 - Not a drain to the country's economy
 - Play a critical role in South Africa's economy and society

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