

Xenophobia and the *Makwerekweres*: Immigrant Entrepreneurs in Cape Town's Informal Economy



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Outline

- South Africa's Apartheid Past
- Xenophobia and Immigrants in the Informal Economy
- Case Study
 - Are migrants bad for the economy?
- Conclusions

South Africa

- The apartheid past
 - Racial discrimination policies....
 - Limited African immigration



Post-Apartheid Migration to SA

- South Africa is an important destination for migrants in southern Africa

Foreign Citizens Living in South Africa, 2011

Province	No. of citizens	No. of non-citizens	% of non-citizens
Western Cape	5,650,462	180,815	3.2
Eastern Cape	6,437,586	57,938	0.9
Northern Cape	1,125,306	10,128	0.9
Free State	2,663,080	50,599	1.9
KwaZulu-Natal	10,113,978	111,254	1.1
North West	3,439,700	120,390	3.5
Gauteng	11,952,392	848,620	7.1
Mpumalanga	3,983,570	103,573	2.6
Limpopo	5,322,134	138,375	2.6
Total	50,688,208	1,621,692	3.2

Source:
Statistics South
Africa (cited in
Budlender,
2013)

Foreign Migrants Living in South Africa by Country of Birth and Employment Status (15 years+) vs South Africans

	Total	Employment rate (%)	Unemployment rate (%)	Labour force participation rate (%)
Zimbabwe	515,824	66	18	80
Mozambique	262,556	58	24	76
Lesotho	124,463	51	30	73
Malawi	69,544	72	14	84
Namibia	29,653	67	10	74
Swaziland	27,471	52	22	67
India	23,780	64	6	68
Zambia	22,833	70	9	76
Nigeria	20,983	69	13	79
Congo	18,545	52	24	68
South Africa	33,017,579	59	21	75

Source: Budlender, 2013

Immigrants & Informal Entrepreneurship in SA

- Immigrants are disproportionately represented in the informal sector:
 - Competition for formal jobs with locals and other immigrants
 - Discrimination by S. African employers (especially refugees and asylum seekers)
 - Opportunity seeking
- Participation of immigrants in the informal economy has led to growing resentment by the locals
 - Sometimes violence e.g. looting of goods

Immigrants & Informal Entrepreneurship in SA



Immigrants & Xenophobia in SA

- Attacks on immigrants blamed on *Xenophobia*:
 - Hatred or fear of foreigners or of what is strange or foreign
Merriam Webster Dictionary
- Diverse theories e.g.
 - The isolation hypothesis
 - ◆ Inability to tolerate and accommodate difference
 - Scapegoating hypothesis
 - ◆ Blamed for ongoing deprivation and poverty
 - The bio-cultural hypothesis
 - ◆ Locates xenophobia at the level of visible difference, or otherness, i.e. in terms of physical biological factors and cultural differences exhibited by African foreigners in the country. [language]

Immigrants & Informal Entrepreneurship in SA

- Foreigners – *Amakwerekwere*
 - A derogatory term used outsiders (a black person) who speak *unintelligible languages* and who hails from a country assumed to be economically and culturally backward in relation to South Africa
 - 'black-on-black' racialization
- Stereotypes
 - "They are criminals"
 - "They bring disease" (HIV/AIDS)
 - "They steal jobs from South Africans"
 - "They steal our women"

Immigrants & Xenophobia in SA

- From discourse to action:
 - 2008: 62 people, mostly immigrant entrepreneurs killed in xenophobic violence (*necklacing*)
 - *Operation Hardstick* (April 2012) – SA police in Limpopo Province close down Somali and Ethiopian run businesses regardless of whether they held valid licences
 - DTI *Licensing of Businesses Bill* (2013-shelved) – would have made it almost impossible for immigrants to own businesses in SA

Cape Town: A Case Study

- Study was conducted in 2014 by SAMP in Cape Town, an important site of informal migrant enterprise
- Study sought to better understand the importance of informal entrepreneurship in Cape Town's local economy.

RESEARCH METHODOLOGY

- A sample of 518 respondents were drawn from the following areas in Cape Town:

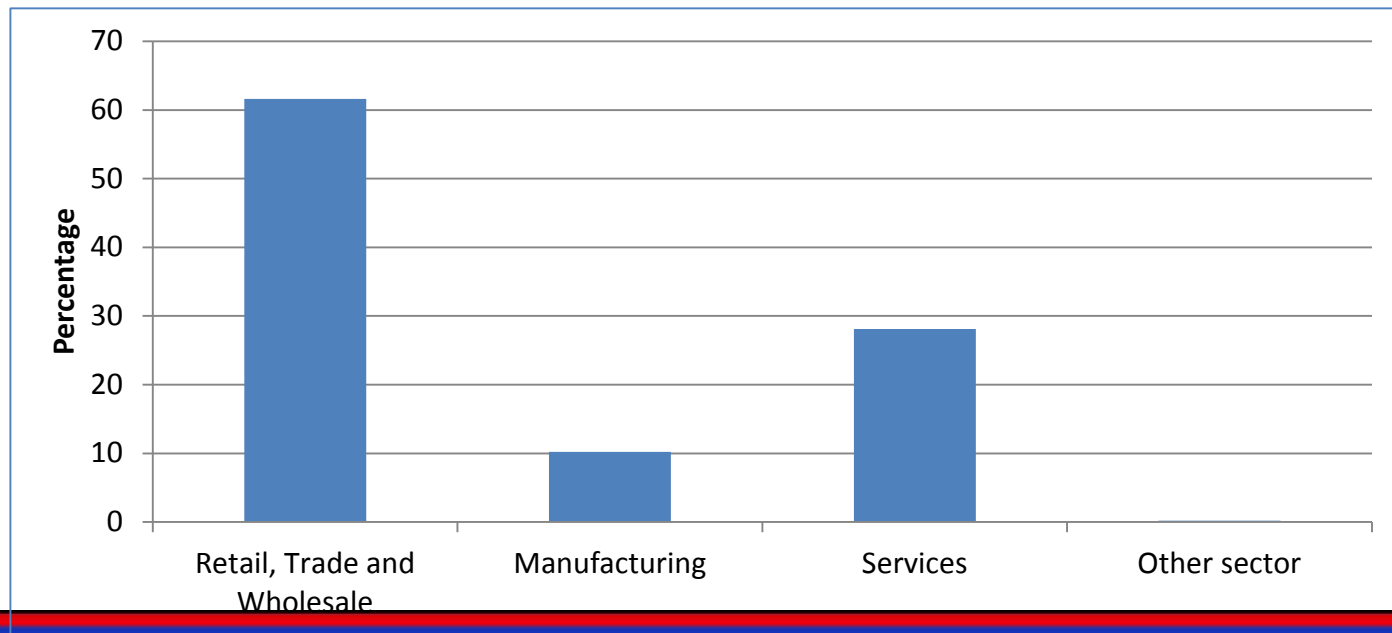
	N	%
Imizamo Yethu	103	19.9
Philippi	106	20.5
Bellville	154	29.7
CBD	155	29.9
Total	518	100.0

- Selection criteria:
 - Own the business
 - Immigrants (that is, born outside South Africa)
 - Operate informal business (not registered for VAT purposes)

RESULTS

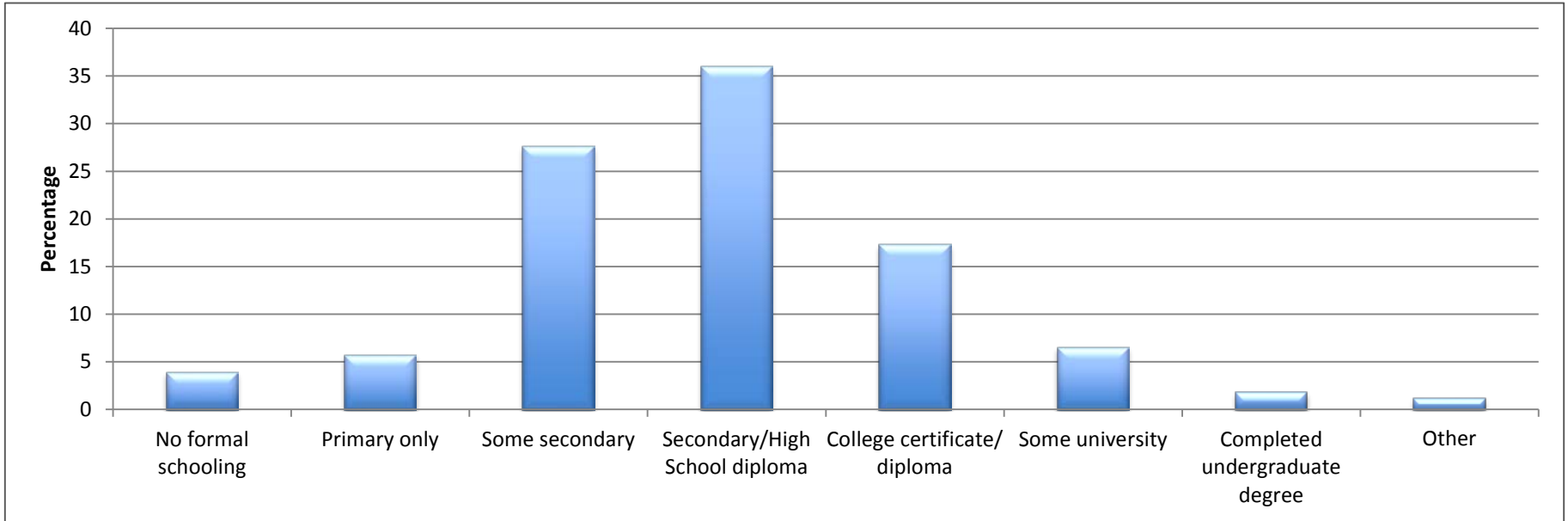
- Gender: 72.5% Male, 27.5% Female
- Race: 97.1% Black, 2.5% Indian, 0.4% Other
- Age: Mean=34 years; Median=33 years
- Average age at arrival in South Africa: Mean=26 years; Median=25 years

Sector of employment:



RESULTS

Highest level of education completed



- ◆ Two thirds have completed at least high school education

Country of birth

	N	%
Zimbabwe	118	22.8
Somalia	70	13.5
DRC	58	11.2
Nigeria	48	9.3
Malawi	39	7.5
Ethiopia	37	7.2
Cameroon	22	4.3
Ghana	17	3.3
DRC	14	2.7
Uganda	12	2.3
Kenya	11	2.1
Senegal	10	1.9
Tanzania	9	1.7
Pakistan	8	1.5
Other country	68	13.3
Total	517	100

Immigration Status in South Africa

- An overwhelming majority have valid residence status in South Africa

Type of Permit	%
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	

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

- **Argument One:** Support 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

Argument Two: Pay Rent to S. Africans

- Lease business premises from local council or South Africans
- Rent paid per month (ZAR):
 - Mean = R2,222.70 (US\$150)
 - Valid N=362
 - Total for sample: Mean monthly rent of R805,000 per month or R9.7 million per year (US\$650,000).

Occupancy/ tenure status of business premises

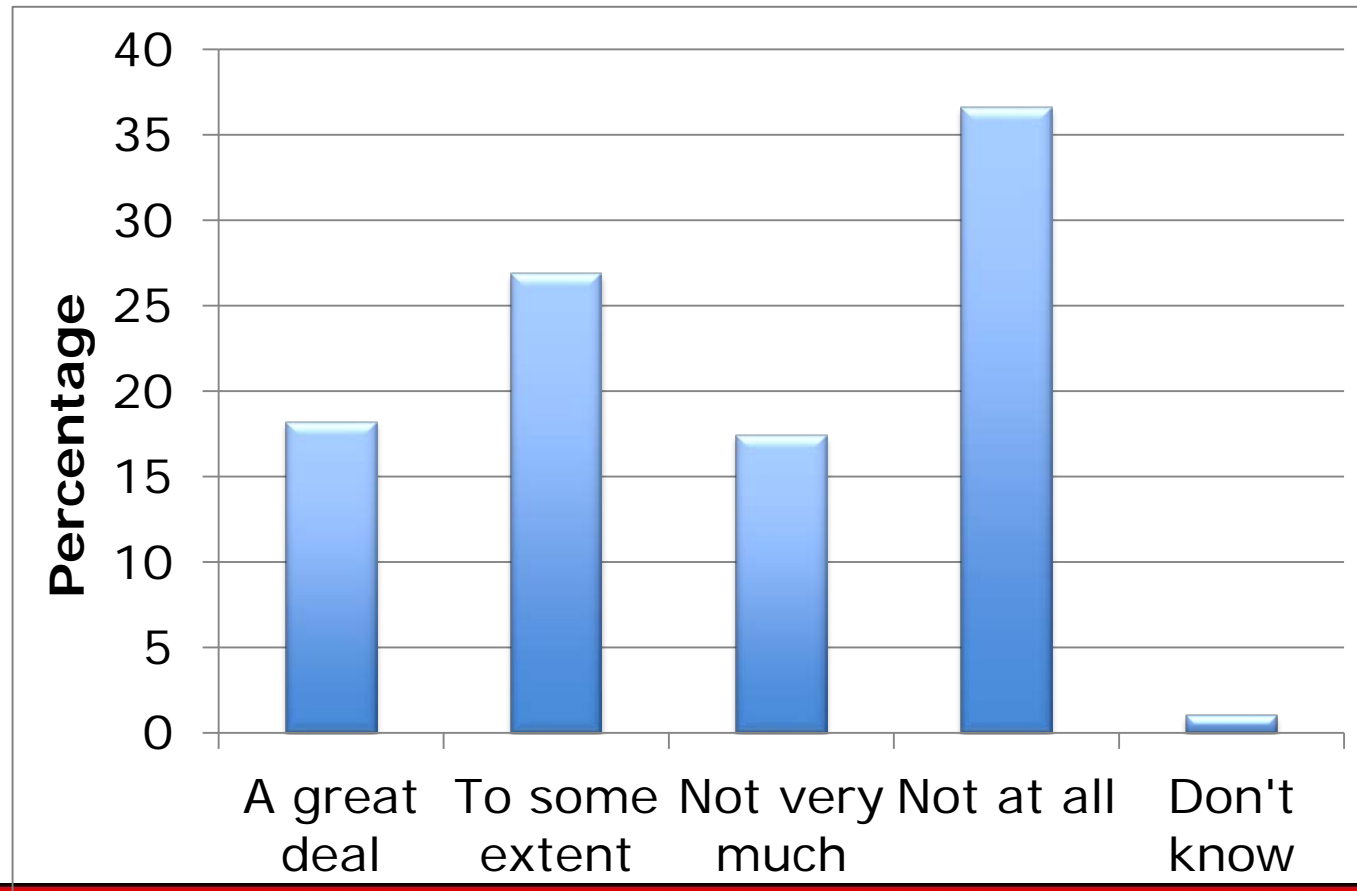
	Percentage (%)
Pay rent to council/ municipality	29.1
Pay rent to private owner who is a South African (company or individual)	26.6
Rent-free, with permission	16.1
I own it/ am part owner	11.8
Rent-free, without permission (squatting)	7.7
Pay rent to private owner who is not a South African (company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

Argument Three: Employment Creation

- Employment creation
 - 21.8 per cent employ their own family members in their business
 - 17.6 per cent employ their own fellow country men who are not family members.
 - 41.5 per cent of the migrant entrepreneurs employ South African citizens.
 - 12.5 per cent of the businesses employ migrants from other countries
 - Migrant entrepreneurs created 644 jobs including family employment (1.2 jobs per employer) or 496 jobs for non-family.
 - 282 (or 57 per cent) of non-family jobs went to South Africans

Extent to which business has been affected by xenophobia

- 45% indicated that xenophobia has affected their business 'a great deal' or 'to some extent'



45 percent –
'great deal' / 'to
some extent'

Xenophobia

- Exposure to xenophobia varies by nationality; worst among Cameroonians and Somalis and moderate for Zimbabweans

Extent to which xenophobia has affected business operations for selected nationalities

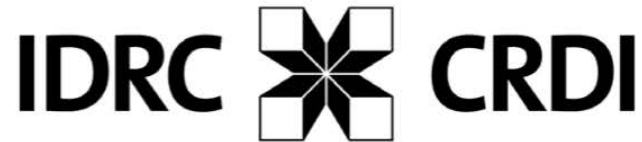
	A great deal/ To some extent	Not very much/ Not at All	Don't know	N
Cameroon	68.2	31.8	0	22
Somalia	64.3	34.3	1.4	70
DRC	50.0	46.6	3.4	58
Ethiopia	48.6	48.7	2.7	37
Malawi	43.6	53.8	2.6	39
Nigeria	41.7	58.3	0	48
Ghana	41.2	58.8	0	17
Zimbabwe	30.5	69.5	0	118

CONCLUSION

- Most of the migrant entrepreneurs have been forced into informal employment after failing to secure formal jobs
- Migrant entrepreneurs have demonstrable positive impacts on the South African economy
 - Create jobs for both South Africans and non-South Africans
 - Pay rent to the city councils and South African landlords
- Migrant entrepreneurs are showing ingenuity to survive in a competitive and hostile environment
- Deserve more national and local government support rather than being viewed as an undesirable feature on the South African

CREDITS

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