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Drivers of the perceived differences between Somali and native entrepreneurs in South African townships

Abstract

Using a triangulation of three research methods led by an exploratory intent, the investigation was lodged into the informal businesses conducted by the Somali and native South Africans in a local township; its pervading intention to seek out similarities or differences between both groups. The survey questionnaire, personal interview and focus group discussions were the preferred data collection tools. Unsurprisingly perhaps, the results suggest that there are more differences between both groups than there are similarities. While the areas of similarities included issues confronting all businesses in the township such as legislation and crime, the authors believe that the differences contribute to the perceived competitive advantage accorded Somalis, hence, the tension between both groups. On the one hand, the inter-group differences that worked in favor of Somalis included the fact that because of the factors influencing their displacement, their need to succeed was exaggerated from the onset: they prove to be younger, more motivated, harder working, co-operative and charge less – the combination gives them an undeniable competitive edge. On the other hand, the natives have the following factors in their favor: they pay less rental or none, are more educated, depict a higher level of business training, as well as prior business experience. Though the anecdoctal evidence does not guarantee an accurate prediction of who has the competitive advantage, it, nonetheless, supports the view that labor market discrimination and the fueled desire to survive gives immigrants the motivation to succeed in entrepreneurial ventures in the host country.

Keywords: immigrant entrepreneurs, informal trading, South African townships and xenophobia.
JEL Classification: M1.

Introduction

The informal sector has contributed significantly to the growth of national economies in recent years. This is particularly true in many developing countries, where the informal sectors now account for most of the non-agricultural employment (Beeton, 2010). As a developing nation, South Africa has recorded a momentous expansion of the informal sector. Besides, the numerous South Africans (referred to as natives in this paper) who earn an income from the informal sector, a significant proportion of immigrants (such as Somalis) depend on this sector for their livelihood too. Hence, the streets of major towns and townships in South Africa are bursting with informal activities with items traded not limited to such as bags, clothes, fruit, cigarettes, vegetables and associated paraphernalia. The preponderance of African immigrants in informal economic activities in South Africa have met with fierce attacks and riots that have resulted in deaths and loss of property in recent years. The natives tend to blame these foreigners for taking away their women, business opportunities, and houses.

Post 1994, South Africa experienced an influx of immigrants with the major proportion from Africa (Tengeh, 2011). Among these was a Somali community whose home country had been politically destabilized since 1991 (Kleist, 2004). As one of the first to settle in the informal settlements designated for black South Africans, the Somalis had the prime opportunity to live and interact with locals in those areas (Rulashe, 2006). Port Elizabeth was one of the first places in which Somali immigrants settled and initiated businesses in townships such as Motherwell (Raabi, 2010).

According to Landau, Misago, Monson, Polzer (2008), the last few years have witnessed incidences of violence, which can be categorized as xenophobic in nature in which immigrants in Motherwell, particularly Somali immigrants, have been the target. Xenophobia can be described as the "strong" fear or dislike of people from other countries. Timberg (2006) partly attributes xenophobia to the perceived fear by the host community of being overtaken by the newcomers. Various reasons have been advanced for the dislike of foreigners by natives such as jealousy emanating from the fact that Somalis seem to be better business competitors, especially in these townships. A number of scholars have rationalized this competition and deep hatred in a number of ways, thus, providing the theoretical base for this paper.

Malthus, the eminent econom ist, believed that the inadequate supply of the means of subsistence is to blame. From a biological perspective, Charles Darwin believed that the fittest would survive when resources for subsistence become scarce. From a psychological point of view, Sigmund Freud and other psychologists hold the view that the innate

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instinct for aggression in man is the main cause of conflict. From the foregoing discourse, one may conclude that various factors contribute to conflict and xenophobic attacks. Only by understanding why African immigrants turn to self-employment, their preference for townships and how they conduct themselves and businesses, can one make a meaningful contribution to the xenophobia forestalling debate. Hence, the research question revolves around the perceived differences between Somalis and native South Africans with regards to how they start and operate businesses in townships. Accordingly, the following objectives were formulated to guide the inquiry:

- To investigate the push and pull factors of Somali informal traders in the Motherwell township.
- To profile the Somalis and native-owned businesses in the Motherwell township of South Africa.

1. Literature review

1.1. The informal economy. A wide range of terminologies has been used to define the informal economy and includes the following: hidden, informal, unmeasured, unrecorded - and so forth - to describe the same activities. These activities include, among others, unregulated labor-intensive activities, self-employed entrepreneurs, micro- and small enterprises (Sindzingre, 2006). A working definition adopted by Blaauw (2005) describes the informal sector as: "Unorganized, unregulated and mostly legal, but unregistered economic activities that are individually or family-owned and use simple, labor intensive technology".

Measuring the size of the informal sector is difficult in that the activities here are performed precisely to avoid official registration. In comparative terms, South Africa has the smallest informal economy on the African continent, which is a characteristic of developed countries such as the UK and USA. What does a huge informal economy mean for a country? On the positive front, it means that the informal sector is lively and contributing significantly to growth. On the negative front, a huge informal sector may be an indication of regulatory and market failures that make it difficult for SMMEs, women and immigrants to actively participate in mainstream economic activities.

The allocation of workers within the informal sector of the South African economy is disproportionately in favor of trading and to a lesser extent, business services. In a 2004 report, Devey et al. (2006) noted the dominance of trade (47%) within the informal sector. This data advance the ease of entry argument propounded by the literature on immigrant entrepreneurship. It is the position of the current literature that, while on the one hand, an unfriendly business climate pushes entrepreneurs away from the mainstream economy, on the other hand, ease of entry and fewer restrictions make informal economic activities rampant (Tengeh, 2011).

1.2. Immigrant entrepreneurship in SA townships: a theoretical perspective. Under the Groups Area Act of 1950, the then apartheid government in South Africa created what is today known as the informal settlements or simply townships originally designated for blacks, colored and Indians (Permegger & Godehart, 2007). With apartheid laws a thing of the past, one finds that these settlements are still flourishing under the new dispensation with improved living conditions and seem to be attracting a new generation of settlers in the form of immigrants. The reasons why immigrants, especially Somali open shops in the South African township, may become clear when one looks at the theories explaining why they turn to self-employment in the first place. Three schools of thoughts have been noted to explain this phenomenon.

As a school of thought, the proponents of 'pushed 'or blocked opportunities' hypothesis advance that foreigners engage in self-employment activities as a result of bias and discrimination in the host labor markets (Basu & Altinay, 2002; Levent et al., 2007; Halkias, 2007; Tengeh et al., 2011). This hypothesis clarifies the circumstance in South Africa, where immigrants are pushed out of the labor market into self-employment by abnormal states unemployment and segregation in the labor market. In fact, Landau's (2010) report on South Africa buttresses this view when he states that immigrants are left with no other choice, but to seek alternative ways to generate income when they cannot get formal employment. One of the shortcomings of this hypothesis is that it does not account for the cultural variance in the propensity towards entrepreneurship exhibited some ethnic groups (Basu & Altinay, 2002). These cultural differences arguably relate to gender, social class, ethnic, regional, national, religious, and language variations. Levent et al. (2007) note that while the first generation entrepreneurs generally encounter more push factors, the second and subsequent generations may exhibit more pull factors.

As the second intellectual tradition, the enthusiasts of the 'ethnic market niche' or 'pull' factor hypothesis postulate that immigrants are drawn into self-employment in general and certain sectors by business opportunities. The ethnic market niche

hypothesis is formulated around the idea that immigrants find business start-up opportunities in market niches created by the interaction between opportunities in society and the characteristics of the immigrant group (Halkias et al., 2007). Advancing this view, Clark, Drinkwater and Robinson (2015) note that some of the specific components that may move non-natives into self-employment include such things as the existence of ethnic enclaves which may provide a self-sustaining economic environment, the influence of religion, and access to informal sources of finance and labor through familial ties or shared culture and vernacular.

Speaking to the third philosophy, the 'ethnic enclave' hypothesis presupposes that immigrant entrepreneurs regularly identify business start-up opportunities within the ethnic enclaves and neglected business segments of the broader economy (Halkias et al., 2007). Under this presumption, workers who are sojourners are slated to look for a livelihood in commercial enterprises, where start-up expense is relatively low, where rivalry is insignificant, where capital can be quickly raised, and where assets can be effectively exchanged and transformed into money.

Drawing from the preceding ideologies, one may insinuate that an unfriendly business climate pushes immigrant entrepreneurs away from the mainstream economy into less restrictive informal economic activities. Supporting this view, Tengeh (2011) notes that competition for scarce resources and businesses opportunities has, in recent years, pushed or pulled immigrants of African origin to South African township instigating xenophobic attacks.

1.3. Entrepreneurship, challenges and survival strategies. Immigrants typically encounter seven challenges regarding entrepreneurship, and these pertain to how to: acquire information that they need to establish a business and survive; survive serious competition in the new environment; manage customer and supplier relationships, especially with different languages or business practice models; acquire capital essential to fund the business; recruit and manage an honest, competent and affordable workforce; protect themselves and co-ethnics from political attacks; and where to get the training and acquire the skills necessary to run a small business enterprise (Tengeh, 2011).

Kloosterman and Rath (2001) note that the composition of immigrants from less developed countries tend to be distinctive from that of the native population in terms of the bundle of resources at their disposal, when compared with their indigenous counterparts. In support, Guzy (2006) states that it is the combination of robust dynamics with strong limiting factors that lure immigrants to sectors with low entry barriers in terms of qualifications and capital such as trade, construction, catering, the clothing services. To Levent et al. (2007), these immigrants usually set up their businesses, where informal production would give them a competitive advantage and where the networks of ethnic people provide them with an informal way of doing business and exchange of information.

Showcasing the strategy angle, the orientation of ethnic enterprises is internal from the beginning in that they start with a focus on clients from their own ethnic groups, with traditional products, services and communication channels (Levent et al., 2007). This internal orientation and mutual trust within the ethnic network provides rotating credit, a protected market and a proper labor force, as well as an above-average loyalty between the ethnic firm and its clients (Levent et al., 2007). Utilizing a business premise as a dwelling place is a common cost-saving strategy used by immigrants during the start-up phase of their business (Tengeh, 2011).

The ability to maneuver price is an important tool or strategy employed by entrepreneurs operating in the informal economy, more so in the township. In the South African informal sector, pricing is one of key elements that distinguishes local businesses from immigrant-owned businesses. This is particularly so, because immigrants tend to charge lower prices than their native counterparts for similar goods, a practice which has infuriated the latter (Rulashe, 2006). The drive to be competitive is perhaps one of the reasons why firms continuously work on their pricing to ensure that they are the lowest in the market.

Besides price differences, other factors influence where a customer buys. To the entrepreneur, these include how well he or she listens to the customers, focuses on the needs of the customers, and pays attention to each customer complaint. When business people act proactively towards customers, they will reciprocate by respecting the business and the businessperson; supporting the business by buying something from it and developing confidence in the business.

2. Methodology

Given the shortcomings of any single method, a triangulation of three methods was utilized to collect and analyze the data for this study. Within the quantitative research paradigm, the survey questionnaire was utilized. The survey questionnaire was complemented with personal

interviews and focus group discussions as methods within the qualitative research framework.

Structured questionnaires, structured and semi-structured interviews and two focus group sessions were implored. An interview with a senior police officer at one of the police stations in the area probed into the category of crimes perpetrated against Somali traders. Another high profile interview was granted to the director of the Eastern Cape chapter of the Somali Association of South Africa, to acknowledge the nature and character of the Somali informal traders in the greater Nelson Mandela Bay.

2.1. Data collection. No research is viable unless supported by data which are valid and scientifically collected. Hence, given the subjective nature of human feelings, emotions and the difficulty associated with accurately quantifying them, qualitative methods become indispensable for this kind of studies (Corti & Thompson, 2004).

The sample frame consisted of Somali and South African informal traders in the Motherwell township. Using the probability sampling framework, a sample of 64 Somali and 65 South African owned businesses were randomly drawn. The questionnaire was pilot-tested on ten Somali and native-owned businesses to ascertain its shortcomings. Galpin (2009) asserts that the pilot test phase allows the researcher to identify possible challenges that impact negatively on the research from a data collection perspective. Thus, the pilot test provided justification for the restructuring, revision, and modification of unclear and sensitive questions.

The survey questions were originally set in English. However, due to the low level of understanding exhibited by the respondents during the pilot phase, the questionnaire was self-administered by the lead researcher who was fluent in the language of the Somalis and a research assistant who was eloquent in that of the native business owners. A follow-up interview consisting of mostly unstructured questions was held at the end of the structured survey questionnaires to gather more information that the latter may have missed.

By triangulating, this study utilized focus group debates to validate the results of the survey questions and personal interviews. The focus group sessions consisted of eleven people who discussed structured, unstructured, and semi-structured questions. The structured questions were written in Somali language in to make it easier for the group to convey their own feelings and write it in their mother tongue. The participants discussed various themes under the guidance of the lead researcher, and each participant was encouraged to write down his thoughts during the proceedings.

3. Results and discussion

The results have been presented in sections beginning with the survey questionnaire, followed by group discussions and personal interviews.

3.1. Results of the survey questionnaire. This section presents and discusses the results as per the survey instrument used.

3.1.1. Background data of respondents. Data were gathered and analyzed on the age, gender, marital status, educational level, country of origin and social habits of the respondents. Some questions were directed specifically to Somalis, while others were to both groups.

A stark difference in the ages of both groups was noted. The majority of the Somali informal traders were below the age of 30. In contrast to the Somali, the natives were mostly above 30 years, with the majority in the 40-50 years age bracket. There was no single Somali interviewee whose age was above 55 years.

In terms of gender, the Somali respondents were predominantly male (100%), while the native sample was mixed with 60% comprising of men and 60% women. Beyond this, it was observed that no Somali women were seen in the shops during the field work.

The majority of the South African nationals indicated they were married (58%) in contrast to the Somali counterparts who were single (slightly below 50%). In fact, 35% of the Somalis indicated they were married while smaller portions were divorced or widowed. The marital status difference between the two groups is understandable, to some extent, given the age difference between the two groups noted earlier.

The native participants indicated higher levels of educational achievements than their Somali counterparts. More than 70% had they reached a secondary school level, while the number was only 28% for the Somalis. Diplomates and degree holders were also high among the South Africans compared to that of the Somalis. In contrast, the majority of the Somalis exited either at primary school level or have never had formal schooling. The non-schooling or low level displayed by the Somalis could be partly attributed to the civil war that started in 1991 and the fact that these respondents were either born or teenagers at the time of the war.

3.2. Business-related information. The following results are based on questions tailored to probe the business engagement of Somalis in the Motherwell township.

3.2.1. Business- related qualifications. Respondents were requested to state whether they had any kind of qualifications that was related to their of line business, and identical responses were recorded for both groups. For instance, less than five percent of both groups indicated that they had business-related qualifications, while the rest 95% and above said they did not have any business qualifications. This was followed by a closely linked question, that solicited information on the kind of training they had in relation to their businesses.

3.2.2. Business-related training. As to whether the respondents had any kind of related training, the results indicate that these informal entrepreneurs received a minimum amount of business training. In the question of educational attainments, native South Africans displayed a slightly better level of training, where 18% said they had had some form of specific business training compared to Somali traders whose number of people with business training counted only 8%.

3.2.3. Ownership of the business. Participants were asked to state their status within the business; that is, whether they are the owners, employees or just helpers and so on. More than 80% of South Africans said they were the business owners, while this number was lower among Somalis (63.5%). For the Somalis, the rest indicated that they were employees. In the South African case, those who said that they were not the owners of the business included family members, relatives and employees.

3.2.4. Nature of business. Entrepreneurs were asked whether they run their businesses as a family business or not. The answer was more or less similar for the majority of the two groups, although to a varying degree. The 'no' answer was higher among the Somali entrepreneurs, where more than 85% stated it was not a family business, while the remaining portion said it was a family business. In the native South African sample, 60% recorded no and 40% yes.

3.2.5. Ownership of the business premises. Both Somalis and South African nationals were asked whether they were the owners of the business premises in which they were trading. An overwhelming majority of the Somalis (90.5%) did not claim ownership of the premises on which they conducted their businesses. In contrast, 75% of the South Africans owned the premises on which they conducted their business. For the rest of the Somalis, 9.5% stated that the premises belonged to them and 25% of the South Africans stated they were not the owners of the buildings.

3.2.6. Acquisition of business premises. Bearing in mind the difficulty in acquiring the premises to conduct a business, we set out to determine how our Somali respondents acquired (rental or ownership) the sites on which they conducted business. The majority of the Somali respondents (67%) who said the previous owners were the local people mentioned that the space was a working business (some mentioned it was not properly operating) and they directly rented it from the owner. Another 22% said the place was a business premises, but was not operational, while 11% stated the premises was unsuitable for a business, but they equipped it and made it suitable for business purpose.

Bringing in some qualitative inputs from the focus group sessions, this is what came to the fore:

" While still in my current shop, the land lord offered to rent me a second shop, but I could not afford due to my financial commitments. The next year, the landlord again gave me the opportunity to rent same shop, and I accepted because I saved enough money then" said respondent A.

3.2.7. Reasons for becoming informal traders. Responding to why they got involved in informal businesses, particularly in the township, the following was noted: 64% were enticed by affordable shop rents and business opportunities in the township. A substantial number (22%) also indicated that they were involved in the township informal business, because that was where they found their fellow friends, and relatives were doing their businesses - meaning they followed others. Another 18% developed the interest while working as employees for other Somalis in the township. 11% did not mention any specific reason that had drawn them to Motherwell. This result suggests that Somali entrepreneurs are pushed by a number of factors not including unemployment, competition in central business districts, high rents and so forth. On the other hand, the results indicate that business opportunities, low rental, ethnic network and so forth pulls these entrepreneurs of Somali origin to South African township.

3.2.8. Premises rental. An overwhelming majority (75%) of the native owned businesses interviewed noted that they did not pay rents. Those that indicated paying rents paid an average rent of R487. The highest rent amount was R800 for South African businesses, while the lowest was R250. In contrast to the foregoing results, an absolute majority (87%) of Somali owned business paid

rents. The rents paid averaged R1959 per month. The highest rent-paying Somali business paid R4000 per month, while the lowest was R500.

Although the amount of rents paid seems to have been exaggerated by both the Somali and native rent-paying businesses, keeping other variables constant, one would expect the low rents paid by the latter to provide an avenue on which to build a competitive advantage.

3.2.9. Shareholders in the business. Both groups were asked if they had shareholders in the businesses. While 87% of Somalis agreed to having others as partners in the business, only 27% of Native owned agreed to the statement. Interpreting this result in isolation, one may suggest that having partners in the business provides an avenue on which to build competitive advantage given that the mobilizing resources and management of the business is shared.

3.2.10. Business experience. In a question that probed whether the respondents had any business experience prior to starting their current business, it became clear that both Somalis and native business owners had very limited prior business involvement. Overall, 73% of Somali immigrants and 64% native business owners had no past business experience. For those who had business experiences, natives (36%) performed slightly better than Somalis (27%).

3.2.11. Pricing policy. Somali informal traders condone much lower profits than their South African counterparts. A hundred percent of the Somalis priced their commodities below 50% of the original cost. For instance, an item cost price, say, R1 may be sold for the maximum price of R1.50. A significant proportion of these Somalis went as low as 30% or less. Pricing below 50% and 30% is by far lower than the prices charged by their South African counterparts. The majority of the native entrepreneurs (above 60%) charged higher than 40% of the original cost price. Although there were some who had priced their commodities much cheaper than that, the vast majority were higher than that of Somalis. Some Natives even charged as high as 100% of the cost price. All things being the same, native entrepreneurs are the disadvantage from a price perspective when it comes to competition.

3.2.12. Working hours. Somali informal traders worked more hours than their South African counterparts. While the latter worked from 7 hours to 16 hours per day, the Somalis worked from 9 to 15 hours. This meant that the maximum and the minimum hours of work were both worked by the South Africans (that is from 7 which was the minimum to 16 hours). However, on average, Somalis worked more hours than the nationals. They worked 13 hours and 18 minutes per day, while for the natives, it was 11 hours and 11 minutes. Assuming this result in isolation of other factors, one may conclude that the Somali owned shops are open for much longer than those of their native counterparts and the fact that they work harder.

3.2.13. Relationship between the Somali and SA informal traders. Both Somalis and native entrepreneurs were asked if they had any kind of relationship with each other in the township. Strikingly, 100% of South African nationals and 86% of Somalis said that they had no kind of relationships with each other. The Somalis who said they had a relationship with the native entrepreneurs, stated that they had abandoned selling particular commodities to suit their neighbors. Despite this lack of relationship between members both groups, the Ikamvehlile police commander informed the researcher that a forum has been established consisting of the Somali business owners, SA business people and the community leaders in Motherwell, as well as the Somali community leaders. And that the aim was to lower the xenophobia and forge good working relationships among the various stakeholders.

3.3. Results of focus group discussions and personal interviews.

3.3.1. The perception of a wholesale manager about Somali informal traders. As noted in the methodology section, one of the wholesalers that the Somalis named repeatedly as their source of stock was granted an interview. One of the senior managers of the wholesale store elaborated extensively about his interaction and experience with the Somali entrepreneurs. He noted that the number of Somalis stocking from his wholesale had grown to around two hundred people. He reported that Somali mostly paid cash for their stock. When asked if he thought that Somali traders were more successful than their South African counterparts, he said yes and recounted that could be attributed to the fact that Somalis ensured that they got bargains to resell at the cheapest prices. From his previous experience and interaction with Somalis, his general perception of Somalis was that they are very understanding, patient, reliable and good people to work with.

3.3.2. Inter-group business-related differences as perceived by the Somalis. Both Somalis and South African nationals were obliged to state the main differences between their businesses. The responses varied not only between groups, but also within the same group. The first difference related to the

treatment of customers. It was confirmed that the attitude of the Somali entrepreneurs towards customers was much better and appealed more to the customers than their South African counterparts. The following are some of the ways in which the Somali won hearts of their customers:

- Extend credit to regular customers.
- Ensure stock is available and up to date to date to prevent the customers from going to rivals.
- Offer better discounts to customers.
- Offer free delivering customers who buy in large quantities.
- Offer sweets, chips and other items to children to win their loyalty and that of their parents.
- Forge and maintain pleasurable relationships with the customers.

And lastly, to quote one of the interviewee's statement:

"at the beginning, my neighbors, my customers and I were not in good terms. We could not understand each other. I had a lot of problems as a result. However, as time passed, I tried to win the hearts of the people in the area, and I won at last. Now, small kids come to us with R100, and R200 rolled in a paper stating the items parents need; we give them the change and take them and the stock to their house. I remember during the xenophobic incidence in 2007 an elderly man whom I help his child in this way was arguing in our defense. Even some elderly women now bring the pocket money of their school-going children to us and the children get it from us, taking daily small amount of that money. We are truly part of the community" (Somaliinformaltrader).

The second noted difference was related to infrastructure. The Somali entrepreneurs acknowledged the fact that the Natives were better established and had best equipment than they. A third difference that was noted related to the prices charged and working hours. The Somalis were confident that they offered the cheapest products and worked longer hours than their native counterparts.

A fourth difference had to do with the work attitude of both groups. Once more, the Somalis believed that they were hard working than their native counterparts. The reason advanced for this was the fact that they depend solely on themselves and have no other source of income, and failure is not an option. Furthermore, they believe that the laxity exhibited by their native counterparts can be partly attributed to the support structure that they enjoy (be it from the government in the form of social grants or their families).

3.3.3. Inter-group business related differences as perceived by the SA nationals. Both groups noted their differences with respect to the price charged for their goods and services, most native entrepreneurs believed that Somalis were cheaper in terms of price. The reasons given for this varied. Some stated that Somalis worked as groups and, hence, get better discounted prices from the wholesalers. Others noted that co-ethnic Somalis involved in the wholesale business tend to grant bigger discounts to fellow Somalis, enabling them to extend these discounts to consumers. However, others simply believe that the Somalis offer cheaper prices, because they stock inferior and poor quality goods.

A difference that came to the fore related to the industry in which both groups operated, claiming that both groups operated in different industries; the native entrepreneurs believed that there was bound to be a difference in the way they run their businesses.

Another noted difference between both groups was in terms of the services rendered. A majority of the natives accepted defeat, as they noted that the Somalis offered better quality services to the customers than they did. According to the natives, the fact that the Somalis worked in groups in their businesses meant that they would have more time to attend to customers unlike them who did not work in groups. This suggests a longer waiting time for customers shopping at business run by a single person. Lastly, a difference in working hours was also noted. Native entrepreneurs equally important acknowledged the fact their Somali counterparts worked longer hours than they did.

Conclusion

Forced to exist on a diet of perpetual xenophobic attacks at the hands of native South Africans, African immigrants are still challenged to work with and alongside their perpetrators. Considering this backdrop, an investigation into the working dynamics of these disparative groups has uniquely imbibed the investigation of this paper. Using a triangulation of three research methods with an exploratory intent, this paper compared the informal businesses conducted by the Somali and native South Africans in a South African township with the intention of revealing any similarities or differences between both groups. The results suggest that, while there are more differences between both groups than there are similarities, the areas of similarities included issues confronting all businesses in the township such as legislation and crime. We believe that the differences contribute to the perceived competitive advantage afforded to Somalis, hence, the tension between both groups. On the one hand, the inter-group differences that worked in favor of Somalis included the fact that they were younger, motivated, hardworking, co-operative and charged

less. On the other hand, the Natives had the following factors in their favor: they paid lesser rental or none, were more educated, depicted a higher level of business training and a remarkable level of prior business experience. Based on these findings and the qualitative nature of this study, one cannot accurately predict who should have a competitive advantage. However, the only thing that is certain is the fact that discrimination in the host-country labor market and the sheer desire to survive gives immigrants the motivation to succeed in entrepreneurial ventures. The findings may provide local authorities with specific pointers when shaping or drafting proactive or reactive policy tools for South African townships with similar dynamics.

Recommendations

Firstly, Somalis seem to be a permanent feature of South African townships, hence, their entrepreneurial skills need to be nurtured and developed. This can be done through interventions by the government departments, Somali community leaders and organizations such as the Somali Associations of South Africa, Somali Community Board, academic institutions like Nelson Mandela Metropolitan University and so on. Secondly, the relationship between Somalis and local business people needs to be soothed and strengthened. This can be done through forums, seminars and other kinds of meetings that can help them to forge relationships. Lastly, given that most of the Somalis are youthful, energetic, unmarried and the fact that their South African counterparts seem to be ageing (as noted by the number of older business owners) it would be a good practice to groom the younger generation to take over the business. Of course, this can be achieved by encouraging an active interaction between the former and the latter group. Success stories of entrepreneurial Somalis in the township may just provide the stimulus needed by their young South African counterparts.

Limitations and scope for future studies

Despite the mixed methodology adopted in this study, the inter-group differences were not put to any statistical scrutiny, because the authors were primarily concerned with exploring the perceived differences. Furthermore, the research cannot be generalized, as it was based on a single township, and the dynamics may be different from that of others. Any future research on this topic should include the perceptions of the customers with regards to the services of the two groups. This will allow both groups to see their strengths and weaknesses and, hence, encourage development to a better level.

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