

# A Township based business location for migrant's businesses in South Africa: Cases of Xenophobia

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## ABSTRACT

Major townships of South Africa namely Soweto, Khayelitsha and Umlazi lost the opportunity to attract and retain migrants businesses because of violent xenophobic attacks of migrants who ran businesses as sources of self-employment. Many of the businesses ran by migrant business men and women had to shut down because of personal attacks, looting and other violent attacks directed to them. It was in May, 2008 when the xenophobic attacks were seen again in South African townships. Organized business structures such as NAFCOC did not show interest in protecting the business interests and properties of their counterparts. This is a reflection study on this subject area and seeks to inspire further extensive research in this area. However, it has become evident that townships are less attractive locations for conducting business given service delivery protest which end up as opportunities for looting and disrupting business.

Key terms: *Business Location, Xenophobia, Townships and Migrants*

## I. INTRODUCTION

In 2008 South Africans and the world saw a strong return of xenophobic attacks which were much worse than any other attacks seen before. Xenophobia is defined as a deep dislike of migrant nationals by the nationals of a recipient state and the fear of migrants [1]. South Africa is one of the fewer African countries with good infrastructure, resources and political stability on the continent, most asylum seekers and migrants from countries such as Zimbabwe, Malawi, Congo, Somalia, Ethiopia, Pakistan and Nigerians come to the country searching for better opportunities and others also start businesses for self-employment and income generation purposes. Most of the migrants go live in townships since there they find affordable accommodation and some space to do trading. Townships can be described as the former dormitories for labour which were established during the time of industrialization through mining and building of cities in South Africa. However, townships have now become homes to scores of South Africans. The attacks directed to migrant business men or women are somewhat motivated by claims made by locals such as loss of jobs and business opportunities because of migrants' cheap labour and their products up for sale.

The majority of migrants in townships started successful small enterprises mostly selling convenience products and home décor items such as carpets and other goods.

## Challenges faced by migrants' businesses

The small businesses ran by migrant business men or women rent business premises in townships where they operate because they do not own land or property. However, they are not guaranteed protection of inventory and business property in general. These enterprises compete on the basis of price with those enterprises owned by South African nationals. Efforts to create bulk buying schemes by South African nationals have not been successful after a number of attempts by many business associations, which could offer a price advantage. Most small businesses or micro enterprises owned by locals closed down and leased their business facilities to migrant's businesses. The local semi-skilled workforce and job seekers expressed in media statements the feeling of being threatened from the perception that they would lose their jobs because of migrants who accepted lower wages or salaries [2], which would make them more attractive to employers than the local workforce. During attacks the businesses owned by migrants lost valuables such as;

- Stock because of looting
- Damage to their business structures and other assets such as cars
- Loss of customers because of the inability to operate and the lost opportunity to generate income.

Moreover, the stop in the operations of the convenience stores or spaza shops run by foreign nationals created an inconvenience to locals who depended on the products offered by these stores, such as bread and milk.

## Business location in Townships

In most South African townships there are few shopping Centres or complexes of shops. Most businesses rely on home based business operations [3]. The convenience or spaza shops run by migrant business people operate from the houses where they are renting accommodation to stay, successful business operations of these businesses do guarantee

the ability of the migrants to pay the property owners rent money which has been agreed upon. Due to the proximity to other local convenience shops or similar service providers the tension between the owners of businesses, both migrant and locals, becomes a challenge since there gets to be lot of disagreements and threats. This reflection raises two questions as on the next section.

### Questions

First, are South Africa's townships attractive business locations and secondly, do interventions solve the problems of xenophobic attacks and losses suffered by migrant businesses? Following is a brief literature review which focuses on the topic of this study and it is also recognized that this subject is broad, therefore extensive literature may be covered in other extended research projects.

## II. LITERATURE REVIEW

Most migrants who fled their countries due to undesirable political and living conditions, came to South Africa hoping to make a better and honest living by working or starting up as vendors to create self-employment opportunities which is connected to entrepreneurship [4]. Migrants in South Africa find townships to be affordable places to live in as compared to urban areas. Townships were established because of apartheid policies, and they were meant to be neighborhoods and residential areas for non-whites and that they would be dormitories for sourcing hard labour for mining operations and other industries [5]. In pursuit of business opportunities, migrants get the opportunity to regain their identity and to live a better life once more when they generate their own income [6]. Migrants also come along with their families, which puts pressure on the adult family members to provide and they often opt for self-employment by providing services or selling products, these activities also require business location [7]. Townships were poorly planned in South Africa because of their purpose, therefore a lack of business premises for convenience stores or smaller retail enterprises is one other challenge [8] which makes it difficult for migrant owned businesses to have independent business location apart from their residential accommodation. Lack of safety and protection of the migrant businesses is one other challenge [9].

### Business location for migrant businesses in Townships

Business location refers to the geographic site for business operations and activities [10]. Finding safe, preferred, resourced and accessible businesses location [11] for most migrants has become a challenge given the xenophobic attacks. These have also rendered the businesses of migrants less profitable because they end up relocating to areas where business location selection factors are not easily accounted for [12], such as distance from target customers, quality of life, community considerations, distance from suppliers

and resources, and favorable labour climate (Faghi et. al, 2014).

## Global Implications of Migration

In this paper we referring to migrants who are people who left their countries temporarily due to unfavorable and bad living conditions in their home countries. Around the world a number of studies had been conducted about migration and immigration. The Centre for Research and Analysis of Migration has also done some numerous work in this area, one of their studies show that native workers are paid less wage for their contribution in places where they find work, yet their contribution is beyond the payable wages [13]. In the US a focus on the ports of entry and understanding of the migrants' impact on employment opportunities has been an area of concern as there are different categories of migrants which includes those who are illegal migrants [14]. Authors agree that migration has an impact on labour markets, as migrants when they are within a foreign country they start seeking opportunities to provide for their needs, especially when there is no aid from charity or government to support migrants and previous research seem to indicate clearly that one of the problems is that around the world migrants are willing to accept lower wages, which locals would not want to accept [15]. Hunger, poverty, wars and inadequate government support contribute to migration around the world. The displacement of parents and adults does lead to loss of connection between children and parents [16]. Migrants also face exclusion because of their unclear contribution to the taxes of the countries in which they had migrated to and they often do not benefit from social housing schemes or government services which are intended for the locals, but if they progress and get formal work opportunities often they get somewhat different treatment or they are being accused of taking away opportunities for the locals [17]. Migration is a problem in all continents. However, for countries which are under resourced it is even more strenuous to service an additional population while there is already an inability in providing government services to the local citizens. In South Africa there has been a shared belief by most poor citizens and those unemployed that migrants took their jobs by accepting smaller wages from the same employers and furthermore there had been differing views about businesses run by Pakistani, Somali and other migrants in the townships where some business associations took them as threat. Service delivery protests in South Africa seem to be used as an opportunity for looting in migrants' shops particularly in townships. In Asia migration is also a challenge to labour receiving countries such as Malaysia, Hong Kong, Taiwan and others [18].

## III. RESEARCH DESIGN

This research is a reflection on existing cases of Xenophobia [19] and the impact which xenophobic

attacks have had over the self-employment initiatives created by the migrants [20] referred to in this reflection. Research in this area employed a qualitative approach over the years, conducted in a form of interviews and following up media reports, and in interviews are an established research approach in Social Sciences [22]. In this particular paper we use cases to re-emphasize and propose the need for extensive research in this area, which is again becoming a worldwide challenge given war and other political instabilities driving people to relocate or seek asylum in other countries which also have problems [21]. Moreover, it is proposed that a mixed methods approach when conducting research in this area be employed [22] and that a substantial amount of the affected and involved parties be given an opportunity to participate [23]. In addressing the questions raised we use the existing case studies to provide recommendations.

The following section describes cases of xenophobia and it is a discussion which seeks to answer the two questions raised here already.

### **Cases Found and Discussion**

This reflection study seeks to answer and gather understanding of the two questions:

- Are the major South African townships attractive business locations for migrants' businesses or self-employment initiatives?
- Can co-existence be achieved between migrants and South Africans?

Responses to the above questions may not be yes or no type of answers. The xenophobic attacks were seen to be strong in May, 2008 in South Africa which was a breach of Migrants Human Rights as stipulated by United Nations [26]. The cases of xenophobia since 2008, exceed 100 [24]. The following three cases assist us to respond to the questions raised here,

- NAFCOC (The National Federated Chamber of Commerce sent out letters to Somali traders who returned to Khayelitsha township ,after attacks, informing and warning them to close their shops or be victims of violence (M & G, 2008).
- In Orange Farm, a township outside of Johannesburg convenience shops of migrants were looted during a protest for service delivery (M & G, 2010).
- Nigeria promise to press charges against South African government for its citizens who were victimized during the xenophobic attacks, in which mostly lost their properties and shops looted.

The above cases sends a picture that the majority South Africans, who live in townships [25] are not ready to welcome and live in peace with those whom they fear to take away opportunities from them, which is not true when migrants create opportunities for

themselves. Threats from business associations such as NAFCOC prove also that South African small or micro entrepreneurs or businesses are not ready for a free and fair competition as a result they drive attacks towards migrant business owners. Self-employment opportunities are lost by migrants as a result and solutions to problems solved by the migrants' businesses are also delayed from time to time as a result of attacks. Furthermore, this has created tensions between South Africa and other African countries whose people are among the migrants. Therefore, townships remain less attractive business destinations given the attacks on migrant businesses and looting during service delivery protests which are not linked with migrant attacks and co-existence of migrants and other locals remains a challenge given that it is not known when will migrants go back to home countries, which is what is seen to create a feeling of uncertainty to those who claim that they have lost opportunities because of migrants.

### **Syrian Case of Migration**

The war which started in 2011 in Syria has displaced millions of Syrians who have left the country to seek refuge in Europe, UAE and other Gulf countries [27]. The migration of Syrians created mixed reactions from the leaders of affected countries in that infrastructure and other resources were not designed to service additional millions or thousands of other population.

### **IV. RECOMMENDATIONS & CONCLUSION**

Migration in the world is an old problem and it continues to be a serious problem when there is an element of Xenophobia to it, especially against those migrants who start their own businesses. In response to this challenge government initiatives directed to funding small businesses should also look into encouraging and incentivizing collaboration between local business people and legal migrant businesses. The global business forums such as the World Economic Forum should also organize global business communities towards handling migration and finding ways of integrating migrant business people in the countries of refugee. Moreover, the feeling of being threatened by the presence of migrants is common to most people who have to welcome large numbers of migrants in their own towns or cities, as they fear the unknown. Also the scarcity of jobs and sustainable business opportunities for SMEs creates the fear. Finally, the willingness of South Africans and migrants to live together, creating opportunities and businesses which shall benefit both depends on open conversations, confronting challenges with respect and by valuing what each party can offer. In conclusion, it is proposed that in future further studies be done on co-existence of migrant businesses and those of locals.

### **REFERENCES**

Available on request