# EXPLORING THE MIGRANT EXPERIENCE IN SMALL BUSINESS ACTIVITIES IN AUCKLAND NEW ZEALAND: A CASE STUDY OF AFRICAN MIGRANTS

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## Declaration

I, Olufemi Omisakin, hereby declare that this Doctor of Philosophy thesis entitled 'exploring the migrant experience in small business activities in Auckland: A case study of African migrants' and its content (words, quotes, tables, figures, appendices, bibliography, references, and footnotes) are my own work. This thesis contains no material that has been previously submitted and or accepted either in whole or in part, for the qualification and or award of any other academic degree either at university or diploma level or at any other institution of learning, except where otherwise indicated in this thesis.

Signature …………………………………………….

## Dedication

I dedicate this dissertation to my late mother who could not wait to see me complete this programme and left to rest with her God in 2014, and also to my loving wife. You have always been there for me, encouraging and inspiring me to be the best that I can be. To my three lovely and handsome boys (Damilola, Eniola and Omotola), you are always there for me.

**Acknowledgements**

Undertaking the journey for a research degree is very challenging but equally rewarding. I give my sincere adoration and appreciation to Almighty God for giving me good health, inspiration, wisdom, knowledge, grace, strength in life and above all for shepherding me through to the completion of this dissertation project.

I express my most sincere gratitude and love to my wife, Mrs Oluyinka Omisakin for her love, care, support, tolerance, understanding and above all, prayers through the years of writing this thesis. I love you.

However, getting to completion level like this would not have been possible without other levels of support from some individuals, groups and organisations First, I express my most sincere gratitude and appreciation for my main supervisor, Associate Professor Camille Nakhid, for being the first to believe that I could do it and encouraging me to investigate the subject of my academic interest. You paved my way to this dissertation by giving me your absolute support with priceless comments and suggestions. I also commend your willingness to attend to my difficulties related to this research. Thank you for your patience and understanding.

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To everyone God has used to support me on this beautiful journey, those who assisted me financially at the time of need and those who stood for me at the time I needed it most. I say a big thank you for being part of my dream. (Your dedication is getting very long – usually they are only a short paragraph or a couple of sentences. I suggest you delete this paragraph).

Special thanks go to Mr and Mrs Adesanya for their financial support for almost two years while writing this thesis, and also to Temitope Allinson for her financial assistance.

Finally, to my children, Oluwadamilola, Eniolaoluwa and Omotolaoluwa, thanks for your great understanding, support and for waiting for daddy to come back home late from school to say 'Welcome dad, are you making progress?' Above all, thank you for your prayers every day for daddy to complete the programme on time. I love you all.

# Abstract

This study explored African migrants' perceived experiences of their involvement in small business activities in Auckland. This includes the experience of African migrants in the labour market, the motivation of African migrants into small business activities, the challenges of African migrants in business, and how African migrants overcame these challenges. The study tested existing theories: *labour disadvantage theory (Li, 1997)*, *cultural theory* (Hofstede, 1997), *middle man minority theory* (Bonacich, 1973), *opportunity structure theory* (Aldrich & Waldinger, 1990; Waldinger, Aldrich, & Ward, 1990), and *ethnic enclave theory* (Wilson, & Portes, 1980) to explore the migrant experience in business activities. The study employed a qualitative strategy which is a widely accepted method for studying social phenomena (Marshall & Rossman, 1999). Data were collected from 17 participants through semi-structured interviews and analysed using thematic analysis focusing on investigating recurring themes from the data collected.

Findings from the study indicate that migrant businesses create employment opportunities in Auckland, New Zealand and help solve social problems. Migrants typically experience difficult challenges either before or after becoming migrant business owners. While some are being discriminated against, others are told that they lack host country work experience. Migrant entrepreneurs had financial challenges both at the take-off and later when they needed further finance for their businesses. Migrant small business owners overcame their challenges by sourcing funds from families, friends, savings, and selling valuables. Migrants were motivated to start-up businesses because of their desire for independence, financial betterment, attainment of higher social status, and discriminatory experiences in the labour market. In view of these, migrants in New Zealand believe that starting their own business can be the solution to their challenging experiences. This study is the first of its kind to explore the involvement of indigenous African migrants' involvement in business activities in Auckland, New Zealand. It thus has wider implications for public benefit and as a valuable contribution to knowledge. Several implications of this thesis may be useful for practitioners and policy makers in the receiving migrant countries. For instance, findings from the study will assist policy makers in New Zealand and other receiving migrant countries to create support policies that will help migrant business owners develop their businesses by providing a motivational business environment for migrant entrepreneurs.

# PREFACE

This research study is an investigation into the experiences of African migrant small business owners' involvement in small business activities, job search, motivation to become business owners, the challenges encountered in running business and how these challenges are resolved. While this study does not offer a panacea to the African migrants' challenging experiences, it reveals these challenges occur not only in business but also during the migrants' job search. Despite the challenges, migrants had contributed immensely to the New Zealand economy and the society as a whole. This study combines prior knowledge of scholars in the field of immigration and business, related theories, and current perspectives in migration and business.

More than having a passion for this topic, I have myself experienced enormous challenges in New Zealand as a skilled migrant with a Work to Residence visa for nine months, struggling for more than three years to find a job close to my skills and experience. I have encountered several other migrants facing the same challenges and migrant business owners living in poverty because the businesses are not profitable. Also there are those that are selling off their businesses and relocating to Australia.

This experience has fuelled in me a desire for a deeper understanding of how African migrant small business owners perceive their experiences in business activities, job search, motivation to business, and challenges encountered in running a business.

Eventually, when I could not achieve my goal of getting a skilled job, I decided to undertake a PhD study to examine, clarify, and present my ideas and findings towards an understanding of the challenges of migrant business and job search, with particular reference to the African migrants in Auckland. This study is a pioneer in this area as there is no previous research on this topic. This thesis represents the unheard voice of African migrants in Auckland, New Zealand.

# CHAPTER 1
# INTRODUCTION TO THIS STUDY

## 1.1 Introduction

Contemporary society in New Zealand is founded on immigration; New Zealand is regarded as a popular destination for migrants, and it is a multi-ethnic society. According to Liu, Wilson, McClure, and Higgins (1999) Māori are the first people of Aotearoa while European immigrants are the first large group of migrants to New Zealand (Erica, 2013). Most the New Zealand population is of European descent and constitutes the largest ethnic group (74%). Maori make up the second largest ethnic group (14.9%), Asians make up the third (11.8%), and Pacific people make up the fourth (7.4%). Ethnic groups from the Middle East, Latin America, and Africa make up the smallest percentage [considered as one of the ethnic minority group] (1.2%) (Statistics New Zealand, 2013)[1].

Horcajo, Petty, Briñol, (2010) considered ethnic grouping as the division of people into the categories of 'majority' versus 'minority' status. Ethnic minority is a group of a race or nationality with the lower or lowest number or in percentage among the people living in a country where most people are from a different race or nationality as highlighted in the case of New Zealand above. Thus, the Middle-Eastern, Latin American, and African population fall into the minority ethnic group. The population sample of this thesis are African migrants/immigrants in New Zealand.

New Zealand now attracts immigrants from all over the world, and Auckland has the highest concentration of immigrants in New Zealand (Statistics New Zealand, 2013). This has had a positive impact on the Auckland economy, particularly in the area of migrant business establishment (Cain, Meares, Spoonley, & Peace, 2011).

According to Vore (2015) migrant is an individual or group who leave his/her country and settle in another country for one year or more (international) while people migrates within a country (internal). This trend has become a key feature in modern societies (Gorter, Nijkamp, & Poot, 1998). According to Whybrow (2005) international migrants infuse the host country with new energy and new ideas. In recent decade immigrants and migrant businesses have been identified by both developed and developing countries as a

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[1] According to Statistics New Zealand the percentages add up to more than 100% because respondents are able to identify more than one ethnic group.

major factor in facilitating economic growth and development (Fairlie, 2008; Whitehead, Purdy, & Mascarenhas-keyes, 2003).

Migrating across borders is influenced by a combination of economic, political, and social factors – either in a migrant's country of origin or in the country of destination. Some migrants are full of economic hope and enthusiasm before immigrating, thinking that all will be well when they arrive at their destination. In most cases, they are unable to meet their expectations and secure their desired jobs as they are faced with structural and cultural problems in the form of social exclusion, discrimination, unemployment, and lack of expected local values and skills (Baycan-Levent & Nijkamp, 2009). These reasons among others prompt migrants to go into self-owned small businesses (Volery, 2007). Metcalf, Modood and Virdee (1996) submitted that migrants are influenced into business by three factors, namely: economic opportunity, cultural affiliations, and reaction to their inability to secure meaningful jobs.

In this study, *migrant business* refers to business activities undertaken by migrants from a specific socio-cultural and ethnic background or country of origin (Sahin, Nijkamp, & Reietdijk, 2009). Migrant business differs from mainstream business as it is oriented towards migrant products and the migrant market (Choenni, 1997). Migrant businesses play a prominent role in the host country as they employ both migrants and non-migrants, thereby contributing to economic growth and the resolving of social problems (Baycan-Levent & Nijkamp, 2009). In New Zealand, migrant businesses are very prominent in the economy. Migrant entrepreneurship, business ownership/start-up has become increasingly prominent in New Zealand economic life (Yuan, Cain, & Spoonley, 2013) Overall, migrant businesses and communities have made New Zealand a more tolerant society and a society that reflects the wider diversity of values of the rest of the world (Yeabsley, 1997).

Migrant businesses represent a large and growing share of the labour force in most developed countries, particularly in Europe and the United States of America (US). The contribution of migrant businesses to these countries is in fact overwhelming. For instance, in 2005 Asian-owned migrant businesses in the United Kingdom (UK) provided 300,000 jobs with a total turnover of ₤60 billion pounds (London, 2005). Despite this contribution, host countries have adopted several measures to control the influx of migrants as it is widely held that migrants are taking locals jobs (Angrist & Kugler, 2003).

In June 2008, the European Union (EU) parliament adopted a directive (return directive) making it mandatory for the deportation of unauthorised migrants in the EU to their countries of origin. Observers interpreted this to be a response by EU leaders to the growing economic crisis and unemployment in the EU (Acosta, 2009). Though this thesis was almost completed when the issue of Britain exiting from the European Union started, but discussing it briefly is of great value to the research because of its implications on immigrants in both the UK and Europe. Britain just pulled out of Europe (Brexit) because it believes that Europe allows too many immigrants into the UK (Lee, 2016). Europe will be affected by Britain's withdrawal. Per Lee there are 1.2 million British citizens living in other European countries, while 3.3 million non-British Europeans live in the UK. Britain's singular action will have a direct impact on this group of people. What will happen to them regarding immigration is unclear, but it is a belief that events will unfold themselves as time goes on. However, Lee identified the followings as the possible challenges Britain may face soon: Uncertainty about Britain's future relationship with Europe could lead UK into a recession. It is estimated that exiting Europe could cause the British economy to shrink by between 3.8 and 7.5% by 2030 – Brexit could potentially lead to a break-up of the UK.

Between 2002 and 2007 in the US, immigrant businesses generated a total of US$67 billion in revenue. Immigrant business owners accounted for one-quarter of business income in California, New York, Florida, and New Jersey (Fairlie, 2008). However, towards the end of 2007, the US was confronted with a financial crisis resulting from the collapse of two Bear Stearns financial institutions, later referred to as the *subprime mortgage crisis*. This led the US into recession with disruption in the flow of credit to business and consumers. By 2009, the US had gone into recession with an over 7% unemployment rate resulting in a 9% reduction in output. Central government debt rose to 87% of gross domestic product (GDP) compared to its pre-crisis level of 63.9% in 2006, 64.8 % 2007, and 76% in 2008 (Trading Economics, 2016). The crisis had a serious and long-lasting effect on the global economy (Allen & Carletti, 2009). At the same time, however, migrant businesses continued to perform well, for example, in 2007 out of all firms average annual sales and receipts of $1,108,464, immigrants (majority foreign-born) recorded an average of $433,592, Hispanic immigrants recorded $257,416, while Asian immigrants had $465,296, all representing about 70% compared with a non-immigrant owned firm at $610,000 (Fairlie & Cruz, 2012). Canadian small/minority-owned businesses accounted for 39% of Canada's GDP. Equally, they accounted for 31%

of Canada's exports valued at US$80 billion (Canada, 2011). The growth trends of migrant businesses are global and they are expected to continue as more countries strengthen their economic growth by diversifying and opening up the economy to more immigrants (Saxenian, 2002b).

A review of the literature indicates that Asian migrant business owners dominate migrant small business in Auckland (Cain et al, 2011; de Vries, 2012). So far, there has not been any research or documented study on African migrant businesses other than those businesses established by white migrants from South Africa. Warren (2003) provided descriptive evidence of five white South African migrant business owners in New Zealand who, while having no self-employment experience before migrating to New Zealand, were able to establish business ventures and run them successfully. Meares et al., (1979) interviewed 13 white South African business owners in Auckland and Hamilton. The authors found that these migrants owned a total of 15 businesses: ten as partnerships, three as sole proprietorships, one family business, and one as a New Zealand publicly listed company.

However, little or no attention has been given to the phenomenon of indigenous African migrants' involvement in small business activities in New Zealand, thereby creating a gap in the literature in this area. Therefore, this study focuses on indigenous African businesses and their owners from African countries (excluding South Africa), so that indigenous African entrepreneurs' voices can be heard and subsequent reports of their experiences can be documented. To bridge the identified research gap in the literature, this study explores the experiences of African migrants involved in small business activities, their job searches experiences in the labour market, their motivation to become business owners, and the challenges faced in running businesses in Auckland, New Zealand. It is hoped that at the completion of the study there will be a greater understanding of African migrants' involvement in business activities in Auckland. This thesis will conclude by providing an overview of the outcome of the study.

## 1.2 Research objective

The objective of this study is to explore African migrants' experience in small business activities in Auckland. Specifically, the objectives set out for this study are:

- To document the experiences that African migrants have had in being involved in business activities;

- To investigate and report the experiences of African migrants in the labour market before business start-up;

- To investigate and report what motivates African migrants to move into small business activities in Auckland;

- To examine the challenges faced by African migrant small business owners in running small businesses and how such challenges are overcome.

## 1.3 Research question

To achieve the research objectives, this study addresses the main research question and other subsidiary questions.

*How do African migrants perceive their experience of small business activities in Auckland?*

The subsidiary questions include:

- What experiences do African migrants have in the labour market?
- What motivates African migrants into small business activities in Auckland?
- What are the experiences encountered by African migrants setting up small businesses?
- How do they overcome these challenges?

## 1.4 Rationale of the study

Research has indicated that migrant business decisions are influenced by individual, cultural, economic, and societal factors (Masurel, Nijkamp, Tastan, & Vindigni, 2002; Sahin et al., 2009). Tabor (2014) pointed out that New Zealand is selected by immigrants as a desirable destination due to positive perceptions regarding quality of life, climate, accessibility of nature, cultural similarity, career opportunities, visa process transparency and the perception that migrants are wanted. For example, between 2013 and 2014, about

96,000 migrants arrived in New Zealand and 67,800 departed, resulting in a net gain of 29,100. However, the number of migrant arrivals in a country of just over 2,297,000 employed persons is a concern as most new arrivals may find it difficult to find good jobs, particularly with a current 5.7% unemployment rate in New Zealand (Statistics New Zealand, 2016). Even if establishing themselves in New Zealand through self-employment in a small business is not the intention for relocating to New Zealand, many migrants are forced into this endeavour to provide for themselves and their families once they discover a lack of job opportunities. However, the decision to become a migrant entrepreneur is often personal, dynamic, and complex (Kloosterman, Van der Leun, & Rath, 1999). Such a decision also entails some level of ethnic influence, especially in the location of the business (Lee, 2003). This study intends to contribute to knowledge and an awareness of what influences migrant business decisions in Auckland, New Zealand.

Globally, migrant businesses contribute economically and socially to both the migrants and the host society in terms of job provision and income generation for the economy, and to the government in the form of taxes. Studies have shown the immense contribution that is made by migrants and their businesses to the economic growth of their host countries. For example, the American Fiscal Policy Institute (2012) established that 18% of the 4.9 million small businesses in the US are owned by migrants, while in the UK ethnic minority businesses account for 9.8% of small businesses (Whitehead et al., 2003). In Canada, minority owned businesses account for 39% of Canada's gross domestic product (Canada, 2011). While migrants are contributing to their host countries, the families of migrants in the home countries also benefit from migration through remittances and direct investment back into those home countries (Nwajiuba, 2007).

There are several studies on ethnic entrepreneurship in New Zealand (de Vries, 2003a, 2007; de Vries & Shield, 2006; North. & Trlin, 2004). These authors have discussed migrants' experiences and their settlement and integration challenges, as well as migrants' entrepreneurship capabilities in relation to their ethnicity. However, there is a dearth of literature concerning migrants' specific experience of involvement in small business activities, particularly in the context of African migrant small business owners in Auckland, New Zealand. Therefore, understanding African migrants' experience in small business activities in Auckland has not been effectively documented nor well understood by prior studies. This study attempts to fill this gap in the literature by examining experiences of Africans in job search, what motivated them into business and the challenging experience of running a small business.

The African ethnic population in New Zealand is growing, but there has not been an accurate figure of African migrants in New Zealand. The African population in New Zealand could continue to be underestimated if census officials continue to count South Africans and/or Zimbabweans as Europeans.

There have been a few inconsistencies regarding the number of Africans in New Zealand. For example, Tuwe (2012) reported that the African population was 46,809, based on the personal figures collected from New Zealand Statistics. Similarly Dickson, Henrickson, and Mhlanga (2012) accounted for 35,016 residents as the total population of Africans in New Zealand. The challenge of these figures is that the two were based on the 2006 census report yet they are unequal. As of March 2013, the African population in New Zealand went up from 10,647 in 2006 to 13,464 (personal figure collected from New Zealand Statistics) in 2013 – Auckland accounted for more than half of this (Statistics New Zealand, 2013). Therefore, based on the 2013 statistical report it is justified in this study to research Auckland-based African migrants as representative of African migrant small business owners in New Zealand.

### 1.4.1 My personal experience

I migrated to New Zealand in November 2011 as a skilled migrant. Prior to migrating, I was a banker for more than 10 years, and a part-time lecturer in education, business, and economics at the University of Ado-Ekiti Adeniran Ogunsanya College of Education Otto-Ijaninkin campus, Lagos. My journey to New Zealand as a migrant seemed full of potential, as it does for any migrant issued a visa.  I was issued a nine-month *Work to Residence* visa, meaning I had to secure a job in my skilled area before the expiration of the nine months otherwise; I would have to return to my country. A nine-month work visa was issued to my wife and my three boys were each issued student visas. I was optimistic that I could secure a skilled job within the time limit. My optimism came from the New Zealand immigration website (htpp//www.immigration.govt.nz) and other online advertisements in New Zealand on the availability of quality jobs in New Zealand. I was also positive about myself in terms of my valuable qualifications, experiences, and skills. However, despite my optimism, I was still afraid of how I was to care for my family if we all left for New Zealand at the same time. As my mother always used to say, "The devil you know is better that the angel you have just heard about." Thus, I decided to leave my wife and my three boys behind and travel to New Zealand on my own, telling

them that within the next few months I would come and pick them up. Thank God, I made that decision.

My arrival in New Zealand was quite challenging. My friend convinced me to come to New Zealand despite my visa application for Canada being in process. He sent me a text message three days before I left with the details of a backpacker hostel in Auckland where I could stay for two weeks. He did not come to the airport to pick me up when I arrived; he also did not house me as agreed, a stranger in another country without a guide. However, I was thankful to the good customer service staff at Auckland Airport who noticed that I was stranded, approached me and listened to my ordeal. They organised a guesthouse for me for the night because I was not due to arrive at the backpacker accommodation until the next day.

The following day the guesthouse driver took me back to the Airport where I boarded a bus to my backpacker hostel in the city. I immediately started applying for jobs but received negative responses each time. After two weeks at the backpacker, the management approached me saying that I had to vacate because another person had booked my bed and that I had not booked for more days in advance. I begged them to arrange another bed or even a space for me but they said nothing was available. I started crying – I had left my own large house in my own country and was now begging for a space to sleep in a foreign country, all in search of greener pastures. My tears drew sympathy from the management and they agreed to help me find another backpacker hostel outside Auckland to stay for a week, after which I could come back to them if I made an advanced booking. The closest backpacker hostel to the city that they could find for me was on Waiheke Island, where I stayed for a week before returning to the city. I was at this backpacker accommodation for three months living a hopeless life without a job, spending money, and letting my family down. I was running out of cash, so I called a friend in the United States who had been helping me financially and explained my financial situation to her. She advised me to look for a Nigerian church and meet with the people, especially the Pastor, to explain my ordeal so that they might be able to help me regarding accommodation. She got me the name and address of the church of The Redeemed Christian Church of God, Auckland. The next Sunday I met with church members and explained my problem to the Pastor. Meeting him reaffirmed my faith that with God's help, all things are possible. Within two weeks, the Pastor had sorted out

accommodation for me and I moved from the city to west Auckland with a promise to help me pay for my rent until I could pay it on my own.

I realised that I needed to find employment, whether skilled or not, to take care of my family in my home country. After some time, I got a call for an interview with the then National Bank for the position of customer care advisor. The interview went well and I was sure I would get the job. However, at the completion of the interview, the panel asked me for my passport. Giving it to them one of them asked, "How did you get slotted for an interview?" I answered through OMEGA (an organisation set up to help skilled migrants' access jobs, mostly through mentoring). He said, "We are sorry you don't have PR" (permanent residence) to which I replied I had a Work to Residence visa and I only needed to work for three months to be given PR. He replied, "We give jobs to people with PR only." Immediately after our conversation, I concluded that there was no job for me in any banks in New Zealand.

After this, my job search experience became very harrowing, as it was very difficult to find any suitable employment. After searching for employment and receiving numerous rejection letters, I decided to register for a certificate in security training. However, I did not have any money to pay. A family friend paid and I got the certificate before working briefly for a month as an event management security officer. Following that, through another family friend, I secured a job as a caregiver in south Auckland and worked there for more than one year.

My most emotional and challenging experience in my job search was when I had an interview for the position of a payroll/office manager in Dunedin through an agent. The owner of the business invited me to Dunedin, concluded everything, introduced me to his workers, told me when to start and gave me a date to meet him in Hamilton. I thanked God that I had gotten a job only for this man to tell me, "Don't be troubled if I don't get back to you" while we were on our way to Dunedin airport where I was to board a flight back to Auckland. I asked him why, and he said that one of his staff had said he could not work with me.

When my visa was approaching within two months of expiry, I called my wife and told her that I could not get a skilled job to support my PR and that I would soon be home. My wife advised me that I should not come home but rather look for a viable alternative. To

me the best alternative was to re-evaluate myself. I concluded that with my Master in Business degree, I could go back to university and start on a Ph.D. Then I started to think about what research I could do. Based on my job search experiences as a migrant in New Zealand and my brief discussion with several African business owners in Auckland, I chose to explore the migrant experience in business activities and their challenging experiences when searching for a job.

I applied to a few universities but no admission was issued before my visa expired. I enlisted the help of a lawyer who wrote to Immigration NZ on my behalf asking for an extension with proof that I had applied to different universities. A two-month visa extension was granted and just on expiration AUT granted me admission to start my PhD research thesis. The next serious issue was paying for the university fees. Though I had some savings, they were never going to be enough. I went to the Pastor to tell him of my difficulty as several church members were aware of my situation, having encouraged me to go to university rather than going back home. The Pastor explained my plight to the generous men of the church and they unanimously agreed to contribute whatever they could to help me. After a few weeks, all contributions had been made and were added to my savings with the agreement that the church's contribution was a loan that I would pay back.

I am approaching this research from a migrant's perspective. It would be good to say people are happy to migrate thinking all will be well after the transition, but in most cases, the reverse is the case. People should think carefully before migrating because unexpected challenges associated with migration might be greater than expected. For instance, I met with two skilled migrants with nine-month Work to Residence visas who could not secure skilled jobs and had to go back to their home countries. Similarly, I met a PR migrant with more than five years PhD research experience unable to get a job who also had to go back to his home country. Skilled or not, as a new migrant in a host country you start everything from new (from zero). This can be quite frustrating, especially when you are unable to secure a job. For me, migrating to New Zealand meant I not only lost my good job back in my home country, but I also lost my status by becoming a security worker and caregiver since I was unable to find any suitable employment in the areas in which I had experience, skills, and training. Above all, I missed my family for three years and was unable to care for them properly. However, with prayers from my family in Nigeria and my belief in God that He can do all things. In 2015 for the first time of my stay in

New Zealand I got a skilled job as an applied business tutor. After six months of this job I got another applied business tutor with another school.  While working at this school I got a very lucrative offer as an applied business lecturer for postgraduate students at my present place of work (Nelson Marlborough Institute of Technology Auckland Campus). It has been wonderful working with the caring management and a supportive team.

## 1.5 Differences between self-employment, small business and the small business entrepreneur

It is difficult to differentiate between self-employment, small business, and the small business entrepreneur because the three are to an extent interrelated and connected in their functionality and economic contribution. Most academic research differentiations are descriptive rather than explanatory (Carland, Boulton, Hoy, & Carland, 1984). However, they are different entities. While small entrepreneurial firms may start small, they always aim to grow over time. However, some small businesses at inception may aim for growth but many remain small for their lifetime (Carland, Hoy, & Carland, 1984).

Blanchflower (2000) described a self-employed person as one who has his/her own schedule to work when he/she likes, who answers to nobody and designs his/her routine activities. The author observed that a self-employed person can include, among others, farmers, craftspeople, lawyers, doctors, architects and some sportspeople.

Stewart and Roth (2001) described the entrepreneurial small business owner (SBO) as "growth oriented", while Jenkin and Johnson (1997) defined small business entrepreneurs as individuals who establish and manage a business for the purpose of furthering personal goals. Carland et al. (1988) also described a small business entrepreneur as an individual who operates a small business for profit and growth. Carland et al. (1984) differentiated a small business owner from an entrepreneur in terms of an extension of personality, a furtherance of personal goals, and the generation of family income. This position was corroborated by Jenkins and Johnson (1997) who maintained that small business owners engage in personal strategies to make a living and having leisure time. A small business owner, therefore, enhances the formation and activation of personal strategies that impact on business growth and performance. Knowledgeable entrepreneurs and small business owners engage in business and product innovation, as well as market development (Carland et al., 1984). From the discussion above, the line between an entrepreneur, an SBO, and a self-employed person is a thin one. However, it is evident that both the SBO

and the entrepreneur engage in business innovations. With innovation and time, a self-employed person could become a small business owner and/or a small business entrepreneur. In this study, small business activities will be used to explain African peoples' involvement in small business. These Africans will be referred to as African small business owners with an occasional reference to them as small business entrepreneurs.

## 1.6 Thesis structure: Summary of chapters

Introduction → Literature Review → Theoretical Perspective → Methodology → Data Analysis → Findings and Discussions → Conclusion
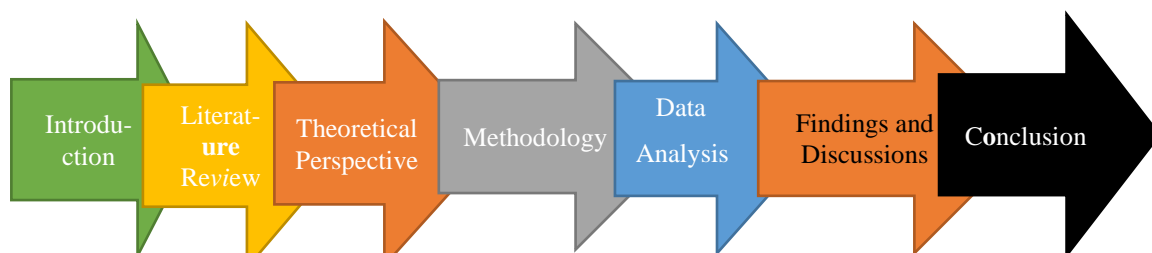
**Figure 1.1: Thesis outline**

This thesis is divided into seven chapters. Chapter 1 (Introduction) has provided a very basic background to the thesis, outlining the broad summary of the study and explaining its aims and intentions, the research questions, and the researchers' experience. It has briefly discussed the differences between self-employment, small business and the small business entrepreneur. This chapter has also provided justification for the research, why it focuses on the African migrant experience, African migrants' experiences in job search, the motivational factors that underlie African migrants' choices to start a small business, the challenges of running a business and how African migrants overcome them.

Chapter 2 (Literature Review) reviews the topics of migration, migrants, business, and migrant business. However, the bulk of this chapter deals with the concept of *ethnic and migrant small business* and closely examining previous research and relevant literature centred on migrants, migration and migrant businesses. This chapter also discusses aspects of migrant challenges in the labour market and their effect on migrants' perceptions and behaviours. In this discussion, the different motives that contribute to migrants going into small business or self-employment are delineated, and a few conceptual theories, which have been developed, about immigrant entrepreneurship are discussed. Chapter 3 (Theoretical Perspective) presents empirical theories in support of the thesis. The theories are defined and their relevance to the thesis are then discussed in detail.

Details of the research methodology, project design and data collection are outlined in Chapter 4. A detailed explanation of the research procedures undertaken in the study is provided. The researcher's interpretative world view and ontological and epistemological assumptions are discussed. The case study research method is explained and the reasons for its use in this study are explained. Details of the processes involved in the data collection are provided with further justification. The discussion in this chapter also includes an account of the ethical issues faced in the data collection and reporting phases, and notes the steps taken to minimise any potential ethical problems. The chapter concludes by providing details of the data analysis technique.

Chapter 5 (Presentation and Analysis of Data) presents an analysis of the data. The data was collected from 17 participants through interviews, with participants' information neutralised to ensure that anonymity and confidentiality were respected at all stages. Chapter 6 (Findings and Discussion) follows this where an in-depth discussion of the findings is presented about the relevant literature in order to see how the findings align with previous studies. This chapter also discusses the relevance of the conceptual theories to the findings. Chapter 7 concludes the thesis, with the main research question and sub-questions answered separately but collaboratively discussed. This final chapter includes a detailed discussion of the research implications, the limitations of the study, recommendations, and suggestions for further research before presenting a closing statement.

# LITERATURE REVIEW

| | | |
|---|---|---|
| 2.1 Introduction | 2.2 Migration and migrants | 2.3 Immigrant vs migrant |
| 2.4 Migrants in New Zealand | 2.5 African immigrant in New Zealand | 2.6 Migrant business success |
| 2.7 Forms of small business | 2.8 Stages of small business growth | 2.9 Migrants' experiences, challenges, and solutions in business |
| 2.10 Motivations for migrant small business | 2.11 Overview of migrant business activities in Europe and America | 2.12 Contributions of small business to New Zealand economy |
| 2.13 The gap in literature | 2.14 Summary | |

**Figure 2.1: Structure of the literature review**

## 2.1 Introduction

The literature review chapter is structured as presented in Figure 2.1. This chapter begins with a review of related literature on migration and migrants' economic, social and cultural impact on the New Zealand economy and the society. This chapter also discusses the general experiences of migrants in their host countries in relation to job search, involvement in business activities, settlement and integration. The experience of migrants

in small business activities, their experience in job search before business start-up, possible factors influencing migrants into small business start-up, and the challenges they face as well as the methods of overcoming these challenges are looked at and broadly discussed. Books, articles and theses relevant to the study were sourced from the AUT database as well as other databases such as the Global Economic Monitor (GEM), ProQuest Dissertation and Thesis (PQDT), Springer Link, and the World Bank. Searches for other relevant information were also conducted via the search engines such as Google and Google Scholar. This chapter discusses previous related literature accessed. The contemporary theories to help determine the current understanding of African migrant small business owners' experiences in running businesses in Auckland, their job search experiences, motivation into small business, challenges in running a business, and how these challenges are resolved were discussed.

## 2.2 Migration and migrants

Migration can occur within a country (local migration) or across borders (international migration). According to Akhtar (2013), it is the oldest positive action against poverty. Akhtar pointed out that migration is good for the host country and helps break the cycle of poverty in the countries from which migrants come. Akhtar concluded that migration could reduce poverty because it is drive by need and opportunity. Jenni (2013) similarly concluded that poverty, despair, and hopelessness influence migration. In the case of African migration, Papandreou (2003) explained that political turmoil, extremely low living standards, civil unrest and poor economic performance fuel migration in the African region. It can be shown that people migrate for other reasons as well, especially internally within a country. Natural disasters, for instance, also affect internal migration. People migrated from Christchurch, New Zealand, because of the effect of the 22nd February, 2011 earthquake (Potter, Becker, Johnston, & Rossiter, 2015). Similar migration occurred following Hurricane Katrina in 2005 and the earthquake and tsunami of 2011 in the US and Japan respectively.

Nkrumah (2003) maintained that the countries of the European Union represent the closest survival region for African migrants. The author concluded that migrants fill skill shortages and job openings, thereby helping the European economy grow and develop despite all odds. Zimmermann (2005) categorised the main migrant flows into labour migration, family unification, resident migrants, and asylum seekers. International

students, international retirees, and expatriate professionals on long-term assignments are other smaller categories of migrants (OECD, 2011).

Migrant economic activities are regarded as beneficial to the migrants' host countries and the migrants' countries of origin, as well as to the migrants themselves and their families. Nwajiuba (2007) posited that migrants' host countries benefit from migrant small business activities through the generation of employment and the payment of various forms of taxes. Nwajiuba also supported the view that migrants' countries of origin benefit from migration through remittances to families left behind. Nwajiuba pointed out that between 2001 and 2006 Ghanaian migrants remitted a total sum of US$5 billion back to Ghana. Remittances to migrant families often help improve their standard of living, as well as access to health and schooling. According to The World Bank Group (2016), global remittances in 2014 amounted to US$582 billion and out of this over US$404 billion went to developing countries, a figure which was estimated to reach US$454 in 2015. Overall, The World Bank forecasted that global remittances will increase from USD$582 billion of 2014 to US$608 billion by the end of 2015. The World Bank also expected that the 2015 figure will increase to US$636 billion in 2016 and that the 2016 figure will increase to US$667 billion in 2017. Remittances remain a viable, important source of funds for developing countries, as they bring in large amounts of foreign currency, helping to sustain developing countries' balance of payments with their trade partners. The highlighted figures above indicate that there will continue to be an unprecedented increase in the sum of remittances across borders among both migrants receiving and migrants sending countries. Undoubtedly, this has generated significant socio-economic gains for the host countries as well as migrants' home country and their families who remain in their countries of origin.

According to Daniels, Radebaugh and Sullivan (2002) there were over 150 million international migrants worldwide and that immigration provided a good source of linkage among nations. The United Nations, through its agency International Organisation for Migration (IOM), estimated that in 2010 there were about 214 million international migrants worldwide and projected that this number could increase to 405 million by the year 2050 (Nations, 2010). The IOM report further pointed to a consistent increase in the number of migrants from developing countries because of consistent and spontaneous political, economic and social crises and sometimes-outright war in these countries, especially in Africa, some parts of Asia and the Middle East. For instance, the IOM (2014)

reported that for reasons of war, hopelessness and political instability in most African, Asian and Middle Eastern countries, 220,194 migrants crossed the Mediterranean Sea to the European Union illegally in 2014. This figure represented an increase of 266% compared to the figures in 2013. In early August 2015, the United Nations High Commissioner for Refugees said that 250,000 migrants had arrived in Europe by sea so far that year, 124,000 in Greece and 98,000 in Italy (Sishya Model United Nations, 2015). However, without the United Nations and other concerned bodies taking necessary steps to control the crises in these countries the illegal inflow of migrants to Europe will continue. For the reasons discussed above there will continue to be an increase in the number of migrants, refugees and asylum seekers crossing to Europe illegally because of its closeness to Africa and the Middle.

## 2.3 Immigrant vs migrants: What is the difference

According to Vore (2015) to *migrate* is to leave one's own country and settle in another country or move from one region to another, while to *immigrate* is described as when an individual or group comes into a new country or a region to settle. These two terms are therefore synonymous. In an attempt to differentiate between these two concepts (migrant and immigrant), Travis (2015) viewed the word *migrant* as coming from a broader meaning by including refugees as migrants moving from one country to another for economic reasons with some hoping to return back to their home country. He referred to immigrants as those that left their home countries to go to another with the intention to settle to live in their chosen country. However, the total number of foreign nationals residing in a country often referred to as the migrant population. This same reference is made to those that are foreign-born residents that have become citizens.

The meaning given to these two concepts by Vore and Travis indicate that they are almost the same thing and that there is not much difference between the two. Therefore, they can be used to mean the same thing. For this reason, in this study *migrant* and *immigrant* will be used interchangeably meaning the same thing. The same thing will apply by referring to *migrant business* and *immigrant business.*

## 2.4 Migrants in New Zealand

New Zealand is said to be founded on immigration and this has continued to be a feature of its national life. Migrants have provided New Zealand with new sources of cultural knowledge and language skills, promoted tourism and strengthened external links. Migrants' personal networks have contributed greatly to the New Zealand economy by attracting foreign investment and promoting trade with other countries (Morgan, 2002) .

New Zealand is a multi-cultural society and it is easy to see people of different ethnicities in most major cities of New Zealand. The 2013 census report indicated that New Zealand's ethnic make-up has changed considerably compared to previous head counts. However, those of European descent remain the largest of the major ethnic groups at 2,969,391 people (74%). The second largest ethnic group is Maori at 598,605 people (14.9%). Asians make up the third largest ethnic group with a population of 471,711 (11.8%). The fourth largest ethnic group is Pacific people with a total population of 295,944 (7%). Middle Eastern, Latin American and African groups constitute only 46,953 people (1.2%) (Statistics New Zealand, 2013).

Auckland has a population of 1.452 million people and is described as New Zealand's multicultural gateway (Index mundi, 2015). The Auckland population has the highest number of overseas-born residents (40%) in New Zealand, with the majority of those being Asian (23.1%) (Statistics New Zealand, 2013). The concentration of migrants in Auckland stems from it being the economic nerve centre of the country and therefore providing migrants with the opportunity to make easy contacts with regard to employment or business. According to Masurel et al., (2004), migrants prefer to settle in cities where they feel it is easier to secure employment or start a business. Cain et al., (2011) argued that the concentration of Asian immigrants in Auckland has significantly changed aspects of Auckland's economy. In their study, the authors examined ethnic business precincts in two sections of Dominion Road, Auckland, and concluded that Chinese migrant business owners dominated ownership.

Migrants are found in all facets of business and economic activity. Increasing numbers of these migrants in both urban and rural environments make decisions regarding employment/business opportunities available to them, taking into account the impact of joblessness and inability to access business opportunities on their family, social

acceptance and personal esteem (Hunter, 2007; Kloosterman et al., 1999; Masurel. et al., 2004). Yeabsley (1997) maintained that migrant business activities in New Zealand have brought better business and trade links to the country from other parts of the world. Furthermore, migrants have created a more varied and tolerant society and a society that reflects the wider spectrum of the rest of the world. For example, Watts, White and Trlin (2004) argued that migrants' cultural influence has impacted positively on New Zealanders' way of life, especially in the areas of cuisine and hospitality.

Spoonley (2012) found that the largest group of migrants to New Zealand are from Britain. As a rule, this group typically establishes business options before arriving in the country or while on a visit. The second largest groups are from China and India. Both these groups rely on co-ethnic networks for information about business establishment in New Zealand. Spoonley concluded that immigrant entrepreneurs are mostly involved in small businesses with moderate capital for start-up in either the retail or the food sectors. It is common to find immigrant businesses set up near each other for support reasons with the owners of these businesses coming from the same ethnic or migrant group.

A few different authors have researched seven key migrant business ownership groups (British, Chinese, Dutch, Indian, Korean, Pacific and South African) in New Zealand. The results of their studies are discussed below.

Watson et al. (2011) found that family members working for British-owned businesses dominate the payroll, contrary to either Chinese or Indian-owned businesses in New Zealand. Liu (2000) argued that the Chinese usually have sufficient human and financial capital and sometimes self-employment as the best strategy to reduce downward social mobility. Liu described downward social mobility as the movement of an individual, social group, or class to a lower status as opposed to upward mobility. The low cost of co-ethnic labour and support from international ethnic networks accounts for the Chinese entry into business in New Zealand. According to Zhang (2010), Chinese immigrants engage local experts to obtain a business license and create business awareness. They also engage young Chinese graduates to reduce staff costs and sell shares to other Chinese immigrants as a source of financing the business. de Vries (2007) found that Dutch entrepreneurs possess a high level of confidence in any business they undertake and often source labour from family members.

Lewin, Meares, Cain, Spoonley, Peace and Ho (2011) explored business ownership by newly arrived Indians in New Zealand from 2000. The authors found that Indian migrants are the most highly qualified of the five main immigrant groups in New Zealand (India, United Kingdom, China, Philippines and Germany). Most Indian businesses in New Zealand involve family members and the family members are mostly unsalaried or on the payroll. Those Indian businesses that pay employees mostly recruit those of Indian descent (Lewin et al., 2011). de Vries (2012) identified common characteristics among Indian migrants such as easy adaptability to the host environment, simple living, a strong work ethic, utilising family members as a source of labour, and sourcing finance and social capital through family members. He also noted that despite all the attributes of Indian migrants they are still challenge by discrimination, and job dissatisfaction as well as business failures. de Vries concluded that Indian women business owners are more involved in small business operations such as food supply, beauty, art, hairdressing, child care facilities and travel agencies. Indian-owned businesses in New Zealand dominate in the service industry, especially in car retailing and restaurants (de Vries, 2007; Pio, 2007).

Meares, Ho, Peace and Spoonley (2010b) reported that most Korean business owners are well-educated before migrating. Despite facing language challenges, they opt to conduct business in New Zealand for residency purposes. Lee (2008) further suggested that Korean immigrants become entrepreneurs because they are unable to obtain suitable employment.  de Vries (2007) maintains that the entrepreneurial level for overseas-born Pacific people in New Zealand is relatively low because of a lack of business confidence. Meares et al., (2011) found that early (white or black or all) South African migrants were skilled and migrated because they experienced unemployment, underpaid salaried work and discrimination in the labour market in their home country. About 70% of current South African business owners engage the services of family members who are mostly unpaid for the jobs undertaken (Meares et al., 2011). However, ethnic studies in New Zealand have concluded that different ethnic groups have different reasons for going into business (Lee, 2008; Ley, 2006; Meares et al., 2010; Watson. et al., 2011). According to Meares et al. (2010b), Hong Kong and Taiwan-born migrants opt to set-up business to attain a stable income and residency status. Meares et al. (2010) study showed that the most common reason for Koreans in New Zealand starting businesses was to ensure that they fulfil the conditions of their business visa towards residency. Ley (2006) corroborated Meares. et al. (2010b) assertion by observing that Korean migrants in New Zealand not only enter into business to produce some goods, render services, realise

consistence income and stable job, and employ labour, but also as a means to overcome immigration hurdles and become citizens.

## 2.5 African immigrant community in New Zealand

There has recently been a large increase in the number of African migrants in New Zealand. The first black African in New Zealand is said to be the servant of Captain Furneaux and travelled aboard the *Adventure* on James Cook's second voyage. Maori slew him in December 1773. After this, the first group of Africans in New Zealand were African Americans working on New England whaling ships in the 1830s and 1840s (Nkulu-N'Sengha, 2005).

Before 1987, the African community in New Zealand was mostly made up of white South Africans (Potter et al., 2015). In 1986, there were 2,685 South Africans in New Zealand, and by 2006, the figure increased to 41,676 (New Zealand Statistic, 2006). However, in 1987, New Zealand formally adopted a refugee quota, and as a result, African immigrants to New Zealand started to increase, with most African immigrants coming to New Zealand under the immigrant refugee quota or on humanitarian granted residency (Fereday & Muir-Cochrane, 2006).

The first African refugees in New Zealand were mostly from Ethiopia, Somalia, Zimbabwe, Democratic Republic of Congo, Uganda, Rwanda, Eritrea, Djibouti and Sudan. Groups of immigrants from these countries migrated to New Zealand for similar reasons relating to the conditions in their countries of origin: political instability, persecution by government, hopelessness, war and famine. For instance, in the last half of the 20th century, the Ethiopian economy collapsed because of war and famine. Millions of people displaced and from 1993 to 2002, 966 Ethiopians arrived in New Zealand as refugees. Most of them settled in Auckland, with a smaller number going to Wellington and Christchurch. Similarly, within the same period, Somalia engulfed in clan war and as a result, 1,500 Somalis arrived in New Zealand as refugees while 3,200 granted residency. About 1,200-1,500 settled in Auckland's western suburbs and 1000 in Hamilton, with others in Hastings, Wellington, and Christchurch. Between 2000 and 2003, about 1,800 Zimbabweans fleeing persecution by the Zimbabwean government were granted residency in New Zealand (Walrond, 2015).

Also during this period, immigrants from other African countries emigrated as professionals under the skilled migrant category and granted permanent residence on arrival or after securing a skilled job. Others came as students and after the completion of their studies, secured jobs and were granted residence (Immigration New Zealand, 2007). In the mid-1990s, some 1,500 Egyptians were granted permanent residence (Walrond, 2015) while immigrants from Ghana, Nigeria and some other non-troubled African countries immigrated to New Zealand as professional skilled migrants or on other work-related visas. The African population in New Zealand has continued to increase. According to the New Zealand population census of 2013, the following represents the population of African immigrants (excluding South Africa)  by countries of origin: Zimbabwe, 8,100; Zambia, 1,416; Kenya, 1,650; Egypt, 1,275; Ethiopia, 1,143; Somalia, 1,104; and other Sub-Saharan Africa countries, 4,395 (Statistics New Zealand, 2013).

It was not easy for most African immigrants to integrate, assimilate and somehow acculturate quickly in New Zealand during the 1990s and early 2000s. Their previous background was most likely responsible for the difficulties they faced, particularly in the case of refugees who came from war zones and who had suffered severe trauma, stress and hopelessness and with little or no formal education. Some were unable to communicate in English. Immigrant professionals often had challenges in registering their profession and sometimes the educational qualifications acquired by some before emigrating were unrecognised in New Zealand. For these reasons they felt they were discriminated against, excluded from society, and were severely frustrated. Today, many of these challenges are being investigated with the establishment of various migrant support groups, by government and other immigrants in New Zealand (Walrond, 2015).

**2.6 Migrant business success**

Migrant businesses are frequently oriented towards products and markets familiar to other migrants, that is, country-of-origin business strategies (Sahin et al., 2009). Chaganti and Greene (2000) identified migrant businesses to be: 1, businesses consisting of individuals who have recently arrived in the host country and must start a business for survival;  2, businesses owned by business owners who share the same societal and cultural background, interacting on the basis of common national background and migration experiences (Waldinger, Aldrich, Ward, & Blaschke, 1990). If not (1) or (2) above, (3) minority entrepreneurs who are migrant business owners within a minority population.

Migrant businesses have become a driving force in the economic growth of most developed countries including the US and many European countries (Borjas, 1986, 1990; Hull, 2010), as shown by the number of migrant self-employment and business ownership undertaken as a result of unemployment. The emergence and development of migrant business reflects two driving forces: (1) cultural factors which are internally associated with immigrant ethnic communities, and (2) external forces in the host society that limit and restrict migrant opportunities (Li, 1997). This is often referring to as *blocked mobility*, resulting from discrimination and racial barriers in the open market. This situation forces migrants into starting their own businesses for survival (Li, 1997). Therefore, we see that migrant business decisions are influence by individual, cultural and societal factors. Migrants often aspire to be self-employed, or are force to be self-employed due to the inability to secure meaningful jobs. Behaviours behind becoming a migrant business owner are dynamic and complex. Decision-making and behavioural patterns may be unique to different migrant groups. Metcalfe, Modood and Virdee (1996) concluded that migrants opt to own their own business for three basic reasons: economic opportunity whereby migrant businesses rely on a unique market for success; cultural reasons whereby cultural affiliations support migrant entrepreneurs in attaining their expected goals; as reaction, whereby the inability to secure a meaningful job drives migrants into self-employment. Clark and Drinkwater (1998) also believed that, principally, migrants go into business in their host country because of labour market discrimination.

Waldinger et al. (1990) view migrant business as an interplay of opportunity structures, group characteristics and strategies for adapting to the environment. Most migrants prefer to own a business than to be poorly employ. According to Mitter (1986), migrant business owners believe that owning a business will raise their income, and they will therefore be able to climb the social ladder. He also found that it is common among migrant business owners to source labour from family and others from the same ethnic group because it is cheaper to do so and requires less supervision. Carter and Jones-Evans (2006) concluded that migrant small businesses often lack the ability to utilise mainstream business support agencies because of their size, background and inability to provide the required documentation. Preferably, they embark on self-help and seek informal sources of assistance.

Whybrow. (2005) found that migrants make exceptional decisions in their search for a better life. Often, migrants infuse the host country with fresh capital (human and social),

networks, ideas and new energy. Many countries agree that the involvement of migrants in business boosts the native economy (Chapple, Gorbey, & Yeabsley, 1994). Migrants bring along new contacts and market knowledge, invest in new businesses and create employment. Daniels, Radebaugh and Sullivan (2002) observed that migrants have made a positive impact on the New Zealand way of life, and migrant cultural influences have had a strong influence on New Zealand cuisines and hospitality. For instance, Coleman (2011) claimed that in New Zealand migrants fill acute skills shortages and help in removing constraints that prevent the New Zealand businesses and the economy from growing. New migrants add an estimated $1.9 billion to the New Zealand economy every year. Inbound tourists contribute $9 billion a year. International students contribute around $2 billion a year in foreign exchange to the economy.

In referring to the USA, President Barrack Obama (2013) said *we define ourselves as a nation of immigrants. That's who we are -- in our bones. The promise we see in those who come here from every corner of the globe, that's always been one of our greatest strengths. It keeps our workforce young. It keeps our country on the cutting edge. And it's helped build the greatest economic engine the world has ever known.*

The American Economy (2011), in its studies on the immigrant's contributions to American business growth and development found the following:  immigrants are increasingly likely to start a business. On the contrary new-business creation by and among the native-born American is declining. Immigrants' rate of business growth from 1996 to 2011 was more than 50 percent while at the same time the business -formation rate by the natives declined by 10 percent. In 2011, the immigrant business start-up rate was 550 new businesses per month for every 100,000 immigrants, while the native-born rate was only 270 new businesses per month for every 100,000 native-born; immigrants started 28 percent of all new U.S. businesses in 2011; though immigrant businesses are smaller than those started by the native-born, their collective impact on the U.S. economy is huge and growing. For instance, over the last decade the income generated by native-owned businesses increased just 14 percent. On the other hand, income from immigrant-owned businesses increased by more than 60 percent. Immigrant-owned firms generated more than $775 billion in revenue, $125 billion in payroll, and $100 billion in income, employing one out of every 10 workers along the way; immigrants start more than 25 percent of all businesses in seven of eight sectors of the economy that the U.S. government expects to grow the fastest over the next decade.

Similarly, Mamani (2016) concluded his findings on immigrants' contributions to Canadian prosperity: Canadian immigrants are more likely to own businesses, both small

and incorporated firms than those born in Canada; approximately 24 percent of small to medium-sized businesses in Canada with at least one employee are owned and run by immigrants (Statistic Canada, 2014); immigrant businesses are more likely to export than businesses that are Canadian-born owned (14 percent to 11 percent). Given these figures, we can conclude from this pers that immigrants help propel their host country's business as well as increase its economic growth.

Every business owner has common goals, and this is to survive, break even and ultimately to make a profit. This is subject to a number of factors, some of which are not control by the entrepreneur. However, Waldinger, Aldrich and Ward (1990) suggested that personal attributes and market opportunities are important for the success of migrant business. The authors attributed the success of migrant business to:

- Pre-migration characteristics – that is, possessing the required business skills before migrating.
- The circumstance of the migration – that is what initially motivated the person to migrate. If the person migrated for setting up business in a host country, there is a greater possibility that the business will succeed.
- Post migration characteristics – for example, the position of the migrant and how supportive the environment is of small business.

Studies also suggest that, culture, age, education, gender, managerial know-how, industry experience, social skills, entrepreneurial readiness, length of time in country, size of the enterprise and capital affects migrants' entrance into business (Charney & Libercap, 2000; Kolveried, 1996; Kristiansen, Furuholt, & Wahid, 2003; Mazzarol, Volery, Doss, & Thein, 1999).


Culture influences business processes, and in turn, successful management of cultural differences can affect business success (Kolveried, 1996; Lee. & Peterson, 2000; Mueller & Thomas, 2001). Kristiansen et al. (2003) suggest that those between the ages of 25 and 44 years old are the most business active and that males are more likely to realise their business intentions. Entrepreneurship scholars have agreed that education can help produce self-sufficient entrepreneurs (Charney & Libercap, 2000; Kolveried, 1996; Mazzarol et al., 1999). Other factors shown to influence business success are family background, and personal traits and characteristics (Glancey, Greig, & Pettigrew, 1998).


*Entrepreneurial readiness*, which includes entrepreneurial self-efficacy to succeed and attain business goals, affects business success (Cromie, 2000), and is a foundation of

human motivation and personal accomplishment. Sahin et al. (2009) suggested that the driving force for migrant business success is work discipline and the ambition to succeed.

## 2.7 Form of small business

There is no universally accepted definition of a small business (Storey, 1994). In practice, various meanings are use depending on different contexts. Small businesses vary by country. What is regarded as a small business in the US may be regarded as medium size elsewhere. In New Zealand a small business is an enterprise with fewer than 20 employees (The Ministry of Business Innovation & Employment, 2014). The European Union classifies a business enterprise with fewer than 10 employees as micro and less than 50 employees as small (The European Union, 2015). The Australian Fair Work Act (2009) defines a small business as a business with fewer than 15 employees. In the US, business enterprises with at least one but fewer than 100 employees are regarded as small businesses (Small Business Administration (SBA), 2012). In Canada, businesses with less than 4 employees are classified as micro while businesses with 5 to 100 employees are regarded as small (Industry Canada, 2015). Thus, government policy-makers and size of the economy of the country determine the definition of a small business by countries.

Scott (2004) identified two forms of small business: (1) a sole proprietorship where the business and the operator are the same. Usually, several formal requirements must be met to create a sole proprietorship. In some cases, an individual may simply commence business, but in most cases, a government permit or licence is required. The owner is responsible for all expenses and entitled to all profit; (2) a partnership is a form of small business that exists wherever two or more people go into business with the ultimate aim of making a profit. Several formal requirements must be met to bring a partnership business into existence; for example, registration and a partnership deed. Articles of partnership or a partnership deed, which contains the following requirements, bond partners together: the sharing of capital contribution by partners; the sharing of profit and/or loss; a mutual decision on how new members will be introduced if the need arises; and a mutual decision on how to end the business if the need arises.

The three main characteristics of a small firm involve: economic aspects (a small enterprise controls a relatively small share of the market); management aspects (a small enterprise is managed by its owners in a personalised way without formalised

management structures); independence aspects – decision making in a small firm is usually undertaken by the owner/manager, mostly free from outside control (Altinay. & Altinay, 2008)

## 2.8 Stages of small business growth

In recent time, three authors developed a model for small business growth and identified stages for small business to follow for the attainment of growth. Briefly, identified stages and differences on their views to path to small business growth are discussed.
Rostow (1960) developed models for examining small business growth. He concluded that for a small business to develop and grow, it must move through five stages of economic growth: traditional small company, planning for growth, take-off stage or departure from existing stage, drive to professional stage/management, and mass production stage.

However, Churchill and Lewis (1983) queried the rationale of these stages for determining small business growth level, regarding them as creating a false paradigm because of the model's assumption that business growth depends on its ability to pass through these identified stages. Subsequently, if that business has an inability to pass through these stages it results in the eventual death of the business. Churchill and Lewis argue that it is not necessarily the case, as some businesses might aim to remain small and the owners may not want to grow the business beyond a size. It also failed to consider the importance of the early stages in business growth and their origin. Churchill and Lewis presented their own five stages of development for small business growth and sub-headed each stage with a name. Churchill and Lewis characterised the stages by size, diversity and complexity using five management factors: managerial style, organisational structure, and the extent of formal systems, major strategic goals, and the owner's involvement in the business to explain and describe the model. These stages are discussed in the following sub-headings.

**Existence:** At this stage, the business is just coming into existence, and is faced with the problem of sourcing customers and delivering its products or its service contracts. The owner is the business, does everything himself/herself, engaging in direct supervision of subordinates. The owner is faced with the challenges of how to remain in business, how to get enough customers, how to deliver products and services well and how to create

enough funds to carry the business along. Newly established small businesses that do not possess the capacity to pass through this stage typically fold up, while those that do have the capacity go to the second stage.

**Survival:** A small business that crosses over to this stage has demonstrated its ability to be a business entity. The business owner must now ensure he/she has enough customers and can satisfy customers' requests with products or services. The problem the business faces at this stage is matching revenue and expenses. This is always the short-run period for a business attempting to break even to generate enough cash flow to stay in business and to promote financial growth. The major goal of the business at this stage is how to survive. At the survival stage the owner is the business – the business may grow but profit is not certain.

**Success:** At this stage, the business has started making profit. The business owner is face with whether to exploit the company's accomplishments and expand or keep the company stable and profitable. The owner can hire professionals to help part-run the business, provided the business can pay the bills. In this stage, the owner consolidates the company and marshals' resources for growth. The owner establishes the borrowing power of the business to finance growth. The owner must make sure the business stays profitable so as not to out-run its source of cash. The owner or manager must also have an eye to the business's future rather than its current condition and must therefore regularly carry out extensive operational and strategic planning to ensure the continued profitability of the business. If the business succeeds in this stage, it proceeds to the next stage.

**Take-off:** Having survived the first three stages, the business can now stand on its own. In this stage, the problem is how to grow the business and how to finance the growth. To achieve growth, the owner will need to delegate responsibility to others for improved managerial effectiveness as a fast-growing business. There must always be enough cash to satisfy high demand for cash associated with growth. Cash must not be eroded due to inadequate expense controls. At take-off, the organisation must be decentralised and divisionalised; a competent manager should manage the key divisions. The owner can start to separate from the business although the company is still dominated by both the owner's presence and investment. Following this, the business moves to the next stage.

**Resource maturity:** At this stage, the business is concerned with consolidation and control of financial gains, as well as retaining the advantages of its small size and the flexibility of its responses based on its entrepreneurial spirit. At resource maturity stage, the business has the staff and financial resources to engage in detailed operational and strategic planning. Management is decentralised, business is adequately funded and good staff and systems are extensively developed. The owner and the business are fully separated operationally and financially. The business has now matured, and has the advantage of size, financial resources and managerial competence. Now that the business has gone through the stages successfully, if the business can maintain its entrepreneurial spirit, it will be a formidable force in the market and might become a big business.

Compared to Rostow's (1960) development model, the five stages of development from Churchill and Lewis (1983) appear more useful in analysis of small business based on its comprehensiveness. These stages are important for any form of business; however, any potential entrepreneur willing to set up a small business needs to possess or be ready to acquire entrepreneurial skills such as good marketing ability, high energy and knowledge of cash flow forecast. Above all, potential for success is enhanced when a small business entrepreneur is highly dedicated and visualises the business beyond its present stage. However, unlike Rostow's model, Churchill and Lewis' model allays the fear of a business dying if it is unable to successively meet the five stages of business growth and development.

## 2.9 Migrants' experience, challenges and solutions in business activities

Migrants' experience can be analysed from two perspectives: before and after migrating. Sometimes migrants move when they can no longer cope with the challenging situation in their home country (due to political, economic and social adversity). This explains why migrants from North Africa are willing to cross the Mediterranean Sea to Europe against all odds to establish a new life (Nkrumah, 2003). The same reason explains why migrants sail on boats from Sri Lanka to Australia across the Indian Ocean. Similar challenges applied to the British who were pushed to immigrate to New Zealand in the early 19th century in search of a new life in the New World. This happened after the industrial and agricultural revolutions and an increase in population from 16 million in 1801 to 26 million in 1841. The revolutions resulted in common land ownership leading to the deprivation of people of their livelihood and the introduction of machinery which reduced

the employment of workers (Phillips, 2013). On arrival in their host country, migrants are face with the challenging experience of settlement, culture, language, employment and a host of other factors. The most important challenge a migrant need to overcome is employment as this is fundamental to a migrant being able to sustain himself/herself. However, gaining employment is not easy as migrants are often discriminated against, for a number of reasons including being unable to speak the host country language fluently, or they lack host country work experience (Pio, 2007; Volery, 2007).

Borjas. (1986) asserted that migrants can more easily secure employment or start running small businesses within their ethnic enclave. Borjas' view was that as more migrants of the same ethnic nationality begin to live in the same enclave, various business opportunities would continue to spring up in response to the needs of the group.

A migrant business owner contributes to his/her host economy through the payment of taxes, levies, charges and employment of others. It is claimed that the cost of setting up a small business in New Zealand is not high, as it requires only a small amount of capital (Spoonley, 2012). In some situations, small business owners pay a cheaper rent or no rent at all if they use their own residential property to run the business. Sales, marketing, and product services can be done at the community level in the neighbourhood, on the main street, in open spaces, at community business centres or in the customers' homes (Borjas, 1986).

As discussed above, migrants opt into small business because of the challenging experiences they have had in the labour market or because they recognise an opportunity to run a business. Though they may anticipate challenges, migrants may not know the extent of the challenges they will encounter. For example, Ram and Deakins (1996) found that African-Caribbean migrants in small businesses in the UK were faced with finance problems and it was evident that banks were biased against assisting them. The authors concluded that African-Caribbean businesses in the UK succeeded because the business owners were self-motivated and optimistic about the business. Robb and Fairlie (2007) pointed out that migrant businesses are less likely to have loans approved and are therefore less likely to apply for loans because of fear of denial and are also more reluctant to initiate loans for their business venture. However, Kollinger and Minniti (2006) argued that it is not difficult for migrant business owners to secure loans from financial

institutions to start a business. The authors concluded that migrant business with needed collateral could easily secure a loan for business finance.

Kim, Aldrich, and Keister (2006) pointed out that entrepreneurship entails enormous risk, but the desire to be self-employed lures many migrants into going into small business. This desire propels them to take the risk of establishing their own enterprises and supports their vision of becoming their own boss, making more money and attaining social recognition. However, the challenges faced by these entrepreneurs often prevents them from realising their dreams of establishing a business or force them out of a business they may have already established. Kim et al. (2006) highlighted that financial resources, the knowledge base of an individual in the type of business he/she wants to invest in, and the level of education he/she has often determines the individual's success or failure in a business venture.

Focusing on Chinese small business owners in Canada, Brenner, Ramangalahy, Filion, Menzies, and Amit (2000) reported that Chinese small business owners are faced with challenges associated with access to finance, marketing/sales, management skills, economic and environmental poverty, a highly competitive environment, a high tax rate and a low level of business survival. According to Holguin, Gamboa, and Hoy (2007). Hispanic small business owners in the US provide goods and services to their community and revenue realised from those businesses has helped increase their living standard. However, the authors also found that these small business owners are also face with problems of raising capital either at the start-up or for future growth because they are often unable to obtain loans from the financial market.

Fawcett and Gardner (1994) compared the challenges faced by Korean and Filipino small business owners in the US and found that while Koreans are faced with the problem of a lack of proficiency in English, Filipinos are not. The authors found that Koreans had fewer educational qualification compared to Filipinos and thus, Koreans were not able to fit into the mainstream business environment. However, Filipinos faced the issue of not having appropriate work/business experience from their home country, which limited their ability to run a successful business in their host country.

According to Collins (2003), immigrant small business entrepreneurs in Australia face challenges such as lack of familiarity with how a business should be run in Australia,

difficulties in establishing good business networks in the environment, lack of adequate skills in managing a business, and lack of cultural awareness in their new environment. Gaskill et al. (1993) argued that small businesses in Australia face four major challenges for survival: poor strategic management, poor marketing, a competitive environment and the difficulties of growth. The authors concluded that unless these four challenges are handle well by the manager, the business would fail.

Pinkowski (1998) observed that immigrant small business owners in the UK, Germany, the US and The Netherlands are faced with seven challenges when carrying on their business. These challenges are,

- How immigrant small business owners will acquire the information that they need to establish a business and survive
- How immigrant small business owners will acquire the capital necessary to fund the business
- Where immigrant small business owners will get training, and acquire the skills necessary to run a small business enterprise
- How to recruit and manage an honest, competent and affordable workforce
- How to manage customer and supplier relationships, especially with different languages or business practice models
- How to survive serious competition in the new environment
- How immigrant small business owners will protect themselves and their co-ethnics from political attacks.

Pinkowski (2009) found that due to immigrants' cultural background or previous homeland experience, they are generally not willing to seek assistance from government-run centres as they do not have trust in them. However, trusting such organisations has a lot to do with taking the first step. Should they do so, says Pinkowski (2009), they are able to:

- Partner with local organisations that have already established their credibility within immigrant communities
- Cross-link with new-citizens' community websites
- Gain language assistance in the most common languages.

In conclusion, to promote immigrant entrepreneurship and help immigrant small business owners with their perceived challenges, Pinkowski (2009) recommended the following:

- Integrate immigrant entrepreneurs into the overall economic development strategy

- Create a framework to provide business support services to immigrant communities because existing pathways are not adequately reaching immigrant entrepreneurs
- Promote entrepreneurship in general – but adding targeted job advertising in the immigrants' own languages and communities will bring greater responses because of demographics and different attributes.

## 2.10 Motivation for migrant small business

The Business Dictionary (2016a) describes motivation as the internal and external factors that encourage a desire in people that makes them continually interested and committed to a role. Motivation can also develop from conscious and unconscious factors such as intensity of needs, reward value of the goal and expectations. These factors influence the behavioural pattern of individuals (Allan, 2016)

Based on this generic definition of motivation, several theorists have suggested factors that motivate individuals towards business. Shane, Locke and Collins (2003) argued that individuals are motivated into business because of the availability of business opportunities and/or financial independence factors. Similarly, Kirkwood (2009) suggested financial gain as the sole motivator to becoming an entrepreneur. However, Ashley-Cotleur, King, and Solomon (2009) argued that experience in family businesses and background business experience are factors that also lead individuals to starting a business.

Individuals may not immediately think of establishing a business rather, the decision to go into business can be made when a sudden opportunity arises. This might be due to the sudden high sales of an existing business, discovering a niche for a brand of business needed in society, or recognising the cultural needs within an ethnic community that would support a new business. This type of opportunity is referred to as "spot market opportunity" (Piperopoulos, 2010). Kirkwood and Watson (2010) regard such opportunity as important motivators for an individual starting a new business.

Several other reasons were suggested as factors that compel migrants to become an entrepreneur and own their own business. As discussed earlier, Jones, McEvoy and Barratt (1992) analysed migrants' business motivation and identified pull and push

factors. Masurel et al. (2004) extended this analysis and argued that there are two main factors that influence migrants' decision to enter into business:

- Motivational, which includes the business culture within the family, business experience and determination for the business to succeed.
- Contextual, which includes the available market, the regulatory system and the business environment.

Volery (2007) argued that factors that motivate immigrants or ethnic entrepreneurs to enter into business are multifaceted and include education, the local population, the economic situation, available business opportunities, location, and cultural and religious differences.

Largovas and Slandalis (2012) showed that the motivation for migrants to enter into business in Greece is dependent on family survival needs, immigrant community ties, personality features/traits, market infrastructure and general economic conditions. Baycan-Levent and Kundak (2009) found that the driving force behind Turkish migrants entering into business in Switzerland is to become their own boss. In England, migrant businesses are established not only to instigate independence and to be one's own boss, but also because of difficulties in finding the right job (Whitehead et al., 2003). Bangladeshi migrant business owners in Japan seek to reposition their status from temporary irregular workers to small business owners. According to Rahman and Fee (2011), this is possible because they are strategically innovative and involve themselves in both ethnic and non-ethnic products. Domboka (2013) found that first generation Black African women in business in the UK were motivated by various pull factors such as discovery of a business opportunity, financial gain, wanting to be their own boss and push factors such as inability to secure a good job as hoped and being discriminated against in the labour market. The Vietnamese in Germany are self-employed in reaction to the restricted German labour market and the Vietnamese ambition to earn higher income (Schmis, 2013). Women owning small businesses in Malaysia are motivated into micro-entrepreneurship by the urge to earn an income and have a better life. Selvarajah, Chelliah, and Lee (2012) found that Chinese migrants can own small businesses in Australia because of their business background and traditional values. Therefore, migrants' business motivation is subject to multiple factors and as discussed, what motivates one migrant might not motivate another.

However, in terms of any ethnic group in a host country, five identifiable factors motivate migrants into business: culture; social network; inability to secure a job; regulations in the host country; and access to capital.

- **Culture**

Cultural predisposition within an ethnic group may play a large role in a member becoming a business owner. According to Metcalfe et al. (1996), particular ethnic groups possess a greater culture of entrepreneurship. The authors concluded that when a migrant comes from a more entrepreneurial culture, he/she is likely to be more business conscious than the locals in the host country are. This also explains why entrepreneurs from some ethnic groups are more successful in owning and running businesses than entrepreneurs from other ethnic groups.

- **Social networks**

Access to a social network tends to help migrant business owners who are able to socialise and network with fellow nationals. Networking activities among the same ethnic nationals helps to provide capital, support, knowledge of customer needs, seminars on language, and negotiation and stress management techniques (Saxenian, 2002a). Johannisson and Peterson (1984) enumerated the role of the social network in a migrant business set up. A social network:

- Generates social support for the actions of migrant entrepreneurs
- Helps expand the strategic competence of migrant entrepreneurs regarding opportunities and threats
- Supplements the limited resources of the migrant entrepreneur.

Littunen (2000) placed migrant entrepreneurial networks into two categories: formal and informal. A formal network consists of financial institutions and trade associations, while an informal network consists of personal relationships, families and business contacts. At the start of a business, migrant entrepreneurs often do not benefit from a formal network, as financial institutions may not be willing to assist them due to the inability of the migrant business and/or the owner to meet the requirements for assistance (Ram & Deakin, 1996). However, an informal network is of great importance to migrant entrepreneurs. The family serves as a source of finance and human resources for a migrant entrepreneur and business. Migrant entrepreneurs utilise family resources for the business take-off and employed family members are either not paid or under-paid for jobs done

(Mitter, 1986). Shoobridge (2006) concluded that ethnic minority businesses require network support for success; however, they often experience obstacles in accessing networks, especially in terms of finance at the start- up.

- **Inability to secure a job**

Lack of other employment opportunities might drive migrants into entrepreneurship. Typically, newly arrived migrants have low rates of employment in the migrant host country. This is because some migrants lack work experience in the host country, face language barriers and encounter deliberate discrimination by employers. According to Mata and Pendakur (1999), immigrants seek self-employment more than the locals because of discrimination in the labour market and disadvantages associated with their immigrant status. The desire to avoid this labour market discrimination in the form of low-paid jobs serves as a principal explanation for the entry of migrants into self-employment (Clark & Drinkwater, 1998; Metcalfe et al., 1996).

- **Regulations in the host country**

Laws guiding business set-up in the host country can influence a migrant's decision to start a business. Countries where regulations impose high costs to register a business or where migrants are made to pay more than the locals to start a business might demotivate migrants from becoming owners. Ardagna and Lusardi (1998) identified regulatory barriers as one of the primary determinants of migrant entrepreneurship in Greece. A Greek parliamentary law of 2005 which stated that migrants should have a minimum of 60,000 Euros in their bank account prevented migrants from starting small businesses (Whybrow, 2005). Klapper, Laeven and Rajan (2006) specifically found that the level of migrant entrepreneurship among European countries is determined by regulations across Europe. Wong (1988) submitted that the Chinese Exclusion Act of 1882 in the US pushed Chinese immigrants into an enclave that led to the practice of marginal economic activities such as restaurant and laundry businesses.

- **Access to capital**

Blanchflower and Andrew (1998) found that the primary factor that determined whether a migrant started a business or not was access to capital. Capital can be a major constraint in starting or growing a business. Migrant entrepreneurs can sometimes access capital through inheritances and gifts, but often start their business from personal savings, capital

supplied by fellow nationals through social networks or sourcing funds from friends and family.

## 2.11 Overview of migrant business activities in Europe and America

Small business entrepreneurship has become an important concept in every society. Many scholars are developing an interest in exploring small business entrepreneurship. In different parts of the world today, many small businesses are springing up in increasing numbers and size. Many individuals are hoping to become successful business owners based on increased demand for goods and services and the population's desire to consume different varieties of goods and services.

This section of the literature review discusses the importance and contribution of migrant businesses to the European and US economy. Governments, international organisations and policy-makers recognise the importance and contribution of migrant enterprises and small businesses globally – especially in Europe and the US.

In his presentation on international migration and development, Taylor (2014) made the following observations on the role of migrant entrepreneurs and small businesses in terms of the sending and receiving countries: Trade will continue to improve between sending and receiving countries as long as: (1) migrants continue to demand certain items made from their home country; (2) immigrants possess access and knowledge of the market, products and industries in both home and host countries and use these to facilitate trade; and (3) these activities grow trade links in both the sending and receiving countries through the opening of new businesses.

Volumes of migrant groups in Europe as well as migrant small businesses are continually growing in number. The booming economy in Europe in the early 1980s and the availability of opportunities in various European markets appear to have led to the emergence of a new breed of migrant entrepreneurs. Generally, in most European countries migrants are more likely to be self-employed than the native-born (Mata. & Pendakur, 1999). Motivating factors for this include the socio-cultural and economic characteristics of migrant groups as well as the socio-political circumstances in the migrant's host country. Immigrants contribute to economic growth and the creation of new jobs in Europe through the establishment of small businesses. Economic growth and

the creation of new jobs are also strongly associated with the mobility of labour. It is common practice among European countries to source skilled labour from a country with a labour surplus to fill up various sectors from a labour deficit in their country. Economic competitiveness of developed countries are believed to be linked to the quality and quantity of skilled human resources available for a given country (Maroum, 2001). Therefore, as well as the opportunity for migrant entrepreneurs to buy businesses from the country to which they intend to migrate, immigrants represent a large and growing share of the labour force in most European countries. Available statistics show that in 2011, there were an estimated 1.7 million immigrants in the European Union, all of whom were from countries outside the European Union (Eurostat, 2013). From this, the UK recorded 566,044, Germany 489,422, Spain 457,649 and Italy 685,793 individuals. These four member states together accounted for 60.3% of all migrants to the European Union member states in the same year. However, economic restructuring among European countries over the past decade has focused on the promotion of self-employment in small firms, something that has been most welcomed by immigrants.

Barrett and McEvoy (2013) examined the sustainability of emergent West African migrant small businesses in Manchester, UK. The authors found that most of these businesses are confine to a limited number of sectors: food stores, hair and beauty salons, internet cafes and clothing shops. The authors maintained that West African migrant small businesses are contributing their quota to the development of the UK despite their challenges to survive. The survival strategies adopted are anchored upon the use of unpaid family assistance to cut costs, and the adoption of a portfolio of activities such as a fashion, food, barbering and beauty salon within a single business.

Whitehead, Purdy and Mascarenhas-keyes (2003) surveyed about 1,600 ethnic minority businesses in England and reported that ethnic minority (EM) businesses account for 9.8 per cent of small businesses with employees. The authors also reported that EM businesses are more likely to employ people than non-EM businesses, black business employers tend to be the youngest in the business and own two in every five new businesses, and EM businesses are more micro in nature than non-migrant businesses. The Greater London Authority (2005) assessed the contribution of Asian-owned small businesses in London and highlighted the following:

- Asian-owned businesses include businesses owned by migrants from India, Pakistan, Bangladesh, South Asia, China and Japan. Migrant Asians are more likely to be self-employed.

- Most Asian-owned firms are relatively small and 56% have one to four employees. About 35% of these businesses are in wholesale, retail and service sectors.

- Asian-owned businesses comprise 14% of all businesses, while 15% of London's working age population is Asian.

Kloosterman et al., (1999) investigated immigrant small businesses in the Netherlands. The authors found that Turkish and Moroccan entrepreneurs mostly establish Islamic butcher shops (halal) in neighbourhoods with a high share of immigrants and employed relatives who are partly pay in kind or not at all.

In the US, migrant businesses come under the small business sector (firms with at least one but fewer than 100 employees). Small business plays an important role in terms of job creation and innovation in the US economy. Small businesses grow at a sustained rate of 20% or more yearly (Hull, 2010). Moutray (2008) submitted that small business plays a key role in the US economy as it provides much of the net new job growth. Fairlie (2008) estimated the contribution of migrant business owners to the US economy as follows:

- Immigrants are nearly 30% more likely to start a business than native-born people are, and immigrant businesses represent 16.7% of all new business owners in the US.

- Immigrant business owners make a significant contribution to business income. Immigrant businesses generated $67 billion of the $577 billion US business income as estimated from 2002 to 2007.

- Immigrant business owners account for one-quarter of all business income in California, and one-fifth in New York, Florida and New Jersey.

- 30% of all business owners in California are migrants while in New York, New Jersey, Florida and Hawaii, foreign-born business owners account for more than 20% of all owners.

- In California, immigrants own 34% of all new businesses each month while immigrants own 30% of all new businesses in New York, Florida and Texas.

- Between 1996 and 2007, 81,000 immigrants started a new business each month, representing 16.7% of all businesses in the US for the period.

Self-employment among migrants has increased significantly over the years in the US, and it is recognised as an important aspect of the economy. Small businesses employed 35 million people in 2007. This figure accounted for 30% of all private sector employment. Out of this, migrant business employed 4.7 million and generated about $776 billion in the same year (American Community Survey, 2007). The American Community Survey, (2010) reported that 18% of all small businesses in the US are migrant owned, which constitutes about 900,000 immigrants small businesses. The American Community Survey, (2010) analysed migrant business ownership in the US as follows:

The largest number of immigrant business owners are in the professional and business service sector (141,000 business owners), retail (121,000), construction (121,000), educational and social services (100,000) and leisure and hospitality (100,000).

- The report further indicated that immigrant businesses are mostly in the sectors of restaurants, physician offices, real estate firms, grocery stores and truck transportation. Immigrants make up 43% of hotel and motel owners, and 37% of restaurant owners.

- Other types of business engaged in by migrants are taxi services (65% of owners are immigrant), dry cleaning and laundry services (54%), gas station owners (53%) and grocery stores (49%).

- The report concluded that immigrant small businesses bring about $63 billion in annual personal income (5-year estimate 2006-2010). Between 1999 and 2010, small businesses in the US grew from 3.1 to 4.9 million.

On May 18, 2013, at an annual gala in Georgia, Commissioner Luis Aguilar (the United States Security and Exchange Commissioner) highlighted the following crucial role immigrant businesses have played in the economic growth of the US.

- Over the past 20 years, immigrant business owners have founded 25% (88 out of 356) public US companies backed by venture capital investors. Immigrants or their children have founded Forty per cent of Fortune 500 firms in the US.

- Immigrants are only 12% of the US population and they represent 16.7% of all business owners in the US. Immigrant businesses have helped the US to develop new ideas and they contribute to American competitiveness – especially in the technology and service industries.

- Immigrants are more likely to hold advanced degrees and are almost twice as likely to hold PhDs as US-born Americans. Many US productive scientists and

engineers are foreign-born and help keep the US at the forefront of global innovation.

## 2.12 Contribution of small businesses to the New Zealand economy

 Reviews of small businesses in New Zealand have indicated that they are usually privately owned, sole traders and/or involve partnerships (The Ministry of Business, Innovation and Employment, 2016) [MBIE].  The importance of small businesses to New Zealand society and the economy cannot be overemphasised. Their importance and contribution are analysed 2008 to 2016 as follows:

### 2.12.1 Percentage of small businesses to total business population 2008-2016

From the table below it can be claimed that small business is the core stronghold of the New Zealand economy (Ministry of Business, Innovation and Employment [MBIE], 2016). From 2008 to 2016, the percentage of small businesses compared to the total business population increased consistently.

**Table 2.1: Percentage of small businesses to total business population 2008-2016**

| Small Business | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Percentage to Total Business | 97.1% | 97.1% | 97.1% | 97.2% | 97.2% | 97.2% | 97.1% | 97.1% | 97.4% |

*Source: The* Ministry of Business, Innovation and Employment (MBIE) *2016*

### 2.12.2 Number and percentage of enterprises by employee size group

New Zealand's enterprises are predominantly small, constituting the greatest percentage of total business enterprises in New Zealand. The table below demonstrates this:

**Table 2.2: Number and percentage of enterprises by employee size group**

| Employee size group | Number of enterprises | Percentage of all enterprises | Cumulative percentage |
|---|---|---|---|
| 0 Employees | 353,070 | 70.3% | 70.3% |
| 1-5 | 97,293 | 19.4% | 89.7% |
| 6-19 | 37,239 | 7.4% | 97.1% |
| 20-49 | 9,459 | 1.9% | 99.0% |
| 50 or more | 5,109 | 1% | 100% |
| Total | 502,170 | 100% | - |

*Note: Zero employees (0) represents small businesses with a single proprietorship or owner with zero employees.*
*Source: The* Ministry of Business, Innovation and Employment (MBIE) *2016*

A careful look at the table and the analysis above shows that small businesses with 0-19 employees totalled 487,602 out of 502,170 enterprises in New Zealand, representing 97.1% of the total businesses in New Zealand as at 2016. This confirms the assertion made by the Ministry of Business, Innovation and Employment (MBIE) that New Zealand is a country of small businesses (The Ministry of Economic Development, 2011).

### 2.12.3 Small business contribution to the New Zealand economy

**Employment**

Over the years, small business has been one of the largest employers of labour in New Zealand (MBIE, 2016). It has also been one of the major sources of revenue generation by the government through various forms of taxation. Table 2.3 shown below further illustrates this.

Table 2.3 shows that, compared with total employment, the percentage of employment by small business has been constant of 30% 2008 and 2015 but showed a marginal decrease of 1% in 2016.

**Table 2.3: Employment accounted for by small business**

| Description | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Total small business employment | 581,540 | 584,000 | 583,600 | 597,500 | 599,580 |
| Percentage of total employment | 30.2% | 30% | 30% | 30% | 29% |

*Source: The* Ministry of Business, Innovation and Employment (MBIE) *2012 - 2016*

**2.12.3.1 Contribution of small business to Gross Domestic Product**

The Ministry of Economic Development (2011) describes Gross Domestic Product (GDP) as the "total market value of all final goods and services produced in a country in each year, equal to the total consumption, investment and government spending plus value of exports, minus the value of imports". Small business accounts for a significant proportion of New Zealand's GDP. Value-added is a measure of small business's contribution to total output in the economy. Value-added is also calculated as gross output minus intermediate consumption. Total value-added by employee size group provides an indication of the contribution of each employee size group to economic output. Firms with 1-5 employees recorded an average value-added of $57,599 in 2008, while 6-9 employees recorded an average value-added of $45,601 in the same year. The percentage of small business contribution to total value-added output in 2007 was 40.7% and increased slightly to 41.9% in 2008 (The Ministry of Economic Development, 2011). This shows that apart from the small business sector being the highest employer of labour in New Zealand, it is also the highest single sector contributor to the GDP through its contribution to the value-added output. New Zealand is recognised as a country of small business and multi-ethnic and culture country (Statistics New Zealand, 2013). Migrant businesses constitute greater numbers of New Zealand small businesses which form the bulk of revenue generation for the government of New Zealand (The Ministry of Business Innovation & Employment, 2014).

**2.12.3.2 The New Zealand Small Business Sector Report 2014**

The table and the discussions below explain the modifications made to the structure of New Zealand Small and Medium Enterprises (SMEs) by the Ministry of Business, Innovation and Employment (MBIE) in 2014.

**Table 2.4: New categorisation of businesses and employment accounted for by businesses in 2014**

| Structure of New Zealand business | Enterprises categorised by employee numbers | Employment by business firms in New Zealand |
|---|---|---|
| 0 Employees | 326,000 | - |
| 1-5 (Micro) | 97,400 | 226,000 |
| 6- 19 (Small) | 35,900 | 358,000 |
| 20-49 (Small-Medium) | 8,800 | 261,000 |
| 50-99 (Medium) | 2,640 | 181,000 |
| 100-499 (Large) | 2,120 | 916,000 |
| **Total** | 472,860 | 1,942,000 |

*Source: The* Ministry of Business, Innovation and Employment (MBIE) *2014*

It is important to note in this study that Ministry of Business, Innovation and Employment (MBIE) made some amendments in the categorisation of businesses in New Zealand. Between 2002 and 2011, businesses in New Zealand were categorised into the following: 0 employees, 1-5 employees, 6-9 employees, 10-19 employees, 20-49 employees, 50-99 employees, 100-499 employees, 500+ employees. However, in the 2014 Small Business Report, two categories (6-9 and 500+) were removed as indicated in the table above. While there were 472,860 businesses in New Zealand in 2014, small businesses had a total share of 460,000 (rounded up), with businesses with zero employees accounting for 326,000, representing 69% of all businesses in New Zealand. In addition, while employment by all business firms in New Zealand was 1,942,000, the small business category accounted for 584,000. The report further indicated that between 2000 and 2013 there was employment growth in large firms (100+) to 750,000 while the number of people employed by small businesses remained constant and stable (The Ministry of Business Innovation & Employment, 2014).

Aside from the contributions made by small businesses to the New Zealand economy and the society as a whole they often play a distinct role by serving as a means of entry into business for new entrepreneurs with business talent and for those that wish to become economically independent (self-employed). Often small businesses in New Zealand engage in supplying parts, components and services to large companies. Small businesses

also provide variety and consumer choice for customers by serving a niche rather than mass markets.

Most of these small businesses are either own or control by immigrants. This makes it inevitable for this study to analyse their economic contributions to the New Zealand society. According to Spoonley (2012) the three largest groups of immigrants to New Zealand are from Britain, China and India and a substantial number among them are often involved in small business activities such as self-employment, services, retail, and food (Pio, 2007).

**2.13 The gap in literature**

This study addresses the experience of African migrants in running businesses in Auckland, New Zealand. The past decade has witnessed rapid growth of academic literature and documentation on the involvement of migrants from other ethnicities in business such as Europeans, Chinese, Indians and Pacific Islanders in New (de Vries, 2007; Lee, 2008; Meares et al., 2011; Spoonley, 2012). Previous research also shows some documented studies on the involvement and experiences of white South Africans in business in New Zealand (Meares et al., 2011; Warren, 2003)

There is some research on African migrant businesses in their host countries as well as African migrants' contributions to the growth of their host countries economic growth and cultural contributions in other parts of the world, especially in the United Kingdom and America. For instance Okonta and Pandya (2007) confirmed the entrepreneurial capabilities and economic contribution of Afro-Caribbean in the United Kingdom (UK). Ram and Deakins (1996) reported that Africans mostly use networks to start-up their business. Ram and Deakins also acknowledged the roles of African minorities in using their network to facilitate businesses to and from Africa and the United Kingdom thereby promoting international trade between the UK and some African countries. Similarly, Anetomang. (2009) wrote that African migrants running businesses at the Midwestern city in the United States are successful in their businesses because of their business skills.

However, there have not been any documented reports nor academic and business research on the experiences of indigenous African migrants in their involvement in business activities in New Zealand. This study addresses the gap however, with a specific

focus on the perception of the African migrants' experience in getting involved in small businesses. This study also addresses the experiences of African migrants in their job search in New Zealand, their motivations to business, the challenges they experience in running business, and how these challenges were resolved.

Much of research on African businesses tends to have considered the characteristics of African migrants in business as well as their economic contribution while neglecting African migrants' practical experiences in running businesses in their host countries. In addition, how African migrants perceive these experiences. No study in New Zealand have provided information associated with indigenous African-perceived experiences in business.

Therefore, important contribution of this study to literature is to make known the experiences African migrants had been involved in business activities in New Zealand. To establish the experiences African migrants had when searching for jobs in the New Zealand labour market. To find out what motivated African migrants to start businesses. And finally, to document the challenges they experienced in running a business and how the challenges were resolved in New Zealand.

## 2.14 Summary

Chapter 2 presented a summary of the established studies and findings that the researcher considered pertinent and relevant to this study as well as the research question. The review of the literature on the global migration of people indicates that migration is increasing. People migrate for various reasons: including labour/job search, security reasons or to escape persecution, to bring families together, economic reasons, and social reasons. However, all these reasons pointed to search for better life. Emigration and immigration is inevitable to most countries of the world; however, migrants face challenging experiences in their host country in terms of job search and integrating into the society. The literature reviews also looked at research on the labour market experiences of migrants in New Zealand and findings from the review indicated that migrants have a challenging experience in job search. This chapter also reviewed literature on migrants in New Zealand, the African immigrant community in New Zealand, and migrant businesses and its contributions to New Zealand society. The study undertook a global review of migrants' small business activities and the review indicated that immigrants' motivation to undertake entrepreneurship is subject to multiple factors among which are culture,

social network, inability to secure a job in the labour market, regulation in the host country regarding migrants, and access to capital. The next chapter of the study discusses the relevant theories used to support the research.

# CHAPTER 3
# THEORETICAL PERSPECTIVES

The structure in figure 3.1 depicts the relevant theories used to explain some of the reasons migrants go into business in their host country.
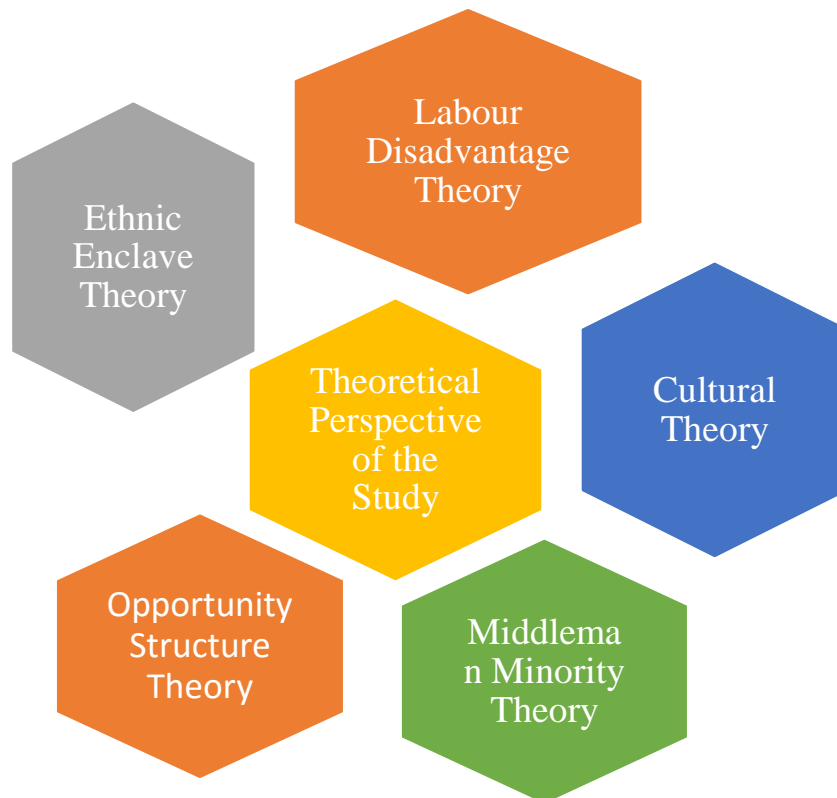


**Figure 3.1: Structure of theoretical perspectives**

## 3.1 Introduction

The preceding chapters reviewed the research background and the literature relevant to migrants and migration, the migrant experience in business and job search, motivations of migrants into business, and the challenges and problems of migrants' involvement in business activities. The chapter discussed the gap in literature with emphasis on African migrants' involvement in business in Auckland, New Zealand.

In this chapter, theoretical concepts are defined and their importance in the creation of a theoretical framework is explained in relation to migrant experiences in business, labour search experiences and motivations for business. Several theoretical paradigms are relevant to the investigation of migrants' business opportunities and cognitive processes in decision-making. The most prominent are opportunity structure theory (Aldrich. &

Waldinger, 1990; Volery, 2007), middleman minority theory (Blalock, 1967; Bonacich, 1993), ethnic enclave theory (Lee, 2003; Wilson. & Portes, 1980), labour disadvantage theory (Baycan-Levent, Gulumser, Kundak, Nijkamp, & Sahin, 2006; Volery, 2007) and cultural theory (Hofstede, 1997; Masurel, Nijkamp, & Vindigni, 2004; Volery, 2007). A review of the literature indicates that these theories have been employed in research explorations of migrant businesses for a number of years (Aldrich. & Waldinger, 1990; Lee, 2003; Masurel et al., 2004; Volery, 2007; Zhou, 2004).

This study adopted theoretical triangulation to examine the African migrant small business phenomenon in Auckland. Theoretical triangulation (TR) is the combination of two or more data sources, investigators, methodological approaches, and theoretical perspectives (Denzin, 1970). Multiple theories were used in the study – it was conducted through multiple lenses, a variety of questions and multiple theories which lends support to the researcher's findings (Denzin, 1970). Opportunity structure theory, middleman minority theory, ethnic enclave theory, labour disadvantage theory and cultural theory were used to explore the phenomenon of African migrants' challenging experiences before business start-up and while running a small business in Auckland, as well as the contributory effect of culture on migrants' motives for business and the progress they make in business.

## 3.2 Opportunity structure theory

Aldrich. and Waldinger (1990) stated that the framework for understanding ethnic migrant business development is built on three interactive components: opportunity structures, group characteristics and strategies. Opportunity structures consist of market conditions that may favour products/services meant for the co-ethnic as well as the non-ethnic market. Opportunity structures also include the ease by which migrant entrepreneurs access business opportunities, dependent on inter-ethnic competition and state policies. The migrant opportunity structure is made up of "market conditions, access to ownership, job market conditions, and legal and institutional frameworks" (Volery, 2007, p. 34). Opportunity structures allow immigrant entrepreneurs to open a migrant business in a non-ethnic migrant market or open market when and where conditions allow access. For instance, immigrants could easily have access to an underserved or abandoned market or markets for the provision of migrant goods.

Opportunity structures create a venue for immigrant entrepreneurs to access a business when an existing native business owner relocates his/her business, closes his/her business, or sells it to an immigrant entrepreneur. Another scenario, which creates business for an immigrant group, occurs either when children of first and second-generation immigrants attain a higher social level in society, through securing employment in the mainstream economy or attaining a higher level of education. At retirement, it is likely that first generation immigrants sell off their businesses (because their first and second generation children are not willing to take up generational businesses) to newly arrived migrants looking for business opportunities (Aldrich & Waldinger, 1990). Another aspect of the opportunity structure is some government policies that sometime determine the opportunities available for migrants to start a business and the type of business he or she could go into. Today migrants might be restricted to some sector of the economy; some years later the restriction may be lifted giving opportunity for migrants to venture into the sectors. In some countries, immigrant status determines the type of business an immigrant can venture into (Klapper et al., 2006). For instance, there are institutional conditions in Norwegian society that expects immigrants from poor countries to establish businesses in some industries because such industries has lower entry barriers, while immigrants from rich countries are expected to establish businesses in the industries where the entry requirements are high. This explains why immigrants from Nordic countries are in the building industry and migrants from other countries considered socio-economically poor are restaurant and other service sectors (Orderud & Onsager, 2005). However, the trend is changing in favour of the so called poor migrants as they are being given opportunity to run businesses where before they dared not.

Group characteristics include factors such as selective migration, culture, migrant aspiration levels, migrant resource mobilisation capability, ethnicity, social network and government policies constraining or facilitating resource acquisition. Aldrich and Waldinger (1990) concluded that the interaction between opportunity structures and ethnic group characteristics creates ethnic strategies that enable immigrant entrepreneurs to gain niche business opportunities. Waldinger, Aldrich and Ward (2000) identified that within this theory, immigrants are forced to become entrepreneurs as an alternative to their inability to secure traditional employment. Immigrants are more willing to take on entrepreneurship by starting a business as it is viewed as a way of getting ahead in the host country. The authors claimed that structure and allocation of opportunities open to ethnic business owners have been shaped by historically contingent circumstances. For

the past thirty years, it is visible in most European countries of a massive inflow of immigrants from former colonies; east and southern Europe, and North African (closest African countries to Europe). This led to massive unemployment in some countries and this situation has hit immigrants hard in seeking jobs. Governments of the concerned countries embarked on economic restructuring which led to a fundamental transformation of the economy from labour-dependent large firms to self-employed small businesses. Therefore according to Waldinger, Aldrich and Ward (2000), Europe's changing economic and industrial structure leading to a resurgence of small and medium-sized enterprises is considered a favourable opportunity structure for ethnic businesses in Europe. However, despite the structural change advantage to ethnic migrants, the review of immigrant studies still indicated that migrants that settled into new countries and attempted to set up businesses are often limited by the number of business opportunities to enter. When they are lucky to start one they have to rely on family, friends, co-ethnic members and other connections within the ethnic community thrift and credit co-operatives to raise start-up funds (Laguerr, 1998). Thrift and credit co-operatives or associations are those whose members are people having the same occupation, same religious faith, living in the same community and possibly from the same ethnicity. Their main purpose is to promote savings among members and provide loans for productive investment (Adekunle & Henson, 2007).

Immigrant entrepreneurs often employ workers within the immigrant community not only because it is cheaper, but also because of the need for immigrants to benefit from job opportunities made available to community members who might find it difficult to secure jobs in the mainstream labour market (Grey, Rodriguez, & Conrad, 2004). However, the group characteristics component of ethnic migrant business development is criticised for failing to consider the impact of the external environment and the differences between ethnic groups on immigrant entrepreneurship.

Figure 3.2 suggests that opportunity structures relating to market conditions can promote immigrant business ownership. Market conditions may favour only businesses serving ethnic community needs. However, ethnic entrepreneurs may compete in the open markets if they possess the required knowledge and skills leading to wider opportunities in non-ethnic markets.

Access to business ownership in the migrants' host country are mostly defined by the number of vacant business-ownership positions and the level of competition among locals for the available slots. The interpretation of this is that immigrants will only have access to business in the concerned sector after the interest of the locals has been served and there are left-overs, including government policy supporting immigrant's business ownership. For instance, government rules regulating the economic activity of immigrants and the spatial distribution of newcomers may shape the career choices of immigrants. However, young locals reluctant to enter the family business may provide market opportunities for immigrants wanting to become entrepreneurs. Some immigrants are disadvantaged in labour because of their inability to meet up with conditions required to be employed (blocked mobility). This may be due to immigrants lacking the relevant language skills, education and training. Sometimes those who undertake migration based on the points system and educational qualifications (skilled) sometimes find it difficult to secure jobs in their choice area: while some take unnecessary risks to migrate hoping to get a job from any sector of the economy, others migrate to become entrepreneurs – which might be associated with cultures and traditions. Whichever choice made a migrant move it is not always very easy to attain the desired purpose of migrating because the migrant has to start his or her life from point zero (Waldinger et al., 1990).

Belonging to the same ethnic communities may generate the required resources for an immigrant business take-off. Co-ethnic feeling, relationships and interactions could help generate finance, business information, training, and the necessary market needed by immigrant business owners. Governments willing to support immigrant businesses may also supply financial capital and other needed infrastructures. However, opportunity structure theory's limitations are that it considers immigrants but fails to explain why some immigrants are able to start a business while others from the same cultural group in the same host country are not. This theory was also criticised by Light and Gold (2000) for having a methodological problem "imbalance" between the effects of supply and demand for businesses ownerships which is sometimes out of the control of immigrants.
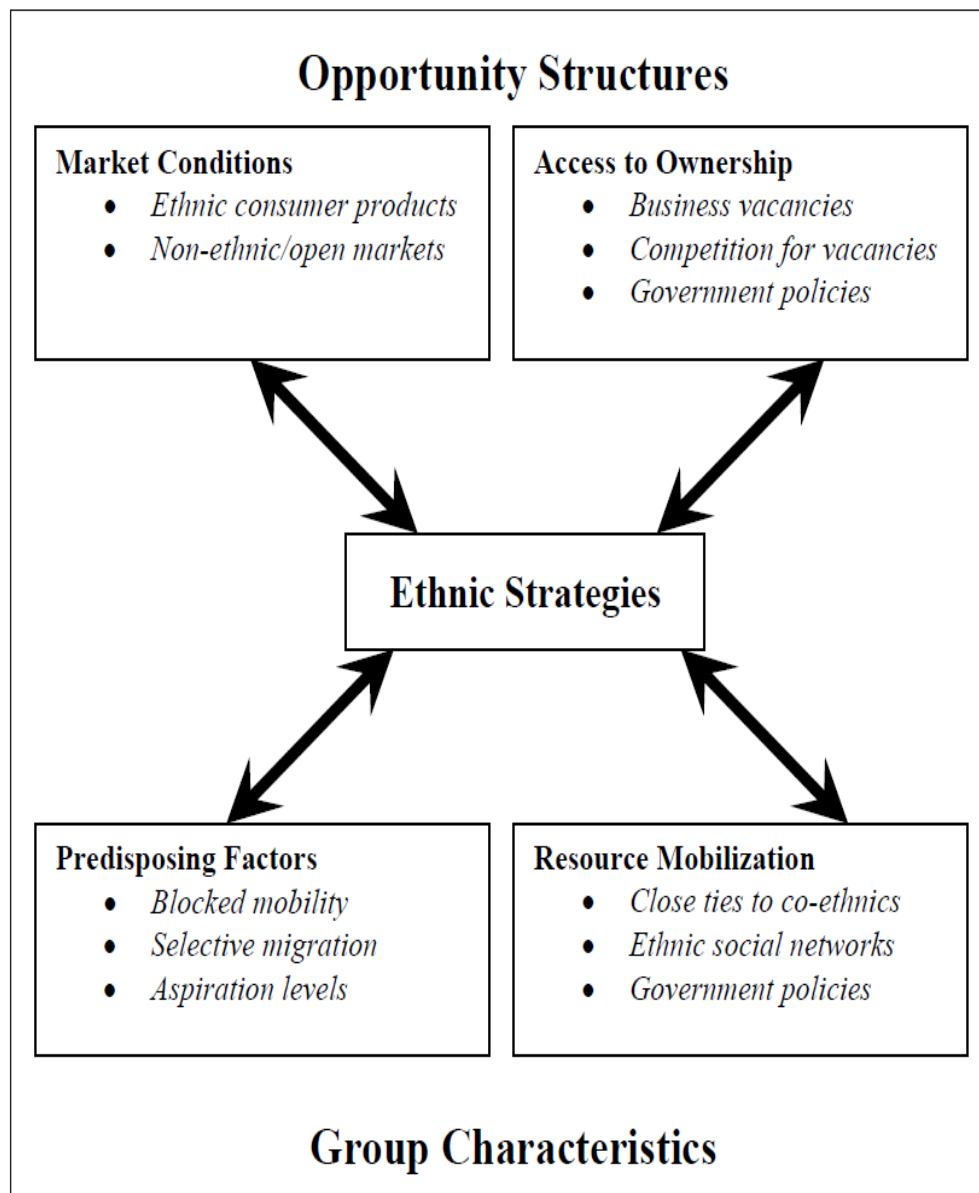
**Figure 3.2: An interactive model of ethnic business development. Adapted from (Waldinger, et al., 1990).**

## 3.3 Middleman minority theory

Bonacich. (1973) described the middleman minority theory as those ethnic entrepreneurs who trade in between society's elite and the masses. The author referred to this as a situation where the minority group acts as intermediary between the immigrant marketer and the supplier of the dominant group. Blalock (1967) referred to the middleman minority theory as a situation where minority entrepreneurs mediate between dominant and subdominant groups in a given society. Blalock and Bonacich focused on ways and means by which minority immigrants within a larger society survive economically despite all odds. The authors held that immigrant minorities business owners found within a larger society are characterised by concentrating on small retail businesses that serve their

immediate minority enclave and other diverse smaller communities, displaying a strong ethnic cohesion and sometimes creating conflict with other ethnic groups to protect their interests.

Zhou (2004) examined middleman minority theory from a business point of view and stated that the minority group will always arrive at a geographical location where there are other ethnically close minority groups and after some time, members of this group will develop business enterprises within the "middle" of their location's economic system. Often members of this group go into small business enterprises because of the discrimination they experience from the majority group regarding economic opportunities in the labour market. However, characteristics of minority ethnic groups include strong solidarity among members, hiring from within their own ethnic group and committed to sending remittances to their home countries (Greene & Owen, 2004).

Min-sik Lee (1998) examined Korean Americans' fear of crime using the middleman minority theory. The author concluded that Korean communities in the USA exhibit the characteristics of: engaging in small businesses that serve the Korean community, communities of diverse other minorities; the Korean community has strong ethnic cohesion; and sometimes the Korean ethnic group conflicts with other ethnic groups, as described (key characteristics of middleman minorities) by Blalock (1967) and Bonacich (1973). A study carried out on the middleman minority in the US found Arabs, Chinese, Indians, Jews and Koreans are involved in middleman minority practices; however, they achieve success in their business because they are able to attract customers from within and outside of their ethnic enclave and market (de Raijman, 1996). However this theory is criticised for ignoring social interactions among co-ethnics within the larger society (Greve. & Salaff, 2005). Though middleman minority theory could be used to explain the economic and social position of some immigrant groups it is not applicable to some other larger immigrant groups. Middleman minority theory is no longer applicable as self-employment and small business establishments among immigrants goes beyond the roles allocated to "middleman minorities" (Sanders. & Nee, 1996)

**3.4 Ethnic enclave theory**

The ethnic enclave theory was introduced by Wilson and Portes (1980) based on studies carried out on the Cuban community in Miami, USA. The authors defined an ethnic enclave as a geographic self-contained ethnic community within a metropolitan area. Zhou (2004) described an ethnic enclave as a geographic concentration of individuals sharing a common ethnic culture and beliefs who establish businesses with the provision of diverse economic activities for enclave members. Examples of ethnic enclaves are Chinatowns in major US cities, the Cuban community in Miami, the Korean community in Los Angeles and Chinatowns in Australia and Lagos, Nigeria. Individuals living in the same enclave are believed to share the same common culture and beliefs that are synonymous with the enclave's entrepreneurial activities. These enclave entrepreneurs operate businesses in the immigrant neighbourhood where their co-ethnic members dominate and there are co-ethnic social networks within the enclave.
Lee (2003) described an ethnic enclave as a location where immigrants are employed by business owners of the same immigrant or ethnic group. Lee argued that ethnic enclave entrepreneurs require three prerequisites: entrepreneurial skills, capital and a supply of ethnic labour.

Ethnic enclave entrepreneurs generally have information on ethnic needs and the tastes of the members of the enclave. Therefore, they organise their businesses around these needs and taste. Altinay (2008) believes that there are employment opportunities awaiting new immigrants to an ethnic enclave because of the existence of enclave entrepreneurs and ethnic businesses. Similarly, enclave entrepreneurs provide the necessary connections with each other which can help immigrants who are willing and ready to start new businesses (Sequeira & Rasheed, 2006).

Wilson and Portes (1980) surveyed newly arrived Cuban migrants about their labour market experience and found that most of the newly-arrived migrants worked for co-ethnic entrepreneurs in the same ethnic enclave. A comparative study by Sanders and Nee (1987) of Chinese and Cuban workers residing in an enclave in Miami, USA revealed that immigrant minority workers outside the ethnic enclave received higher pay compared with their counterparts in the enclave because the pay structures were higher and the work was more challenging. The ethnic enclave theory is not without criticism. According to (Greve. & Salaff, 2005)) the theory emphasises only social relations based on shared

cultures without considering social interactions in other contexts. They were of the opinion that there is the need to free the concept of ethnic economies from being limited to only immigrants in a location because the inhabitant of an enclave needs to be integrated to the broader society [social structural theory] (Greve. & Salaff, 2005; Portes & Bach, 1985).

## 3.5 Labour disadvantage theory

Labour disadvantage theory is also referred to as "blocked mobility theory" (Li, 1997). Labour disadvantage comes about because of a number of factors such as: racism and discrimination, occupational priorities of the host countries, industry standards, government policies such as pay levels/scales, and retirement age which affects labour turnover. However, much of the discussion on labour disadvantage theory in this thesis focuses on racism and discrimination as these factors affect African migrants at job search as well as motivating them in entrepreneurship in New Zealand.

Li (1997) argued that migrants are mostly pushed into self-employment because of the difficulties they encounter in participating in the host country's labour market. Baycan-Levent et al. (2006) argued that blocked mobility theory is best used to explain how immigrants are disadvantaged in the labour market, how they are not equally looked at as the native-born population, and how they are treated as second class citizens in their host countries.

These difficulties may include language barriers, racial discrimination, and lack of work experience in the host country, their immigration policy, and non-recognition of educational and professional experience from the migrants' country of origin. In the face of these challenges, the only means of economic survival that may be left for migrants is to start up a small business (Min & Bozorgmehr, 2003).

Labour disadvantage theory has been used to explain why migrants and minorities often embrace self-employment as an economic survival strategy, and why they have high rates of small-business ownership in their host country (Light, 1979; Light. & Rosenstein, 1995). However, Volery (2007) argued that the presence of migrants in business is not necessarily a sign of success, but an alternative to unemployment and a means of sustenance. Volery's view affirmed research findings in Europe, the US, and Australia, where immigrants face a great deal of discrimination. In his study, de Raijman (1996)

found that Koreans, Middle Easterners and South Asians in the US are more likely to experience labour discrimination than white natives because of their visible differences and easily identifiable origins. The author concluded by citing African-Americans and Mexicans as the most disadvantaged in seeking jobs because of their recognisable differences compared to the locals and other associated labour disadvantage factors militating against ethnic minorities to secure jobs in the US labour market.

Labour disadvantage theory is a  framework that provides an insight into migrants' job search experiences, migrant involvement in business activities, as well as their motivation to enter business and has been widely used in migrant business literature (Mata & Pendakur, 1999; Paulose, 2011; Schmis, 2013; Volery, 2007).

Studies carried out in New Zealand have found that migrants experience difficult challenges in the labour market, as employers often turn migrants away, saying they lack New Zealand work experience (Butcher, Spoonley, & Trlin, 2006). Similarly, North's (2007) study revealed that employers in New Zealand prefer candidates with New Zealand experience and qualifications. However, New Zealand employers fail to realise that migrants cannot buy experience, but must acquire it by being given an opportunity through employment.

Schmis (2013) found that the Vietnamese in Germany become self-employed in reaction to the negative experiences that Vietnamese have in the restricted German labour market. Mata. and Pendakur (1999) showed that migrants enter self-employment because of the discrimination they experienced in the labour market, and the difficulties associated with language proficiency. Li (1997) concluded that labour disadvantages in Canada led migrants into starting their own businesses. Waldinger et al. (1990) identified the migrant experience of gaining only low-paid jobs and discrimination as principal factors that compel migrants toward self-employment.

Using the labour disadvantage theory Abu-Asbah and Hebrunn (2011) found that Arab-Muslim women in the northern and southern triangle of Israel become small business owners because of various discriminatory challenging experiences. Following the labour disadvantage theory argument and using an interpretive approach, Lazaridis and Koumandraki (2003) conducted a semi-structured interview among migrant small business owners in Greece who came from Nigeria, Sierra Leone, Ghana, Egypt and

Albania. The authors found that these groups of migrants opted into small business because of various discriminatory and exclusionary experiences.

Pio (2006; 2007) found that Indian women in New Zealand become small business owners because they are disadvantaged in the labour market. Pio concluded that minority migrant women go into business because of racism, underemployment and other factors such as language difficulties and no recognition of their overseas qualifications and work experience. Habiyakare et al. (2009) concluded that immigrants do not opt into small business as a way of life, but as the best opportunity to make a living in the midst of limited alternatives.

## 3.6 Cultural theory

Hoftstede (2011, p. 3) defined culture as "a collective programming of the mind which distinguishes the member of one group or category of people from another". Culture is regarded as a collective phenomenon that is shaped by an individual's social environment. Scholars of migration have highlighted the impact of culture on entrepreneurship. They emphasise cultural values like hard work, involvement of family members, religious ties and trust as the main source of some immigrant cultural groups' success in business (Bonacich, 1973; Waldinger et al., 1990). Bonacich (1973) asserted that immigrant Armenians, Chinese, East Africans, Asians and Jews become entrepreneurs and occupy intermediate positions wherever they migrate because they possess a culture of entrepreneurship.

Masurel et al (2004) believed that ethnic and immigrant groups possess culturally determined features. These include dedication and hard work, belonging to the same strong ethnic or migrant group, adopt an economical lifestyle, taking and accepting risk, conforming with patterns of social values, solidarity and loyalty, and working towards self-employment. These characteristics serve as a resource that can facilitate support and motivate ethnic or migrant self-employment (Fregetto, 2004).

Hoselitz (1964) argued that cultural characteristics like religious beliefs, family ties, work ethics and compliance with social values serve as ethnic resources which partially explain the orientation of immigrants towards small business start-ups. Drawing from mixed embeddedness theory, Kloosterman et al. (1999) corroborated Hoselitz's (1964)

argument but added other factors such as the socio-economic and political-institutional environment of the migrants' host country. The authors concluded that these factors determine the opportunities available for migrant business start-ups. Waldinger (1990) argued that differences in ethnic resources could be used to explain differences in the rate of self-employment among various migrant or ethnic groups. According to Volery (2007), cultural aspects are mostly used to explain the high propensity of migrant people who are self-employed. Leung (2002) explored the factors that made Chinese successful in the catering business in the UK, concluding that cultural values and family structure are the contributing factors for Chinese success. However, Lee failed to consider other critical factors such as employment alternatives, immigration policies, market conditions, government legislations, and availability of capital (Jones, McEvoy, & McGoldrick, 2002; Okonta & Pandya, 2007).

Basu and Altinay (2002) examined the interaction between culture and immigrant entrepreneurship among London's ethnic minorities. The authors found diversity in motivation for business, patterns of business start-up, and level of family involvement in business. The attributes of these diversities include family tradition, migration motives, religion, family links, business experiences, and education attainment. The authors found that the interaction between culture and entrepreneurship is stronger among Asian and African ethnic groups than other groups. Most Asian and African people run businesses for the needs of their ethnic group especially food, clothing, religious faith and other. They are also assisted and advised by other ethnic migrants in business: For instance, it is often easy for Asian migrants to go into small business, not only because it is becoming cultural, but also Asian migrants intending to start-up business often rely on information from other existing Asian migrant business owners especially Chinese and Indian migrants (Spoonley, 2012).

Research has indicated that contemporary immigrants cultivate a culture of long hours of work and emotional hardship to make economic progress in business (Light, 1984; Waldinger, 1986). Light (1992) carried out a comparative study of African-Americans, Japanese and Chinese and found that these groups' culture of self-employment contributed greatly to their upward mobility and business success. Bonacich (1980) corroborated Light's (1992) view when he found that family-operated businesses aided the upward mobility of Jews and Japanese in the late 19th and 20th centuries.

Generally, cultural theory emphasises that ethnic cultural resources help immigrants in their business start-ups as well as the sustainability of their businesses in their host country (Kotler & Fox, 1995). Migrants possess ethnic cultural values such as being industrious, hardworking, putting in long hours of work, saving, reinvesting business earnings, using family labour (underpaid or unpaid) and ethnic community network support helps immigrant entrepreneurs to cut costs and succeed in their business activities (Basu & Goswami, 1999; Li, 1993).  However, Basu and Altinay (2002) critique of cultural theory, was that the influence of culture on entrepreneurship among immigrants may be stronger in the case of some ethnic groups than others, and that cultural theories tends to overemphasise ethnic solidarity and collective cooperation while neglecting internal class differences and conflict among the same ethnic group.

### 3.7 Reasons for the five theories, and how they affect data analysis and interpretations

There are a number of identified ethnic groups in New Zealand including European, Maori, Pacific, Asian, Middle Eastern, Latin American, and African (Statistics New Zealand, 2013). The need to adopt the five theories came from the fact that all participants in the study are from the same African ethnic group. In addition, these theories appear to be the most used to analyse migrants' involvement in business activities in their host countries (Volery, 2007b & Tucker, 2007). African immigrants in New Zealand have their unique culture and cultural traits which influences their choice of business. It is known that African migrants are being seriously discriminated against in the labour market [labour disadvantage theory] (Volery, 2007; Baycan-Levent et al. 2006).

Often minority entrepreneurs mediate between the dominant and subordinate groups [middleman minority] (Tucker, 2007). An ethnic enclave is a geographic area in a country with high ethnic group concentration, characteristic of ethnic groups' cultural identity, and economic or business activity. Opportunity structure theory suggests that opportunity structures relating to market conditions can promote immigrant business ownership in their host countries.

The need to establish the relationship between African culture and entrepreneurship prompted the researcher to adopt cultural theory as one of the theories used in the thesis. Cultural theory is also used to evaluate the cultural tendency/predisposition of African immigrant towards entrepreneurship. Data collected is analysed using two cultural perspectives; orthodox and reactive theories (Light, 1980 & Yoon, 1991). The orthodox

cultural theory is used to attribute the business success of participants directly to the cultural values brought from the country of origin. The reactive cultural theory is used to analyse the cultural traits of immigrant entrepreneurship that help them to scan opportunities in the host society.

Labour disadvantage theory is used to examine the discrimination and disadvantaged position faced by African migrants in the labour market and to analyse how and why African migrants are marginalised in the labour market making them more likely to pursue careers in business ownership. Immigrants select self-employment or business ownership to avoid discrimination and racism in their attempt to secure jobs in the labour market ( Clark & Drinkwater 1998; Constant & Zimmermann 2006). Findings are used to either support or reject this assertion from a New Zealand perspective.

Middleman minority theory helped the researcher to determine the existence of African entrepreneurs who mediate between immigrant markets and suppliers of the dominant group who are typically members of the African ethnic group. Data collected is used to analyse how and why African small business owners serve as intermediary between the majority group business owners and other segregated minority groups' business owners.

The idea behind the choice of enclave theory is to find out if there are reasons or opportunities associated with the location of African migrants' businesses as well as the concentration of African migrants in a certain location in Auckland.

The term "opportunity structure" refers to the fact that the opportunities available to people in any given society or institution are shaped by the social organization and structure of that entity (Cloward & Ohlin, 1960). Migrants in their host countries could have their opportunity structured in education, social, occupational, economic and business. The need for the opportunity structure theory in this thesis is to establish support for or to reject the assumption that immigrants often face barriers to business ownership in their host country. Conditions that limit participants from having access to their choice of business are analysed. According to Volery (2007), opportunity structure can also include other conditions such as the legal and institutional framework which can limit opportunities of migrants irrespective of the size of the market.

### 3.8 Contributions of the theories to the research

Each theoretical perspective discussed above provides insight into the context of thoughts that promote immigrant entrepreneurship globally. It also represents the researchers' view and contribution to each of the theories discussed in this research. The discussion shows that no theoretical perspective or theory offers a comprehensive or all-embracing explanation of the immigrant entrepreneur or entrepreneurship phenomenon. However, the researcher outlines each theoretical perspective's weaknesses as well as strengths. The similarities and differences between the theoretical perspectives as reviewed are summarised on Table 3.1

Empirical theories discussed in this thesis are applicable in the New Zealand context. As discussed earlier in the labour market disadvantage perspective, indicates that it is the desperate situation immigrants face at job search (discrimination) upon arrival that prompts them to take up self-employment/small business, the researcher agree to this as it is one of the only options they have in New Zealand (Volery, 2007). Findings from this thesis indicated that the labour disadvantage theory is applicable to New Zealand migrants because some African migrants were compelled toward self-employment/small business as they were discriminated against in the labour market. Seven participants in the study went into business because of the challenges they had in the New Zealand labour market.

Cultural theory views that ethnic cultural resources assist immigrants in their business start-ups and the growth of their businesses in their host country. The cultural perspective also suggests that immigrants that relocate to his/her host country with entrepreneurial skills and abilities previously developed in his/her home country, a pre-migration cultural tradition of entrepreneurial mentality, a great knowledge of ethnic social networks, and with ethnic niche markets, they will be successful in his/her immigrant entrepreneurial performance (Chrysostome & Arcand, 2009). This study focuses on African migrants in business in New Zealand. The thesis found support for Chrysostome and Arcand's cultural theory that most of the African migrants in business in Auckland possess the pre-migration business skills and abilities.

According to Wilson. and Portes (1980) the ethnic enclave is the concentration of a particular ethnic group in a particular geographical location within a metropolitan area of region in a country. Though in this thesis, African migrants or African migrant small business owners do not reside in a single location that can constitute an enclave. However,

nine participants live and locate their businesses at the Western part of Auckland because a greater number of African migrants reside in the western suburbs of Auckland; therefore, it is important for them to locate their businesses close to where their expected customers reside and close to the business owners' residence. Concentrating these businesses in the western part of Auckland seems to affirm more number of African migrants reside in the West of Auckland therefore it is business wise and it is good to organise businesses around the needs and taste of ethnic members living around. Apart from this, setting up these businesses provides employment opportunities for new African immigrants especially those skilful in the art of running businesses. These businesses' venues serve as the connecting point for African migrant entrepreneurs and other African migrants willing to start new businesses (Sequeira & Rasheed, 2006).

According to Aldrich. and Waldinger (1990) migrant opportunity structure is made up of "market conditions, access to ownership, job market conditions, and legal and institutional frameworks. Opportunity structures exist which may be available through which migrant entrepreneurs can access business opportunities dependent on inter-ethnic competition and state policies. Findings from this thesis identify with Aldrich and Waldingers' Opportunity structures. Two participants could open a migrant business in a non-African ethnic migrant market.

Opportunity structures created opportunities for African immigrant entrepreneurs to access these businesses when the existing local business owner was relocating to Australia. The owner therefore chose to sell his business to the African migrant entrepreneur.

Blalock (1967) middleman minority theory occurs when a minority entrepreneur, lies intermediate between dominant and subdominant groups in each society. In such a situation, the minority ethnic group acts as intermediary between the immigrant and immigrant marketers and the supplier of products or goods from the dominant group. Two participants (Ama and Man) perform the role of middleman in this thesis as stated by Blalock. These two participants are sole agents for products produced by the dominant group and sell on to other groups in Auckland.

**Table 3.1: Summary of theories used to explain migrant business**

| Theory Explanation | Support argument on cultural values/behaviours | Focus on | Contributing Author (s) | Weakness |
|---|---|---|---|---|
| **Cultural theory** | Some cultures predispose immigrants to successful entrepreneurship | Ethnic cultural values, beliefs, traditions | (Hofstede, 1997; Light, 1984) | Fails to explain effects of class differences within same ethnic cultural group |
| **Labour disadvantage theory** | Immigrants' inability to secure jobs in the mainstream leads them into entrepreneurship | Discrimination, labour disadvantage, exclusion policy | (Li, 1997) | Fails to explain differences in self-employment rates between some disadvantaged immigrant groups |
| **Ethnic enclave theory** | Close ties amongst co-ethnics within same enclave provide resources and other incentives for immigrant business owners | Promotion of ethnic social networks, trust and cooperation | (Wilson. & Portes, 1980) | Emphasises ethnic resources without considering the level of individual members' resources |
| **Opportunity structure theory** | Immigrant entrepreneurship results from the interactions between opportunity structures and group characteristics | Market condition, access to ownership, predisposing factors, resource mobilisation | (Aldrich. & Waldinger, 1990) | Fails to explain why some immigrants start-up while others from the same cultural group in the same host country do not |
| **Middleman minority theory** | Self-isolated sojourners choose entrepreneurship because of its liquidity and availability of ethnic resources | Host country hostility, desire to return, ethnic self-isolation and solidarity | (Bonacich, 1993) | Not applicable for the majority of modern immigrant groups |

## 3.9 Summary

This chapter highlighted definitional issues and theoretical perspectives relevant to the study. These theories were used to explain the factors promoting, motivating and impeding immigrant entrepreneurship. African migrant business/entrepreneurship was defined, as African migrant business owners who are involved in business activities in Auckland. In summary, previous migrant business studies that utilise labour disadvantage theory, cultural theory, opportunity structure theory, middleman minority theory and ethnic enclave theory were drawn upon to explore the phenomenon of African migrants' experience in job seeking, in running a small business, their motivation for business and the challenges of running a small business in Auckland. Labour disadvantage theory is use to provide insight into African migrant experience of the labour market before becoming business owners. The findings from various studies were used to explain migrants' inability to secure a job in the labour market and the effect on migrants' ability to sustain themselves. Cultural theory helps to explain the effects of cultural factors on African migrant business, while ethnic enclave theory was used to understand the influence on African ethnic groups businesses concentrated in a location. Middleman minority theory helped to ascertain how African migrant business owners might act as an intermediary between the dominant and sub-dominant group in New Zealand, while opportunity structure theory assisted in determining how easy it could be for African migrant business owners to access business opportunities in New Zealand. Also, a table summarising the critique of theoretical perspectives relating to immigrant entrepreneurship was also provided (Table 3.1) to explore the immigrant entrepreneurship phenomenon. The research method and methodology adopted to access the needed information from the participants, method adopted for data analysis, validity and reliability of the study and the justification for adopting them will be discussed in Chapter 4.

# CHAPTER 4
# RESEARCH METHODOLOGY

## 4.1 Introduction

The preceding chapters reviewed the theoretical perspectives relevant to the study. Five main theories (opportunity structure theory, middleman minority theory, ethnic enclave theory, labour disadvantage theory, and cultural theory) were used in the study and their relevance and the applicability of the theories to the study were discussed in detail. The contributions of these theories to the research were also discussed.

This chapter helps reveal the link between the existing theories, literatures as reviewed in the preceding chapters and the data collected from the field, the analysis of which is presented in the subsequent chapter. In this current chapter the research plan is discussed, along with the process and rationale for the approach utilised in the study. The research perspective, paradigm and the general mode of inquiry is presented and discussed. The method of data collection, the recruitment of participants and the analysis of data are explained. A discussion of research ethics and qualitative research relative to this study are addressed while the limitations to the study were also discussed.

Research methodology determines the technique a researcher will employ in data collection, amongst other such processes (Bryman & Bell, 2007). Research methodology may include philosophical assumptions, research design, sample design, data collection, fieldwork and analysis (Babin & Griffin, 2003). Myers (1997b) argued that research investigations are based on some underlying assumptions about what constitutes valid research and which research methods are appropriate. Methodology is generally associated with the belief system held by the researcher and reveals the fundamental assumptions upon which the research is founded.

## 4.2 Research paradigm

A paradigm is a shared framework of assumptions held within a discipline, sub- discipline or school of thought within a discipline. It reflects a basic set of philosophical beliefs about the nature of the world, the research problems which it presents and the type of solutions which arise from research (Veal, 2005). A paradigm is a way of viewing the world that reflects a researcher's belief about knowledge and how it is best acquired.

Creswell (1994) argued that paradigms cover how research should be conducted, and what constitutes legitimate problems, solutions and criteria of proof.

In any research study, it is necessary for the researcher to provide a clear picture of the research paradigm guiding his/her study. The following section provides an overview of the research paradigms relevant to migrant research.

There are arguably two central paradigms in social science research: positivist and interpretivist. The positivist paradigm is associated with scientific methods, while the interpretivist paradigm is grounded in subjective acquisition of data and information from personal experience (Creswell, 2009). The positivist paradigm takes the view that the world is external and objective to the researcher – the position adopted in natural sciences. Researchers are seen as being independent of the research they are conducting, and approach the research seeking objective description and explanation (Veal, 2005).

The interpretive approach holds a contrasting position. It rejects the idea that human behaviour can only be studied in the same way as non-human phenomena. It views the world as being socially constructed and subjective, and that what should be studied are how the perceptions of the actors involved in a given social milieu affect their behaviour, rather than a model of reality adopted by the researcher (Veal, 2005).

Bryman and Bell (2011) suggested that research must be based on philosophical assumptions and beliefs about what constitutes valid research and which research methods are appropriate. Therefore, in their view, the researcher should clearly state which philosophical approach he/she will follow in his or her research study.

Based on these views, the researcher position himself as an interpretive researcher. The researcher proclaims the assumption that people create and associate their own subjective and intersubjective meanings as they interact with the surrounding world. Consequently, as an interpretive researcher, the researcher understands the world under investigation and he knows he is not separable from the world. Thus, he attempts to understand the phenomena under study by accessing the meanings that participants assign to it. He knows that participants are aware that their data as gathered are their own constructions and perceptions of the world.

These assumptions and beliefs impact all elements of the research design. They contributed to the formulation of my research questions, how this research was carried

out, served as a guide to the choice of method employed in this inquiry and the analysis of the data (Bryman & Bell, 2011).

*Why the researcher choses to be an interpretivist:*
The objective of this study is to provide a deeper meaning to social phenomena (Silverman, 2001). The researcher believe there is a deeper meaning of phenomena than may appear on the surface, and such deep meaning can only be understood through investigating other people's concept of reality (Creswell, 1994). In this study, participants were able to express to the researcher what their business experiences were and how these experiences impacted their lives in Auckland, New Zealand. The elicited from participants their specific lived experiences in job search as well as their involvement in small business activities in Auckland, New Zealand rather than making assumptions and generalisations. Adopting an interpretative paradigm assisted me in accessing and assessing the meaning that African migrants assigned to their experiences from their job searches as well as running small businesses in Auckland. The researcher concluded that the interpretive paradigm was the best fit for comprehending these experiences and then relaying participants' stories to serve as a voice for African migrants in business in Auckland, New Zealand.

Largely migrant scholars to explain the migrant experience in business activities have used interpretive epistemology. For instance, Kirkwood (2009) maintained that extracting information on migrants' experiences in the labour market, business activities and motivation for business was complex and personal. Kirkwood concluded that the interpretive paradigm is most suited to the complex phenomenon of this nature. Lazaridis and Koumandraki (2003) used an interpretive approach when conducting semi-structured interviews with migrant small business owners in Greece and found that migrants were pushed into marginal self-employment because of various discriminatory attitudes and multiple forms of exclusion. Pio (2006; 2007) used an interpretive approach and an in-depth face-to-face interview technique to access lived-in and lived-through experiences of Indian migrant women in New Zealand before and after becoming self-employed. The general argument among these scholars is that interpretive inductive research with semi-structured interviews is very well-suited to the study of migrants' perceived experiences of business activities and their motivation to get into business.
Creswell (1994) identified ontology and epistemology as the basic assumptions that underlie a social science research paradigm. Therefore, as a social science researcher the

researcher have to evaluate and make assumptions of the social world and how it can be studied (ontology) and how to understand that knowledge (epistemology) (Creswell, 1994).

### 4.2.1 Ontology

The researcher chose to discuss the ontological position of this study based on the research questions and the participants' social being. This study was conducted to determine the experiences African migrants had in being involved in business activities, job seeking, what motivated them into business, as well as challenges they had in running it. The participants in this study are social reality as each participant share their experiences with the researcher making it a kind of collective experience among African member of New Zealand society. From the social reality viewpoint, the ontological stand-point of this thesis is what the researcher wants to "know and how" relative to the objective of the study (Hesse-Biber & Leavy, 2010). The participants in this study are social reality as each participant share their experiences together making it a kind of collective experience among African member of New Zealand society. From the social reality viewpoint, the ontological stand- point of this thesis is what the researcher wants to "know and how" relative to the objective of the study (Hesse-Biber & Leavy, 2010).

Ontology refers to the subject of existence and the nature of reality. Ontological assumptions are always chosen by researchers with respect to the nature of reality. Every researcher starts from an assumption concerning the social world as this helps build his/her quest for knowledge and his/her understanding of how such knowledge can be obtained. Accordingly, Bryman and Bell (2011) argued that a researcher either sees the world as an objective reality (objectivism) which may be discovered by him/her or as a subjective reality (constructionism) which is a social construct that can be influenced by the researcher. Researchers may believe reality exists externally to their research (objectivism); that is, they believe that social entities can and should be considered objective entities that have a reality external to social actors. Alternatively, researchers may believe that reality is a product of individual cognition and therefore exists as a product in the researcher's mind (constructivism). In other words, the researcher holds the view that social entities can and should be considered social constructions built up from the perceptions and actions of social actors (Bryman & Bell, 2011).

In objectivism, the researcher plays no part in influencing the subject of the research study or the outcome of the research process. However, in constructionism, the researcher has some influence on the research process. The researcher's view of reality is that the researchers should have a role to play in the phenomena that is being investigating because reality is that which is constructed or interpreted by individuals involved. In the research situation, according to their beliefs and value systems as is the case with this study (Cresswell, 1994).

## 4.2.2 Epistemology

This study was conducted on 17 participants who are social actors interacting with social reality to implement social actions. The thesis focused on the social context to develop knowledge by interpreting African migrants' experiences in business activities, in job seeking, what motivated them to a start business in New Zealand, and what challenges they had in business.

Epistemology is the field of study concerned with the pursuit of knowledge. Epistemology examines what knowledge is, how knowledge is acquired, and how one can confirm what one thinks one knows. A researcher's view of the world can be seen from his/her epistemological stance (Orlikowski & Baroudi, 1991). Kearsley (1976) argued that epistemology is traditionally associated with the field of education and philosophy, but epistemology can cut across many other disciplines. Conceptually, epistemology is said to be how a person views and makes sense of his/her worldview. From a philosophical point of view, epistemology is based on assumptions about the state of knowledge, how knowledge is attained, and how the acquired knowledge is confirmed as knowledge (Royce, 1964).

This study focuses on African migrants in small business activities in Auckland. By interpretation, African participants' epistemological perception of the world is discussed before and after migration.

According to Nkulu-N'Sengha (2005), African epistemology equates with the African theory of knowledge, which includes the African concept of the nature of knowledge, how such knowledge can be acquired, the reason for the acquisition of knowledge, the assessment and validity of the knowledge acquired, and the role of knowledge in human

existence. Montgomery (1990, p. 39) regarded the African worldview as a "structure of philosophical assumptions, values, and principles upon which Africans' perception of the world is based and the index of normal functioning of African families at home and in Diaspora". Schiele (2000) argued that these assumptions, values and beliefs are based on African cultural tradition and they are mostly used to build and sustain family, community and culture. The level of involvement in cultural tradition is often used to define oneself, and one's relationship with others and the environment. Kambon (1992) is of the view that deviation from the African worldview by Africans both in Africa or outside of Africa (New Zealand inclusive) is abnormal and represents a psycho-cultural disorder. This study found that most of the participants still believed in African epistemology that is they believed in the philosophical assumption that knowledge is derived from African values, beliefs culture and tradition.

Ayanwu (2013) maintained that African epistemology is deeply rooted in African tradition, and that Africans' involvement in the tradition of African people is mostly considered as one of the conditions that determine who an African leader is. Accordingly, African tradition entails African religion, roots, culture, oral literature, traditional arts, fables, proverbs, idioms, rituals, music, dance, folklore and myths – and all these are contained within African epistemology. In some African communities, the level of an individual's acquisition of these traditions, as well as his/her age, can decide the role assigned to such an individual in the community. For example, in most parts of West Africa an individual may not be relatively old or be the oldest in the community, but be considered a leader from whom others can seek knowledge, verify or confirm tradition and cultural rites. He/she must be versed in African tradition even if to become a leader in such a community is hereditary.

Ayanwu argued that the oral method of transmitting and preserving African culture and traditions has slowed down African epistemological advancement, especially with the different forms of colonialism that took place in Africa. The author maintained that for an African theory of knowledge (epistemology) to grow, there must be adequate documented material from antiquity which future generations can systematically build on. Looking forward, Ayanwu advocated that to document and harness the African worldview, African epistemology should become a course of study integrated into the academic curriculum. Discussion with the participants of this study showed that despite

being far from their home countries, participants were still very much in touch with their culture, beliefs, religion and the hierarchy of life.

## 4.3 Qualitative research

There are two major approaches in research: quantitative and qualitative. Patton (1990) described the quantitative approach as a method that relies on a hypothetical test of theory for generalisation. The quantitative approach is more concerned with the use of existing theory and developing a hypothesis which is then tested and confirmed or refuted, leading to further development of theories which may be tested in future research (Saunders, Lewis, & Thornhill, 2009).

Kaplan and Maxwell (2005) described qualitative research as a strategy for empirical research that is conducted in natural settings that uses data in the form of words rather than numbers, that inductively develops categories and hypotheses. It also seeks to understand the perspectives of the participants studied in the setting, the context of that setting, and the events and processes that are taking place there. The goal of qualitative research is to understand issues or situations by investigating the perspectives and behaviour of the people in these situations and the context within which they act. Qualitative research obtains its primary data from observations, interviews and documents, and the data is then analysed using a variety of systematic techniques (Veal, 2005). This approach is useful in understanding causal processes and in facilitating action based on the research results. Qualitative methods are primarily inductive. Qualitative research methods are being used increasingly in exploratory studies, including exploring migrant involvement in business activities in their host country.

Research can be carried out using a combination of these two approaches – qualitative and quantitative (mixed method) within one study. The mixed method allows the researcher to collect and analyse data through both approaches (Bergman, 2008). Creswell. (2003) identified three classical mixed methods (triangulation method, exploratory method, and explorative method). The first method is the triangulation method, which was broadly defined by Denzin (1978) as "the combination of methodologies in the study of the same phenomenon". Triangulation collects and merges both quantitative and qualitative data to understand and answer research questions. Denzin argued that triangulation can be exploratory and/or explanatory.

The second method, the explanatory method, collects quantitative data first and later uses qualitative data to support the explanation of research results identified from quantitative data (Creswell, 2002). The third method is the explorative method, which uses qualitative data first to explore a phenomenon and later uses quantitative data to establish relationships within the qualitative data (Tashakkori & Teddlie, 2003). Denzin (1978) argued that using two or more distinct methods in the same study is largely a vehicle for comparing data and cross validation. Carrying out either qualitative, quantitative or a mixed method should be done based on the underlying assumptions about what constitutes "valid" research and according to which research methods are appropriate. Any method chosen by the researcher requires unique skills, assumptions and research practices, which together influences the techniques used by the researcher to collect data (Bryman, 2008).

Myers (1997a) argued that a research methodology is a *strategy of inquiry* that moves from underlying philosophical assumptions to research design and data collections. A strategy of inquiry is a way of finding empirical data about the world (Myers, 2009).

Knowing that the research problem of this study could only be solved through shared experiences provided by the participants in the study, a qualitative approach was adopted to explore the research problem based on the participants' experiences and the social, cultural, ethnic and behavioural context. A qualitative approach is also a widely accepted method for studying social phenomena (Marshall. & Rossman, 1999). Researchers use qualitative research because it empowers individual participants to share their experiences, stories and voices (Creswell, 2013). The participants' spoken data is mostly recorded (Myers, 2009). This study obtained responses to the research interview questions from 17 participants who described their experiences, opinions, perceptions, culture and beliefs relating to job search, small business start-up, why migrants go into small business, the challenges of running a small business and how these challenges are overcome. Therefore, using a qualitative research method enabled participants to share their stories and provided insight into their lived experiences. As a result, it is possible to interpret participants' stories rather than relying on external explanations of the phenomenon. Qualitative research fits very well with this study and enables achievement of the objectives.

### 4.3.1 Case study research design

The term 'case study' has multiple meanings. Robson (2002) views a case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon with the real-life context using multiple methods on data with evidence. Case studies can be used for a detailed study of a single social unit, a study of a particular group or organisation or to describe a research method (Myers, 2009). Myers argued that case study research in business-related studies uses empirical evidence from the group or organisation under study to study the subject matter in context. Multiple sources of evidence are used, though most evidence comes from interviews and documentation.

Case study research can be positivist, interpretive or critical. Positivist case study research investigates pre-defined phenomena, but does not include explicit control or manipulation of variables. It focuses on an in-depth understanding of a phenomenon and its context (Collins, 2003). Interpretive case study research generally attempts to understand phenomena through the meanings that people assign to them. Interpretive case studies focus on the social construction of reality – how and why people see the world the way they do.

Case study research involves critical reflection on current practices, questions and taken-for- granted assumptions, and critiques the status quo based on the theories of one or more critical theorists (Myers, 2009). An interpretive case study approach is adopted in this study as justified below.

### 4.3.2 Interpretive case study

Case studies are a commonly used way of performing a qualitative inquiry; however, they are not a methodological choice but rather a choice of what is to be studied (Stake, 1994). The interpretive case study approach was useful in this study because it enabled the researcher to gain a rich understanding of African migrants' experience in business in Auckland by making use of one or more methods of data collection, such as interviews, document reviews, archival records, direct observation and participant observation (Leedy & Ormrod, 2005). Therefore, adopting a case study strategy using multiple medium for data collection will enable the researcher generalise his findings. A case study of 17 African migrants who had business experiences in Auckland were examined in

depth in this study. Data collection techniques in the case study were varied, with interviews, field notes, observation and document analysis being mostly used.

Semi-structured interviews were carried out with 17 African migrant small business owners in Auckland. These interviews were used to obtain information on participants' experiences in small business activities, experiences in the labour market, motivation into small businesses, the challenges of running a small business, and how those challenges were resolved.

This approach enabled the participants to generously share their experiences. Based on the participants' responses to the interview questions, it was possible to gain insight into the social, employment, values, cultural and ethnic issues relating to how they perceived their experiences in their job search and their involvement in small business activities in Auckland. Field notes, observation and document analysis were used to validate data collected through interviews. Observation is one of the methods of collecting case study data in a "natural setting". During the interviews, the participants' behaviour was observe, as a non-verbal expression of feelings and was recorded in writing.

Document analysis is another form of data collection in case studies whereby documents are interpreted by researchers to give voice and meaning to the topic being explored. During the interviews, participants offered documents to support the responses they gave to interview questions that focused on their challenging experiences in business and in their job searches. For instance, some participants provided letters of rejection from earlier job applications. The participants claimed that they were now running their businesses at a loss because of high bills and rent. Some participants provided documents relating to the cost of their goods and how they are sold below the cost price. However, the documents provided by participants were meant to validate participants' claims in the interviews.

Domboka (2013) affirmed the appropriateness of using an interpretive case study to examine immigrant motivation into business and their experiences in running business. Corroborating Dombokas' affirmation Quyen (2013) recommended the interpretive approach as a reliable method for the researcher to explore participants' experience on a phenomenon. Using this approach Domboka could obtain challenging experiences of minority ethnic business owners in the UK.

Critics of the interpretive case study method believe it is limited to the exploration phase in a hierarchically arranged list of research methodologies, and its study of a small number of cases may account for the non-reliability and non-generalisability of the findings (Miles, 1979). However, Yin (1984) argued that the use of the case study is only limited by lack of understanding of the types of applications, the types of research questions best addressed and the type of case study design. The case study method was chosen for this study because of its applicability to real-life, contemporary, human situations. To date, case studies have provided the main and best vehicle for research in the interpretive tradition (Walsham, 1995). Lee (1989) explained that the interpretive case study is useful where the experiences of the participants are important and the context of action is critical, such as in the case of this study.

## 4.4 Research questions

The main research question being studied is; how do African migrants perceive their experience into small business activities in Auckland, New Zealand? Other subsidiary questions in the study include; what do the experiences African migrants have in the labour market? What motivates African migrants into small business activities? What do the challenges African migrants encounter in starting and running a small business? How does an African migrant small business owner overcome the challenges they encounter? Participants during the interviews addressed these research questions. The interview questions were in five categories: experience in business activities, experience in labour market job search, motivation for business, challenges in running a small business and overcoming those challenges.

## 4.5 Research design and data collection

Blumberg and Schindler (2008) described research design as the blueprint for the collection, measurement and analysis of data. Research design expresses the structure of the research problem and the plan of investigation used or to be used to obtain empirical evidence on the nature of the problem. Accordingly, every researcher should endeavour to choose a research design capable of providing answers to the study's research questions, provide the ideal technique to be used in obtaining data and the sampling method. In this study, data was obtained using semi-structured interviews, observation and taking field notes. Data analysis was performed using thematic analysis. These

sources were selected in anticipation that they would help elicit a rich description of the phenomenon.

### 4.5.1 Data collection technique

Typically, techniques for collecting data can involve a specific instrument such as a self-completion questionnaire, interviews or participant observation whereby the researcher listens to and watches others (Bryman & Bell, 2007). However, because this study chose the case study method, data could be collected using one or more of the following: observation, documents, field notes, and interviews.

In this study, the interview method was used substantially for data collection. Document review plays a crucial role in case study research because it forms a rich source of evidence to complement interviews. Documents can take the form of letters, internal memos, reports, newspaper articles and so on. In this type of study, it is usually very difficult for the researcher to obtain business documents from participants for review. However, four of the participants on this study kindly allowed a review of their sales receipts, letters from the Inland Revenue Department (IRD) explaining their tax owed and documents relating to increases in rent, as well as other bills associated with their business. Participants used this to show the challenges they and their businesses were facing due to low sales and the continual increase of other related bills.

Observation is a research approach in itself and it is one of the methods used by interpretive case researchers to obtain, enrich and evaluate the data collected through face-to-face by using the observed data to correlate with the information collected through interviews (Yin, 2009). According to Benbasat, Goldstein, and Mead (1987), observing research phenomena in their natural setting facilitates rich data collection devoid of the researcher's influence. However, there are two general types of observation in qualitative research: direct and participant (Trochim, 2008). Businesses recommended by African Community Forum Incorporated (ACOFI) in the snowball sampling technique were visited to negotiate inclusion in the study. While on the visit, direct observations were made with the business owner's consent on each of the businesses. This provided an

opportunity to assess the recommended businesses to determine if they met with the study's participant selection criteria.

Field notes of the visit to all the business premises were made to identify location, age group and ethnic background of the owner, the number of staff and customer profiles. The field notes taken on the visits were compared with notes taken during and after the main interview had been held where I made use of observation notes to tally with my interview transcripts. This enabled a rich description of each participating business by the researcher.

## 4.5.2 Interviews

Interviewing is one of the most common and powerful instruments used in understanding human beings (Denzin. & Lincoln, 1998). Research interviews are often used by qualitative researchers, especially when the study involves an interpretive approach, as it was assessed as being most effective in sourcing information from participants face-to-face and interpreting the information collected from the field (Myers & Newman, 2007). The interview method was adopted in this study for data collection in order to obtain adequate information on participants' perceived experiences, attitudes, norms, beliefs and values of their business experience (Bryman, 2008). To realise the goal of this study and present an in-depth understanding of participants' experiences in job seeking, their involvement in business and motivation to run a business, the face-to-face semi-structured interview technique was employed. An  interview schedule was constructed; however it was not compulsory for the researcher to follow the order of the schedule (Bryman & Bell, 2007).

## 4.5.2.1 Semi-structured interviews

A semi-structured interview is a qualitative method of inquiry with the use of predetermined sets of open-ended questions by the interviewer that are meant to extract information on experiences, opinions and ideas from the participants on the topic at hand (Saunders. et al., 2009).

In a semi-structured interview, the researcher has a series of questions on the topic in the form of an interview schedule (Bryman & Bell, 2007). Denzin and Lincoln (1998)

maintained that the semi-structured interview is a form of unstructured interview because it provides a greater breadth than other types of interviews given its qualitative nature. In other words, the semi-structured interview is not as highly structured as one that utilises close-ended questions, nor so unstructured that it allows the participants to freely talk about any issue that arises.

It was felt that to understand a participant's opinion, experiences, job search and/or reasons for running a small business, qualitative research that utilised the semi-structured interview technique was the best method to use and the most likely method to achieve the desired outcome (Saunders et al., 2009). Therefore, in this study, data was collected using in-depth, face-to-face semi-structured interview questions. The semi-structured interview method was employed to determine how participants perceived their experiences in business and job search position. The interview questions focused on asking the participants to describe their experiences and involvement in small business activities as small business owners, experiences in the labour market, motivation to becoming involved in business, challenges in running a business and how the challenges were resolved. Because the interviews were semi-structured, it was possible for the researcher to probe participants further on their responses to the interview questions. Interviewees shared their experiences and ideas because of the flexibility and open-ended nature of the interview questions (Bryman, 2008). By using the semi-structured interview technique, the researcher could generate unadulterated perspectives of the participants' experiences of business, job search, motivation to business – the researcher was able to obtain additional information on participants' experiences through probing, counter-questions, and discussion.

### 4.5.2.2 Interview protocol

Hill, Williams and Thompson (2005) recommended developing an interview protocol that consists of at least 8-10 questions with probes to fit within one hour. The authors also recommended the use of a pilot interview to test the adequacy of the research interview questions.

Seventeen participants were interviewed on a face-to-face basis. The interviews began with background questions to build rapport and a relationship with the participants (Hill, Williams, & Thompson, 1997) before the participants business characteristics were

collected. All participants could read and write in the English language, so therefore they completed their demographic information and business characteristics on the form given to them by the researcher.

Interviews were arranged according to the participants' preferences and timing. Each interview ranged in length from 40 to 50 minutes and all interviews were audio-taped. Participants were given the opportunity to ask questions while the interviews were going on. Informed consent for the interview and audio-taping were obtained before the commencement of the interview.

The interview questions were divided into five parts in line with the research questions. The first part of the interviews addressed how participants perceived their experience of involvement in small business activities in Auckland. In this section, questions focused on the participants' experiences of entering the business environment, their business experience before migrating to New Zealand, their previous experiences in paid jobs in New Zealand that impacted positively on their current business, and also the factors that had helped their business grow (or otherwise).

The second part of the interviews focused on participants' job search experiences. Participants were asked if they had ever searched for jobs before they started their business and what their experiences in the labour market were like. They were asked to describe how long it took them to secure their first job in New Zealand and their perceptions of the New Zealand labour market towards African migrants.

The third part of the interviews focused on the participants' motivation to start a small business, what made them decide on the type of business they became involved in and how the business was started.

The fourth part of the interviews addressed the challenges participants had in running their business, plus the challenges of their businesses at take-off and after. The interviews concluded by asking the participants about how the identified challenges of their businesses were resolved.

The interviews were conducted in the English language and were audio-taped and transcribed later for analysis. The interview questions captured the real-life experiences and perspectives of African migrants operating small businesses in Auckland and

provided reliable answers for the study's research questions. During the interviews, notes were taken to record participant behavioural expression that cannot be captured through audio-tape. Writing notes meant it was possible to record the non-verbal communication experience learned by the researcher while interacting with participants as well as observations about the interview, and in so doing prove to the participant that what he/she had to say and their non-verbal expressions were of value (Denscombe, 1998). However, notes taken by the researcher were immediately developed after the conclusion of the interviews before the researcher's memory of the details faded.

### 4.5.3 Ethics

Before the commencement of data collection, an application for ethics approval for the study was prepared and submitted to the Auckland University of Technology Ethics Committee (AUTEC). Ethical issues and limitations were discussed. Application was approved numbered 14/344 dated 25 November 2014. A copy of the approval letter is in the appendix. The research questions and the thesis proposal were shared with participants so that they could have a clear sense of what they were going to be participating in.

I advised participants of my name, my school, and informed them of the purpose of the study, how information would be recorded and how it would be used. I ensured adequate care was given to participants regarding the five key ethical principles as established by Auckland University of Technology Ethics Committee (AUTEC).

- Participants were requested to voluntarily sign a participant information sheet and consent form before the interviews were conducted.
- Participants were advised of their rights to privacy and confidentiality. They were given assurance that pseudonyms would be used in the thesis and their identities and experiences would also be protected. They were also given assurance that the data recorded would be used for the study alone and would not include participants' names or contact details.
- Though no major risk was associated with the interviews. However, interviews were conducted with minimal or no risk. The researcher ensure that participants chose a location and time suitable for him or her for the interview. Participants were given the opportunity to pull out of the interviews when they feel so. Participants with time constraint were taken care of based on their time schedule.

- All interviews were conducted by the researcher adjusting his style to suit each participant personality and emotional state. While interviewing participants, the researcher created positive, relaxed, and mutually respective interviewer/participant dynamics.
- The principles of the Treaty of Waitangi were applied to ensure social and cultural sensitivity. The principles as applied are;

    Partnership: participants are recognised as partners in the research and the researcher respected their cultural knowledge and traditions.

    Participation: participants were appreciated for volunteering to participate in the research. However, details of how they are to participate were spelt out to them.

    Protection: being involved in the research participants right were protect as discussed on the bullet second bullet point above.
- Data were collected from participants with integrity, respecting the participants the challenging experiences as shared with the researcher.

A chapter on "African immigrants/refugees in New Zealand" has been included in the thesis. To support this chapter, the status of African migrants and their challenges regarding racism, discrimination and joblessness to date were included in the interview questions. However, during the interviews, participants were concerned about the confidentiality and anonymity of their information. The researcher took the time to explain to the participants how their confidentiality and anonymity would be safeguarded against any potential harm. Participants were told that all information collected through interviews would be treated with strict confidentiality: information would not be made available to anyone who was not directly involved in the study, pseudonyms would be assigned in the transcription of the interviews, and all recordings would be erased after the transcription and affirmation of its content by the participants. All data will be stored in an external hard drive (HDD) and kept in the locked cabinet in my primary supervisor's office in the Faculty of Culture and Society, School of Social Sciences and Public Policy for six (6) years. The data will be destroyed and wiped out from the HDD automatically after six (6) years.

### 4.5.4 Population and sampling

Choosing a study sample is an important step in any research project since it is rarely practical or efficient to study whole populations being researched (Denscombe, 1998). A sample is a segment of the population selected for the research study in a way that represents the population of interest (Bryman & Bell, 2007). In this particular study area, there are no institutions in existence such as an African migrants' business association in Auckland that can provide a sample population. Likewise, there is no data from the Ministry of Business Innovation & Employment detailing the number of African migrant business owners in Auckland. The only documented record in the context of this study of African ethnic groups in New Zealand is that as of March 2013, there were a total of 13,464 African migrants (Statistics New Zealand, 2013). Therefore, it is difficult to accurately estimate the number of African migrant businesses in Auckland. When a researcher lacks information about the population being studied or has difficulty in contacting a perceived sample through the probability sampling technique, the researcher can therefore use the purposive sampling method (Denscombe, 1998). For this reason, a purposive method was used in the selection of participants for this study (Grinnell & Unrau, 2005).

### 4.5.5 Purposive sampling

Purposive sampling selects participants based on their experiences of the phenomenon under investigation (Creswell, 2009). In other words, purposive sampling is used when the selection is done based on participants' knowledge of the research problem (Grinnell & Unrau, 2005). In qualitative data collection, purposive sampling can "hand-pick" a sample for the study, but selecting or hand picking must reflect the quality of experience and knowledge with relevance to the research problems (Denscombe, 1998).

Due to the lack of any records or data on the number of African businesses in Auckland the researcher employed a purposive sampling method to be able to select participants that had experienced the business activities under investigation and were therefore suitable and able to answer research questions based on the researcher's judgement (Creswell, 2009). Sarantakos (1998) regarded purposive sampling as judgmental sampling, that is more valid than the use of a probability sample when research is quantitative.

### 4.5.6 Pilot study

According to Polit et al, (2001) pilot study can be seen from two different ways in social research. It can be referred to as feasibility studies or a trial run [s], done in preparation for the major study. A pilot study can also be used for pre-testing a research instrument. According to Baker (1994) pilot study could be used to develop and test the adequacy of a research instruments, to design a research protocol, to assess whether the research protocol is realistic and workable. Holloway (1997) submitted that a pilot study can be used in qualitative research to assess the acceptability of an interview protocol. The pilot study conducted was used to pre-test the research instrument. Therefore, a pilot interview was conducted with two volunteer participants (business research students from the Faculty of Law and Business) to test the suitability of the interview questions before administering it. The interview questions were meant to reveal any practical issues and difficulties that may be associated with the proposed interview protocol, with a view to resolving them before the main project. The participants of the pilot study could view the questions because they had conducted similar business management interviews and were experienced in the area under study. The pilot group observations and recommendations on the proposed interview questions were implemented. The volunteers provided the researcher with useful feedback through their critique of the interview questions. From their critique the researcher gained better understanding of how the interviews should be conducted and what the researcher should expect in the field. Some parts of the interview question were amended and adequate corrections as recommended were made before carrying out the interviews further with the participants.

### 4.5.7 Recruitment

The snowball approach was adopted to identify potential participants, but the researcher purposely selected 17 participants based on their experience and involvement in business in New Zealand. The snowball approach is best suited when the lack of a sample frame makes it impossible to select a probability sample when the target population is unknown, or when it is difficult to contact the perceived participants in any other way (Tolich, 2007). In this study, the initial approach to known networks was explored and several African migrant community associations were approached. These associations included the African Communities Forum Inc. (ACOFI) Auckland, Association of Nigerians in New Zealand, Ghanaian Association of New Zealand, Ethiopian Community of Auckland and

the Zimbabwean Association of New Zealand. These associations offered their full support for the study. I was invited to their meetings where the research was advertised and participants were selected based on the selection criteria as advertised; that is, potential participants needed to be African small business owners, their businesses had to be domiciled in Auckland, they must have operated for more than one year, business owners needed to be willing to participate in the study, and participants had to be able to speak in English and be able to answer questions in English.

Based on the above criteria, 20 African small business owners from the beauty, fashion, catering, event management, African food sales and distribution industries were selected for interviews.

### 4.5. 8 Participants

Kvale and Flick (2008) maintained that the researcher is required to interview as many participants as necessary to find out what he/she needs to know. The authors suggested that 15-25 interview participants are sufficient in a typical qualitative interview study. It is recommended that the use of 8-15 interview participants be considered for a research study but fewer participants could be considered when more than one interview is to be conducted per participant (Hill et al., 1997, 2005). Saunders. et al. (2009) also, recommended a sizable number of interviewees to ensure that the maximum amount of data needed is collected/gathered.

The researcher intended and selected 20 participants to interview as recommended in studies (Kvale and Flick, 2008 & Hill et al, 2005). However, during the interview of the seventeenth participant, the researcher realised that the data collected were shedding no further light on the phenomenon under investigation. At this point, saturation had occurred (Glaser & Strauss, 1967). Therefore, the researcher decided not to carry out further interviews. According to Morse (1995, p. 147), "saturation is the key to excellent qualitative work". Morse defined saturation as "data adequacy" and argued that saturation occurs when no new information is obtained during continuous data collection. Paulose (2012) in his study on "The motivation to become entrepreneurs: The case of Indian immigrants to New Zealand" intended to interview 15 participants but stopped after the eleventh interview when similar answers and themes started coming from the interviewees. Similarly, Quyen (2013) in his study of "Vietnamese immigrant

entrepreneurship in Finland: Motivation and obstacles" intended to interview 15 participants but ended his interviews after the tenth participant after attaining saturation.

## 4.5.9 My role as a qualitative researcher

The ability of an interviewer to identify his role is important in the conduct of any survey research, because the responsibility of data collection rests squarely on the interviewer (qualitative research) (Saunders. et al., 2009). He or she is expected to collect information data truthfully, reliably, and in an appropriate way (Cresswell & Clark, 2007). In this study the researcher is the interviewer and he is mindful that the success of his study is dependent on his conscientiousness, effort and ability to build cooperation with the interviewees.

In this study during interviews, the researcher focused on participants as they expressed what had influenced their lived experiences relevant to the objective of the study (Rudestam & Newton, 2001). In order to understand what the 17 participants in this phenomenological study knew about the phenomena under study, I conducted person-to-person interviews (Leedy & Ormrod, 2005). Therefore, in this study, I was the primary instrument for collecting and analysing all data (Merriam, 1998). Reliable information data for this study was successfully collected from participants through interview questions and information collected were duly analysed. Interviews were successive because the researcher built a good rapport between the interviewees and himself. However, the following roles carried out by the researcher were helpful to the successful outcome of the interviews:

- After identifying participants that met the requirements to be a participant. The researcher solicited from each one to accept to be his interview participant.
- After accepting the researcher's request, the researcher reached an agreement with them on the venue of the interview.
- The researcher met each of them and presented them the participant information sheet. The researcher presented the participants consent forms and requested each of them to read and sign the form.
- Before the start of the interviews the researcher told the participants that all the solicited data will be recorded and that any relevant comments will be duly registered or noted.

- Before and after the start of the interviews the researcher ensured that the interviewee was at ease.

- The researcher gave the interviewees time to respond to his questions – they were never hurried.

- When the researcher found that an interviewee was looking confused in answering his question the researcher explained further.

- The researcher kept the goal of the interview in mind throughout the duration of the interviews.

- The interviewees were encouraged to talk without being interrupted by the interviewer.

- The researcher followed up with questions that were not adequately answered.

- The researcher established and maintained an appropriate communication climate throughout the period of the interviews.

- All conversations relevant to the interview between the researcher and the interviewee were audio-recorded while important none-verbal expressions by the interviewee were noted and documented.

-  The interviews were kept to a predetermined time.

## 4.6 Data analysis

Creswell (2009) noted that qualitative research is characterised by its ability to generate a huge and cumbersome database because of its dependence on text and words from field notes and interview transcripts. For a researcher to make meaning out of the generated data, he/she needs to process it before making it ready for use (Patton, 1990).

Qualitative data analysis first involves categorising, ordering, manipulating and summarising data to make meaning of it, before the data was fully analysed and meaningful conclusions drawn (Brink, 1996). Burnard, Gill, Treasure and Chadwick (2008) stated that qualitative data is analysed through two fundamental approaches: deductive and inductive. The deductive approach involves using a structure or predetermined framework to analyse the data collected. With this approach the researcher imposes his own structure/theories on the data collected, and uses these theories or structures to analyse interview transcripts – it is known as a top-down approach. The inductive approach, on the other hand, involves analysing data with no predetermined framework, structure, or theory, but uses the data collected to derive the structure of analysis – it is known as a bottom-up approach as shown in Figure 4.1
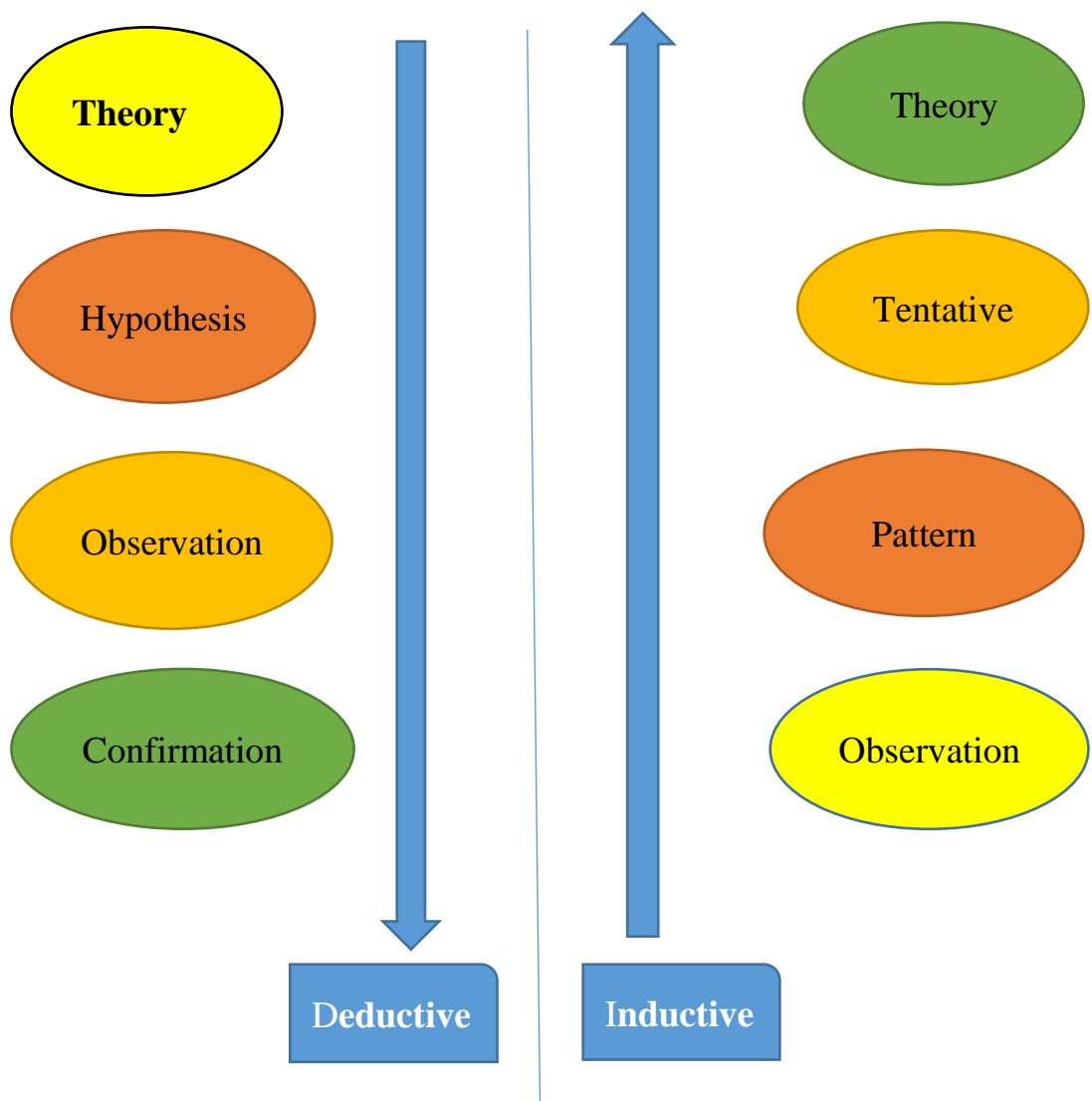
**Figure 4.1: Inductive versus deductive research analysis adapted from (Changoiwala, 2012)**

This study uses an inductive approach to analyse data collected. Although this approach is comprehensive and time-consuming it is considered the most suitable method where little or nothing is known about the phenomenon being studied as in this case. Therefore, using this approach in this research is justified by Spencer, Ritchie, and O'Connor (2004), as stated that inductive analysis is the most common approach used to analyse qualitative data which is the focus of this study. Therefore, in this study to process and analyse the qualitative data collected, the researcher started with editing and transcribed the information collected throughout the semi-structured interviews (Miles & Huberman, 1994). Transcribing the data collected by the researcher was a considerable amount of work and consumed a lot of time. However, after the researcher did this the researcher became thoroughly acquainted with the content of the interviews, the most critical aspect of qualitative analytic process is transcribing data collected by the researcher. Though this provided the researcher additional opportunity to review and became more connected

with the data. The collected data was then qualitatively analysed. Qualitative data analysis involves data cleaning, inspection, transforming and modelling to obtain useful information and come to a meaningful suggestive conclusion. Though there are a variety of inductive approaches used by qualitative researchers to analyse qualitative data, but the method of analysis used by the researcher in this study is that of *thematic content analysis*, and it is perhaps the most commonly used method of qualitative data analysis in the qualitative world  (Spencer et al., 2004).

### 4.6.1 Thematic analysis

Data in this study took the form of interview transcripts collected from research participants that reflected the experience of African migrant small business owners and their activities and motivation for business in Auckland.

According to Hasko (2013) thematic analysis along with content analysis and corpus analysis are the techniques of analysing qualitative data. Hasko explained further that corpus analysis technique is mostly used by the researcher investigating linguistic phenomenon therefore it is more relevant to linguistic studies. The researcher did not consider this approach because it is not relevant to this study. Hasko claimed that both thematic and content analyses were similar and both are used to categorise large data sets. Researchers using both or either content and thematic analyses may become confused because of the similarities between them. However, thematic analysis requires more rigour from the researcher and the process is more demanding (Mark & Yardley, 2004).

Thematic analysis is employed to analyse the collected data. Anderson (2007) argued that thematic analysis is the most foundational of the qualitative analyses because of its informed objectivity or subjective epistemological stance. Thematic analysis is defined as a process of identifying, analysing and organising themes from the data collected. Thematic analysis is a search for themes that emerge as important to the description of the phenomenon under study (Daly, Kellehear, & Gliksman, 1997). It focuses on the meaning derived from the data collected and the codes thus derived can be allocated to various respondents. (Rice & Ezzy, 1999).

The concept of theme is critical to the accurate interpretation of qualitative data especially when thematic analysis is used (DeSantis & Ugarriza, 2000, p. 362). Per the authors,

when a researcher is exploring a participant's experience of a phenomenon (as in this study) he/she must ensure that the theme that emerges from his/her content analysis must revolve around the identified experiences: (i), Overall entity: the experience. (ii), Structure: the nature or basis of the experience. (iii), Function: the capturing and unification of the nature or basis of the experience into a meaningful whole. (iv), Form: the stability and/or variability of the multiple manifestations of the experience. (v), Mode: the recurrence of the experience. The researcher identified themes in this study that were in line with participant related experiences. In this study, themes were assigned into categories (codes and nodes) and the categorised themes were grouped (Collis & Hussey, 2003). The groups became a form of pattern of recognition within the data, and the themes that emerged became the categories for analysis.

For the interpretivist, the epistemological stance for data analysis is to subjectively interpret meaning and draw conclusions. Employing thematic analysis in this study revealed the deeper meaning of the participants' voices and enabled an understanding of the multiple realities of African migrants in business through the collection of their personal narratives (Geertz, 1973). Using thematic analysis made it possible to focus on the meaning derived from the participants' responses to the interview questions and the codes generated; these were allocated to various respondents and the themes that were generated cross-referenced. This process is not possible when a researcher adopts content analysis only to analyse the data collected, because such a researcher would have had pre-decided mutually exclusive codes and categories arriving at his themes.

Thematic analysis is widely used by qualitative researchers. Braun and Clarke (2006) consider thematic analysis as a method in its own right that is uniquely different from other qualitative analysis methods.

Thematic analysis is a flexible and useful analytical tool that provides a rich and detailed account of collected data. Though thematic analysis requires a large amount of involvement and interpretation by the researcher. It moves beyond counting explicit words or phrases and focuses on identifying and describing both explicit and implicit ideas within the data (the themes).

Qualitative data analysis can be stressful for the researcher (Richards, 2000) because of the method's comprehensiveness and time consuming nature, particularly when the data set is huge. In view of this, Pope, Ziebland and May (2000) recommended the use of software packages that enable the researcher to explore textual data inductively using

thematic analysis to generate nodes, code categories and explanation. Burnard, Gill, Treasure and Chadwick (2008) suggested several computer-assisted qualitative data analysis software (CAQDAS) packages that are available to help researchers in the analysis of qualitative data. Most common among them are Atlas and NVivo. Atlas belongs to the genre of CAQDAS programs (Friese, 2014). NVivo is a software package which aids qualitative data analysis, designed by QSR International. Its full title is NUD.$\mathbf{1}^{\mathbf{ST}}$ (Friese, 2014) .

This study employed the NVivo software package for its data analysis. Using the NVivo package helped me to manage, sort and organise volumes of collected data, store, annotate and retrieve text, locate words and extract quotes. The NVivo software package also made data processing easier for me because of its flexibility, accuracy, transparency and general ability to provide a picture of the data collected (Richards. & Richards, 1994).

To familiarise the researcher with the NVivo software package, he attended introductory training on the use of NVivo 10, November 2014 at Auckland University of Technology conducted by an NVivo specialist from Academic Consulting. He attended secondary training on the use of NVivo 10, September 2015 organised by Auckland University of Technology, also conducted by Academic Consulting. He also attended the secondary training with the collected data which helped me understand how to use the NVivo software for interview analysis.

The recorded interviews were transcribed and converted to Word documents. The researcher imported these documents into the NVivo software and started my analysis. From these documents, NVivo was programmed to create codes and nodes. Coding is an essential part of thematic and content analysis because it allows data to be organised into meaningful groups (Braun & Clarke, 2006). From the codes created, themes were developed based on the answers to the interview questions. The researcher compared the relationship between themes and determined how the themes created fit into the context of the study, the objectives, answering the research question. A theme is a clustering of categories developed from the data collected that contain similar meanings (Braun & Clarke, 2006). Finally, the researcher prepared an analytic report from the themes and quotes generated by NVivo.

Despite the usefulness of computer assisted software when carrying out qualitative data analysis, some schools of thought are critical of it. Burnard, Gill, Treasure and Chadwick (2008) observed that computer assisted software is merely an instrument that is as good or bad as the researcher using it. It does not analyse and using computer assisted qualitative data analysis could serve to distance the researcher from the data (Friese, 2014). The researcher did not rely on NVivo to analyse the data collected because NVivo cannot help the researcher think as a researcher. However, it contributed immensely to the researcher's ability to have a holistic view of the data by pulling together all sources of data and organising it so that it was easier to access and track.

Having completed the above discussed phases of thematic analysis and determined outcomes from the participants' responses to the interview, the researcher develop a conclusion based on the major identified themes in the order of the research questions.

## 4.6.2 Validity and reliability of the research

Validity and reliability are very important aspects of all research. Paying meticulous attention to the validity and reliability of the raw data can make the overall research being judged as either good or poor. Research being judged as good can help assure other researchers to accept the findings as credible and trustworthy. For qualitative research to be adjudged credible, qualitative researchers must be sensitive to the issues of validity and reliability in their studies. The researcher is aware of the multiple risk factors in the validity of these research findings and from the start of writing drew up plans to implement various strategies into each stage of the research study to avoid these risky and threatening factors potentially weakening the outcome/findings of the study.

A good number of qualitative researchers have suggested strategies a qualitative researcher can use to enhance reliability and validity of his/her research findings (Chenitz & Swanson, 1986; Corbin & Strauss, 1990; Crabtree & MiUer, 1992; Le Comple & Goetz, 1982).

Le Comple and Goetz (1982, p. 32) said validity in research is concerned with the accuracy and truthfulness of scientific findings. They also maintain that valid research should demonstrate what exists and be able to measure what it intends to measure. There are many types of validity but this study identifies with Campbell and Stanley (1963). They defined two major forms of validity; "internal" and "external". Per the authors, internal validity is the term used to refer to the extent with which research findings are a

true reflection or representation of reality rather than being the effects of extraneous variables. External validity on the other hand addresses the degree or extent to which such representations or reflections of reality are legitimately applicable across groups. However, reliability refers to the ability of a research method to yield consistently the same results over repeated testing periods. Therefore, the researcher is optimistic that if other researcher carries out this study, it is expected that using the same or comparable methods should obtain the same or comparable results each time using the same methods on the same or comparable subjects. However, the most important concern of this research is ensuring that the findings are valid and reliable. Therefore, for this study's findings to be valid and reliable it adopted two major critical strategies (triangulation and thick description) as suggested by (Glaser & Strauss, 1967; Lincoln & Guba, 1985; Miles, & Huberman, 1984), as essential for producing trustworthy and believable findings in qualitative research.

Triangulation refers to the use of two or more data sources, methods, theoretical perspectives and approaches to analysis in the study of a single phenomenon and then validating the consistency among them. The use of multiple sources increases validity and reliability of data in this case study research. Multiple theories were used to analyse and support research findings *theoretical triangulation*; the use of more than one source of data is my collection *data triangulation.* The researcher recorded vivid descriptions of the information gathered from the participants and went back to them to show them the data they had provided earlier through interviews and "member-checked" it after the recorded data which was collected had been transcribed and summarised (Cresswell & Clark, 2007). Participants gladly approved and authenticated the data collected from them. The researcher ensures proper documentation of all information relating to the phenomenon accurately. Comparison of this study's result with explanations and descriptions of the current literature contributed to the accuracy of this study (Yin, 2009). The major goal of this study adopting triangulation is to avoid the personal biases of the researcher and to overcome the inadequacies inherent in single-investigator, single-theory, or a single-method study so that the research findings will be valid and reliable (Denzin 1970).

Thick description is an important strategy for evaluating the validity and reliability of qualitative research. Thick description in qualitative research can be systematically evaluated only if the criteria and procedures are made explicit. Therefore validity and reliability can only be judged if a very detailed account of the context within which the

study is carried out and a detailed description of the research procedures adopted from the beginning to the end is given (Lincoln & Guba, 1985). Lincoln and Guba refer to this as auditability and it means that if there is appropriate thick description of a research any reader or other researcher can follow the progression of events in the study and understand its logic. To attain auditability of this study the researcher describes, explains and justifies the following: how he became interested in the study, identified the specific purpose(s) of the study, how theoretical sampling was done, how the data was collected involving the number and types of data collection methods and procedures used in the study, when and how data was analysed, how reliability and validity were answered (Corbin & Strauss, 1990). The authors strongly urge qualitative researchers to adhere to these criteria discussed for answering credibility, unless there are exceptional reasons for not doing so.

## 4.7 Limitations of the study

The limitations in research writing are the factors that the researcher may not be able to control that may influence the outcome or the result of the research. Such factors may include any shortcomings or influences beyond the researcher's control such that may restrict the researcher on his/her methodology and conclusion. However, researchers are expected to discuss or highlight any limitations that may have influenced the result of their thesis (Baltimore County Public Schools, 2015).

The thesis proposed 20 participants but due to subject saturation only a sample size of 17 participants was selected to explore African migrants' experience in small business activities in Auckland. Another limitation was the researcher's decision to source and select African small business owners (participants) running their businesses in the Auckland region. However, Auckland was chosen as the city of focus for the study because it is the largest city in New Zealand with 1,415,550 [33.4%] (Gomez, King & Jackson 2014). According to The Ministry of Business Innovation & Employment, (2014). Auckland is New Zealand's business centre and houses about 50% of New Zealand's African population. The African population in New Zealand in 2013 was 13,464 and out of this 6,306 reside in Auckland (New Zealand Statistic, 2013). Participation in this study was open to African small business owners from any country in Africa. The study excluded South African small business owners because there have already been a number of studies on South African small businesses in New Zealand. For

instance, Meares et al., (1979) interviewed 13 white South African entrepreneurs at both Auckland and Hamilton on the successes of their business.

Studying one ethnic immigrant group in Auckland, New Zealand might be seen as limiting the study and its findings to that group alone. The fact that the researcher is a member of the African ethnic community could result in culture bias from co-ethnics believing that the findings might be unique to the African migrants in business in the research study, and therefore perceived as being only relevant to African immigrants and their businesses.

Qualitative research relies on the researcher's subjective interpretation, as well as the subjective nature of participants' perceptions and perspectives. Qualitative interview data are subjected to memory recall and may include self-serving responses. Every effort was made by the researcher to accurately reflect the participants' viewpoints and guard against the subjective nature of the interview and the errors that may be associated with data being subjected to recall and the issues of self-serving response. The researcher's understanding of what was important to the respondents shaped this thesis and is what is naturally expected of a researcher.


## 4.8 Summary

This chapter presented the philosophical assumptions supporting this study and discussed the ontological position that emphasised the researcher's view point. This chapter also discussed the researcher's epistemological view of knowledge guiding the study as well as African epistemological beliefs. The researcher chose appropriate methodology for the study to answer the research questions. This study adopted an interpretive case study approach using techniques such as interviews, observation and field notes as sources of inquiry. A purposive sampling technique was used to select 17 participants. All participants were African migrant small business owners running their businesses in Auckland. The limitations associated with the study were discussed.

The research discussed why thematic analysis was used to examine the collected data. It is considered the most desirable analytical method for qualitative research because of its informed objectivity and its ability to enhance the validity of the research if the process is followed sequentially (Anderson 2007). The researcher concluded that because of the size of the collected data the study employed the use of NVivo, a computer data-analysis

software package, for organising, recording, sorting, matching, and linking collected data. The next chapter (Chapter 5) presents the data collected from the field.

# CHAPTER 5
# PRESENTATION AND ANALYSIS OF DATA



**Figure 5.1: Presentation and data analysis structure**

## 5.1 Introduction

This chapter discusses and analyses the demographic background of the participants and the responses from the interviews conducted with 17 African migrant small business owners in Auckland. The data contained in this chapter includes thick description and analysis of African migrant small business owners' experiences in Auckland. The data collected details the participants' experiences in the labour market, their motivations to

move into small business activities in Auckland, the challenges they faced running small businesses, and the attempts they made to overcome the challenges. Using the NVivo (10) software for data management, the collected data was summarised and coded (Miles & Huberman, 1994).

In the research process, data presentation and analysis occurs as a stage after data collection. The data collected in this study is of a significant length because it is text-based and its analysis involves many verbatim quotes from the participants' responses to interviews. Creswell (2009) argues that qualitative research is characterised by its ability to generate a huge and cumbersome database because of its dependence on text and words from field notes and interview transcripts. Therefore, to make data analysis easier and more meaningful for the readers, the researcher decided to organise analysis into two sections reflecting the research questions. Thus, section one analysed participants' responses to the main research question (*How do African migrants perceive their experience of small business activities in Auckland?*) and the follow-on question (*What experiences do African migrants have in the labour market?*). Section two analyses participants' responses to interview questions with a focus on the three remaining questions:

*What motivates African migrants to engage in small business activities in Auckland?*

*What are the challenges encountered by African migrants setting up small businesses?*

*How do they overcome these challenges?*

## 5.2 Research process

The study initially targeted 20 African small business owners in Auckland. Purposive sampling was adopted in this study because there are no institutions such as an African business association in Auckland (or anywhere else in New Zealand) that could provide a survey population of African businesses in New Zealand. In addition, there was no available data from the Ministry of Business, Innovation and Employment (MBIE) regarding the number of African migrant businesses in New Zealand.

Data was collected through semi-structured, face-to-face interviews with the business owners. All of the interviews were conducted on the business premises, by prior appointment. Interviews began in April 2015 and were completed by June 2015. After the 17th interview, it became evident that saturation had been reached because no new

information had been gained from participants. Saturation occurs when the collection of new data sheds no further light on the phenomenon under investigation (Glaser & Strauss, 1967). Following the interviews, the data was coded using NVivo 10 software, which helped to identify recurring themes in the interview transcripts.

## 5.3 Participants' demographic and business information

This section presents the participants' demographic information such as gender, age, and country of origin, qualifications, time in New Zealand, the reason for migrating and the age of their enterprises. In addition, participants' business information is presented detailing the nature of their businesses, the location, the classification of enterprises and number of employees.

### 5.3.1 Participants by age and gender

The age and gender of the 17 participants are identified in the table below (Table 5.1). The participants were aged between 30 and 58 years old, and their gender distribution was six males and 11 females. The reasons for gender imbalance in the context of this thesis is that most female participants claimed that their mothers ran small businesses in Africa, either in the front of their houses or a rented shop. It is the cultural norm for female children to learn the art of their mothers' business. Therefore, most female participants in this thesis had learnt one or two business skills from their mothers before migrating to New Zealand. This was especially the case for the fields of African beauty and culture, which explains why 11 participants are women working in the beauty industry and African food sectors of the economy. In addition, African women are mostly involved in business to assist the family, and there is often a need for them to be closer home to attend to children and family. Gender imbalance wasn't investigated, as it was not central to the study.

**Table 5.1: Participants by age and gender**

| Age | Total | Male | Female |
|---|---|---|---|
| 30-34 | 3 | 0 | 3 |
| 35-39 | 3 | 2 | 1 |
| 40-44 | 5 | 4 | 1 |
| 45-49 | 2 | 0 | 2 |
| 50-54 | 3 | 0 | 3 |
| 55 above | 1 | | 1 |

**5.3.2 Participants' reasons for migrating**

The most common reason given for migrating was to seek a better life as indicated in table 5.2. More than half of the participants interviewed said they migrated to New Zealand to improve their life circumstances as participant Halle states, *"I migrated to New Zealand to develop my career and have a better life*". Mat and Matiness said they had lived in Germany for five years and enjoyed their stay there. When they decided to move countries, they came across information on New Zealand that convinced them it might be a significant improvement to Germany in terms of offering the opportunity for a peaceful life. Matule, Jully and James came to New Zealand to explore the country's natural beauty, environment and temperate weather. They found themselves staying in New Zealand because the culture is less materialistic to their home countries, people seem friendly and trustworthy, the scenery and environment is beautiful and they experienced social acceptance. Man and Nathaniel indicated that they migrated to New Zealand for a change of environment for a short term; never expecting it would become their permanent abode.

Regarding other reasons for immigrating to New Zealand, Mohammed, Hamid, Janet, and Rose wanted to reunite with their families. Ruth and Hajia migrated as refugees because of the political instability in their country.

Emily migrated to New Zealand with her parents when she was a teenager: *I came with my parents when I was a very young "kid". I did not know where we were coming to and when we got to New Zealand, I did not know where we were. I was told the story later because I kept asking. As a kid growing up I never knew any country that I can call my country except New Zealand. I grew up, married and start raising my nuclear family.*

**Table 5.2: Participants' reasons for migrating**

| Participant | Reason for migration |
|---|---|
| Halle | To develop career and forge a better life |
| Keji | Seeking a better life |
| Mohammed | Family reunion |
| Man | Change of environment for a better life |
| Hamid | Family reunion |
| Janet | Family reunion |
| Mat | Seeking a better life |
| Matiness | Seeking a better life |
| Rose | Family reunion |
| Matule | Seeking a better life |
| Nathaniel | Change of environment for a better life |
| Ruth | Refugee |
| Hajia | Refugee |
| Jully | Seeking a better life |
| Emily | Came with family at a young age |
| James | Seeking a better life |
| Ama | Family member was offered a skilled job |

### 5.3.3 Participants by nationality

Table 5.3 below contains data on participants' nationality, the qualifications attained and number of years in business in New Zealand. The table shows that eight participants were of Nigerian nationality, four nationals were from Ghana, there was one national each from Congo, Somalia and Sudan and two participants were of Ethiopian nationality. However, 16 of the 17 participants were either New Zealand permanent residents or had citizenship, while only one had a special visa limiting him to run a business in his chosen profession.

### 5.3.4 Participants by qualification

Table 5.3 shows one participant (Janet) held a doctorate (PhD), three participants (Mat, Matiness and Ama) had Masters Degrees, and two participants (Halle and Man) had postgraduate diplomas. Keji, Rose, Matule and Nathaniel had Bachelor's Degrees. Mohammed, Jully, Emily and James held diplomas. Hamid and Ruth had high school certificates, while Hajia has no qualification.

### 5.3.5 Participants by years in business

Four participants had each been running their businesses for more than five years while three participants had been in business for more than four years. One participant each had also been in business for three, seven, 18 and 20 years respectively. Two participants had been running their businesses for 10 years, and four participants had only started their business within the last two years. This is illustrated in Table 5.3 below.

**Table 5.3: Participants' nationality, qualifications and years in business**

| Participant | Nationality | Qualification attained | Years in business |
|---|---|---|---|
| Halle | Nigeria | Postgraduate Diploma | 1 year plus |
| Keji | Nigeria | Bachelor's Degree | 1 year plus |
| Mohammed | Somalia | Diploma | 10 years |
| Man | Nigeria | Postgraduate Diploma | 5 years |
| Hamid | Sudan | High School certificate | 5 years |
| Janet | Nigeria | PhD | 4 years |
| Mat | Nigeria | Master's Degree | 5 years |
| Matiness | Nigeria | Master's Degree | 4 years |
| Rose | Ghana | Bachelor's Degree | 10 years |
| Matule | Congo | Bachelor's Degree | 1 year plus |
| Nathaniel | Ghana | Bachelor's Degree | 7 years |
| Ruth | Ethiopia | High School certificate | 3 years |
| Hajia | Ethiopia | None | 1 year plus |
| Jully | Nigeria | Diploma | 18 years |
| Emily | Ghana | Diploma | 4 years |
| James | Ghana | Diploma | 5 years |
| Ama | Nigeria | Master's Degree | 20 years 6 months |

### 5.3.6 Participants by years in New Zealand

Table 5.4 below shows that four participants had been in New Zealand for between five and nine years. Seven participants had been in New Zealand between 10 and 14 years

while five had been in New Zealand for between 15 and 20 years and only one participant had been in New Zealand for more than 20 years. By comparison, more than two-thirds of participants had been in New Zealand for more than 10 years.

**Table 5.4: Participants by year in New Zealand**

| Years in New Zealand | Total |
|---|---|
| Less than 4 years | 0 |
| 5-9 years | 4 |
| 10-14 years | 7 |
| 15-20 years | 5 |
| 20 years above | 1 |
| **Total** | 17 |

### 5.3.7 Participants by classification and nature of business, number of employees and location of business

Table 5.5 shows that 12 participants classified their businesses as a sole proprietorship. Six out of these 12 ran their businesses as beauty salons and hairdressers and in the sales of international beauty products. One participant each ran a business in party rentals and events management, events management and decorations, automobile sales, African restaurant and coffee shop, product representative for African products and beauty salon and hairdressing. Three participants were involved in family businesses; two of these were in African food, African fashion and beauty product distribution, while one was trading and distributing confectionery. One participant was a self-employed person engaged in lawn mowing, and another ran a welfare service and retail business engaged in African welfare services.

Six participants employed two people; two participants had four employees each and three participants each employed one staff member. One participant had three staff members. Four participants did not have any employees working for them. Three out of this four were sole proprietors, while one was self-employed.

Six participants had their businesses located in South Auckland; nine were located in West Auckland, while two were located in Central Auckland. More than half of the participants had their businesses located in West Auckland because most African

immigrants reside there. The decision of the participants to have more of their businesses located west of Auckland is supported by Bauer, Epstein and Gang's (2005) rationale that the existing ethnic profile of a particular location has an important influence on the choice of migrant business location. Immigrants tend to locate their businesses where there is a high concentration of ethnically similar migrants.

**Table 5.5: Participants by classification and nature of business, number of employees and location of business**

| Participants | Classification of business | Nature of business | Number of employees | Location of business | Suburb of business residence |
|---|---|---|---|---|---|
| **Halle** | Sole proprietorship | African food and products distribution | One | South Auckland | Middlemore |
| **Keji** | Sole proprietorship | Party rentals and events management | Two | West Auckland | Avondale |
| **Mohammed** | Family business | African food and product distribution | Four | South Auckland | Mt Roskill |
| **Man** | Family business | Product distribution | One | South Auckland | Otahuhu |
| **Hamid** | Self-employed, service | Lawn mowing | None | Auckland Central | Pt Chevalier |
| **Janet** | Family business | African food and product distribution | Four | West Auckland | Henderson |
| **Mat** | Sole proprietorship | Automobile sales | One | West Auckland | Henderson |
| **Matiness** | Sole proprietorship | Events management and decoration | Two | West Auckland | Henderson |
| **Rose** | Sole proprietorship | Beauty salon/ Hair dressing | Three | West Auckland | Henderson |
| **Matule** | Sole proprietorship | Beauty salon/Hair dressing | Two | West Auckland | Massey |
| **Nathaniel** | Trust, service and retail trade | NZ African welfare services | Two | West Auckland | Henderson |
| **Ruth** | Sole proprietorship | African restaurant and coffee shop | Two | South Auckland | Mt Roskill |
| **Hajia** | Sole proprietorship | African goods | None | West Auckland | Avondale |
| **Jully** | Sole proprietorship | Beauty salon/ Hair dressing | Two | South Auckland | Papatoetoe |
| **Emily** | Sole proprietorship | Beauty salon/ Hair dressing | None | West Auckland | Henderson |
| **James** | Sole proprietorship | Beauty salon/ Hair dressing | None | Auckland Central | Mt Albert |
| **Ama** | Sole proprietorship | Product representative, Beauty salon/ Hair dressing and African goods | Five | South Auckland | Papatoetoe |

**5.4 Section 1. Analysis of participants' responses to interview questions**

This section discusses and analyses responses to the interview questions from participants on the main research question and the first sub-question: How do African migrants perceive their experience with small business activities in Auckland and what experiences do African migrants have in the labour market?

Themes and quotes were generated from participants' responses to interviews based on each research question.

**5.4.1 African migrants' impression of New Zealand**

In this section, the researcher describes the participants' impressions of the New Zealand environment in which they conducted their business. Participants were enthusiastic about the interviews once the appointment time had been agreed and their responses were welcoming, honest and emotional. They all commented that they had been waiting for a study of this nature where they could speak about their experiences so that their voices could be heard.

**5.4.2 African migrants' positive impressions of New Zealand**

Six participants were impressed with New Zealand and its environment. Three female respondents believed New Zealand would be ideal for raising a family. These participants were impressed with the positive physical environment of New Zealand, which they described as *beautiful*. Keji said:

*Before I came, I had a cousin living in New Zealand and he told me New Zealand is a good country with a good standard of living, that it is a place where one can raise a good family. So, based on that, I decided to come and make a try. When I came, I met a very beautiful country. My first impression of New Zealand was very good. I saw a green environment, good roads, quiet environment and peaceful. My cousin had been in New Zealand for some time, so before I came, I had a good impression of New Zealand. My cousin drives me around, no accommodation problems or food and almost immediately, I had a job straight away after my orientation. Everything went good for me; indeed, it was all positive and an impressive experience.*

Matule expressed her positive impression of New Zealand:

*I was impressed by New Zealand when I arrived because of its quietness and the perceived peace and stability. For these reasons, I quickly concluded that New Zealand would be an ideal country for me to live and raise a family.* Hamid agreed: *I see New Zealand as a unique country with unique beauty, unique weather, and environment and unique with humble people.*

Halle, Man, and Jully were impressed with the serenity of New Zealand's physical environment. According to Halle: *after arriving at the airport, I found that the country was much quieter than Africa where I am coming from – everywhere I go I see green grass and vegetation, everything seems organised.*

In the same vein, Jully expressed her unreserved good impression of New Zealand: *my impression was exactly what I have heard of. I found that there were not many Africans. Immediately I arrived at the airport and as I was being driven out, I fell in love with Auckland.*

Mat and Matiness researched New Zealand before they left Germany. Their findings were positive and that aided their decision to relocate. However, they found that New Zealand was not as quick to adapt to change as other western countries. Matiness said:

*Before we came, we heard New Zealand is laid back. When we came, I found that New Zealand is truly laid back not in the negative sense but like they relax, not like hustling as in America, UK and other developed countries of the world. I observed that New Zealand is quite relaxed in a lot of things. I saw that New Zealand is multi-cultural, open and very receptive of other people. New Zealand gives everyone opportunity to do what they want to do legally. I observed too that racism is on a minimal scale compared to some of the places I have been to.*

### 5.4.3 African migrants' negative impression of New Zealand

Four participants were not satisfied with their experience of New Zealand for various reasons. Some expected to see a country bubbling with human activity with many people in the cities, and some were looking forward to New Zealand as a place where it would be easy to quickly get a job because of the size of the population. Others that had travelled to Europe and America were expecting to see skyscrapers in the cities and residential blocks.

Expressing his view of New Zealand, Mohammed said:

*I was full of great excitement before I left my country. I thought when I get to New Zealand I will see high and tall buildings. But when I took off from the Auckland Airport to the city, I started to see small houses and empty land with scanty population. Seeing these I thought I was at wrong country and I asked myself where I was because the picture I drew in my head before I came was a place with skyscrapers, with very busy and huge population bubbling with life like New York. When I came here, I was surprised to see an almost empty country.*

Ruth said:

*New Zealand is quiet, but to me the quietness makes me depressed because it is very hard to go to somewhere, difficult to find friends. I stay home all the time, I do not know my neighbours and those that I know hardly talk to (me and I hardly talk to them). It was not good for me so to avoid deep depression I had to start looking for a job for years without getting any. I think this country is good for old people because they need a quiet environment because they are tired and cannot work again.*

James arrived in New Zealand on Sunday and was disturbed with the emptiness of Britomart and other parts of Auckland City. Unable to hide his disappointment with this James said:

*Before I came, I chose Auckland City as the best place for me to live because I learnt it was the biggest city, most populous city, where everything happens. My expectation and impression of Auckland, New Zealand was to see something big and a lot of things happening. When I came on Sunday, the city was very scanty, like a ghost of itself. I said it could be because it was Sunday that was why everywhere was empty. On Monday I went to the city, I did not see people as expected, and I was wondering where people are.*

*During my stay in Auckland, for years I have realised that business wise New Zealand is not good because there are not enough people to patronise you when you run a business. When there are no people, business cannot do well as well as the government will not be able to realise its potential. New Zealand cannot depend on beauty while there are no people in it.*

Nathaniel thought that New Zealand would be heaven on earth; not in terms of a beautiful environment, rather, in terms of easy access to jobs and other social needs. However, Nathaniel said:

*When I got to New Zealand, I saw that even if you want to work, the job is not there. If you get the job the pay is nothing to write about. Coming in I thought there will be lots of difference like good money, houses. Getting to New Zealand I was wrong in my thoughts.*

## 5.5 How African migrants perceive their experiences with small business activities in Auckland

This section discusses the experiences African migrant small business owners have when running a business in Auckland. Following interviews with participants about their perceived experiences of the New Zealand business environment, they were then interviewed about their experience of running a business in New Zealand. The intention was to find out what the participants experienced at start-up, in the process of running their businesses, and later, when in contact with their customers. In other words, participants were interviewed about their activity-based experiences while running businesses in Auckland, New Zealand. As seen in Table 5.6, five themes emerged from participants' responses to the interviews: the high cost of running a business; a small size of the population meaning less customers; the difficulties of running a business; the ease of starting or setting up a business; and the inability of customers to pay for services rendered.

### 5.5.1 High costs of running a business

Five participants experienced high costs while running their businesses in Auckland. These included high power bills, high rents and high taxes. For this reason, Matule said:

*Running business has been a nightmare for me. Part of my experiences is that there are so many expenses to pay in running business in Auckland. To be candid, it has been quite tough, though I am hopeful tomorrow will be better. It is terrible to the extent that since I started this little business expenses have continued to be on the high. I cannot generate income to pay myself. Difficult to the extent that I cannot get money to support myself and my family, but I continue running the business because I have hope for better tomorrow.*

Ruth was full of hope when she commenced her "African restaurant and coffee shop" business, but after a few years, she started to experience the high costs of running the enterprise. All costs associated with the business had increased without a corresponding increase in sales. Ruth was angry while answering this interview question, saying:

*My experience in this business is that it is taking all my life. I am determined because if I give up I will lose lots of money invested so I keep going to pay my high rent and other bills. God has continued to give me the strength to be strong. I hope I am going to win. My experience in running this business has been that I give all my time and work seven days a week for every hour in a day; I work all around the clock. At night time, I cook as I cannot employ people to cook for me because I can't afford it. I am not making profit because costs are high and no customer to patronise. The painful aspect of my experience is that sometime what I make from the business is not enough to pay bills. To ensure the business make profit I decided get my husband involve for help in the business both of us were not receiving pay, I also introduced coffee yet the business is not better off.*

Emily explained her ordeal while running a business and said,

*You can't believe I must get loan sometimes to pay for my rent as well as other bills. Worst of my experiences is that rent has gone up, tax has gone up. I am just living day-to-day I am working for the bills. By the time, I pay tax, power, rent, water and other associated bills I am not making anything. This situation is having a terrible effect on me, my family and business. I hope it will not consume my life. I am thinking of taking up a salary job if I can find because I will be having steady income to make plans. Do not be surprise if you come next month and the business is closed.*

### 5.5.2 Small population and less customers

Five participants related their experiences of running a business in New Zealand in regards to population size. They all agreed that the size of a country's population plays a big role influencing higher sales leading to profit. They argued that the low levels of African migration to New Zealand have a negative effect on their profits. This is particularly true for those that are involved with trading African goods. They believed that unless the African population increased to a sizeable level like the United Kingdom and the United States of America, then it is only possible for a few African businesses to make a profit.

According to Volery (2007), one of the factors that motivate ethnic migrants into business is the availability of the migrant ethnic population. This same factor is important for the growth of the business because without customers the business would succumb to natural attrition.

Matule narrated her experience of low customer turnout and its effect on her business:

*I have been personally going through a difficult time. As you know, New Zealand is a very small country. Population is a big factor for us in business to make a successful business. Migrant population in New Zealand keep reducing because most of them relocate to Australia, if this trend is not controlled migrant will be discouraged from going to business.*

Two of the participants claimed that in the past business had been booming for them and they were making reliable profits because customers patronised them, but these days business has taken a negative turn. In her response, Emily said:

*When I started this business, I thought it would be busy always. Though I experienced busy periods when I started, but as time goes I started to experience negative turn out of customers because of economic downturn and stuff thing went very bad. People are not spending as expected because they don't have money. Business was not as good as when I started and as expected.*

Similarly, James said:

*My experience in running this business in New Zealand is that there are few customers among the few available most does their hair at home and they only come to a salon to do their hair once in two months. Coming to do hair once in two months would not help*

*me as a business owner neither my business also. I started the business more than five years ago; I am still running at loss. Comparing this with what I was making in the same business in South Africa is unimaginable. If I cannot break even after five years I do not think, I will ever. I may soon close the shop.*

However, the comments made by African migrants in this study concerning the small size of the population (both the African and the New Zealand population as a whole) and the impact of this on their businesses is supported by Volery's (2007) argument. He claims that for immigrant or ethnic enterprises to succeed in their host countries they are dependent on a significant migrant population, education, the size of the economy as well as the economic climate, business opportunities, and cultural and religious diversity.

### 5.5.3 Challenges of running a business

Five participants related their experiences of running businesses in Auckland; the challenges they experienced starting the business as well as running it. Some explained that it was like a war for them at the start because of their inability to meet some requirements. After the business, had taken off, other unexpected challenges came up. While discussing this with Mat, he said:

*My experience as an African migrant running a small business in Auckland has been very hard and challenging given the fact that running a business in Auckland is quite different from where I am coming from. Therefore, not only as a migrant but also as a migrant small business owner I need to learn the New Zealand way of life, how the business environment operates here in New Zealand. Their buying attitudes and consumer behaviours all these must be learnt given the fact that what migrants learnt about business before coming to New Zealand is quite different to what is obtainable in New Zealand. This was quite difficult for me because before I started my business I was working full time with a business outfit. Despite the knowledge acquired of how to run a business in New Zealand, it still took me two years to start making profit.*

Running a business became difficult and challenging for Matiness when other small businesses running the same type of enterprise entered the market. The business environment became very competitive and it started to affect her business. She started to do more marketing to create more awareness of her business. Matiness concluded:

*My experience has been very challenging because when I started to have competitor my sales started coming down. As a small business owner, I manage the structure of my business myself properly and the operations as well as the marketing all these were quite hard to run alone. My experience of running my small business is like a web and I am caught in it. I run a lot of things in the business, because it is expensive to engage people, therefore if I am down the business is down. So, I conclude that my experience had been very challenging.* These challenges had been identified by Gaskill, Van Auken, Howard & Manning (1993). When migrants' businesses are established in a very competitive environment with a poor marketing strategy, they will have difficulty running the business at a profit.

Nathaniel had an accounting background before migrating to New Zealand. Because he could not get a job, he opted to change his career to social work by taking on further study, thinking that it would be easy to get a job after completing a degree in this field of work. After completing his degree seven years ago, and still unable to find a satisfactory job, he began a small migrant business in African welfare and advocacy. He shared that running this business in Auckland had been very difficult. Nathaniel concluded:

*My experience at the start-up was difficult and hard. It started from sourcing funds to take-off. I had to sell some of my properties. My experiences in running this business, was not easy too at the beginning because as a black man going into a business that is dependent on government for funding was difficult. My business was never given enough funding there was always complaints from government. Welfare business cannot succeed without adequate funding. I have gone into it before I realised that there were lot of politics associated with welfare funding in New Zealand.* Nathaniel's submission is relevant to the view of Brenner et al. (2000) that most migrant business have difficulty accessing formal capital. Similarly, Mohammed said:

*As a migrant with a low income, it is always difficult to start your own business. We started with low capital and this business has been on for 10 years now. We agree that New Zealand is a good country to live but difficult for small business because of the small population. People and businesses are struggling because the expenses are very high. But it has been very difficult to survive and keep the business running.*

### 5.5.4 Ease of starting or setting up business

Participants have mostly been concerned about the high cost of running their businesses, low customer turnover, and how difficult it has been for them to start and run a business. Despite these problems, the participants were of the view that New Zealand is one of the few countries in the world that has enabling laws governing the purchase of a business. Five participants were happy with their involvement in New Zealand business because the regulations and legislation made it easy for them to establish their enterprises. This was rather than having adequate capital or being able to meet other common challenges. This assertion was emphasised by participants with experiences living in another country and not being able to set up business because of difficult rules and regulations.

Expressing her happiness, Keji said:

*I was able to purchase a business of my choice without much problem. Every detail of the business was explained to me and I was allowed to make funding on the business before payment. My banker was supportive. Without this, where would I start? I lived in Australia for four years and while there, I struggled to set up a business and attempted to buy a business but it was difficult compared to New Zealand. The enabling law in New Zealand has practically helped me to fulfil my life ambition of becoming a small business owner.*

Mohammed never believed he would be involved in business life in New Zealand as a migrant, or that he would be able to create a business. He was full of praise for New Zealand – the relaxed rules for small business set-up enabled him to register and start his business.

Mohammed shared his experience:

*To be honest, I never thought I would be involved in business in New Zealand as an immigrant. I thought I could not create business. However, this was possible because of the ease of starting small business in New Zealand irrespective of people's nationality. With the help of family and friends, we thought we could help our people to integrate into the New Zealand population. With the help of family and friends, we started our own business from scratch. However, my experience of the New Zealand business environment has been very good – our business has grown though we have challenges.*

Hamid will never forget New Zealand. He came to New Zealand to reunite with his wife but found it difficult to pick up a job. After a long run of failure in his job hunt, he was

assisted by friends to start a lawn mowing business. His friend registered the business for him, bought him the mower and helped get a used van for his business operations. After doing this for years, he said:

*My experience in small business in New Zealand is that New Zealand people are good and law setting up business seems easy compare to where I am coming from, I got financial and material support from friends and with an introduction to a few customers by friends, I became an African small business owner. When I think back today I still wonder and doubt that am I the owner of this business. This business allows me to work on my own. I became my own boss. I work anytime I feel like working. I pick up my kids from school at three o'clock, I can stop work to go and pick up my kids.*

Mat realised that migrant small business owners needed to familiarise themselves with how businesses should be run in their host countries. They should have the basics of how business should be run in New Zealand before going into business. He knew he needed to study the New Zealand business environment because of socio-cultural differences between the country he came from and New Zealand. Therefore, he thought of what to do to learn all these before starting his own business. To achieve this, he sought work as an employee to understand how business is run. He commented:

*When I was working in a business outfit, they were generous enough to let me know how they run the business. This also helped me to see how they deal with people, how they deal with situations and how a business organisation works. They assisted me on how to register my business. This contributed to my experience of how to run my own small business and contributed to my ability to run and succeed in the business for seven years. Above all government supported me in my attempt to register because it got to a point that I was not interested again government official kept calling and send me mails.*

Mat concluded:

*I had been to two or more countries before coming to New Zealand, trying to set up business but not possible because of the rigidity associated with setting up business, particularly when you are a migrant. However, in a practical sense, I found New Zealand supportive and a very good platform to start and run a small business irrespective of your ethnicity. Some practical experiences I had was on many occasions IRD came to my church to lecture us (African small business owners) on how to work out taxes, how we can request for assistance regarding taxes from IRD. Many times, I have attended free discussions and trainings on prospects for small businesses at the Auckland Council. The*

*New Zealand business environment practically promotes specialisation in small business and being involved in small business in New Zealand for more than seven years has made me realise that more than 85% of businesses in New Zealand are small.*

Rose had been to many countries, and in every country she visited she always acted as an ambassador for African culture. She loved to show people the rich cultural heritage of Africans, although she was very appreciative of other cultures as well. Having run her business in New Zealand for more than seven years, she related her experience by saying:

*My experience in running small business is that it has enabled me showcase part of what my heritage is about as an African woman and culturally I can place myself in the community. I love been part of the community and I think this is the way I can give a piece of me and serve the community. It has been a good experience even though I had my ups and down which is normal in business. I also experienced meeting people from various cultures and ethnic backgrounds it has been great even though I had some challenges. However, I did not start this business from the scratch; I took over the business when it was at the edge of closing. This was only possible because of the flexibility of the rules governing acquisition of business in New Zealand.* She concluded that all this was possible because: *New Zealand is a great country where universal human right is allowed irrespective of your race or colour.*

Reviewing the literature about this context, Klapper et al. (2006) conducted a study in Europe and found that migrant entry into business in some countries is determined by harsh institutional regulations, which often discourage migrants from participating in business. Similarly, Ardagna and Lusardi (2008) found regulatory barriers to be one of the obstacles preventing migrants' access to entrepreneurship in Greece. The authors said that in 2005 the Greek parliament adopted a bill that stated migrants should have 60,000 Euros in their bank account before they could start a business. While such barriers have a serious impact on migrants, seeking to set up businesses, in this study participants did not mention any harsh regulatory barriers preventing them from setting up business enterprises.

### 5.5.5 Customer inability to pay for services rendered

Nathaniel narrated that his type of business is to promote African welfare. However, while dealing with other Africans, he found out that they did not have money to spend because

they were mostly refugees and depended on support from the government. For this reason, they were unable to purchase the used items that welfare offered to them at giveaway prices, much less new items. Nathaniel said:

*I feel for the Africans who come to our shop. When we place $10.00 on an item, they will bargain for $2.00 and when we ask them, why they are bargaining so low they will respond that they have no job and the support they receive from the government is not enough. Because we are there for their welfare but also want turn over to continue to stay in business, we will give it out for $3.00.*

James narrated his practical experiences in the New Zealand business environment. As an African migrant small business owner dealing mostly with his ethnic community, he found that most were just too poor; they were not earning much because they depended on government welfare. They would take any job they could find, which did not fetch them much money. James concluded by saying:

*They come to the salon once every three months or twice a year when I braid hair for them for six hours. They will beg to pay me little or nothing - same thing happens when I cut hair for some of them, when I ask why they complain they say they are not working, that they are on a benefit. Most of the time, I let them go.*

**Table 5.6: African migrants' experiences of business activities in Auckland**

| Experiences in business activities | High cost of running business | Smaller population/ customer | Challenges of running business | Ease of starting or setting up business | Customers unable to pay for service |
|---|---|---|---|---|---|
| Participants | | | | | |
| Halle | | | | | |
| Keji | | | | ✓ | |
| Mohammed | | | ✓ | ✓ | |
| Man | ✓ | | | | |
| Hamid | | | | ✓ | |
| Janet | | ✓ | | | |
| Mat | | | | ✓ | |
| Matiness | | | ✓ | | |
| Rose | | | | ✓ | |
| Matule | ✓ | ✓ | ✓ | | |
| Nathaniel | | ✓ | | | ✓ |
| Ruth | ✓ | | | | |
| Hajia | ✓ | ✓ | | | |
| Jully | | | | | |
| Emily | ✓ | ✓ | | | |
| James | | | ✓ | | ✓ |
| Ama | | | ✓ | | |
| Total | 5 | 5 | 5 | 5 | 2 |

## 5.6 Impact of the migrant experience in business before coming to New Zealand and its effect on their new business

This section examines the impact of previous experiences migrants had in business before coming to New Zealand. These experiences relate to their home country or other places they had lived in before arriving in New Zealand. The intention of the interviews was to find out if the success of participants' current business has to with their experiences abroad.

Waldinger, Aldrich and Ward (1990) argued that one of the attributes of migrant business success is their pre-migration experience which includes migrants' possession of required business skills. Experiences are not bought but are acquired. From my interactions with

the participants during the interviews, one common factor for progress was their involvement in business before coming to New Zealand

Most participants indicated that they had experiences and skills needed to succeed in running businesses in their host country. Twelve participants had attained business skills and experiences before migrating to New Zealand (Halle, Keji, Mohammed, Man, Hamid, Janet, Mat, Matiness, Rose, Nathaniel, Jully and James). Five participants had no business experience before migrating (Matule, Ruth, Hajia, Emily and Ama). Six participants acquired their strong business skills and experiences from a family business prior to migration (Halle, Keji, Mohammed, Man, Janet and Mat) while another six had personal business experience, meaning they did not learn the art of business from family members (Matiness, Jully, James, Hamid, Nathaniel and Rose). This group of migrants claimed that these skills and experiences had a very positive impact on their current business and their lives. Participants made interesting comments on their view of the importance of acquiring skills and experiences in the migrant's country before migrating (for migrants who desire to run businesses in their host countries). Keji said:

*I did have business experience before coming to New Zealand. My parents were into business. My father had his own business in Nigeria, he is an electronic/electrical engineer. He was into consultancy, buying and selling electronics and electrical parts. My mum was in business too. I worked with them and I had the knowledge to run a business. The experiences and skills I had from these businesses in my country impacted on my current business in the following ways: the training I had from my parents and their businesses. I was exposed to how to run a business from my childhood and my father will always tell me that it is better to be your own boss than to serve somebody. He always says, "Serve yourself rather than serving someone else", "you can never be rich serving somebody". That has impact and has made me realise that I need to have my own business. I have been working as a nurse for so many years, 28 years, and what I am achieving now in my own business within a year of buying this business I have seen the difference. I enjoy free time within my business, I enjoy my family more and we go out more because I choose my time. I do not have to work night shifts or morning or afternoon shifts. Rostered jobs control life, now I have a free life and more money.*

Before migrating, Man carefully considered options for what he could do in the host country – applying for jobs or doing business. In preparation, he focused on learning the family business to enable him to start a business, if in the event he could not get a job in

time. He was ready for anything. When he arrived in New Zealand, he was unable to secure the job he had envisaged. Hence, he opted for a business. Man concluded:

*I was born into a business family. I grew up seeing my parents doing buying and selling. A good number of my brothers in Nigeria are still in business while I talk to you now. When I was in a tertiary institution, I was with one of my brothers helping him in his business. The act of buying and selling has always been part of me. I studied marketing at tertiary institution so marketing businesses have always been part of me. My previous experiences and skills have contributed a lot to my current business. If I do not have those skills, like the technical knowhow in terms of how to relate with people, business forecast, work ethics, things that can propel me in the business world, I might have possibly failed in this business. However, my skills and experiences and my family business experiences, business background experiences, work experiences in Nigeria and my tertiary qualification, these factors have made it easier for me to do well in business in New Zealand.*

Janet explained that while she was in Nigeria with her family, she and her husband had good jobs with good pay and they were not lacking. However, they realised that working for paid employment only served as a source of salary, which alone was never enough to support one's lifestyle through to retirement. Therefore, they considered undertaking business ventures to serve as another source of income for them then and after retirement. Eventually, they ran three businesses in Nigeria before migrating to New Zealand. As Janet said:

*In Nigeria, we ran a clinic and an optical centre and they are still there in Lagos. We had a pure water business and some other businesses. My experiences and skills acquired from my previous businesses have a positive impact on my current business because then I learnt so much on customer service and customer satisfaction. This has helped me in my current business – that customers are king and should be treated so. I have also realised that it is good to have your normal paid work and at the same time have business to support it.*

Six participants had personal business skills and experiences. This group of participants did not have any family with a business that they could learn from; rather, they acquired their business skills and experiences from the businesses they established themselves or for whom they worked. They claimed that they had opportunities to secure a good job in

the labour market, but because of their passion and their belief that owning a business is better than being employed, they went ahead and set up businesses.

Matiness said:

*I was into consulting business in Nigeria. I go to offices to train employees on the use of computers. I taught at homes too. The experiences and skills I had from my involvement in business in Nigeria have influenced my current business in New Zealand because it serves as a solid foundation. I believe that if I can survive in running a business in Nigeria, I will survive in running a business anywhere in the world.*

Jully was running a hairdressing and beauty salon in Lagos, Nigeria for 12 years before relocating to New Zealand. Jully happily related that:

*I had extensive business experience before coming to New Zealand. I was into hairdressing and beauty in Nigeria for years I have been doing same business in New Zealand. The great experiences and skills I acquired back in Nigeria are what have kept me and the business going in Auckland.*

James had developed good business skills and experiences from two countries (Ghana and South Africa), and was running the same business in New Zealand. He shared that:

*I was in to barbering, braiding and other African beauty in Ghana and South Africa. I was doing this business for more than ten years in both countries before I came to New Zealand. In New Zealand, I have been doing same business for five years now. My experiences and skills from Ghana and South Africa have positive impact on my current business. It was a very good experience in South Africa. I used to have two different salons in South Africa and I employed about 30 people with good sales.*

Hamid, now a lawn mower in New Zealand, had experience of labouring jobs while in the Sudan. He used to work at a concrete site and iron forge and he looked very strong and healthy. Hamid said: *Working at labour site in Sudan has been helpful for me as lawn mower in New Zealand because I am used to hard jobs. I am also a boxer and I train people in boxing.*

Nathaniel acquired business skills and experience when working with the Salvation Army (Family House, Henderson). In addition, while in Ghana he worked with his uncle selling recycled items and used the proceeds to help the orphans in his community. Nathaniel stated: *These two-pieces of experience are the greatest asset for my continued survival as a migrant small business owner and the African welfare as an entity in New Zealand.*

Rose is an expert in African hairstyles and beauty, especially African hair weaving, plaiting and braiding. Rose learnt the art of doing these by working in boutiques in Ghana. Rose concluded: *I thank God for learning these arts while I was in Ghana, today I am an African ambassador of culture in New Zealand because of what I learnt when I was young.*

In contrast, five participants (Matule, Ruth, Hajia, Emily and Ama) did not have previous business skills and experience before they migrated to New Zealand. Matule had no experience of running a business in her homeland of Congo because neither she nor her family had ever owned a business. She did, however, acquire some business skills through voluntary hairdressing for Congo women. She related:

*Saying business experience, per se, I do not really have any but doing hair in Africa or Congo particularly is a legacy that we pass on from generation to generation. Doing hair for me has been a passion. I am loaded with experiences because I have been doing it daily for years.*

Ruth and Hajia had no business skills or experiences before migrating to New Zealand. They explained that this was because they migrated to New Zealand as refugees and had had no opportunity to become involved in business before relocating to New Zealand. However, Ruth reported that she went to South Africa and Australia to observe how her preferred type of business is run. Emily migrated to New Zealand with her parents when she was a little girl, and for this reason, she possessed no business skills or experiences before migrating. Likewise, Ama did not have business skills and experience before migrating because she was a university teacher in the United Kingdom before migrating to New Zealand. Ama concluded: *I think because I was a trained lecturer from the UK never ventured into business, which made it difficult for this business to take-off on a sound footing.* Entrepreneurship studies revealed that migrants with prior business experience could have the skills and business capabilities to assist him or her to identify and exploit future business opportunities in the host country (Shane, 2000).

## 5.7 Job search experiences in the labour market

This section details responses to the second research question: "What experiences do African migrants have in the labour market?" Participants were asked about the experiences they had in the New Zealand labour market when searching for jobs before starting businesses. African migrant small business owners' job search experiences in this study revolved around five main themes (luck and time, difficulty gaining employment, racism and discrimination, qualification downgrading, and English pronunciation). The series of experiences participants went through are highlighted and discussed below.

### 5.7.1 Luck and time

Three participants (Keji, Rose and Emily) had positive experiences in the New Zealand labour market, and they attributed these jobs search experiences to "luck and time". Keji was philosophical when answering the question about her job search experience.

*Everything works with time, if someone arrives at a place at the appropriate time. Even if there is open racism or discrimination, with God he/she will get job because your employer will have no choice other than to give you the job and this was exactly what happened to me.*

She arrived in New Zealand when there was an extreme shortage of nurses and it was an easy and direct path for her to obtain immediate employment with the Auckland District Health Board as a nurse. Ruth continued:

*An employee of the Auckland District Health Board a day before told me that I should come and apply for a nursing job. I went to the council the second day and was lucky that the next few weeks were going to be orientation for nurses already employed. I applied and few days after interview and other procedures were completed and two weeks after I was invited for the orientation. My performance was good at the orientation and I was employed.*

She concluded: *I always sympathise with African migrant nurses that came four or more years after I came because it was mostly difficult for them to secure nursing jobs at that time.*

Rose was lucky enough to pick up a job that was waiting for her when she arrived:

*I have been lucky enough not have gone through job searching because when I first arrived in New Zealand my husband had a cleaning company business and he had already made a position available for me before I arrived. I quickly got into that with him and started working, A year after that, in 2007, I then started running my business.*

Rose narrated that she had come across many people at her hairdressing salon, both African and non-African migrants, who had been searching for jobs for years having good qualifications. She found the personal experiences these people shared with her distressing and their job search experiences unbelievable. She said that at one time she was talking to a woman from Zambia who had been in New Zealand for about three years and had spent two of those years unsuccessfully searching for a job, despite her qualifications. According to Rose: *it was ridiculous that she got all the qualifications yet she cannot find a job. I was heartbroken when the Zambian woman said, "I feel it is the colour of my skin that is causing the blockage".* The participant explained that the Zambian woman was not the only person that had made such a comment concerning their joblessness. She added: *being jobless affects so many things in migrants' life; it is hard for them they have family to feed.* Rose concluded:

*Because I could not hold it again and because of the Zambian woman's suffering with her family, though she does not know anything about hairdressing I gave her a job, trained her on what I was doing at least for her to make a living and make her better than nothing. It was unbelievable that someone so highly qualified like her could not get a job in New Zealand. It is not that the woman has not done interviews but waiting to hear from them is just endless troubles.*

Emily came to New Zealand when it was easy to get a job, irrespective of ethnicity. Everything was positive for her – she trained in New Zealand and gained graduate certificates in her profession (hairdressing). She got a job immediately after graduating and then worked for 11 years at a salon. However, after a trip back to Africa to attend her grandfather's burial, she had difficulty finding another job.

Fourteen participants had negative job search experiences in the New Zealand labour market, while either applying for a job or while working for an employer. The remaining four themes identified from the interviews are discussed below, and these themes reflect the negative experiences of the participants. Some participants had more than one negative experience in the labour market. For example:

- Difficulty attaining employment

- Racism and discrimination
- Qualification downgraded
- Accent issues

## 5.7.2 Difficulty attaining employment

Eight participants shared their experiences of how hard it was for them to get a job in the New Zealand labour market as an African migrant. Henderson (2004) argued that migrants will continue to experience difficulties finding employment in their host country for many reasons. Mohammed needed to work when he arrived in New Zealand because he needed to take care of his family left behind in Africa. The participant's first challenging experience was that to get a good job, he needed to study English language for a year. While he was studying, he worked in a supermarket (now called Countdown) in the afternoon and worked the night shift somewhere else. While he was studying, he was full of hope for getting a good job immediately after completing his English course. He lamented that:

*When I completed my English course, it became more difficult for me to get a job in Auckland as employers were asking for experience, Kiwi2 references, accent and fluency in English. I was advised to go to Hastings for a good job. Hastings was worse to get a job compared with Auckland, however I ended up picking fruit, working for two shifts 6:00am to 2:00pm and 4:00pm to 10:00pm.*

When Man came looking for a job, he presented his certificates to New Zealand employers and discussed his skills and experiences, but to no avail. Man attended a number of interviews but received only follow-up emails of rejection; He recalled samples of rejection mails he had received: *Thank you for your time and effort in presenting yourself for the interview. Despite the most careful consideration, the interview panel is unable to consider you for the second round of interviews. Thank you for your interest in this position we would like to wish you well for the future.*

Sometimes after the interviews, the participant would receive a phone call saying, *we will keep your CV in our database,* and He found it frustrating that employers would not consider him, despite his qualifications and experience. The participant showed me five

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2 Kiwi is a colloquial term for person from New Zealand.

different rejection letters to prove his statement and recalled the interview he had with the company Coca-Cola:

*We were there for seven hours waiting to be interviewed. At the end of the day, they called me and said we are sorry that we will not be able to go on with the interview process. I got angry with myself because I know in the job I applied for I could spring miracles in that aspect so I wondered what the big deal was about the interview.*

Similarly, Hamid could not get a job for several years and found the situation very difficult. He applied for jobs at PAK 'n SAVE and with cleaning businesses but was unsuccessful. He was never called for interviews even though the jobs he was applying for were mostly odd jobs. He said that finally, *I went into lawn mowing when I started having depression. My friends saved my life by supporting me to start a mowing business otherwise, I might have died.*

Mat came to New Zealand in September 2006 with a Master's Degree in mechanical engineering from Germany. Arriving in New Zealand, he discovered that the job opportunities were quite different from what he was used to in Germany because New Zealand did not have a car manufacturing plant. He knew there were no job prospects that matched his qualifications. Therefore, he knew he had to do something different. His first job experience was a mail sorter at New Zealand Post. Mat said:

*I was doing mail sorting with that experience I began to understand how New Zealanders behave in their offices, the type of attitude I need to have to be able to do the type of job I am interested in. Though doing this job was a relief on my bills, most of the time I looked at myself and said, 'I am going backward because of migrating.'*

Mat's job search was not limited to this one experience; he applied for more than 50 positions, including in his area of qualification as a mechanical engineer. Only three potential employers called him for an interview, and none gave him a job. He did not understand the terrain – he had imagined it was like where he had come from where holding a certificate or degree was a guarantee of employment. He thought that immediately he got to New Zealand he would get a job as a mechanical engineer.

Searching for jobs was difficult and challenging for participants. Matule came from a French-speaking country, which meant her qualification was not recognised in New Zealand. She sent her CV to different companies but received very little feedback and

what she did receive was negative: *We regret,* or *we will call you back.* She commented that:

*It is difficult for me to remember the number of applications I sent but I know they were many. I even ended up doing voluntary jobs in various companies, just to try to put my head in to see, maybe something would come in. However, at the end of the day nothing came in. I thought they were being discriminatory.*

Nathaniel tried hard to find a job, but it was not an easy task. He applied for jobs in more than 20 organisations before he was finally able to find one – although it was lower than his qualification. Ruth's experience of the job search was similar to Nathaniel's. Ruth searched for a job everywhere, but she could only find a cleaning job. She said that to improve her prospect of getting a good job, she attempted to enrol in study but was denied because she did not have permanent residency and she could not afford to pay international fees. Jully could not recollect the number of applications she had made for jobs advertised in the *NZ Herald* and other newspapers that she knew she could do. Whenever she called to follow up applications, she was told that the position was no longer available. According to North (2007) employers in New Zealand do discriminate against migrants in their attempt to secure employment by asking them for New Zealand work experience when migrants have never been employed in New Zealand, and asking migrants for New Zealand qualifications when migrants had not been schooled in New Zealand.

### 5.7.3 Racism and discrimination

Seven of the participants (Halle, Matule, Nathaniel, Ruth, Hajia, Jully and Emily) interviewed experienced one form of discrimination or another – the only difference between their experiences was the degree of discrimination. However, these participants shared the practical experiences of the discrimination they encountered while looking for a job and after they had started working. Min and Bozorgmehr (2003) argued that immigrants mostly encounter discrimination in their quest to secure jobs in their host country. Previous research also found that immigrants in New Zealand were discriminated against while searching for jobs (Butcher, Spoonley & Trlin, 2006).

When Halle applied for the position of a nurse, she was called to interview. On arrival, the interview was cancelled. Halle believed that the cancellation was because of her colour. She also experienced discrimination when she was looking for accommodation: *Despite the evidence of my good job and drivers' licence, it was still difficult for me to secure accommodation to rent from the agency; instead, the houses I applied for twice were given to whites.* Matule felt that it was difficult to prove there is discrimination in New Zealand; however, her experiences seemed to suggest its existence:

*I have learnt that New Zealand is a very sensitive country and people try their best not to show to you that they discriminate or they do not want you or something like that, but some way, somehow, they do show some portion of discrimination in what they do. For example, sometimes when I am in a bus sitting and I found that white people do not want to sit with me because I am black.*

Nathaniel believed that when African migrants apply for a job, employers will look at the migrant's qualification on paper and with luck, the migrants might be called for an interview. However, when the employer sights the migrant, their typical response is to say that the applicant does not have New Zealand experience. Nathaniel concluded:

*Kiwis' decision not to give jobs to most Africans including me is based on colour, because the management of some Kiwi organisations have concluded that because they serve a wider community who are not Africans, giving customer service or other front desk jobs to an African might lead to their customers not being willing to talk to the African employee because of the colour of the African's skin or accent.*

According to Nathaniel, there is a great deal of discrimination in New Zealand society, especially in the process of securing employment. Nathaniel shared his experience further: *When I was working with childhood for the family I visited a family and one member of the family asked me, 'Where do you come from?' I gladly answered 'Africa' and he responded, 'You are lucky to be here.'*

Nathaniel had more discriminatory and challenging experiences when he was a taxi driver:

*When I was driving cab, I experienced lots of discrimination from my passengers. After picking up passengers and driving them, before I dropped them they would provoke me before they paid. They would ask me discriminatory questions like, "Aren't you lucky to be here? Where are you from?" and when I answer "Ghana, Africa", some would say, "In Ghana, Africa do you live in a tree, do you live with monkeys, do you see lions on the*

*road? You are lucky to be here."* Finally, *instead of them paying me the correct fare, they would just drop $20.00 on the seat and walk away when they ought to have paid $40.00. Sometimes they would not board my taxi while in the queue and preferred to board the one behind me because they would not be comfortable driven by an African.*

Ruth had terrible discriminatory experiences when she was working as an employee. Her boss and supervisors gave her all the jobs that they felt were not good for "Kiwis" to do. When she asked them, *is this supposed to be my job?* They replied, *yes, you have to do it because you are not qualified and that is the job you are good at. You can't do anything, so whatever we tell you to do or give it to you to do, you must do otherwise you can leave.* Ruth added, *Sometimes I cried when they say this to me.* When Ruth was working at a childcare centre as a cleaner, she cleaned while the children were eating. After the children, had woken up from sleep, her employer would tell her to *remove all the children's diapers, clean them up and replace the diapers.* She had been employed as a cleaner but she did not know what her job schedule was – either cleaning or looking after the children. Whatever they told her to do, she had to do. She said, *I kept doing this not because I was happy doing it but because of survival and I had bills to pay.* She concluded:

*The most shocking discrimination I experienced was when I got job as a barista3. My employer said I had to work seven days in a week and I said to her no one will look after my daughter and I demanded to have Sunday off for my daughter. She said to me I should choose between the job and my daughter. I replied to her I choose my daughter and she asked me to go. Though she has two kids, she doesn't appreciate the importance of motherhood for children.*

Similarly, Hajia shared her experiences of discrimination by two supervisors she had worked with at different offices. She explained that her general experience was that Kiwi employers discriminated against African migrant job seekers and those that were employed. *They think because we are black we cannot do anything good, so they tend to be discriminatory to us.* She continued:

*I was working as a caregiver 10 years ago, one of my supervisors then said to me, "Go away you bloody black, and go back to your bloody country." When I was also working as a cleaner, my supervisor treated me different from other workers because I am black. I always cried but I had to do the job because I got family feed and bills to pay. When I*

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3 Barista is someone who makes and serves coffee and coffee drinks to customers

*couldn't bear it any longer, I had to leave. The supervisor came back to beg me but it was too late, I had made my mind even though I was jobless after.*

When Jully arrived in New Zealand, she had a very close Kiwi friend. After searching for a job for a long time without success, Jully told her friend that there was racism and discrimination in New Zealand. However, her friend told her that there was no such thing in New Zealand. Jully applied for a job, and when she called to follow up, she was told the job was no longer vacant. Jully immediately asked her friend to call the company to ask if the job was available. On calling, she was told that the job was still vacant. Her friend was annoyed and immediately notified the Department of Labour to report this incident; however, the department did nothing.

Emily believed she had discriminatory challenges because of her skin colour. She said when she was working at a salon as a hairdresser; some Kiwi customers made discriminatory comments to her. Emily said:

*One day a customer walked in to our salon and my boss pointed to me to do the customer's hair. The customer said to my boss, "I don't want that black to touch me or do my hair". That affected my work and me though I went through this experience most times while working there.* According to Kloosterman and Rath (2004) discrimination and racism encountered by immigrants in their job search and in other areas in their host community pushes them to start a small business.

### 5.7.3.1 Discrimination encountered in running businesses

In the previous section, participants shared their experiences with me about the discrimination they encountered during their job search. This section discusses the discrimination encountered by African migrants running small businesses in Auckland. Participants that experienced discrimination and racism while running their businesses freely shared their experiences with me during interviews. Keji, Man, Matiness, Nathaniel and Emily narrated the discriminatory experiences they had while running businesses in Auckland. Keji described her discriminatory racist experiences as a business owner:

*When I attend business network meetings at Auckland Chamber of Commerce, we were expected to mix and go around shaking hands and introducing ourselves. Most of the time, I find I am the only one standing alone – being the only black business woman in the meeting and all others are white. No one will come to me to say hi until I go to them. So, most times when I attend meetings I feel isolated and unless my friends are there, no*

*one will come to me. It is very depressing sometimes. Though, sometimes when they don't come to me, I go to them. I consider this as discrimination based on colour. My colour serves as a challenge because I am from Africa and I am black. The impression Kiwis have about businesses owned by blacks is that they don't want to deal with blacks and black businesses. When no African client calls or I make a business call and they hear my voice they tell me they will call again. If I succeed to reach an agreement with them, they just cancel it with no reason when they realise that I am an African and they will give the deal to a Kiwi. I got to know that they give the deal to Kiwis because all of us in the same business meet at a meeting at the Auckland Chamber of Commerce. As a member of the Chamber of Commerce, if I have a client who left me for another business, at meeting we discuss. The thinking of the client is that if I have a Kiwi who can do it, why should I give it to an African. I think colour affects migrants, especially migrants from Africa.*

Man had discriminatory experiences similar to Keji while running his business. When he went to stores to distribute his products, people look at him as if it is strange to see a Black man as a distributor. Man found this intimidating and felt it disadvantaged him and his business. Matiness experienced discrimination from one of her customers who came and told her that *she thought this was going to be a big shop*. Matiness was disappointed and asked the customer what she meant by "I thought it was going to be a big shop". Matiness then asked the customer, *what are you looking for that you can't find here?* Matiness felt that her customer's statement amounted to discrimination and the fact that the customer never returned was because she was prejudiced against Matiness' skin colour. Nathaniel believed that the reason the government cut or reduced the funding to New Zealand African Welfare Services was that it was for and managed by black people. His findings of government funding for welfare services showed that the same funding cuts did not occur for white welfare services. Emily felt that some people were difficult because she was an African. Emily said most Europeans and non-Africans would walk into her salon and ask her stupid questions, such as, *do you know what you are doing? and Do you think you can do my hair?"* After that, *they sit down to see what I can do with other clients then some may request me to do their hair. Most times they are surprised, it is everyday challenge I go through because of my skin colour.*

### 5.7.4 Qualifications downgraded

This section presents and analyses the experiences of participants regarding the downgrading of the qualifications they acquired before relocating to New Zealand.

Qualifications acquired by migrants from their home countries are evaluated by the host country's qualification evaluation agency, the New Zealand Qualification Authority (NZQA). The process involves the participant submitting his or her qualifications for evaluation to NZQA either before or after arrival to establish the equivalent position of his or her home country qualification to that of New Zealand. This submission is voluntary, except when requested by the employer or government to assess skilled migrants.

Five participants (Halle, Janet, Mat, Matiness and Nathaniel) shared their experiences of the after effect of evaluating their overseas qualification to secure a job in New Zealand. Halle was a highly qualified nurse when she arrived in New Zealand. However, she was unable to get a job over the course of a month, despite having completed the required nursing registration and examinations. This resulted in her taking lower-level jobs such as caregiver and nursing assistant. She worked in these positions for some time before she could get a job as a registered nurse. Janet shared her experience saying:

*I had a degree in social work from Nigeria, which is categorised as level 8. NZQA assessed my home country qualification and placed my qualification at level 7. Despite that I was still not able to secure a job. I was only able to get a job when I was not referring to my qualification and experience on social work. The first job I got did not have anything to do with my qualification. When I got to New Zealand, I could not secure a job with my qualification and we had bills to pay. My husband's pay alone cannot sustain us I had to retrain as a caregiver (level 4). However, my experience regarding job search was that I had picked up a job that was far less than what I expected, regarding my qualifications, experiences and skills.*

Mat had a Master's Degree from Germany before migrating to New Zealand. His qualification was evaluated and found equal to same type of Master's degree offer in New Zealand. Despite that, Mat, still had challenges with his job search. He was unable to get a job quickly and was only able to get one as a mail sorter at New Zealand Post when he stopped stating his qualifications and experiences. Mat narrated further by saying:
*When I started receiving a lot of rejections of my applications, then I began to repackage my CV but the situation was still same. When I removed my master's qualification from my CV, I started receiving phone calls for interviews. Then I realised the higher the*

*qualification of an African migrant, the higher the difficulty of getting a job in New Zealand, especially if the qualification is not obtained from New Zealand.*

Similarly, Matiness described her experience of having her qualifications downgraded after evaluation by NZQA when she arrived in New Zealand:

*I had a higher diploma in business from my country (Nigeria) before I came to New Zealand and NZQA did an evaluation of my qualification and gave my qualification level 5. In my country, a higher diploma is equivalent to level 7. This is supposed to be level 7 by New Zealand standards. So, using this qualification to look for job means I was applying for job two levels below my qualification and experience. Despite that, I was not able to get the job.*

Nathaniel was an accountant from Ghana. Years after relocating to New Zealand he was unable to get a job. First, he opted to be a cab driver but was challenged by racism and discrimination. Nathaniel drove a taxi for 12 years but found the job full of hazards and discrimination. He decided to retrain himself by going to school to read social work. With all this experience, it was still difficult for him to get a job until he floated a business. Nathaniel intimated his experience:

*I qualified as an accountant in Ghana but to get an accounting job for me in New Zealand was not possible, maybe because of my colour. Despite the downgrading of my qualification by NZQA I could not get a job, when I further stepped down my qualifications I could still not get a job. Because of these situations and the need to survive, I started driving a cab and I became a "chartered accountant cab driver". After having a deep thought I concluded that for me to be out of this joblessness I needed to retrain myself in a course at university that getting job with the certificate acquire from the study will not have race undertone. Hence, I went for social work – a qualification/ position that was lower than my qualification but better than a cab driver. This was one of the jobs in New Zealand where my accent, colour, where I come from doesn't matter and because it was in high demand in the society. However, the same problem was still there when I completed my program on social work. My conclusion is that even if an African migrant downgraded his/her qualification or the NZQA downgraded it, or if he/she retrained for a lower or higher grade, the probability of getting a job would still be zero in some cases if you are black, have an accent and other visible characteristics of an African.*

The experiences shared by the participants were consistent with the revelations made by other migration studies. Valenzuela (2000) held that one of the negative job search experiences preventing immigrants in their host country from securing employment is the downgrading of their overseas qualification. It is painful for migrants to have spent so much time and effort to acquire these qualifications, only to be downgraded at their arrival in New Zealand.

### 5.7.5 English pronunciation

This section discusses and analyses the challenges that African migrants have with the pronunciation of English words and their speech both in job seeking and at work. A few participants discussed the challenging experiences they had with the pronunciation of English words and speech.

Jully and Ama shared with me their experiences concerning their accent. Jully claimed that most of the time she talked to Kiwis on the phone or face-to-face, they claimed they were unable to understand her, even though she spoke good English. To Jully, this appeared to be a common response among Kiwis, especially when they received phone calls from her. He felt that Kiwis also have an accent. Jully concluded: *If I could hear and understand them (Kiwis), they too should strive hard to hear and understand me because we all have an accent.* Similarly, Ama said: *I am black, I have an accent like every ethnic group. I think because of my accent when I applied for jobs, I was never considered, especially when I made a call after sending the application for follow up.*

Table 5.7 below represents five different themes identified from the transcribed responses to interviews by the participants.

**Table 5.7: Job search experiences in the labour market**

| Participants | Luck and time | Difficulty getting employment | Racism and discrimination | Qualification downgraded | English pronunciation |
|---|---|---|---|---|---|
| **Halle** | | | ✓ | ✓ | |
| **Keji** | ✓ | | | | |
| **Mohammed** | | ✓ | | | |
| **Man** | | ✓ | | | |
| **Hamid** | | ✓ | | | |
| **Janet** | | | | ✓ | |
| **Mat** | | ✓ | | ✓ | |
| **Matiness** | | | | ✓ | |
| **Rose** | ✓ | | | | |
| **Matule** | | ✓ | ✓ | | |
| **Nathaniel** | | ✓ | ✓ | ✓ | |
| **Ruth** | | ✓ | ✓ | | |
| **Hajia** | | | ✓ | | |
| **Jully** | | ✓ | ✓ | | ✓ |
| **Emily** | ✓ | | ✓ | | |
| **James** | | | | | |
| **Ama** | | | | | ✓ |
| **Total** | 3 | 8 | 7 | 5 | 2 |

## 5.8 Impact of experience gained from previous employment in New Zealand by African migrants starting a business

This section discusses and analyses the experiences gained by participants from previous or existing employment in New Zealand and what impact those experiences have had on their current businesses.

Eleven participants claimed that the experiences they gained from their paid employment had contributed to bringing their businesses to its current level. Halle claimed that her experiences of paid employment impacted positively on her current business. As an employed nurse, she learnt how to be patient, friendly, and respectful and to value other

peoples' cultures. Knowing how to meet the needs of her patients meant that she was also able to meet the needs of her business customers. To retain her customers, she needed to support them, learn about their cultures and adopt the philosophy that the customer is always right.

Keji said:

*The experiences I gained from relating to people in my paid job had provided me with the ability to relate to Kiwis not only in business but also in other aspect of life in New Zealand.*

In contrast, Mohammed pointed out that his experiences in paid employment were *very different* to what his business required since his business targeted only African migrants. However, he gained some experience in customer service from working in a corporate environment.

Similarly, Rose said:

*My experience from my paid job and current business (hairdressing salon) are two different experiences because I work with my husband in his cleaning business and we mostly go for the job after office hours. We do not interact with people, just clean and get out.* Therefore, the experiences gained working as a cleaner did not relate to her new business. James' first paid job affected his current business. James did not know how to do white people's hair when he arrived in New Zealand.

According, to James:

*My experience from my first paid job had some impact on my current business because when I came to New Zealand, I did not know how to do white people dreadlocks. I learnt how to do it at my first place of work in New Zealand, and this has been helpful in my business I am confident to do any human hair now irrespective of your race and colour.*

Man and Mat gained experience in customer relations networking and customer quality satisfaction in their previous paid employment. This subsequently helped them to attain a higher percentage of customer satisfaction in their current business. Matule shared that the experience she had gained from her previous employment had impacted positively on her current business because the acquired experience gave her the opportunity to develop good communication skills and to interact with people, especially through customer services. The experience had greatly helped her in her current business.

Nathaniel established the New Zealand African Welfare Services with a vision to empower African migrants and refugees to integrate into the New Zealand community. He strived to achieve this by encouraging collaborative partnerships between government and key decision makers, other organisations, businesses, churches and the wider community. The participant said:

*I was lucky to have worked for one year in an organisation that does the same type of business that I later established. Everything my current business is today I attribute it to my previous work experience especially at the Salvation Army.*

Ruth narrated that even though she encountered racism and discrimination when she was in paid employment, she was full of appreciation to God because she was trained a barista by her employer:

*The experience I had from my previous job has positively impacted my current business. I worked as a kitchen hand. They had a coffee machine and I was interested in learning how to use the machine. I was lucky my employer sent me on a course on how to use it. I learnt how to use the machine to make coffee. When I finished the course, I started to make coffee. I am grateful today that the experience I had in my previous job especially the kitchen hand, coffee making and training as a barista had an immense impact on my current business because today I run a coffee shop along with my African food.*

The experience Emily had with her paid employment gave her a greater understanding of how to run her own business, although she had challenges with that too because of her skin colour. The challenges included racist comments from customers. However, while employed, Emily learnt how to manage situations relating to race and discrimination. This knowledge helped her when she started running her business because the situation continued to occur.

The literature reviewed on this subject reveals that migrants' paid work experiences in their host countries, as well as the supportive environment will contribute to migrant business success (Aldrich. & Waldinger, 1990). Similarly, Kristiansen et al. (2003) suggested that migrant business success is determined by migrants' managerial know-how, industry experience, social skills and entrepreneurial readiness.

## 5.9 Number of people employed by African migrant businesses

In this section, the researcher presents and analyses the responses of the participants to the contribution of African small business to New Zealand as employers. The information collected revealed that thirteen participants had between one and five staff working for them. Daniel et al. (2002) argued that migrants bring a great deal of investment into business and create employment for both migrants and non-migrants in their host country.

Halle, Man, Mat and Ruth each employed one staff member in their businesses and paid them the minimum wage prescribed by the New Zealand government. Ruth runs an African restaurant saying:

*My husband used to work with me, but now he no longer does because the type of pay he receives does not meet his expectation and we are not making profit. He applied for bus driving; he got the job so he is driving a bus for now. He needs to help his family in Africa, he need to make money.*

Keji, Matiness, Matule, Nathaniel and Jully each employed two staff members.

In contrast to Ruth, Matule, who runs a hairdressing salon said:

*Although two people work for me they are my daughters. They resume to the shop after school hours but they are only paid 'in kind' and not in cash because neither the business nor I can afford to pay them.*

Rose ran an African beauty salon employing three people. She said: *I could only afford to pay them minimum wage. The employees are happy with it because the job also serves as a training platform that has helped some of them to establish their own similar businesses.* Janet and Mohammed were in the same type of business (African food and products) and each employed four people. The highest employer of labour among the participants was Ama who paid five employees the New Zealand minimum wage. She ran three businesses: product representative, hairdressing salon and African goods. Mohammed and Ama are the two participants who claimed that their employees were properly paid according to New Zealand standards.

**5.10 Section 2. Analysis of participants' responses to interview questions**

This section focuses on the researcher's discussions and analysis of participants' responses to the following research questions: *What motivates African migrants to engage in small business activities in Auckland; what are the challenges encountered by African migrants setting up small businesses; How do they overcome the challenges.*

**5.10.1 Motivation into small business activities**

Participant responses to the interview questions revealed that African small business owners were motivated by more than one factor. Their motivations to start small businesses revolved around eight themes. Three motivations were apparent in most of the 17 cases. As shown in Table 5.8, the motivation mentioned by the highest number of participants was 'community service' followed by 'need for extra income', 'financial independence', 'cultural', 'open opportunity', 'passion', 'be my own boss', and 'disadvantaged in getting a job'. The following discussion represents the outcomes of the interviews and the verbatim quotes from the participants concerning the main reasons why they went into business.

**5.10.2 Community service**

Eleven participants were motivated by business because of the desire to serve their community. According to Liargovas and Slandalis (2012), immigrants, through their different ethnic, social, and economic activities as well as cultural backgrounds, play an important role diversifying their host community's economic growth and promoting cultural understanding, especially in their immediate ethnic community.

Halle was motivated into small business activities because of the need to serve her African community, which was lacking African food. So, she started the business. Halle said: *my type of business has been around before but the only difference is that nobody had started selling food that all Africans need irrespective of their country of origin. Other businesses before me only specialised in getting food from individual African countries, such as Nigerian foods for Nigerians, Sudanese foods for Sudanese. Therefore, I decided to go into this type of business because some African people lack their indigenous food. According to an African proverb, before you think of buying clothes you think of food because you need to feed the inner body first for it to be able to carry the outer body.*

*Your tummy must be filled first. So, when my people can see the food they need to buy, their problem is half-solved. I regarded African food business as a cultural business and I felt selling African continental food in New Zealand can be used to build cultural unity among all African immigrants. So, for this reason I started selling all African food irrespective of country of origin.*

Similarly, Mohammed went into small business purposefully to serve his African community. He went into business when he saw the difficulties and hardship his community was facing getting items they needed such as traditional African clothes and food. His business responded to the uniqueness of his people and the need to help them fulfil their desires, especially the desire for traditional clothes since most of his people found it difficult to wear the clothes available in New Zealand. The participant viewed this as an opportunity to serve his people.

Janet was concerned to serve people from her ethnicity because it gave her pleasure. She said:

*I am satisfied and pleased when people come to my house or order some African delicacies and I am able to deliver for them to eat. I am particularly happy inviting new African migrants, especially those that migrated without their families to my house to prepare and serve them with special African delicacies. I do this because I know African men are very passionate about their traditional food and it could be agonising if they can't have it in months or years pending when the family will be able to come and join. This business started from the love and concern I have for the African immigrants here in New Zealand.*

Mat, Matiness and Rose were all motivated into business because of the need to help their various communities. Mat said he felt the need to provide goods that his community was struggling to come by.

*I saw a resentment feeling that my people are not satisfied with what they are getting from the society. Therefore, I took it up upon myself to bring things that my people needed at the right time and for a cheaper price that will facilitate a good return for me.*

Matiness had a great desire for designs and decorations. She started an events management and decorations business through her community church because of the need for it. She said: *I believe the house of God should always be beautiful and pleasing, I feel it is awesome to always make the house of God beautiful.*

Rose became motivated to start her business when she realised the need to serve her community. She said:

*I am full of joy serving my community because I was brought up in the way of serving and helping people. Though I strongly believe that you can't give what you don't have. I know I am blessed enough to be able to give out.*

Nathaniel was strongly motivated to start providing welfare services to his African ethnic community when he realised there was a need for it. His business was a non-profit making organisation, but he was included as a participant because his business was the only one of its kind for African communities in New Zealand. He also ran a small business selling used items to African migrants. While he was working at the Salvation Army, he found that many community organisations were providing welfare services for their ethnic, cultural groups. He found that there were Samoan and Maori welfare organisations empowering their ethnic communities. This was the main factor that motivated him to become involved in African welfare. He said:

*There are lots of Africans in New Zealand but there is no organisation like Salvation Army to provide the African community with welfare services and empower them except churches, where the pastor provides advice but is not as a trained social worker. With the growth of the African population in New Zealand especially in Auckland, I thought that it will be good to set up a similar organisation. To provide a safe home for any African that can come and talk to the trust where their issues will not be discussed in public. Therefore, I started the business when I found that my community needed a welfare/trust service where they can discuss their problems and issues without the public knowing about it. I felt in this area I will be able to use my experiences and skills to serve my community better. However, we had challenge of location, we chose west of Auckland (Henderson) because of high concentration of African community.*

Ruth had travelled to many countries, including Europe, Australia and South Africa. Everywhere she went, she discovered Ethiopian restaurants with Ethiopian food. Ethiopian food is particularly well accepted in Europe and America. She had also travelled to most parts of New Zealand. Looking at the number of Ethiopians in New Zealand she was surprised that there were no Ethiopian restaurants anywhere in the country. This motivated her to start her Ethiopian restaurant business. Ruth concluded:

*So, I decided to set up one Ethiopian restaurant to serve the Ethiopian community as well as other communities interested in Ethiopian dishes. I thought we need to try it in Auckland, New Zealand though when I started some Ethiopian people said I was crazy. I prayed for God's guidance before I started. I thank God I am succeeding although with some challenges which are not limited to my business and me only.*

Hajia, Jully and Emily were also motivated because their community needed their services and experiences. Hajia said:

*I started the business because there was need for the business by the African community in Avondale, especially because of the number of African that lives in and around Avondale. There has been no African shop around Avondale; therefore, I primarily started because of the need by the African and Asian community.*

Similarly, Jully started her business when she found that the community she lives in was in need of a multipurpose hairdresser. She felt that with her experience and skills she could contribute to the growth of her community. In contrast, Emily went into business because she enjoyed dressing hair and she felt she would be able to serve her people by running her own business.

### 5.10.3 Need for extra income

This section discusses the experiences of participants that were motivated to start their small business because of the need to generate extra income to support their families. Two participants claimed that they were motivated by small business because of the need for extra income. Halle was a professional nurse and started her business when her pay from nursing could no longer sustain her family. She believed that she was not well paid in comparison to her colleagues in other countries, especially Australia where she lived previously. Halle said:

*The salary is so small and it was never enough if there was no extra income. Considering the cost of living in Auckland, I would not have been able to survive. For this reason and others, people emigrate from New Zealand to Australia, some workers in other countries like Australia will never come to New Zealand to work because the cost of living in New Zealand is too high, especially Auckland. Food is expensive, the salary is too small, utility bills are high; rent in Auckland is one of the highest in the world.*

She concluded: *as a black woman, I do not have the chances of moving higher at my place of work because of discrimination.* Similarly, Janet said: I *went into business because our family is large my pay and that of my husband can hardly maintain the family because we have big bills and other expenses, hence the need to go into small business to make extra income to sustain the family.* However, the decision of Halle and Janet to go into small business while still working in paid employment for monetary gain has been suggested in entrepreneurship studies. Alstete (2003) held that monetary gain had become a traditional motivator for entrepreneurs going into business.

## 5.10.4 Financial independence

In this section, the researcher discusses the justifications of two participants for why they were motivated by small business. Keji and Mohammed shared that they were motivated to start a business because they wanted to be financially independent – they did not want to look to others for income. Keji said: *I went to business to be financially independent; this has been my dream since I was a teenager in Nigeria. Everywhere I work at paid jobs in Nigeria, Australia, New Zealand I kept the dream in my heart I don't want to rely on paid employment working. I have been doing that for the past 28 years, I have had enough of it.*

Mohammed claimed that: *the most financially successful people in the world today are in business. Now I am financially good with this business I believe that soon I will be successful (millionaire) through this business*. He was motivated by the achievement of this group of people to start a business, hoping that from the business he would become financially successful. Similarly, Keji and Mohammed's narratives are justified because people go into business to realise financial gains, which translate to financial independence.

## 5.10.5 Cultural reasons

Three participants went into business because they wanted to promote and maintain their culture. Culture consists of the characteristics and knowledge unique to a group of people. It constitutes everything from language, religion, cuisine, social habits and music to the arts. It is regarded as the way of life for a group of people.

Janet was motivated to start a business because when she arrived in New Zealand, she found it extremely difficult to find African food anywhere and that, culturally, African men prefer to eat African food. Janet said that:

*While talking to people about their wellbeing, I discovered that food, especially our traditional food, is pertinent to their wellbeing. Because I frequently order traditional foods from home, it became natural to me that when people come newly to New Zealand I invite them over to come to my house to have family time together perhaps for dinner or lunch and serve them traditional African food. Doing this by one way or the other helps their wellbeing, and helps the development and growth of the African community.*

Janet concluded her narrative by saying:

*African food is about African culture and identity. We keep ourselves grounded in our wellbeing through our food; we keep ourselves grounded in our community through our food. That is who we are – being our brother's keeper, living a communal life, it is all about our identity. We ensure our identity is secured. This business developed from when people come for a visit – I prepare them traditional food like Eba (cassava flake) or Iyan (pounded yam). They will eat the food joyfully because they are still adjusting to New Zealand types of food. The business is culturally related or based.*

Rose is an African hairdresser and stylist. She started her business because of her deep love for African culture. Rose said, *knowing who I am and where I am coming from, African hairstyles are part of my cultural heritage. I derive great joy doing this. I started my business in New Zealand so that not only Africans, but all New Zealanders could experience African hair styles. For them to say*: "Hey this is good*", "This is cool", "Great".*

Matule was motivated to run a business, particularly hairdressing, because: *as an African, our hair is culturally a priority. We don't have much way of looking at our hair rather than doing hairstyles.*

It is consistent with the related literature where Metcalfe, Modood and Virdee (1996) hold that migrants such as Janet, Rose and Matule opt for owning their businesses for cultural reasons so that their cultural affiliations can support migrants' enterprises to grow.

**5.10.6 Open opportunities**

From the interviews conducted with 17 participants, four of them (Janet, Jully, James and Ama) were motivated into small business activities because there was an existing opportunity. Janet came to New Zealand 14 years ago, and according to her, there were few or no African businesses. She said: *Then there was an opportunity to establish relevant businesses to serve African people in need.* Similarly, Jully who came to New Zealand 18 years ago, said: *A few years after I came to New Zealand I found an opportunity to create a change in hairstyles for people, I started it gradually and converted it into to a business.* When James came to New Zealand, he got a job in a salon, but he lost it not long after he started. Following this, he discovered that African barbers and braiding shops were limited to about four in the whole of Auckland. He said: *because I have the skills and experience I made up my mind to try my hand with African braids and barbering and see how far it will go.* James's conclusion was: *I got motivated when I saw an opportunity to start the business to serve my community. I purposely came to Mt Albert because I found that a lot of Africans reside there and there was no African barber and braids.* Ama came to New Zealand over 20 years ago. She said:

*I was embarrassed one day when I went to a hairdressing salon to do my hair. As an African, I have frizzy curly afro hair. As soon as I stepped into the salon and they had a look at my hair without touching it, they said sorry we can't do your hair, we don't know what product to use we've never done it before and so we can't help you.* She went to a pharmacy to see if she could buy makeup foundation and powder and the pharmacist said the same thing: *Sorry, we can't help you, you are too dark. We don't have products for your colour, and we've never sold one.* She realised that there were no hair treatment products for Africans, Fijian Indians, Pasifika and indigenous Māori in New Zealand. She asked herself:

*Why would I continue wasting time looking for a job when there is need for hair and beauty products for Africans and other minority groups in New Zealand? I concluded that it will be a good idea to tap into this market. But I knew it was going to be difficult.*

Ama explained further that: *I was motivated to start this business when I discovered there was a niche. I was also motivated because I saw an open opportunity for the treatment of African/Afro Caribbean or ethnic people's hair. Frustration and the inability of the*

*existing salons in New Zealand to meet the needs of my hair care when I came also impacted my decision to start this business.*

These quotes extracted from Janet, Jully, James and Ama's responses are similar to revelations made by migrant entrepreneurship studies that when an individual spots a market opportunity it becomes an important motivator to start a new business (Kirkwood & Walton, 2010). These participants revealed that as African migrants in New Zealand they went into small business because an opportunity presented itself whereby the community needed their services.

**5.10.7 Passion**

Five participants indicated that they were motivated to start their businesses because they had a great passion for the type of business they undertook. Keji decided to start her business because when she went to parties, she appreciated the decorations and sometimes got involved in event design. Before she started her business, she could not resist getting involved in decorating at parties. Keji said: *when you are passionate about something, you will always be happy doing it. I am passionate about the business I am doing. I like party decorations, supplying, and designing. I derive joy and happiness doing it.*

Matiness was motivated to start her business because it had been her hobby. She said:

*I did not start the business because I wanted to make money from it. But I was motivated because of my love for decorations. Decorating gives me joy, especially seeing things transformed from ordinary to beautiful things. I organise events free in my community because of my passion for decoration. However, when people started to make more and more requests, I decided to start taking little charges for it.*

Matiness said further:

*I used to decorate our church and I used my money to buy balloons, heaps of stuff, spend lots of time doing a lot of things. I can't quantify how much time, energy and money I spent getting things done just because it was my passion.*

Matule, Jully and Emily set up African hair dressing salons as they were motivated by their passion for dressing hair and love for people. Matule said: *for me, African hair dressing is a passion, a transformation and I love it. That is why I choose to do hairdressing.* Similarly, Emily said:

*I got motivated to start this business because I have been working as a hairdresser for so long. Hairdressing has become my passion and I am always passionate about hairdressing and beauty. I enjoy dressing hair. It has become part of me and I wonder what I will do if I am not doing hair dressing and beauty.*

**5.10.8 Be my own boss**

Five participants (Keji, Man, Matule, Ruth and Mohammed) argued that the best thing that has happened to them is being their own boss after they started their business. They agreed that lack of freedom (instructions from boss, and some other controls of paid employment), the need to be responsible and have control of one's life motivated them to start their businesses. Keji said:

*I was mostly motivated to go into business because I wanted to be independent. I wanted to be free. I love freedom. I wanted to be my own boss, wanted to run my own life. Before I left my country, Nigeria, I had wanted to do business and I knew that all along that when I get to New Zealand I will do business. This business is not my first business in New Zealand. I have done a few businesses before I started this business so it has been my desire and intention all along to have a business in New Zealand. I know going into business is a better option than being employed. I would rather work for myself than continue to work for someone forever. I want to be my own boss.*

Man went into business because he had always loved being self-employed and also wanted to be his own boss: *I decided to be my own boss after I could not secure a job in the New Zealand labour market for two years.* Matule went into business for the same reasons and said:

*I believed going into business would make me an owner of a business, can take responsibilities and control my future. I think going into business is a good idea for me as I was unable to get a job in the open market.*

By contrast, Ruth said she chose to go into business because she wanted to be her own boss because of the negative experiences she had while working for employers and supervisors as a cleaner. She concluded: *I said to myself that to be free from having these types of terrible experiences continually I must be my own boss.*

Mohammed agreed, saying:

*Going into business is a better option because I believe that when I work as my own boss it is better a hundred times than working for other people. I always believe that working in my business is far better than working for another person. Nobody will control me; I will control myself. Worldwide today the most successful people, like Bill Gates, started from small business.* Supporting these verbatim quotations made by Keji, Man, Matule, Ruth and Mohammed is the entrepreneurship study stating that in the UK, flexibility, independence, and being one's own boss are the major considerations for migrants going into business (Whitehead et al., 2003).

### 5.10.9 Disadvantaged attaining employment

One of the motivations for starting a business was because of the many factors in the New Zealand labour market that limited participants' access to good jobs. Six participants narrated that they went into business because every attempt made by them to get a job in the New Zealand labour market had been unsuccessful.

Man searched for jobs in the labour market for years before taking up a franchise. However, he realised that though he was working hard he was only making money for the owner of the franchise. Hamid felt he was one of the unluckiest African migrants in New Zealand. He searched for a job for years, and when he could not find employment, he was considering taking his life out of sheer unhappiness with unemployment and poverty. However, with the help of a friend, he started a lawn mowing business. Hamid said: *I was motivated to start my own business because I did not get any job in the labour market leading to depression and I almost lost my life.*

Ruth felt that New Zealand was one of the most difficult countries within which to get a job. She stated:

*Employers in New Zealand ask for job experience for any type of job, even cleaning as well as a New Zealand references. For this reason, African migrants were forced to start volunteer jobs with hardship to get a reference, which may not be given if their boss does not like their face. Even when you manage to get one you will be terrified working where you got the job because of the level of discrimination and sometimes racism. This was my personal experience.*

In the same vein, Hajia believed that it would continue to be hard for African migrants to get jobs in New Zealand because of their skin colour and accent. Hajia commented that:

*even when Africans are lucky to get a job, Africans are unlikely to be properly placed, and people will continue to make racial comments and discriminate against Africans.* According to the participants, African migrants are currently the most disadvantaged ethnic group in New Zealand. Similarly, Jully was motivated to go into business because before starting her hairdressing salon, she was unable to find a job as she could not meet the requirements of prospective employers. Previous studies have suggested that negative experiences, such as being disadvantaged getting a job in the mainstream sector, experiencing discrimination in the labour market and low-wages, were among the factors that pushed migrants to become business owners (Schmis, 2013). According to Abu-Asbah and Hebrunn (2011), Arab-Muslim minority women in the northern and southern triangle of Israel became small business owners because of the various discriminatory and challenging experiences they faced every day in their attempts to secure jobs in the labour market. Table 5.8 presents factors that motivated African small business owners in Auckland into starting businesses.

**Table 5.8: Motivation into small business activities**

| Motivation / Participants | Community service | Need for extra income | Financial independence | Cultural | Open opportunities | Passion | Be my own boss | Disadvantaged attaining employment |
|---|---|---|---|---|---|---|---|---|
| Halleluyah | ✓ | ✓ | | | | | | |
| Keji | | | ✓ | | | ✓ | ✓ | |
| Mohamm-ed | ✓ | | ✓ | | | | | |
| Man | | | | | | | ✓ | ✓ |
| Hamid | | | | | | | | ✓ |
| Janet | ✓ | ✓ | | ✓ | ✓ | | | |
| Mat | ✓ | | | | | | | |
| Matines | ✓ | | | | | ✓ | | |
| Rose | ✓ | | | ✓ | | | | |
| Matule | | | | ✓ | | | ✓ | |
| Nathaaniel | ✓ | | | | | | | |
| Ruth | ✓ | | | | | | ✓ | ✓ |
| Hajia | ✓ | | | | | | | ✓ |
| Jully | ✓ | | | | ✓ | ✓ | | ✓ |
| Emily | ✓ | | | | | ✓ | | |
| James | | | | | ✓ | | | |
| Amak | | | | | ✓ | | | |
| Total | 11 | 2 | 2 | 3 | 4 | 4 | 4 | 5 |

## 5.11 How African small business owners start their businesses and seek customers

This section is included in the study because of the participant's responses to the questions: how did you start your business and seek customers? Eight of the participants indicated that they started their businesses with a combination of drawing from previous savings, support from friends or family and finance from a finance company. Three of the participants had bought an existing business, and they either financed the purchase through previous savings or a finance company.

Halle started her business with little savings and a loan of $5,000 from a finance company, which she deposited with her supplier in Australia to make goods available to her in New Zealand. Mohammed said:

*Our business is more of a family business. Our culture is that when we need money, we just ask or borrow without condition. We collected various amounts from family members. We have paid back, and we are running the business now debt free and paying salary to all workers. This is family business we started by raising money through family and then importing one container of goods costing about $10,000.* However, at the time of the interviews, the business was worth $500,000. Matule started her business from her personal savings: *I did not borrow money to start this business. I started by buying second-hand equipment like chairs for hairdressing from my little savings.*

Nathaniel started his business by drawing on his life savings thinking that after six months, funding from the government would start coming in. However, this did not go to plan. Nathaniel narrated: *when there wasn't funding coming from government I decided to sell one of my houses in Avondale to fund the business.* Ruth mobilised her savings with financial help from her family members and prayed to God to bless her and the business. In the same vein, Hajia started her business by drawing money from her personal savings and borrowing money from friends and family.

In contrast to starting a new business, Keji, Man and Rose bought out existing businesses. The purchase was financed by their past savings, contributions from family members as well as loans from financial institutions. However, Rose had been involved in her sister's business, and she bought it when her sister was deciding to close it to migrate to Australia. Rose said:

*When I took over, business was so slow, not everything was working. Knowing who I am I believed I could make the business work in a different way by bringing my experience and skill into it. I went into business not purely to make money but to contribute to my immediate community and help myself.*

Entrepreneurship studies suggest that to take-off properly, a business requires financial support from the formal sector (Blanchflower & Andrew, 1998). Migrant businesses do not often benefit from formal financial institutions funding their businesses because they are not able to meet the conditions for funding and also the belief by the management of financial companies that migrant business owners might not be able to pay the money back (Ram & Deakins, 1996). Therefore, these businesses fall back on sourcing funds from migrant ethnic networks, family and personal savings (Mitter, 1986; Shoobridge, 2006).

### 5.11.1 Sourcing customers

Businesses under study in this thesis were small, some were ethnically-based, and most were not making the expected profit. All of these factors limited the participants accessing the type of medium or channel they could use to source customers. Ten participants used the same medium or channel to seek customers; networking, attending African cultural ceremonies and community meetings, visiting churches and mosques, attending referral clubs, word of mouth, passing out flyers and stickers and giving people money to distribute flyers and business cards. However, Rose, Nathaniel, Jully and Ama placed advertisements in the Yellow Pages and newspapers, on social media and websites and used television advertising and radio jingles. Jully did not limit her business to those of African ethnicity. With her workers, she attended association meetings that were not limited to Africans and did hairdressing for people free at events to gain as wide a customer base as possible. She did this kind of marketing to introduce people to her business as well as her workers. Although Ama began her business as a means to serve smaller ethnic groups in New Zealand, today the business is patronised by people from all over the globe. To get this wide customer base she placed advertisements on television for three years as well as jingles on the radio, many advertisements in magazines and newspapers, sponsored events and organised training, attend flea markets, advertised house to house and visited pharmacies and salons.

**5.12 Challenges encountered by African migrants setting up and running small businesses**

This section discusses participants' responses to interview questions on research question Four: *what are the challenges encountered by African migrants setting up small businesses?* Seven major themes were identified (as categorised below) as the challenges faced by African migrant small business owners in Auckland: Finance, utility bills, population, competition, taxes and the importation of goods.

**Table 5.9: Challenges encountered by African migrants setting up and running a small business**

| Challenges Participants | Finance | Utility Bills | Population | Competition | Taxes | Importation of Goods |
|---|---|---|---|---|---|---|
| Halle | | ✓ | ✓ | | | ✓ |
| Keji | | | | ✓ | | |
| Mohammed | | ✓ | | ✓ | | ✓ |
| Man | ✓ | | | | | |
| Hamid | ✓ | | | | | |
| Janet | | ✓ | | ✓ | | |
| Mat | | | | ✓ | | |
| Matiness | | | | | | |
| Rose | | ✓ | | | ✓ | |
| Matule | | ✓ | ✓ | | ✓ | |
| Nathaniel | | ✓ | | | | |
| Ruth | | ✓ | ✓ | | ✓ | |
| Hajia | | ✓ | ✓ | | ✓ | ✓ |
| Jully | | ✓ | | | ✓ | ✓ |
| Emily | | ✓ | ✓ | | | |
| James | ✓ | ✓ | ✓ | | | |
| Ama | ✓ | ✓ | | ✓ | | |
| **Total** | **4** | **12** | **6** | **5** | **5** | **4** |

**5.12.1 Finance**

Four out of 17 participants interviewed were having challenges with finance. They found it extremely difficult to finance their businesses, which subsequently led their businesses

to stagnation. Most of the African small business owners did not have security to attain loans from banks for business credit. Some of the participants who approached finance companies for assistance had their applications turned down. When Halle wanted to start her business, she applied for a fast loan to many finance companies in Auckland, but could not get her finance approved in this city. Halle said:

*Probably the finance companies in Auckland were doubting me because of my colour. I might run away, and I will not be able to pay back the money despite the documents given them showing the secure background they wanted. The company that finally approved finance for me was from a city close to Wellington and I have been paying off the debt.*

One of the challenges Man had at the start of his business was finance. Man used his savings and borrowed money from family members. He also used credit cards. At one point, he was so financially squeezed that he thought the business would go under. However, he managed to keep the business going. Man realised that finance was always going to be the biggest challenge to his business. *Money would never be enough and would always be difficult to come by,* said Man. He concluded that: *Banks and other finance companies were sceptical to give loans to me for business maybe because I am black.*

Hamid faced financial challenges when starting his business. He had the initiative, but there was no capital for him to carry out his plans. His friends came to his rescue by providing him with the finance and materials needed for the business. Another financial challenge for Hamid was that customers often refused to pay for the services promptly. They promised to pay "next week*"* but they often did not pay for months, and some did not pay at all. This had a negative impact on his business finances.

Nathaniel had financial problems because he started his social welfare business with the hope that funding would come from the government, but his expectations were not met. This resulted in selling his house to finance his social welfare and advocacy business. Nathaniel explained:

*My business renders social work and we are not paid by the client. If we support or advocate for clients, we do not collect money. We apply for funding from government every year or we do fundraising. The challenge we have from government funding is that it is not guaranteed that over the years we are going to get the same amount of funding. For example, if last year we were funded by government with $100,000 and if we apply for funding this year based on last year's funding, the government may reply that they*

*can only fund us with $20,000 claiming that they have lots of activities to fund. So if our budget is $100,000 and we only get $20,000 from government it will be difficult to pay rent, staff and myself. We face this type of challenge yearly.*

These quotes from participants reflect previous studies that suggest minority business owners often experience financial challenges when running businesses in their host countries (Schmis, 2013).

### 5.12.2 Utilities

One of the biggest financial challenges faced by African migrant small business owners were high utility bills. Twelve participants complained that utility bills, especially power and rent, were the greatest challenges to them and their businesses as payment of these had been eroding the profit accrued from their businesses. Halle, Janet and Rose argued that it was difficult running businesses in Auckland because business office rents were high. Business owners paid high bills, whether the business was making a profit or not. When the bills came, they wiped out the profit. Participants said they did not have any choice but to pay.

According to Matule:

*Running a business or living in New Zealand, especially Auckland, involved lots of expenses to the extent that by the end of the week and month after I pay all bills, my anticipated profit was swept away and there is nothing I can hold in my hand.*

Ruth narrated that: *When I pay all bills. I can't pay myself: It is all good as long as I can cover my rent and bills. I will keep coming seven days a week to cover my rent, power and other bills.* She concluded: *most times after paying my bills, nothing is left for income tax and I borrow money to pay. To worsen everything is that there is nothing from government to support small businesses.*

Constant increases in rent and utility costs have caused Hajia stress, leading to high blood pressure because of her huge debt. Similarly, Emily said:

*I am working for the bills. By the time I pay tax, power, rent, water and other associated bills I am not making anything. This situation is having a terrible effect on me, my family and the business. I hope this will not kill me, I know I have an option to abandon the business before it will kill me.*

### 5.12.3 Population

Another important challenge for African migrant small business owners is the population size of New Zealand. Five participants claimed that the dwindling prospects of their business were because of the small New Zealand population. Some were concerned with the size of the African migrant population, while others complained about the size of the New Zealand population.

According to Janet, the African community is still very small in New Zealand, therefore: *when we talk about African food where we came from and population, like maybe Nigeria, the United Kingdom or United States, African migrants in this type of business have the capacity to expand because there are more population.* Matule said: *as you know New Zealand is a very small country. Population is a big factor for us to make our business successful.*

When Hajia started her business, she had a very large customer base because her business was located in Avondale, Auckland, where the population of Africans and Asians was large. However, at the time of the interview, the bulk of her customers had relocated to Australia, America or the United Kingdom for a better life and as a result, she was no longer making sales. Hajia concluded: *I will not continue with the business after the expiration of my rent bond. This time I will relocate to Australia for a better life.*

### 5.12.4 Competition

Five participants raised concerns regarding negative competition from other businesses in the same industry. Keji narrated that she was facing heavy competition. She bought a business in party rentals, but there were other, bigger companies involved in the same business. Because of their size, they were able to dictate the pace of how business is run as well as growth in the industry. Sometimes they used negative campaigns to source customers at the expense of other, smaller companies. Mohammed said: *One of the biggest challenges our business has is competition, negative competition because some businesses want to survive at all cost they sell whatever product they have below cost price.* Similarly, Mat narrated that a big challenge in his business was high competition from people running the same type of business from bigger offices. They were able to spend a great deal of money on advertising and radio jingles, and they provided a credit facility to their customers, whereas Mat relied on cash from his customers because his

business was not strong enough to give credit. Some of his customers preferred the credit option from his competitors. Ama started her business as the sole agent for the manufacturer of the skin product, "Dark and Lovely". The business initially made many sales and created awareness, as it was the only agent and importer of the product in the whole of New Zealand and the Pacific. However, there is now a great deal of competition since the government approved parallel imports. The biggest challenge the participant's business is now facing is that sales have dropped, which has affected revenue.

However, in contrast, Janet said that she did not have any competition at this stage. She referred to other businesses that were offering similar services on a smaller scale, but she did not regard this as a problem. She concluded: *the quality of service determines how, who and why people will patronise you, despite all odds.*

The information given by participants on competition as a challenge to their businesses was supported by entrepreneurship studies. Migrant small businesses competing with bigger businesses in the same business environment can lead to the closure of small businesses (Brenner et al., 2000; Collins, 2003).

### 5.12.5 Taxes

Four participants shared their experiences of the tax they paid for running businesses. All four complained that the taxes they paid as small business owners were huge and had a negative effect on their income. Rose said: *the setback I see in this business is the high tax charged on my small business. The tax I pay sometimes is ridiculous, and it is affecting the business.* Matule was unsure how people running her type of small business survived paying such huge taxes. Ruth, Hajia and Jully sometimes borrowed money to pay off their taxes because they did not want them to accumulate.

### 5.12.6 Importation of goods

Four participants narrated their experiences with the goods their businesses sold. The four participants were involved with products that were mostly imported from abroad. While some of these products required Customs approval, others had expiration dates.  Timing was considered before ordering the goods from abroad. Sometimes Halle ordered goods that arrived at the port of destination early, but sometimes it took Customs two months to

clear them. Because of this, products that had a six-month expiry date now had a sales period reduced by two months. Sometimes the participant gave products to people free instead of throwing them away thus experiencing a loss. Mohammed shared a similar experience:

*When I buy products from the Middle East (Dubai) now the fastest cargo takes a minimum of one month for the goods to arrive in New Zealand otherwise, it may take two to three months and sometime it takes Customs another one month to clear the goods. Product expiry time is always about six months or one year. If the cargo does not come on time, the goods will almost expire before they arrive at a New Zealand port.*

Rose and Jully experienced the same challenges regarding imported goods. Most of the products they imported for use and sale went through Customs, and they often took a long time to clear. It was also frustrating when Ministry officials came to their shops and confiscated some of their wares despite them having been cleared by Customs at the port of entry.

## 5.13 How African migrant small business owners resolved challenges running businesses

This section discusses and analyses participants' responses to the interview question that focused on how they overcame their business challenges. Seven themes were identified as the major remedies undertaken by African migrant small business owners to resolve the identified challenges to their businesses: New products and more advertising, attending migrant events, cutting costs, raising funds, training and professional advice, prayers, and the customer paying before service.

**Table 5.10: How African small business owners resolve challenges in running business**

| Participants | New products and more advertising | Attending migrant events | Cutting costs | Raising funds | Training and professional advise | Prayers | Pay before service |
|---|---|---|---|---|---|---|---|
| Halle | ✓ | ✓ | | | | | |
| Keji | | | | | ✓ | | |
| Mohammed | ✓ | | | | | | |
| Man | | | | ✓ | | ✓ | |
| Hamid | | | | | | | ✓ |
| Janet | | | | | | | ✓ |
| Mat | | ✓ | | | ✓ | | |
| Matiness | | | | | ✓ | ✓ | ✓ |
| Rose | | | | | | | |
| Matule | | | ✓ | | | ✓ | |
| Nathaniel | | | | ✓ | | | |
| Ruth | | | ✓ | | | ✓ | |
| Hajia | | | | | | | |
| Jully | | ✓ | | | | | |
| Emily | | | | | | | |
| James | | | | | | | |
| Amak | ✓ | | | | | | |
| Total | 3 | 3 | 2 | 2 | 3 | 4 | 3 |

## 5.13.1 New products and more advertising

When Mohammed and Ama found that profits were reducing drastically, they introduced new products into the product line to sustain the profit level of their businesses and to overcome their current challenges. Mohammed said:

*We started another business to support the current business so that the two can support each other. We realised that we cannot survive on only one line of business. Since we started the new business it has reduced the pressure on the first business and now we are making consistent profit. We also ensure that all employees are paid minimum wage and we desist from drawing money from the business so as not to erode the working capital.*

Ama said:

*I ensure my business never relies on the New Zealand market only; we always work and supply the international market. However, to keep the business going locally we always introduce new products apart from our traditional products. For instance, we introduced new product like African foods, African fashion and makeup. My thoughts along this line were that if it is not working out with hair and beauty products, it will with fashion and if not with fashion it will with food. This has been a great relief to the dwindling revenue from our traditional products.*

Halle, Mat and Jully claimed that in an attempt to resolve the challenges of low customer patronage, dwindling sales and undue competition from the big businesses offering the same products and services, they placed more advertisements to source more customers and increase sales. Halle stated:

*I started overcoming challenges in sales, low customer patronage, and dwindling profits in my business when I started placing advertisements at African events, churches, mosques, and other channels available to me. Then I started getting more customers, the business started making more money and I started paying off my debt.*

Similarly, Mat said:

*To overcome challenges, I was having in this business I began to place adverts. Cheap adverts like in the Western Leader. I started using Facebook, Twitter, and other social media to promote what I am doing and leverage the influence of the big players in the market that we are were struggling with. Also, in terms of competition from other small businesses.*

Jully said: *I place newspaper adverts as well as in the Yellow Pages and by word of mouth these adverts have turned around my business for good.*

### 5.13.2 Attending ethnic migrant events

Halle and Keji narrated that although they advertised their businesses through various channels, they realised that not all customers have access to the advertisements. Therefore, to increase the popularity of their businesses among ethnic migrants, they started to attend not only African migrant events but also other ethnic migrant events. Halle said:

*When I started attending migrant events, I began to experience improvement in my business popularity and customer base. At events, I showcased my business products, this created huge awareness of my business. Attending all ethnic migrant events helped my business realise more customers and sales and things started getting better. With this, I was able to buy a big van for product distribution.* Keji made a similar comment. However, Jully attended migrant events to do free hairdressing for people, thereby becoming more popular and creating a stronger customer base, more sales and more revenue.

### 5.13.3 Cutting costs

Matule and Ruth argued that cutting costs was what made their businesses survive. When the fortune of their businesses started to dwindle and nothing seemed to be in place to revive the businesses they agreed to start cutting their costs, which worked effectively for them. Matule said: *to save my business from imminent collapse, I desisted from paying myself a salary and my two employees who are my children. I ensured that power was not used for anything else except the business to reduce the cost of power. Though costs were reduced, I would appreciate it if there is a system that can help us through whereby small business owners can be given a booster to start and reduce the tax charged. I think government assistance will be really important to make small businesses break even.*

Ruth made the same comment as Matule and concluded: *I started work at 6:00am and close at 11:00pm. How long would I continue like this without government support?*

### 5.13.4 Raising funds

Man and Nathaniel resorted to raising funds when they faced challenges getting their businesses financed. Man said: *I ended up raising funds from friends and family when my business needed extra funding, especially when we needed to expand.* Nathaniel narrated: *When government funding wasn't regular or coming I had to sell my personal house for funding and to finance the welfare programme. When this seemed not enough we started appealing to the existing African migrants to donate their used items to the welfare service. The service then engaged in the sales of used items at reduced prices to migrants to start new life in New Zealand. Without this intervention, the New Zealand African Welfare Services would have ceased to exist.*

### 5.13.5 Training and professional advice

Three participants claimed that they could overcome challenges because of the training and meetings they attended as well as professional advice given to them. Keji overcame her challenges by attending professional business meetings at the Auckland Chamber of Commerce. She explained:

*At the meetings, I met with professionals on my type of business. I asked questions on what I don't know about my business. By asking questions, I started knowing what I don't know about the business and I got to know more people that run my type of business. With that, I started overcoming my challenges of low knowledge base of the business; I had these challenges because I bought over the business. Attending training, workshops and referral clubs, they have all been helpful to me. Above all, the Auckland Chamber of Commerce appointed me a mentor responsible for giving me professional advice on how I can better run my business. I have a few friends now through networking and whenever I have a problem in my business, I talk to them.*

Mat said: *I overcame my challenges by talking to people that are in the business for advice and assistance.* In contrast to this, Matiness said:

*It was easy for me to overcome my challenges because I have a post graduate diploma in business. I know quite a number of things from my study on what to do to run a small business. So I implemented some of the things I learnt that really helped me to resolve issues most times.*

### 5.13.6 Prayers

Man, Matiness and Matule felt they owed the continuing existence of their business to prayers and God despite all challenges. Man said:

*Above everything, God is our source and he is always with us. We pray to God and he answers our prayers not only on business but on every facet of our life. When we needed to expand our business, we prayed to him, he answered us, and we got money for expansion. He is a great provider.* Similarly, Matiness and Matule's comment were supportive of Man's, except where Matiness said that God always spoke with her about the direction of her business.

### 5.13.7 Pay before service

Three participants faced challenges being paid when they rendered services to their clients. This became a challenge to Janet and Matiness partly because the two started their businesses as a social enterprise engaged in social activities in the community, churches and other migrant events. When they started, they were not charging fees for services rendered, but as the cost of the service increased, and more people were requesting their services, they started charging fees. People were reluctant to pay for their services because they had been enjoying a free service. Janet explained:

*I overcome this challenge by being consistent – if you are organising a party you have to pay for it before I engage in any service for you. So being consistent and firm is either you want my service or not. If you want it, pay. Otherwise, no service. Though I lost some friends, it did not bother me.* Matiness and Hamid adopted the same approach and it worked for them as well.

### 5.14 Summary

This section presented and analysed the data collected from transcribed interviews. The analysis and presentation drew from verbatim quotes, identifying themes and sub-themes, figures and tables. Taking into consideration the main research question, the sub-questions, and the research objective, the chapter was divided into five parts: experiences in business activities in Auckland, experiences with the labour market, motivation into

business, challenges running businesses, and overcoming the challenges. All participants except Emily and James had no clue about how to overcome the challenges running their businesses. They thought that their businesses would soon need to close. The next chapter presents the final part of the qualitative research where the findings drawn from the data will be analysed. This is followed by research implications, recommendations, and then the conclusion of the study (Miles & Huberman, 1994).

# CHAPTER 6
# FINDINGS AND DISCUSSION
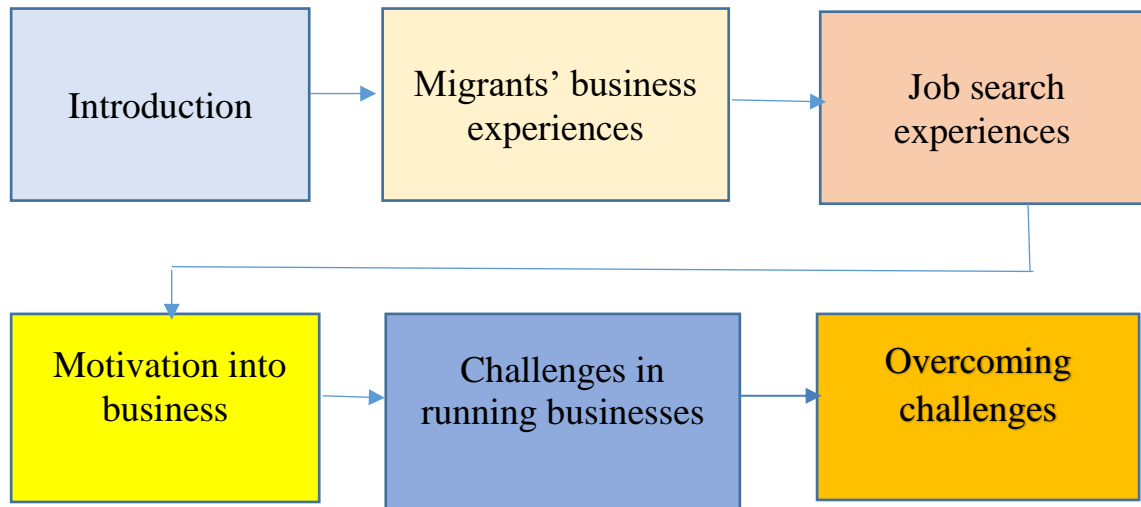


**Figure 6.2: Structure of Chapter Six**

## 6.1 Introduction

This chapter discusses and analyses the findings from the data collected from 17 participants who responded to interview questions, as presented in the previous chapter. The aim of this research is to examine migrants' experience in business activities with the main research question being:

**How do African migrants perceive their experience of small business activities in Auckland?**

Other subsequent questions are:

What experiences do African migrants have in the labour market?

What motivates African migrants into small business activities in Auckland?

What are the challenges encountered by African migrants setting up small businesses?

How do they overcome these challenges?

This section discusses and analyses evidence from the research data concerning African migrant small business owners' experiences running businesses in Auckland. It also examines, discusses and analyses the challenges faced by migrants in New Zealand who are involved in a labour search, their motivations to become business owners, the challenges they face running a business and how those challenges were resolved. Observations, critique, and the key findings are compared with the available literature where appropriate. The ideas generated from the comparisons are linked and discussed

from the perspective of existing theories of ethnic entrepreneurship to deepen our understanding of participants' experiences, challenges and motivations. Following this is a section-by-section summary of thesis findings as presented below.

## 6.2 African migrants' perception of the New Zealand business environment

Data collected shows that participants had positive and negative perceptions of the business environment. Eight of the 17 participants reported that they found the New Zealand business environment extremely positive. These participants were also full of praise for the New Zealand environment and society in general, describing the country as beautiful, peaceful, and an ideal place for raising a family.

Four participants viewed the New Zealand environment from a negative perspective. They felt that New Zealand had been over-marketed on the Internet. Based on what they saw they felt New Zealand would be a paradise where everything would be easy. Though they were full of excitement about New Zealand before coming to the country: on arrival, they found the infrastructure and population size disappointing. Some expected New Zealand to be similar to big cities in Europe and America. They concluded that the New Zealand environment is quiet and ideal for old people.

The positive responses from participants were consistent with the literature where it has been shown that people migrate to New Zealand because they perceive the country to be a desirable destination for quality of life, peaceful environment, good governance, climate and the accessibility of nature (Tabor, 2014).

## 6.3 African migrants' experiences in small business activities

Five themes were identified from the participants' responses to the interviews on the experiences African migrant small business owners had running their businesses in Auckland. These themes were broadly categorised and discussed below.

### 6.3.1 High cost of running a business

Five participants indicated their dissatisfaction with what the high costs of running a business had caused them and their businesses. It had been difficult for them to keep running their businesses because of the continued high cost of living in Auckland with

power bills, rents, taxes and water rates. The cumulative effect of this on their businesses was eroding their profits. This meant they had to run their businesses at a loss. Participants believed that they were not making profits because costs were high and there were no customers to patronise. They claimed that sometimes what they made from their businesses was not enough to pay the bills. Participants needed to understand that making a profit in business requires entrepreneurial expertise. If you lack expertise, your business will be at a perpetual loss.

According to Barrett and McEvoy (2013), it is prevalent for migrant small business owners to incur higher costs running businesses for different reasons aside from being expert. Barrett and McEvoy advised that two strategies migrants used to mitigate incurring the high costs of running a business leading to loss were the use of unpaid family assistance and running two or more businesses from one office.

### 6.3.2 Smaller population/customer numbers

Five participants experienced a lower customer turnover rate in their businesses. Participants associated this situation with New Zealand's low population. Some participants viewed their experiences of access to a low population holistically because the nature of their businesses cut across ethnic migrant perspectives. Others viewed the situation from the smaller number of African immigrants in New Zealand as their businesses were mostly patronised by African migrants. This latter group of business owners believed that there was a need for an increased African migrant population in New Zealand to improve economic activities. From the researcher's view, participants should have considered the small population before starting their businesses. However, the arguments raised by African migrant small business owners were consistent with Barrett and McEvoy's, (2013) suggestion that the high number of African communities in Manchester, United Kingdom, assisted the survival of West African migrant small businesses there.

### 6.3.3 Difficulties running a business

Five participants found it very hard to run a business in Auckland. They found it difficult at start-up and after the business was operational. Part of the difficulty was that some participants did not have any prior knowledge of New Zealand customers' buying attitudes and behaviours. Other participants had gone into the business before they

understood that running a business requires much personal sacrifice. Nathaniel's business had taken off with an expectation of support from the government, but when that support was not forthcoming, Nathaniel had to sell his house to continue the business. To some business is like a complex system of interconnected elements involving many activities requiring experience. Lack of this could make life difficult. According to Collins (2003), immigrant entrepreneurs are challenged by their lack of familiarity with how a business should be run in their host country leading to business hardship and possible failure. This was justified from the participant data collected that showed some had no sound knowledge of the art of business in their host country.

### 6.3.4 The ease of starting a business

Five out of the 17 participants interviewed felt that it had been easy for them to start the businesses of their choice because of established business laws. They commented that New Zealand is one of the few countries in the world where the purchase and registration of a business is easy. The participants were much happier because of relaxed rules and regulations governing the conduct of business in New Zealand. These relaxed rules had helped participants to either buy a business or to start one. Participants believed that without these helpful rules they would not have been able to run a business as a migrant. Two widely travelled participants viewed New Zealand as the only country with relaxed rules for business acquisition among the countries they had visited. Participants expressed their happiness purchasing businesses of their choice without much problem. Undoubtedly, all the positive commendations made by participants about the ease of starting or setting up business in New Zealand became possible because of the structure of New Zealand Small and Medium Business Enterprises (SMEs), which created an opportunity for African migrants to own their businesses. The regional and local economic and legal infrastructures of a given country play important roles in the creation and ongoing existence of small businesses in the economy (Volery, 2007). This had a great influence on African migrants' access to small business set ups in New Zealand (Razin, 2002). The ease of starting business in New Zealand has been internationally recognised as the country was ranked number two out of 183 countries for the years 2015 and 2016 respectively (Doing Business, 2016).

### 6.3.5 Customer's inability to pay

Two participants narrated their practical experiences about the inability of their customers to pay for services rendered. Participants explained that customers were unable to pay because they were not employed – not because they did not want to work, but because they could not secure a job because of discrimination. Some stated they were drawing from social welfare but complained that it was never enough for them. These participants' narratives are consistent with the assertion of Butcher et al. (2006) that migrants often find it difficult to secure jobs for reasons of colour, language and experience, which makes living a normal life difficult for them.

### 6.4 Migrants' business experience before coming to New Zealand

Thirteen of the 17 participants interviewed had skills and experience running businesses before relocating to New Zealand. Seven out of the 13 had acquired their business skills and experiences from their involvement in family businesses since childhood. These skills and experiences positively influenced their current business activities in New Zealand. This is consistent with the literature which states that the entrepreneurship of a family member, especially a parent, positively influences the entrepreneurial spirit of other members of the family (Kirkwood & Campbell-Hunt, 2007). Similarly, Ashley-Cotleur (2009) has argued that individuals involved in running family businesses develop a strong business background and find it easy to start a business in the country that they migrate to.

Five participants did not have family business experiences but had personal business skills and experiences running their own businesses before migrating to New Zealand. Some continued to run the same type of business they had run in their home countries. However, five respondents had no personal or family business experience or skills. Analysis of the data indicated that most African migrant business owners that had either family or personal business experience had few or no challenges running their businesses in Auckland. The study found Ruth, Hajia and Emily had no prior experience in the type of business they were running. As a result, they all had problems with their businesses. Three months after interviews, Hajia closed up her business. Studies on entrepreneurship revealed that the driving force for migrant business success is having business skills, experience, work discipline, ambition and the determination to succeed (Cromie, 2000; Sahin et al., 2009; Whybrow, 2005).

## 6.5 Labour market experience

The most common challenges to participants' job search experiences in the New Zealand labour market were: difficulty getting a job, racism and discrimination, discrimination encountered while running businesses, downgraded qualifications, accent issues (difficulties with English pronunciation), luck and time. However, three participants had very good experiences of the New Zealand labour market.

## 6.5.1 Difficulties getting a job

Eight participants found it very challenging to get a job in the labour market. The barriers to getting a job included the use of English language. Participants were advised to study English in New Zealand, yet after completing an English language course, they were unable to secure a job. Despite their ability to write, read and speak in English, participants with qualifications from non-English speaking countries before migrating to New Zealand could not use their certificates to secure a job. Participants who were well qualified with good skills and experience had not been able to find a job for years. One participant held a Master's degree and migrated from Germany as a skilled migrant. On arrival, it became so difficult for him to get a job relevant to his qualification and skills so that he ended up taking on a low-level casual job to survive. The analysis revealed that most New Zealand employers often ask for New Zealand work experience from new migrants seeking employment for the first time. Participants wondered how they could acquire New Zealand work experience when they were not given the opportunity to work and prove themselves. It was argued that migrants could not acquire the needed job experience in their host country except through employment (Butcher et al., 2006; North, 2007). Participants argued that Immigration New Zealand did not ask for New Zealand experience when processing their visa to New Zealand. This narrative is consistent with the study conducted in New Zealand by Butcher et al., (2006) on the discriminatory challenges faced by immigrants and refugees. The authors revealed that migrants in New Zealand face an array of difficulties securing a job.

### 6.5.2 Racism and discrimination at work and during job searches

Seven participants experienced racism and discrimination either while looking for jobs or at their workplaces. Participants were discriminated against when searching for a job as well as looking for accommodation. Some participants secured appointments for interviews after responding to job advertisements but believed that they were not offered the job after meeting the employer at the interview. Participants were discriminated against at their work-place. A passengers asked one participant, a cab driver an embarrassing questions. Participants were called names in their workplace and made to do odd jobs that were not a part of scheduled duties. Two participants cried at their workplace and subsequently left the job when the humiliation became too much to bear. For instance, one participant was humiliated and cried when her boss told her to go back to her home country because she was black. Similarly, another participant cried because she was made to do odd jobs outside of her schedule many times. When she complained, her supervisor told her she had to do everything otherwise she would need to leave. These experiences are not new in migrant entrepreneurship studies. Kloosterman, Van der Leun and Rath (1999) confirmed that discrimination by employers against employees at the work-place is one of the main reasons why migrants turn to entrepreneurship to become their own boss. Despite the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990 which prohibit discrimination in the New Zealand workplace according to race, ethnicity, or national origin (Human Right Commission, 2010), racism and discrimination still exist in New Zealand.

### 6.5.2.1 Discrimination at business

Participants were discriminated against in their attempt to secure a job through the downgrading of a migrants' qualifications acquired abroad and difficulty with the proper pronunciation of the English language. However, this study also revealed that while in business they still faced discrimination. One participant felt ignored at business meetings because of her colour where most attendees at the meeting were white or other ethnicities. One participant was often asked by Europeans and non-blacks whether she knew what she was doing as a hairdresser. A man running a confectionary production and distribution business for both black and non-black communities often felt terrible when white people questioned him as he distributed his goods to his customers. A man involved with African

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welfare and advocacy felt he was discriminated against with government funding because his organisation was meant for Africans in New Zealand. Participants were able to resolve these challenges. Pinkowski's (2009) following suggestions could be a means of resolving the challenges discussed by participants: positively integrate immigrant entrepreneurs into the overall economic development strategy, developing a framework for supporting immigrant business communities outside the set standard because of the problems peculiar to them, and an overall promotion of migrant businesses for growth.

### 6.5.3 Qualification issue

It is common for skilled migrants who have chosen to come to New Zealand to have their qualifications evaluated by the New Zealand Qualification Authority (NZQA) before migrating. This evaluation is required for many reasons including the proper placement of migrants' qualifications within the hierarchy of New Zealand qualifications for job purposes and residency. Some participants' qualifications were evaluated by NZQA and downgraded. Even so, participants were still unable to use the downgraded qualifications to get a lower-level job. Participants mostly ended up using their lowest qualification to apply for a job or retraining for a lower qualification after arriving in New Zealand. Despite this, participants still found it difficult to find a job. Participants concluded that being black was a significant reason for this difficulty. Pio (2007) held that one of the challenges preventing migrants' easy access to jobs in their host countries was the non-recognition of their certificates by employers whether or not their qualifications had been downgraded.

### 6.5.4 English accent

All participants could speak English because the interviews were conducted in English. However, almost all participants had little accent of their individual countries of origin. Two participants had problems with their English pronunciation while looking for jobs or when employed. These participants were fluent in English but spoke with Nigerian accents. They felt Kiwis had made up their mind not to understand migrant's accents and noted that everybody has an accent. Some participants found it hard to understand Kiwi accents on arrival. However, participants claimed to understand Kiwi accents perfectly now. Participants advised Kiwis to strive to understand migrants' accents irrespective of where the migrant came because of the mutual benefit understanding it brings. Butcher et

al. (2006) argued that even with good language skills, migrants faced discrimination in the labour market.

**6.5.5 Easy to get a job**

In contrast to the themes discussed above, three participants had good experiences in the labour market. It was very easy for these participants to find jobs after arriving in New Zealand. They were lucky to come to New Zealand when their services were required in the New Zealand economy. Despite having jobs, these participants chose to start small businesses. This is not uncommon as Shinnar & Young (2008) point out, migrants pursue self-employment even though they may be working at good jobs in the host country. The main factors for this could be for monetary gain, independence, or for gaining expert knowledge in business activities (Baycan-Levent & Kundak, 2009).

**6.6 Relevance of experience gained from previous employment in New Zealand to the migrant's personal business**

Eleven participants claimed that the skills and experiences they gained from their previous jobs in New Zealand before starting their own business impacted positively on their current business. Two participants claimed that experiences gained when working in customer services and networking helped them to attain higher customer satisfaction and to improve the customer networking in their business. Another participant who worked in customer service before starting his business used the skills and experience gained in his job to improve his customer communication skills, leading to positive results in his business. One participant, trained as a barista by her previous employer, used her previous training, experience, skills and knowledge to start a coffee shop along with her African food business. Two participants had worked in organisations where they developed the understanding and skills needed to run a business. This helped them when they set up and ran their businesses. Migrant experiences from previous employment are most useful and serve as guides for migrants to run and manage their own businesses (Kirkwood, 2009).

**6.7 Employment by African migrant businesses owners**

This section analyses and discusses the contributions of African immigrants to the New Zealand economy. 13 participants had between one to five employees in the following order: Ama five employees; Mohammed and Janet four employees each; Rose three employees; Keji, Matiness, Matule, Nathaniel, Ruth and Jully had two employees each; Halle, Man and Mat has one employee each. These employees were from different ethnic groups in Auckland. Related literature shows that migrant businesses can be found in all business and the economic sectors in most developed and developing countries. These businesses provide employment for both migrants and locals making New Zealand society better off (Hunter, 2007; Masurel et al., 2004).

**6.8 Why African migrants in small business**

The motivations of African migrants for moving into small businesses in Auckland were relatively similar, irrespective of the industry sector of their chosen businesses. In summary, beauty, food and service were the three most common industry sectors that the participants were involved in, with one participant in the automobile trade and one in product distribution and confectionary.

There have been numerous studies on the motivational factors that induce migrants into self-employment and the running of small businesses in their host countries (Baycan-Levent & Kundak, 2009; Kirkwood, 2009; Kirkwood & Walton, 2010; Liargovas & Skandalis, 2012). Some of the more common reasons include cultural disposition, social networks, inability to secure a job in the labour market, regulations in the host country, and access to capital (North, 2007; Saxenian, 2002a; Shoobridge, 2006). This study found that participants were motivated to move into small businesses by several factors that included the desire to serve the community, the need for extra income, financial independence, cultural reasons, open opportunities, passion, a desire to be self-employed and experiences of disadvantage while job seeking. These findings are discussed below.

**6.8.1 Need to serve the community**

Eleven participants felt that there was a need for them to serve their community. These participants were motivated to start a business when they found that their community

lacked certain culturally specific products and services. The desire for African food among the African communities in Auckland motivated several participants to provide an African food service. Some in the African community felt uncomfortable wearing New Zealand clothing but lacked African clothing choices. Therefore, participants realised the need to provide traditional African clothes. Most participants agreed that their motivation to get into business was to serve their community by providing the things the community was lacking. Nathaniel began an African welfare and advocacy service when he found that the African community lacked support and empowerment. The explanations of "community service" as a motivation for them to start a business with their immediate community was justified by the revelation made by Holguin et al. (2007) in their study on immigrant small businesses. The authors revealed that migrant small business owners established their business in their immediate community to improve the standard of living of the community members as well as for growth of the economy.

### 6.8.2 Extra income

Two participants were motivated into starting a small business because they realised they needed extra income to match the high cost of living and overcome the financial challenges they faced as a family. While these participants were in business, they also maintained their paid employment, with one working as a nurse and the other working as a tutor in a polytechnic. Kirkwood (2009) suggested that monetary gain is the sole motivator to becoming an entrepreneur. The arguments made by participants are supported by the literature on entrepreneurship which states that migrants are motivated into business for monetary gain even though they may have very good jobs in their host country (Baycan-Levent & Nijkamp, 2009).

### 6.8.3 Need for financial freedom

Two participants shared that one factor exerting the most influence on their decision to go into business was the desire to be financially independent. Shane et al. (2003) suggested that individuals were motivated into business because of the need to be financially independent though subject to available business opportunities. This statement was consistent with participants' motivations to business. The two participants

consciously started business with the expectation of becoming financially independent, leading to better lives. There were indications from the study that financial gains from their businesses had improved their socio-economic life within a short time of starting. The first participant could not imagine what she had achieved within just one year of running her business. She wondered what her life would have been if she had started her business five years before. The second participant wondered about his beginning in New Zealand as a fruit picker and today a businessman and employer. Kirkwood (2009) suggested financial gain leading to financial independence often serves as the sole motivator for migrants becoming entrepreneurs.

### 6.8.4 Need to promote African culture

Three participants were motivated into business because of the need to promote and maintain their culture. Culture involves the characteristics and knowledge unique to a particular group of people, constituting everything from language, religion and social habits, to cuisine, music and the arts. It is regarded as the way of life of a group of people (Zimmermann, 2015). Janet began an African food business because of the desire to promote African food among Africans and non-Africans. Following her arrival in New Zealand, she noted that for years that it had been difficult for Africans to eat traditional food. Food is one of the common cultural characteristics of a group of people. Losing it is equal to losing your culture and heritage as an African in New Zealand. Rose and Matule began their African hair and beauty businesses for both Africans and non-Africans so that everyone could experience African culture through African hairstyles and beauty.

Kolveried (1996) held that culture influences the choice of business activities and has an effect on business success. Other researchers shared Kolveried's opinion (Lee & Peterson, 2000; Mueller & Thomas, 2001). Basu and Altinay (2002) examined the interaction between culture and immigrant entrepreneurship among ethnic minorities. The authors concluded that culture is strongly linked to migrants' choice of entrepreneurship in their host countries.

### 6.8.5 Business opportunity

Three participants felt that there was a gap in the market and therefore a business opportunity presented itself. Participants that felt they were at the right place and the right time. This was the driving force for them making the decision to start their own small business. Janet started her business when she realised that the African community was in drastic need of African food. Ama, a university lecturer from the United Kingdom, commenced her business when she discovered a niche for her kind of business. When an individual spots a market opportunity, it becomes an important motivator for them to start a new business (Kirkwood & Walton, 2010). Participants revealed that as African migrants in New Zealand they went into small business because an opportunity presented itself whereby the community was in need of their services.

### 6.8.6 Love for type of business

Five participants indicated that they were motivated to start their businesses because they had a great passion for the type of business they undertook. Keji and Matiness decided to start their businesses in party rentals and decoration because they were passionate about organising and attending parties and making decorations. Rose, Matule, Jully and Emily were driven to hairdressing and beauty businesses because of their passion for African hair care and beauty. While beauty and hairdressing had become part of Emily's life, Jully wondered what she could have done other than beauty and hairdressing.

### 6.8.7 Work for self

Five participants stated that being their own boss gave them independence and flexibility and these were the reasons for starting their businesses. The motivations for them going into business stemmed from the flexibility of running their businesses as self-employed business owners. The business allowed them to have flexible hours of work, flexible hours of opening and closing, the choice of going to work or not and above all, having more time to spend with the family. Entrepreneurship studies support the participants' views that the need to be their own boss motivated them to start business. Baycan-Levent and Kundak (2009) found that being one's own boss was the driving force for migrants going

into business in Switzerland. Likewise, it has been established that in the UK, flexibility, independence, and being one's own boss were the major considerations for migrants going into business (Whitehead et al., 2003). Kim et al. (2006) suggested that becoming an entrepreneur involves great risk, but despite that individuals go into business because of the desire to be self-employed and to achieve flexibility by running a business. Keji was motivated to start because she wanted to be independent and free from anyone being her boss, as did Mohammed.

### 6.8.8 Unsuccessful attempts at getting a job

Six participants explained that they went into business because every attempt they made to get a job in the labour market was unsuccessful. Man searched unsuccessfully for a job for many years before taking on a franchise that was also unsuccessful. He then decided to go into business. Ruth believed that New Zealand was the most difficult country for migrants to secure a job. For years she could not get the experience required by employers. Hence she started her business.

Previous studies have suggested that the inability of migrants to secure a job despite all efforts constitutes negative experiences of life for them. These negative experiences were in the form of discrimination at the stage of job searching, non-recognition of international qualifications and employers requesting host country job experience from new migrants. All these prevented migrants from getting jobs in the mainstream sector, leading them to the only available option, which was to set up a small business. In her study, Pio (2007) found that migrants in New Zealand became business owners because of their inability to secure a job in the open market. Butcher et al. (2006) found that immigrants and refugees were discriminated against in New Zealand. The study revealed that migrants go into business to regain self-esteem. The authors confirmed that New Zealand employers often denied migrants employment for the reasons of lack of New Zealand job experience and proficiency in the English language. However, employers need to realise that it is impossible to gain experience if no one is initially prepared to employ a migrant. Similarly, Cain and Spoonley (2013) concluded that many immigrants arriving in New Zealand often find it difficult to enter the New Zealand labour market at a level commensurate with their qualifications and skills, particularly in the Auckland

region. Thus, most migrants establish small businesses to serve the needs of other migrants.

## 6.9 Starting business and sourcing customers by African small business owners

Financial resources are one of the main pre-requisites for a business start-up as well as its continuous operation. Eight participants started their businesses using a combination of personal savings, funding from friends and family, and loans from finance companies. Similarly, three participants who bought existing businesses did so with contributions from family members as well as loans from financial institutions. Blanchflower and Andrew (1998) suggested that access to capital is the primary determinant of migrant business start-ups and that migrants often access capital through personal savings, funds from family and friends, and capital from fellow nationals through social networks. To start their businesses Mohammed and Ruth had to draw from their past savings and collected various amounts from friends and family members from New Zealand and abroad. Nathaniel sold his house in Avondale Auckland to fund his business. These approaches by participants are consistent with literature which states that migrant entrepreneurs utilise family resources for initial business funding (de Vries, 2012; Mitter, 1986).

### 6.9.1 Getting customers

The section discusses how participants sourced their customers after their business started. Most businesses in the study were small in size and capital base; some were set up to serve an ethnic group. Most businesses in this study had limitations in the areas of finance, profit-making, and modern forms of advertising such as the Internet and social media. The study found that most of these businesses used the same channels or media to source customers. The channels most often used included: networking by attending African cultural ceremonies and community meetings, visiting churches and mosques, attending referral clubs where business members meet to refer potential customers to the member and receiving customers' references available from other members of the club. They also employed word of mouth, passing out flyers and stickers, and giving people

money to distribute flyers and business cards. Ten of the 17 participants sourced their customers via the media identified above.

Previous literature suggests that ethnic minority businesses require network support for business success as they often experience obstacles accessing formal networks, especially regarding start-up finance (Shoobridge, 2006). However, Rose, Nathaniel, Jully and Ama sourced their customers by placing advertisements in the Yellow Pages and newspapers, in social media, on websites, television and radio. They claimed that they did this not because they were rich but because their businesses were not limited to African migrants.

## 6.10 African migrants' difficulties setting up and running businesses

Six factors constituted difficulties for African immigrants setting up businesses in Auckland. The challenges are discussed below.

### 6.10.1 Finances

Four of the 17 participants had financial challenges when starting their businesses. They also found it extremely difficult to finance their businesses once they were running, which led to the businesses becoming stagnant. Efforts were made by some participants to secure finance from finance companies, which they did not get. For instance, Halle runs her business in Auckland. Her attempt to secure finance from different companies was unsuccessful despite presenting all the documentation required. In the end, she secured finance from a company in Wellington. Man affirmed that banks and other finance companies were reluctant to loan to small businesses, especially when the business belongs to black immigrants. Previous studies suggested that minority business owners often experience financial challenges running businesses in their host countries (Schmis, 2013). Ram and Deakin (1996) conducted a study on African-Caribbean business owners in the UK and found them faced with financial problems, partly because banks were biased against assisting them. Brenner et al. (2000) also concluded that migrant small business owners were faced with challenges associated with access to finance. Holguin, Gamboa and Hoy (2007) found Hispanic small business owners in the US were challenged when raising capital at start-up and when operational because of their inability to obtain finance from the formal sector.

### 6.10.2 Bills payment

The most common challenge among the participants in the study was the high utility bills they were required to pay. Twelve out of 17 participants mentioned high utility bills as a challenge in running their businesses – particularly the cost of rent and power. These high bills often eroded the profit accruable to owners, making it difficult to run successive business. Participants were concerned that they might be unable to continue running their businesses if this difficulty continued. Emily felt she was working to pay bills because after paying tax, power, rent, water and other associated business bills she was left with nothing. Entrepreneurship studies suggest that small business owners tend to use their residential property to run their businesses, operate at the local community level, and fit multiple small businesses in one office to realise business profits. (Barrett & McEvoy, 2013; Borjas, 1986).

### 6.10.3 Customer/population

Six participants mentioned population as one of the major challenges of their business. These participants felt that the dwindling prospects of their businesses were because of the small population in New Zealand. For some, the small size of the African migrant population was the main challenge because of the nature of the business they run. Others that run businesses not limited to the African community complained about the small size of the New Zealand population in general. Participants argued that unless the New Zealand population grows, it would be difficult for their businesses to grow. They believed that the smaller size of New Zealand's population was the reason why most businesses folded up. However, two participants acknowledged an increase in the number of African migrants in New Zealand compared to what it was 12 years ago when they first arrived. Volery (2007) suggested that for migrant businesses to realise expected returns there must be large local population, a viable general economic situation, business opportunities and cultural and religious tolerance in the migrant host country. Simon (1997) has argued that the greatest resource a country can have is people relative to the quality and size of the country.

### 6.10.4 Competitive business environment

Five participants shared their concerns about competition. Some welcomed competition from other businesses in the same industry because they believed it was normal and inevitable in business. Janet was not afraid of other competitors because she knew the customers would only patronise quality. Others felt their businesses were facing negative competition – a situation whereby bigger businesses in the same industry use their might, size, good capital base, position, media, and connection to dictate the pace, direction, and product price in the market for others businesses in the sector. For Keji, big businesses were there to take your customers and destroy your business. Mohammed felt that businesses in the same industry and location selling products below cost price would put other businesses out of action. Participants were unable to compete with larger businesses in the same industry with more cash flow because those businesses could provide credit to their customers. As a result, small business lost their customers to them. Previous literature has suggested that migrant businesses located in a highly competitive environment with poor strategic management and marketing may have low levels of business survival (Gaskill et al, 1993).

### 6.10.5 Taxes

Five participants felt that the taxes they paid running their businesses were too high compared to their size. These participants complained that high taxes had a negative effect on their take-home income as well as the survival of their business. Participants wondered how other entrepreneurs in their type of small business make profit with the high taxes. These arguments were consistent with the findings of previous studies where according to Brenner et al. (2000) high tax rates charged to small migrant businesses are detrimental to their survival.

### 6.10.6 Importation of goods

Five participants who were involved in importation of goods from abroad complained that their type of goods had expiry dates and were often held up by Customs. It was important for the participants to consider timing and expiry issues before ordering the goods from abroad. However, even if the products arrived at the port of destination early, it would sometimes take Customs two months to clear them. As a result, products due to expire in six months had their sales period reduced by two months. Another concern raised was that sometimes after products had been cleared by Customs and were on shop shelves, Ministry officials went to participants' shops and confiscated some products saying that they were prohibited goods. Rose frowned at this type of exercise, especially when Customs officials from the Ministry had earlier cleared the goods on the shelves at the port. From a critical perspective, this exercise is not encouraging, especially for small businesses. Most times, it leads to business losses and a threat to the survival of the businesses.

### 6.11 Resolving business challenges by African small business owners

Participants in this study adopted eight business strategies as discussed below to resolve their business challenges in Auckland.

### 6.11.1 Introducing new products and advertising more

Two participants introduced new products into their product line when their business profits were drastically reduced. This was done to sustain their profit levels. Participants introduced new products believing that if there is no demand for the first line of products, there would be for the new products and hence sales income would continue. This worked out well as their businesses turned around as expected. Introducing new products were important for business success and growth. According to Stanković and Djukić (2000), continuous invention and the introduction of new or modification of existing products to the market represented an important aspect of enterprise growth and development in contemporary business conditions.

Three participants explained that in an attempt to resolve the challenges of low customer patronage, dwindling sales and competition from big businesses offering the same

products and services, they decided to place more advertisements to source more customers and increase sales. Placing more advertisements in various media helped the participants to improve the profitability of their businesses. According to Kotler and Fox (1995) advertising is an important tool, which businesses use to persuade buyers and the public. This redeemed the dwindling fortunes of their businesses.

## 6.11.2 Migrant events

Two participants believe that to realise the goals and objectives of their businesses they needed to advertise through various channels. They also realised that not all their intended customers would have access to advertisements. Therefore, to increase the popularity of their businesses among ethnic migrants, they started attending other ethnic migrant events alongside African ones. After attending, they experienced improvement in business popularity and their customer base and turnover. They were able to highlight their businesses at the events, creating a huge awareness of their products. Eckerstein (2010) argued that event marketing touches the feelings of the customers in ways that are hard to quantify.

## 6.11.3 Minimising costs

Cost cutting helped improved two participants' businesses fortunes and survival. When profits were diminishing, and nothing seemed to be in place to revive their businesses, they resolved to cut down their costs and expenses. This was effective enough to revitalise their businesses. Participants' cost cutting mechanisms included not paying themselves salaries, engaging their children as staff without pay, monitoring the use of power and working for longer hours. These strategies are consistent with those outlined in other research studies. According to Gaskill et al. (1993), small businesses facing survival challenges need to reduce their costs, improve their strategic management and implement a more aggressive marketing strategy.

### 6.11.4 Fundraising

Two participants felt that the only way they could revive their businesses was to raise funds. Raising funds from the formal sector for their type of business was challenging and nearly impossible because they did not possess the collateral needed by the formal sector (finance company) before disbursing funds to the business. Also, finance companies doubt the ability of small businesses to pay back the loans or finance issued to them (Moronta, 2010; Schmis, 2013). Therefore, participants decided that the best alternative for them was to raise funds from friends and family. One participant expected funding from the government, but his inability to obtain the funding as expected meant that he had to sell his house to finance his business. Participants also appealed to other African migrants for the donation of used items to sell to new African migrants at reduced prices. Holguin, Gamboa and Hoy (2007) suggested that when migrant small business owners are unable to secure funding from the formal sector, the only available option left for them is to raise funds from family, friends, and related ethnic groups to survive.

### 6.11.5 Attending business administration training and meeting business professionals for business advice

Three participants were able to overcome many of the challenges they and their businesses were facing by attending business training and meetings where they received professional advice. While attending meetings and training participants asked questions about improving their businesses. One participant attended training sessions at the Auckland Chamber of Commerce and was assigned a business mentor. The mentor helped the participant's business to improve. The participant started overcoming her challenges and the business started moving forwards in the right direction. The participant's claims were consistent with Pinkowski's (2009) suggestion that migrant business owners experiencing administrative and management challenges need to attend training on how to run a small business.

### 6.11.6 Faith in God through prayers

Three participants felt that the only thing that ensured the continued existence of their business was their faith in God. They continued praying because they believed that the solution to all problems lay with God. Participants believed that with God all things were

possible. To Man, God is above everything else always with him and his family. They prayed to God and felt that God had answered their prayers, not only on business matters but also in every facet of their lives. Matule felt that prayers had helped her and her business; she prayed daily for her business to succeed and felt that God had answered her prayers.

### 6.11.7 Payment before service

Three participants had challenges being paid by clients after rendering services. They felt that requiring payment before service was the solution for pulling their businesses out of serious financial situations.

### 6.12 Conceptual theories relevant to the study

This section discusses the conceptual theories on immigrant entrepreneurship that are most relevant to the participants' experiences in this study. Five conceptual theories on entrepreneurship were discussed in Chapter 3 of this study: the ethnic enclave theory, middleman minority theory, labour disadvantage theory, cultural theory, and opportunity structure theory.

### 6.12.1 Labour disadvantage theory

Labour disadvantage or 'blocked mobility' theory, is based on the belief that migrants are disadvantaged in the labour market compared to the native-born population, and that migrants are also seen differently from the native-born population; that is, they are mostly treated as second class citizens (Baycan-Levent et al., 2006; Min & Bozorgmehr, 2003). Labour disadvantage theory has been widely used to explain why migrants opt for small businesses in their host country. Labour disadvantage theory is relevant to this study as it was found that five participants among the 17 interviewed had problems getting a job in New Zealand. These participants attributed their inability to get a job to the following: lack of the New Zealand experience and qualifications requested by New Zealand employers, lack of New Zealand references, racism and discrimination. Some participants believed that because they are black and have accents, they would be unlikely to secure a job in the New Zealand labour market. The relevance of labour disadvantage theory to

the study is that the factors that disadvantaged participants from being employed are the same as those identified by the theory. Participants felt self-employment would be a better option than not being employed or being employed in unsatisfactory jobs. Volery (2007) argued that labour disadvantage theory is an ideal theory for proving that the inability of migrants to secure employment in the labour market led them to take on small business. However, he also maintained that migrants' decisions to run a business is an alternative to a job in the labour market and not necessarily a sign of success. Similarly, Habiyakare et al. (2009) suggested that migrants do not undertake a small business as a way of life but as an opportunity to make a living in the mix of limited alternatives.

This study indicates that migrants are disadvantaged attaining jobs in the New Zealand labour market. The factors that disadvantage participants include: New Zealand employers wanting candidates with New Zealand experience and qualifications turning migrants away saying they lacked the necessary work experience; nonrecognition of migrants' home country qualifications, refusing participants employment for reasons of colour and accent. It is difficult for migrants to meet the prerequisites set by employers to secure jobs in their host country. This inability leads them to start small businesses (Butcher et al, 2006; North, 2007). As discussed, the labour disadvantage theory is relevant and applicable to the New Zealand situation. Most participants went into business because they could not secure a good job. Opting to go into business does not necessarily lead to a happy life for the participants as most of them are running at a loss. For instance, three business owners interviewed had closed their businesses three months after the interviews were conducted.

## 6.12.2 Ethnic enclave theory

Altinay (2008) suggested that opportunities exist for ethnic minority groups in locations where businesses are already set up by the same ethnic group. Members of the same ethnic group within an enclave often provide resources and other incentives for immigrant business and, more importantly, promote ethnic social networks, trust, and cooperation (Wilson & Portes, 1980). Zhou (2004) regarded an ethnic enclave as a geographic concentration of ethnic people and businesses providing diverse economic activities. Individuals located within the ethnic enclave share a common culture and possibly live within the same ethnic region.

The researcher has been living in Auckland for about six years. The researcher had lived and associated with Africans in the Auckland regions. Through his involvement with African ethnic activities, the researcher found that West Auckland has the highest density of African population and businesses. To elicit support for this, the researcher sent an email to the Auckland Council to confirm the number of African businesses and people living in each region of Auckland (attached as appendix D). The Council responded that they were unsure as to whether they had this information and suggested another reference to the researcher (attached as appendix E). The researcher subsequently sent an email to the reference. The response from the referred contact to the researcher was "there's no source I know of that counts African businesses" (attached as appendix F). A discussion with ACOFI confirmed that West Auckland (Henderson) has the highest number of African migrant businesses and the highest concentration of African migrants in Auckland. However, there was no reported statistical evidence to support this.

In this study, nine participants had located their businesses in West Auckland, six in South Auckland and two in Central Auckland. Within the Auckland region, three participants purposely set up their business in West Auckland because they believed the West had the highest concentration of Africans in Auckland. For instance, James claimed he knowingly set up his business in Avondale[4] because he found more Africans residing there and there were no African barbers to serve Africans; Hajia also located her business at Avondale because of a high concentration of Africans. Similarly, Nathaniel established his African welfare business at Henderson because he found it to have a high concentration of Africans.

According to Portes and Shafer (2012) ethnic enclaves are characterised by the spatial concentration of businesses owned and operated by immigrants from the same ethnic origin to serve their own as well as mainstream markets. It is expected that a substantial proportion of workers from the same ethnicity will be employed in these businesses and that they are not limited to a single economic niche, but involved in a variety of commercial activities. Thus, the ethnic enclave theory is relevant to this study as nine businesses out of 17 in this study reside in the West of Auckland where their businesses are located to serve the interests and needs of their ethnic group. The study also indicated that participants with business skills and capital were able to establish businesses close to their ethnic group to supply their needs. The participants also employed African and non-

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[4] Avondale is a suburb of west Auckland, New Zealand, located in the Whau ward, one of the thirteen administrative divisions for the Auckland Council.

African staff and these nine participants ensured cultural cooperation among people living in the west of Auckland by attending African and non-African ethnic cultural events and were members of African Communities Forum Incorporated (ACOFI). ACOFI has also organised African events and workshops in conjunction with the African Welfare Services and have promoted more social networking and cooperation among African migrants (Lee, 2003; Wilson. & Portes, 1980).

### 6.12.3 Cultural theory

Birukou, Blanzieri, Giorgini, and Giunchiglia (2013, p. 3) have suggested that "Culture is a slippery and ubiquitous concept". However, culture can be described as the form of traditional behaviour characteristic of a given society, a social group or a cultural race of a certain area, or a certain period (Mead, 2002). Kotler and Fox (1995) have described cultural theory as a resource that helps migrants in their business start-up as well as the sustainability of their business in their host country. Strong relationships between culture and entrepreneurship exist among migrants. The product of this relationship is success in business based on the cultural needs for a business set-up. Such businesses are often characterised by long hours of work and emotional hardship as well as the involvement of family members, religious ties and trust (Basu & Altinay, 2002; Masurel et al., 2004). Cultural theory's relevance to this study is that three participants went into business because they felt the need to promote their culture in their host country. Another four participants exhibited the cultural characteristics of many migrant business owners by working for longer hours every day of the week to realise a break-through for their business. Two participants were using their businesses to promote African identity and one established his business to support African welfare in New Zealand and to raise the economic status of Africans.

### 6.12.4 Opportunity structure theory

According to Aldrich and Waldinger (1990), opportunity structures consist of market conditions that may favour the access of products or services meant for a co-ethnic as well as a non-ethnic markets. Opportunity structures also include the ease by which migrant entrepreneurs access business opportunities. Opportunity structures create an avenue for immigrant entrepreneurs to have access to businesses where there are higher entry barriers to immigrant entrepreneurs wanting to enter the open market mostly

occupied by local entrepreneurs (Volery, 2007). Volery explained that entry to such a sector by immigrant entrepreneurs could be realised when the legal and the institutional framework concerning the sector is modified or changed to open the sector to everyone, irrespective of ethnicity. These opportunities might occur when existing resident business owners relocate, close or sell their businesses to immigrant entrepreneurs (Volery, 2007). However, Kloosterman and Rath (2001) advised that when immigrants have access to these opportunities they should not only take advantage of them but also create immigrant opportunities through creative, innovative ideas that may not have previously existed in the community.

According to Fernandez and Kim (1998) opportunity structures occur when ethnic resources such as family members, religious members, ethnic network groups, relatives and friends are used to structure opportunities for migrant entrepreneurs in their host community. Supporting Fernandez and Kim's view, Min and Bozorgmehr (2003) suggested resources such as financial capital, human capital, assets and the ethnic population as the most viable resources for providing opportunity structures for existing and new immigrant entrepreneurs in their communities.

Analysis showed that three participants were able to leverage opportunity structures. Keji is the only African immigrant business owner in party rentals and decorations designed for the European and Kiwi customer. She took the opportunity to buy her business from the local entrepreneur when they were relocating to Australia. However, while running the business and when making business calls, people ask her if she owned the business and how. Similarly, Man was the only participant in this study involved in the production and distribution of confectionery. Man bought his business when the local owner advertised its sale. The business was finally sold to Man four months after indicating his interest when the owner's expectation that a local entrepreneur would buy the business did not eventuate. Opportunity structures also helped Nathaniel to set up the African Welfare Service when, despite the size of the African ethnic group in New Zealand, the government gave him approval to establish the Service. This opportunity had eluded the black community in New Zealand for a long time. Nathaniel did not stop at this; he then created an advocacy sector in welfare where he used his good references to solicit resources and funding from the government that are now available to new and established African migrants. When funding from government became inadequate and erratic, Nathaniel created an opportunity that made it possible for him to realise his welfare objectives and make his clients better off. This innovative idea enabled him to start

soliciting donations from existing African migrants. The items collected were sold to new African migrants at floor prices. Proceeds from this exercise were partly used to run the welfare service and make a new life easier for newcomers. The researcher believes that erratic funding from government is not peculiar to Nathaniel's trust. Most community-based organisations across the country face similar funding issues. It needs to be acknowledged that the government's ability to provide for all sectorial needs is based on budgeted revenues.

Other scholars have used opportunity theory to explain what motivates individuals into self-employment. It has been suggested that necessity and opportunity are the main drivers of self-employment (Kirkwood & Walton, 2010; Shane et al., 2003). In this study, four participants were motivated into business because an opportunity surfaced. They perceived the opportunity to serve their community as well as a few other benefits that the business would give them – it was common sense to implement this as a start-up.

### 6.12.5 Middleman minority theory

One of the theoretical approaches used to explain the phenomenon of migrant businesses in the migrant host country is the middleman minority theory. This concept refers to a situation where the minority group plays an intermediary economic role between the producers of the dominant group and the minority customers within a geographic location (Bonacich, 1973; Min. & Bozorgmehr, 2003). This group of migrants often act as intermediaries between immigrants and the dominant group in the area of supply and demand for economic and social goods.

The middleman minority theory is relevant to this study because within the African ethnic group there exists business owners who act as intermediaries by marketing and supplying goods produced by the dominant group to the entire population, irrespective of ethnicity. For instance, Ama was a marketer and the main distributor of Dark and Lovely hair products for New Zealand and the Pacific region. Likewise, Man was a marketer and distributor of confectionary products for the Auckland region.

The theory is also relevant to this study when viewed from the perspective of Greene and Owen (2004), who suggest that the characteristics of minority groups include their experiences of discrimination from the majority group regarding job opportunities. Minorities tend to establish their businesses in a particular sector of the economy and

sometimes act as intermediaries between producers and consumers. They also always maintain strong solidarity among themselves. Six participants in this study established their businesses in the beauty salon hairdressing industry and served as intermediaries between the producer and the immigrant buyers of the beauty products they use when serving their customers. One participant involved in the importation of food also served as an intermediary between the producer and immigrant buyers. Most participants in this thesis maintain strong business and cultural solidarity among themselves (Greene & Owen, 2004) through attending cultural, religious events and other ethnic associations like ACOFI, the Ghanaian Association of New Zealand, the Nigerian Association of New Zealand, the Ethiopian Association of New Zealand, and others.

## 6.13 Summary of findings

This qualitative study adopted an interpretive approach. This approach enabled participants to share with the researcher their experiences of involvement in business activities in Auckland by answering the interview questions directed to them. By responding to the interviews, participants were able to share with the researcher their perceived experiences and interpretations of the world around them. The study explored the voices and perspectives of 17 African migrant entrepreneurs running businesses in Auckland. During the interviews, participants shared their experience of running their businesses, job seeking, their motivations entering business, their challenges in business and how those challenges were resolved. These experiences were aimed at answering the five research questions for the thesis – the thesis has one main research question and four sub-questions. The data collected was transcribed and analysed and findings from the analysis are summarised and discussed below.

The study first summarises the findings of the four research sub-questions. The findings from the sub-questions are related to the main research question. The aim was to discover the participants' reflections about the main research question *how do African migrants perceive their experience of small business activities in Auckland.*

### 6.13.1 Research sub-question 1

Sub-question 1 in this study examined African small business owners' experiences in job seeking before entering into business in Auckland. The question asked: *What experiences do African migrant small business owners have in the labour market?* The findings of this study revealed that the participants had challenging experiences in their quest to secure a job in the New Zealand labour market. Challenges that related to these experiences are discussed briefly below.

Two participants had challenges with spoken English. Even after going to school to study the English language, they were still unable to get a job. One of the participants became a fruit picker while the other ended up as a volunteer. Another participant, who had graduated from an English-speaking country relocated to New Zealand but spent years looking for a job. He completed a Master's degree at a university in Auckland but was still unable to gain employment. Frustration finally led him to initiate a business start-up. In these studies, four participants' home country qualifications were downgraded when they came to New Zealand. Some had to study for a lesser New Zealand qualification. This was because New Zealand employers did not recognise the qualifications from their home countries. Two participants were unable to secure front-desk jobs, possibly because they are black and had accents. Two participants experienced open discrimination; one was told at her place of work *go away bloody black, go back to your bloody country –* another participant was called names and asked various discriminatory questions while on duty as a cab driver. The researcher felt that one of the most terrible experiences one can have is to be discriminated against, called names or treated as second class citizen either at work or a public gathering. Some participants felt challenged by these occurrences and cried while they narrated their experiences to the researcher.

The participants' experiences in this research were like factors identified by Volery (2007) with labour disadvantaged migrants searching for jobs in their host countries. According to Volery, the common experiences of migrants seeking jobs are discrimination by colour, accent, or religion and their inability to acquire work experience in the host country (Baycan-Levent et al., 2006; Min & Bozorgmehr, 2003). These challenges often lead migrants to start small businesses (Baycan-Levent et al., 2006; Min & Bozorgmehr, 2003) as found in this thesis.

### 6.13.2 Research sub-question 2

Research sub-question 2 examined the motivation of African migrant small business owners to start up a business in Auckland, New Zealand. It asked: *What motivates African migrants into small business activities in Auckland?* Findings revealed that most participants did not come to New Zealand to start a business. The inability of most of them to secure job in the labour market motivated them to start business. Five participants were motivated into business for lack of New Zealand work experience, discrimination, racism and non-recognition of the migrants' overseas qualifications. The study also found eleven participants were motivated to start businesses because they felt a need to serve their community, while four participants went into business because they wanted to be their own boss. Four participants started businesses when there was an open opportunity from within their community. Three participants went into business because of the desire to promote African culture through African hairstyles, beauty and fashion to both African and non-Africans in New Zealand. This study found two participants to have started a business because they wanted to be financially independent, and another two went into business because of the need for extra income to help their families financially. Previous entrepreneurship studies had suggested these factors raised by participants as factors that motivated immigrants to start a business (Baycan-Levent & Kundak, 2009; Kotler & Fox, 1995; Liargovas & Skandalis, 2012; Ljubicic, 2014; Min & Bozorgmehr, 2003). Worthy of note is that being either pulled or pushed into business is not enough to achieve business success. This study shows that some African migrant small business owners are conditioner entrepreneurs (Abu-Asbah & Hebrunn, 2011), meaning that they went into business because of challenging circumstances. Thus, they may not have what it takes to succeed in business. However, to be successful at starting and running a business, the entrepreneur is required to be: resilient, focused, prepared to invest for the long-term, find and manage people, a sales person for his business, self-reflective, self-reliant and to learn new systems, technologies and industry trends (Forbes, 2013).

### 6.13.3 Research sub-question 3

Most participants in this study had financial problems at the start of their business and were still having financial problems running their businesses at the time of the interviews. They were unable to obtain finance from financial institutions, although this is common

to most small businesses. A good financial institution willing to stand the test of time will have rules and regulations for a potential borrower to meet before issuing a loan. Participants consequently borrowed money from friends and family to finance their businesses. Even obtaining a loan from friends and family members is based on the belief that the borrower can pay it back. Most SMEs are unable to meet the banks requirements and failed to obtain guarantors and the collateral require by the banks, some also failed to prepare financial statements for their businesses and as such were denied the loan (Friesen, Murphy, & Kearns, 2005).

Participants were also challenged by the continuous increase in business expenses. These expenses included utility bills, which they complained were always on the rise without complementary increases in sales. Relative to participants having increased business expenses, Barrett and McEvoy (2013) argued that they could set their business priority right or have a portfolio of businesses in one office. Participants were also of the opinion that the size of the New Zealand population limited the type and size of the business they could run. One of the greatest sources of any country is the population (Simon, 1997), but a small country like New Zealand cannot just grow it population without providing adequate social and infrastructural facilities to support the growth. This takes long-term planning and is expensive. Participants also had challenges regarding government tax, complaining that the tax they paid as small business owners was too high and was likely to kill their business. Another challenge highlighted by participants was unfair competition – a situation whereby other businesses were pushing them out of business by selling products below cost price. Another scenario was a situation in which richer and bigger businesses could sell wares to customers on credit leading the participants to lose sales and customers. This strongly disadvantaged the small business owners who lacked the finances to do the same. According to Collins (2003), running businesses is competitive and businesses dwell in competitive environments and unless a businessperson knows how to play by the rules, he might not survive. Another challenge found in the study was the issue of goods imported with expiry dates not cleared promptly by customs. In this instance, the researcher assumed it was a consequence of logistical problems with customs. However, other studies in entrepreneurship studies have observed similar factors that cause problems for migrant small business owners running their businesses (Brenner et al., 2000; Holguin et al., 2007; Pinkowski, 2009).

### 6.13.4 Research sub-question 4

This study found that African migrant small business owners adopted the following strategies to remedy their challenges running businesses in Auckland.

Lack of business management strategies and the poor educational backgrounds of operators often lead to businesses having consistent challenges (Lewin et al., 2011). Three participants attended training in management and business finance and obtained professional advice to improve their business operations. To be grounded in the art of running a business one participant (Matiness) went to school and acquired a Master's degree in business (Meares et al., 2010b).

Onugu (2011) suggested lack of access to capital as one of the main challenges of small business. Two participants had challenges raising capital for their businesses through formal finance. These participants were forced to raise funds through family and friends because they could not secure funding from financial organisations. Collins et al. (1998) argued that financing from family and friends is the most dominant source of seed capital for small businesses and the most common source of finance for poor businesses having no access to formal finance. In an attempt to turn around their businesses two participants engaged in cost-cutting by not paying themselves salaries and working longer hours to help the business. Three participants found that they were running at a loss because of customers would not pay for services rendered hence they embarked on paid as serviced. This was the redeeming feature for them and their businesses. Taking these actions allowed the participants to reposition their businesses – from the brink of failure to going concerns. Although taking these actions were good for the participants, how far they could go will determine how long their businesses will survive.

To improve their sales and income two participants introduced new products into their business line and three participants placed more advertisements through various channels. Two other participants increased their attendance of relevant migrant events. These actions had positive results leading to an increase in sales and income for their businesses. Strategies used by the participants in this study to remedy their challenging business situations were similar to those suggested in earlier studies of immigrant small business owners (Borjas, 1986; Pinkowski, 2009).

### 6.13.5 Main research question

Attempts to answer the main research question began by examining the participants' experience of their business environment. Participants had a positive experience of New Zealand's natural and social environment, describing it as beautiful, peaceful, ideal for raising a family, providing a good quality of life, displaying good governance and a good climate. These virtues lead a multitude of people to come to New Zealand every year (Tabor, 2014). There is no doubt that most people choose to visit as a tourist, live and set up business because of the characteristics ascribed to New Zealand by participants. No wonder New Zealand is recognised as the 7th most reputable country in the world (Ley, 2006).

In this study, participant' experiences of the business environment and related business activities in Auckland varied. Five participants claimed that they experienced high costs in their businesses since starting.

Five participants were not happy running their businesses in Auckland and they complained about population size. Some were concerned about the number of African immigrants in Auckland in relation to their business. They argued that they make a loss because the small population led to lower sales. Five participants complained that it was hard for them running a business in Auckland because the New Zealand environment is highly competitive for small business, it is difficult to get funding, there is little support for small business from government and its agencies and the cost of living in Auckland is high. Two participants complained that their customers were unable to pay for services rendered to them because they were poor and jobless.

Five participants had positive experiences starting or acquiring a business in Auckland. They were happy as some claimed it was easy for them to buy the businesses of their choice because the procedures for that are easy and the enabling business environment is supportive compared to other Pacific and European countries. According to Doing Business (2016), New Zealand is the easiest country in the world for doing business. This same ease could also be the source of small business challenges because running a business might be much than participants perceived when they started a business. Business success is more than ease of purchase or starting. It requires that an entrepreneur has positive entrepreneurial character, experience of good relationship building with suppliers and customers, persistence and patience to successfully build a business and a deep understanding of the business environment (Lee, 2008).

Five participants had positive experiences of easy business registration, purchase of business, and opportunities extended to African migrants to become entrepreneurs. This is justified by New Zealand being rated as the second best country for small business in the world (Forbes, 2012). Some participants and their businesses had many positive experiences, either because the business owners had personal business experience and the skills needed to succeed in running a business in the host country, or because they had been involved in family businesses in their home country. According to Ashley-Cotleur, King and Solomon (2009), individuals who had personal business skills or had been involved in running family businesses found it relatively easy to start a business and make a success out of their endeavour.

From some participants' point of view it was challenging running a business in Auckland. They had found it difficult to realise their business objectives, while others claimed to be enjoying the business environment as well as their businesses. However, running a successful business goes beyond buying a business or the availability of a pleasant business environment. For a business to be productive, the owner is expected to always undertake due diligence. An intending entrepreneur needs to take into consideration the following before starting business:

- Financial consideration, especially how to source funds;
- Whether the product would be sellable;
- What strategy to adopt for the product to penetrate the market;
- What the size of the market is as there must be enough customers to buy the product for the business to succeed;
- Adequate financial projection for two to three years to break even;
- Adequate cost benefit analysis undertaken before the business takes off.

It is obvious that participants with acute challenges in the study did not follow due diligence before starting their businesses. Although, two participants that bought over businesses completed due diligence because it was mandatory. The researcher cannot blame them for negligence as they started businesses for reasons that may not permit them to undertake due diligence.

## 6.14 Summary of chapter

In this study, most participants found the New Zealand environment ideal for living in and raising a family. They also commented that the New Zealand business environment was exciting. However, participants' experiences becoming involved in business were not the same; while some found it challenging, some other found it encouraging. Overall, the challenges experienced by participants were quite similar to those found in other entrepreneurship studies (Brenner et al., 2000; Holguin et al., 2007; Pinkowski, 2009).

This study also examined what motivated participants to business. Findings from this study indicate that participants had other motivations for going into business: to be their own boss, to make extra income, to overcome disadvantages in the labour market, to become involved in community service, to gain financial independence, opportunities to set-up business, to make their culture known, and finally, because of a passion for promoting their culture. Largovas and Slandalis (2012) maintained that migrants involved in business were often responding to their families' financial survival, the desire to serve their immediate community and positive economic conditions. Baycan-Levent and Kundak (2009) found that the main incentive for migrants to enter business was to become their own boss. Therefore, as discussed, the motives for these African migrants to go into business reflect findings from past studies (Liargovas & Skandalis, 2012; Min & Bozorgmehr, 2003; Shane et al., 2003).

Participants in the study explained how they resolved their challenges and moved their businesses forward by: introducing new products to complement existing ones; placing more advertisements to draw in more customers; attending a series of migrant events to showcase their businesses; cutting costs in all facets of the business; raising funds from friends and family; prayer; training and retraining as well as seeking professional advice; ensuring that payment was made by customers before service.

The next chapter is the final part of this qualitative research and there the researcher draws the conclusion of the study. Further, in Chapter 7 the researcher discusses the study's contributions, implications and limitations as well as highlighting areas for further study and making recommendations.

# CHAPTER 7
# CONCLUSIONS



**Figure 7.1: Structure of Chapter Seven**

## 7.1 Introduction

This chapter summarises the key findings of the thesis based on the empirical evidence. The interpretation of the findings, the contribution of the study to the existing literature, theory, and methodological contributions will be discussed, recommendations will be made and directions for future research will be suggested. The structural representation of chapter 7 is as given in figure 7.1

**7.2 Major findings**

This thesis has five research questions and major findings of African migrants' experiences with business activities from each of these research questions are discussed below.

 (1) The cost of running a small business was too high, and the cost of doing business was getting higher each year with no corresponding increase in sales. Participants attributed their lack of businesses profitability to this reason. From the critical perspective of utilities and material costs, I don't think it would be a serious problem if they increased the prices of their products with appropriate mark-ups relative to their total cost to realise enough profit to keep the business going;

(2) The New Zealand African ethnic population to customer ratio is very small. The New Zealand population is also comparatively small, making it difficult to have enough of a customer-base for some migrant businesses. The African ethnic community is relatively small compared to other ethnic communities in Auckland, leading to a low customer base and profit for their businesses;

(3) Running a business is hard; it is often hard to start-up a business and some of the participants seemed to be accidental business owners. After starting their businesses, participants were still having problems progressing their businesses, as they did not have access to formal finance. The question arises: are there too many businesses chasing limited customers given the small size of New Zealand's population? From my perspective as a researcher, the answer is 'yes'. This study comprised 17 participants, with five in food-related and six in beauty-related businesses. This is too many for each sector given that the New Zealand African population size is 6,306 people (Statistics New Zealand, 2013). These businesses could collaborate, rather than compete, especially given the small market. After all, collaboration is a traditional cultural approach for African communities (Mhm, 2011).

(4) Participants noted that compared to their experiences in other countries, it is easier to either register a new business or acquire an existing business in New Zealand. The relative ease of setting up a business in New Zealand could be another reason why small businesses fail. One could imagine what would happen to a business acquired by owners with none of the skills in finance or management required to keep the business afloat;

(5) Some customers were unable to pay for services because they were jobless and the government financial support for African refugees did not cover their living costs. Those that had employment were paid below minimum wage and their jobs were unreliable. There is no reason why participants should provide services or products when customers cannot pay. Doing so would be a sure way towards loss making if not outright business closure.

This study examined African migrants' experiences job seeking before embarking on business. The following findings emerged:

(1) It was very difficult for African migrants to secure employment in the New Zealand labour market. When it became difficult, some participants were advised to acquire skills, experiences and additional qualifications or education to secure employment. However, after acting on this advice, they were still not able to secure employment. It is common knowledge that either obtaining additional qualifications, or seeking employment with a lower qualification than that acquired in one's home country do not make it easier or quicker to obtain employment in a migrants' host country. New Zealand is considered a very competitive environment where the job goes to the most qualified candidate. Although in many cases, getting a job also depends on networks. Wang and Maani (2014) found that existing ethnic enclaves played a significantly positive role in immigrants' integration in New Zealand and there are enhanced employment outcomes through networking;

(2) Participants experienced both institutional and personal racism. Two participants were crying while they narrated their experiences. Participants did not only experience discrimination and racism while searching for jobs, but also while running businesses. However, this practice is not limited to New Zealand alone. Exploring the ways in which race plays a role in the lives of Mexican American Ortiz and Telles (2012) found Mexican Americans been racialized in the United States. They mostly experienced institutional racism and discrimination;

(3) International qualifications obtained by African migrants are evaluated by NZQA. For some of the migrants, their qualifications were downgraded preventing them from obtaining an appropriate, if any level of employment. It is common practice for most host country governments to ascertain qualification equivalency though not all international qualifications are downgraded. For instance, the researcher came to New Zealand with an MBA (level 9) and NZQA assessed that qualification as equivalent to a New Zealand MBA qualification.

(4) Although participants were mostly fluent in English language writing and speaking, they had difficulty getting employment because of their accents. Most skilled migrants are requested to complete an English language test before coming to New Zealand to ensure they have enough communication skills to integrate into society easily. Even though English is the medium of communication and instruction in this researcher's country, the researcher was still required to complete an International English Language Test (IELT);

(5) Participants who arrived in New Zealand when there was high demand for their profession, skills and experience found it easy to secure employment. Getting a job quickly could be a function of occupational differences. For instance, it might be easier for a qualified nurse to secure a job more quickly if there is a high demand for skills in health, care, social work or other relevant sectors. A qualified information technologist may also find it easier to get a job despite all odds. When you are working in a back office, it does not matter if you are black or white or a fluent speaker of the English language, provided you can write and read in English.

Eight findings emerged from the participants' revelations about what motivated them to start businesses. The participants started businesses when they realised that:

(1) their communities needed their services, skills, and experience especially in the areas of food, clothing and fashion; (2) there was a need for extra income to help reduce the burden of high living costs in Auckland; (3) there were other pressing financial considerations and that being in business enhanced their ability to realise enough returns to become financially independent; (4) there were opportunities to promote African culture in New Zealand in the areas of food, fashion, hairdressing, beauty and music. Today, the presence of African culture is most pronounced in New Zealand society; (5) a business opportunity presented itself in the community for entrepreneurial development; (6) they were passionate and motivated to become business owners; (7) they wanted to be their own boss because they believed this could create flexible time as well as translate to being independent, which was especially important for those that had experienced serious discrimination in paid employment; (8) they were not able to get a job through the labour market and there was no alternative but to start a small business. Despite best intentions, motivation did not always guarantee participants being able to meet their business objectives. Some of them were making losses while a few had to close down their businesses. Being in business guarantees neither a better life nor riches for a migrant in their host country (Volery, 2007).

There were six major findings about the challenges that participants faced starting up and running a business: (1) finance and the difficulty of accessing funds. The most important and crucial part of starting and running a business is finance. Finance is often difficult to access, yet it is vital to achieving business growth. The major challenge for Africans in entrepreneurship is having access to and raising finance. This will continue to be a challenge to migrant small businesses because financial organisations are sceptical of their ability to pay back any loans; (2) the payment of high utility bills. High bills had a negative effect on the profit level of African migrant businesses leading to three participants' businesses being wound up within three months of completing the interviews; (3) population. It was suggested that New Zealand should attempt to grow its population as size has a direct relationship with business sales, which leads to growth. It might be easy to grow a population, but it is extremely difficult to provide infrastructure for an imported population; (4) competition, especially negative competition. Smaller businesses were often disadvantaged by bigger businesses with access to more readily available capital, media and other advertising channels. Participants had to realise that competition is the heart of business in an open, market-oriented economy such as New Zealand and that there was a need to learn appropriate business skills; (5) heavy taxes were felt to be killing their businesses. It should be noted that these businesses were small and often operated with a low capital base. They expected support from the government rather than having heavy taxes imposed on them. Some had to borrow to pay for the cumulative debt incurred through business tax. The researcher could see that participants were struggling to access finance. However, some of them found themselves in this situation because they could not meet the loan requirements of the formal financial sector. It is difficult when businesses can neither produce financial records nor the collateral to access finance because it is the only resource a financier will consider in the case of default; (6) Customs' untimely clearance of imported goods. This resulted in some imported goods only being cleared three months after arrival, potentially three months into the expiration period or even after the expiration of goods, resulting in a heavy loss to the business. The researcher disagrees that only Customs was to blame as concerned participants could self-remedy the challenge by ensuring that they order their imports early or that they order goods that have an expiry date within a year.

The participants devised various strategies to resolve their business challenges, which enabled them to start making profits again. Major findings about the participants'

resolution of their challenges are categorised into seven themes: (1) participants introduced new products and placed more advertising. Having more than one business under one portfolio helped reduce costs because the umbrella business was responsible for the bills of all of the businesses. In addition, if sales were low from one business they may be high from another. This situation enabled continuing sales and revenue for the entrepreneur throughout the year. Lower sales and low customer turnover were resolved by placing more advertisements, leading to more sales and profit; (2) participants attended more migrant events and ran free business services that were not limited to African ethnic migrants. This helped participants' businesses become more well-known and better patronised, resulting in a change in business revenue; (3) the financial position of the businesses started improving when entrepreneurs cut their running costs by working longer hours, not paying themselves a salary and not hiring employees; (4) when they were in need of finance and couldn't source funds from the formal sector, participants tapped into alternative sources from friends and family, previous savings, selling valuables (jewellery, gold and diamonds) and property assets; (5) some participants attempted to revitalise their dying businesses by accessing business mentors and training in how to run a business as well as attending university to acquire business knowledge; (6) prayer was sometimes considered a key to success (Copeland, 1996). Some participants with religious faiths prayed and felt that God showed them the best solutions to their business challenges. They were happy because their businesses were back in profit. However, it is difficult for prayer alone to solve problems, as practical business solutions are often required; (7) expecting payment before service delivery was considered the best solution for customers who were not paying for the services rendered to them.

The study found that resolving business challenges could take any form and it often depended on the challenge faced by a business at a point in time. However, the ability to manage a successful business, irrespective of numerous challenges, has much to do with the entrepreneurial characteristics and traits exhibited by the business owner. These included innovation, risk-taking, autonomy, perseverance, independence and internal control (Omisakin et al., 2016). The author suggests that businesses that are innovative, proactive, compete aggressively, take risks, and show autonomy are better off in business performance as long as they maintain control and understand the business environment.

It became obvious from the findings that participants faced many business challenges. However, because of the participants' backgrounds and the circumstances that led most

of them into business, it was very difficult for them to resolve those challenges quickly on their own. Participants mostly faced financial challenges because sources of finance were limited, financial institutions were either not big enough to assist or were not willing to lend, and migrant businesses lacked access to government support (Ram & Deakins, 1996). To resolve these challenges some participants operated multiple businesses under one roof, marketing their businesses, sales and services within the same neighbourhood, parks and community business centres. For example, Keji could not afford to pay for garage rent to stock her business wares so she operated her business from home using one of the three bedrooms in her apartment to stock her business wares, her sitting room as an office, and her car and van as a mobile shop to assist marketing and reduce costs.

The findings suggest that many African migrants go through challenging experiences, whether they are job seekers or business owners. African migrants seeking jobs were discriminated against for skin colour, accent, lack of New Zealand work experience and overseas qualifications that are not acceptable in the New Zealand market. Other studies in different countries found that immigrants in their various host countries went through similar experiences (Abu-Asbah & Heibrunn, 2011; Pio, 2007; Schmis, 2013). These challenging experiences motivated a good number of participants to start-up a business, believing that this would assist them to cope. Unfortunately, some participants faced other challenges running their businesses. The discrimination that forced them into business in the first place was still faced by some of them. Doing business did not alter their skin colour and accent – they were still discriminated against at business seminars and with government funding. African migrant small business owners' challenges were not limited to discrimination as many were also financially challenged during the start-up and running of their businesses.

Very few studies have been done examining African entrepreneurship that conclude that the main challenge is finance and accessibility to bank loans. One of the major findings of this thesis is the financial difficulty faced by the participants, which supports existing international studies on immigrant businesses (Collins, 2003; Ram & Deakins, 1996).

The thesis also found some challenges that are particular to New Zealand regarding population size and cost of living. Those African migrant business owners whose businesses were losing profit adopted several business strategies, which lead to results that are more positive. It is inevitable that a business cannot obtain loans from finance firms when it does not have what it takes to access the loans. It was problematic to blame the New Zealand context for the woes of their businesses because participants, especially

those with a cultural focus, knew the context before they started their businesses. Participants should have taken due diligence exploring the New Zealand context and African communities within that context.

Labour disadvantages in the host country are a result of many factors including institutional regulations, occupational priorities, industry standards or requirements, government policy (pay level/scales, the retirement age and its effects on labour turn over), race and discrimination. In this study, the use of labour disadvantage theory drew attention to participants' experiences of racism and discrimination, with findings discussed in previous chapters. These findings supported the study's ontological position that African migrants, whether in business or searching for a job, experience challenges in their daily lives. The study also indicated that racism still exists in New Zealand society, further justifying the use of labour disadvantage theory. My participants argued that they experienced discrimination because of prejudice against their skin colour and accent. This is unexpected in the 21st century despite New Zealand's adoption of The Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990.

The findings from this thesis not only support the existing literature and theory but also contribute new insights into the motivations of African entrepreneurs, which were not only about setting up a business but also promoting African culture and traditions. For instance, Rose's pride in her African identity alerted her to an opportunity for business in Auckland that incorporated the promotion of her cultural heritage. Furthermore, research revealed that often an entrepreneurs' cumulative prior experience from business involvement in their home country helped them to start a flourishing business. Research also indicated that most of the participants sourced their customers by attending African cultural and religious events, initially offering free services to improve market penetration.

Qualitative research method was adopted by the researcher because it was found to be ideal for sourcing information from participants. Using in-depth face-to-face interviews enabled an understanding of the challenges of African immigrants and their experiences in business and daily life and how these experiences shaped their understanding of the society they live in. A qualitative approach encouraged participants to share their marginalised and challenging experiences as African migrants living in their host country. Trust and rapport were established between the researcher and participants demonstrating the usefulness of a qualitative over a quantitative approach

Globally, entrepreneurship is regarded as an instrument for economic growth and development in most countries. In countries such as the United States of America, Canada, and the United Kingdom, immigrants are an important source of growth and development, active contributors in every facet of the economy (Fairlie, 2008). However, an inability to secure employment and other factors have led some of them towards entrepreneurship to help improve their standard and quality of living. In these countries, immigrant entrepreneurship exerts a powerful influence on economic and social integration (Fairlie, & Cruz, 2012). Immigrant entrepreneurship is seen as a process by which a non-native establishes and maintains a business in their country of settlement. This benefits the migrant by generating income, and the community/country by contributing to the government's revenue from business activities and avoiding unemployment. However, this thesis shows that African migrants running businesses in Auckland are not benefitting from their entrepreneurship sufficiently as they continue to experience numerous barriers. This situation has resulted in three businesses closing down just three months after interviews took place. The income that the concerned participants realised from these dead businesses was the only means of survival for their families. Hajia, a sole trader of African goods located west of Auckland, started her business a year ago with no business experience and had to close because of the lack of sales and high cost of running a business. Emily, also located west of Auckland, was a sole trader in beauty and hairdressing with many years of experience before starting the business. She had been running the business for four years, but it, too, folded through the lack of sales and high cost. Similarly, James, with many years of business experiences in South Africa and Ghana, ran a beauty salon and barbers in central Auckland that had to close after five years. From a critical perspective, only Hajia's business could justify closure but Emily and James had run their businesses for four and five years respectively before closing. This leads the study to make some recommendations about how to make migrant entrepreneurship more profitable for those involved.

## 7.3 Recommendations from the study

Of importance to the researcher is making recommendations to the New Zealand government about approaches to policy formulation that will help reduce the challenges faced by African migrants running businesses in Auckland. The business and entrepreneurship characteristics of this group are rarely discussed in New Zealand.

Particularly challenging for this study was the scarcity of data available regarding the number of Africans involved in business activities in this country.

The study found that some businesses were performing well, while others were performing poorly and nearly all participants suggested that African migrants went into business because of their negative experiences in the labour market. The study found that African migrants had a wealth of academic and practical experience in their chosen professions, but were unable to channel this into productive economic activities. African migrants also have an immense wealth of experience running businesses that they acquired from their home countries, either through personal involvement in business activities and family businesses. However, arriving in New Zealand and starting up a business without support made the business journey very difficult. Therefore, this study makes 13 recommendations as follows:

1) Data collection relating to migrants' business involvement should be enhanced, particularly regarding the ethnic identity of minority groups that are often overlooked. For example, groups from the Middle East, Latin America and Africa which constitute only 1.2% of the New Zealand population (Statistics New Zealand, 2013). This would enable valid studies of this subject in the future and may also help policy makers to make policies and regulations that have a more positive effect on migrant business owners before business start-up and at the operational level of their business.

2) The New Zealand government, in collaboration with private businesses, should develop collaborative, meaningful strategies to make optimal use of the skills of both existing and newly arrived migrants and refugees and enhance their participation in the New Zealand labour market. Every migrant skill must be channelled towards economic production, rather than migrants seeking a white-collar job or social welfare benefit from the government.

3) Most participants were well-qualified with skills and experiences in their chosen professions. Participants with high qualifications included: Janet, who had a PhD; Mat, Matiness and Ama, who had Master's degrees; Halle and Man, who had postgraduate diplomas; Keji, Rose and Matule, who had Bachelor's degrees; Jully, James, Emily and Mohammed, who had diplomas. Additionally, Ruth and Hamid had high school certificates, while Hajia is the only participant with no qualification.

Thus, it is recommended that the New Zealand government should ascertain the experience of migrants and facilitate local work experience or provide

employment/volunteering opportunities where migrants' expertise and qualification(s) may be needed. This would help newly arrived migrants to acquire the kind of New Zealand work experience required by employers. The researcher is aware of Auckland Regional Migrant Services, an agency that focuses on assisting skilled migrants but does not have the resources to help the high influx of migrants with a variety of skill bases in Auckland.

4) The study also recommends that a body be set up to counsel/direct new migrants willing to start-up businesses that have potential areas of growth in the economy. This would enhance and promote profitability, minimise failures, and motivate other migrants willing to start-up businesses.

The researcher recognises the existence of the Migrant Settlement and Integration Strategy that operates through Central Government and the Auckland Council. The strategy identifies five measurable settlement and integration outcomes for migrants: employment – ensuring working-age migrants have work that matches their skills; New Zealand-ready qualifications, education and training – to ensure migrants achieve educational and vocational qualifications; English language - assist migrants to learn and confidently use English in their daily lives; inclusion - assist migrants in participating in and have a sense of belonging in their community and New Zealand; health and wellbeing – assisting Migrants to enjoy healthy lives, feel confident and safe (Leung, 2002).

This is a good strategy and it has been helpful for migrants but it is not sufficient. It doesn't provide for migrants willing to enter business, who are already in business, or who are having problems in business. The strategy could be strengthened to accommodate these observations.

5) The researcher understands the government's ideology of not running a bank however, the New Zealand government should endeavour to establish a specialised financial institution such as a small business development bank or a national industrial bank such as the ones that operate in Canada (Business Development Bank of Canada) and Nigeria (Nigeria Industrial Development Bank). Such banks should then be accessible to small businesses run by immigrants who are granted loans to start or run their businesses at a cheaper rate compared to conventional banking institutions.

6) Most businesses in New Zealand that make a profit need to embark on export because the New Zealand population is relatively small and the government promotes exporting goods to earn more revenue. From this perspective, the New

Zealand government should endeavour to establish an export-import bank. Most countries such as the United States, China, India and Nigeria have an import export bank dedicated to assisting small and medium-sized businesses in their quests to export their products and import raw materials from overseas. Accordingly, the Business Dictionary (2016b) referred to the Export-Import bank (EXIM bank) as a government entity that provides insurance cover to entrepreneurs exporting products against losses from non-payment by the importer in the receiving country. The government needs to be involved because of its responsibility to promote a country's foreign trade. New Zealand has the Export Credit Office (NZECO), responsible for providing financially guaranteed products that also helps New Zealand exporters to grow internationally. NZECO also works in collaboration with banks and credit insurers to support and make New Zealand exporters more globally competitive. This is not enough for a country of four million five hundred people, heavily dependent on export and trade agreements for survival. I suggest that NZECO is made a New Zealand EXIM bank and provide support to small businesses willing to develop export and import businesses in New Zealand.

7) This recommendation is based on my experience as an entrepreneur in my home country, as well as being an associate member of the Institute of Economics and Pensions of Nigeria, a banker, and a financial member of a church with an educational background specialising in entrepreneurship. I am sure that the informal credit associations often used in developing countries, and in many other parts of the world, would help to solve any issues with start-up and business running costs for most African entrepreneurs. Informal credit otherwise referred to as rotating savings and credit associations (ROSCAS), serve dual roles with savings and credit (Light & Gold, 2003). Members contribute to ROSCAS through a fund rotated among the membership. In Nigeria and Ghana, as well as the United States, ROSCAS are referred to as 'thrifts.' In some other countries, they are called 'safes', 'cooperatives' or 'outs'. Thrifts will not only be useful for Africans starting a business but will also be useful financing children's education, building homes and the other necessities of life. We have successfully used thrifts in my New Zealand church to help members in financial need and I used the system for support when I was running a small business in Nigeria.

8) Contact with participants made it obvious that most of them lacked the knowledge and ability to prepare simple budgeting, bookkeeping and financial statements. Therefore, this study recommends that the African community develop a kind of 'African business advisory board'. This may be set-up by ACOFI, registered with the Ministry of Business, Innovation and Employment (MBIE), and then monitored and controlled by the two bodies. This could help African entrepreneurs with business budgeting, finance, bookkeeping and the preparation of financial statements for their business. This board, if well organised, could serve as a referral body for an African business owner wanting to obtain finance for their business. Some African businesses would then be able to obtain financial loans because there would be a point of reference and audit for the formal financial sector. African business owners would also be able to monitor their businesses with advice about prudent budgeting. I would recommend the advisory board include an African financial professional with a good record, who has undergone New Zealand character vetting, and is a member of ACOFI.

9) The study recommends producing occasional televised interviews with successful African entrepreneurs in New Zealand, outlining their stories and the benefits of involvement in business. The programme schedule could start with businesses such as Amaka Limited, Amano shop, Africana Hair Braiding Studio and The African Braid Salon. This would serve as motivation for upcoming African youth willing to go into business and possibly improve the quality of African entrepreneurship.

10) The government could set up a support programme dedicated to disadvantaged immigrant entrepreneurs with the aim of mobilising more immigrants towards self-employment and entrepreneurship. The most motivated and experienced African migrants willing to go into business would be identified and financially supported. Progress should also be monitored. If successful, these start-ups might serve as a link to other businesses in Africa and other countries. They might bring trade and investment opportunities that the New Zealand Government can tap into to help grow New Zealand exports. However, New Zealand society will benefit most from the businesses that survive in the end.

11) In this study, three businesses were found to have closed within a few months of conducting interviews. As a matter of policy, I recommend the government

prioritise increasing the chances of already existing African immigrant-owned businesses surviving. Government and concerned bodies should also work on their laissez-faire approval policy for business start-ups. In some cases, you find people buying businesses are not competent because they lack experience. The failure rate of small business start-ups in New Zealand is high due to a lack of business skills and experience (Jones et al., 2002).

12) According to Yeabsley (2007), New Zealand struggles to grow its economy partially due to its small size and remote location. Although little or nothing can be done to change location, the size can be increased over time. Yeabsley suggests adopting a population policy with the aim of reaching 15 million in the next 50 years – an annual growth rate of 2.5% per annum. Given this, the study recommends that New Zealand grows its population by admitting more migrants with entrepreneurial orientation and skills. In particular, more African migrants to grow the market for African businesses. With a larger population, the country would be able to produce more consumables for the existing population to purchase. New Zealand would then not be dependent on other countries for consumables and businesses would grow, increasing economic development. In a lecture, Julian Simon advised: "The ultimate resource of any country is people (skilled, energetic, innovative, hopeful young people with economic and business endowments). When a country has more people, this country will have higher income and that increases demand for resources (meaning higher prices). Higher price represents opportunities to businesses and it also represents opportunities for science" (Simon, 1997). In conclusion, New Zealand should not leave its fate in the hands of other countries.

13) I recommend a tax incentive/holiday for one to two years for new or emerging small businesses. This will enable them to take-off strongly and penetrate the market, competing effectively with the existing and stronger businesses. This can be administered through the Auckland Council because most small businesses deal directly with the council. A tax incentive/holiday is not a new idea, as many countries adopt them to grow small businesses – for instance, Russia, Poland, Romania, and the Ukraine have adopted a simplified tax system for their SME and sole proprietors (Engelschalk, 2005).

## 7.4 Research implications

This section discusses the implications of the study for wider public benefit and contributions to knowledge. There has been no previous research carried out in New Zealand on African migrant small business owners' experiences; neither have there been any academic enquiries into African migrants' experiences in the New Zealand labour market, what motivated them into business, their challenges running businesses, and how these challenges were resolved. This study is original as it highlights the experiences of Auckland-based African migrants.

This study also revealed that while running businesses in Auckland, participants faced challenges financing their businesses, paying for utilities and paying high business tax. A small population leading to lower sales was also considered a challenge, while negative competition killed their businesses. The participants devised strategies to resolve these challenges among which included: placing more advertising, attending migrant events, introducing new products, cutting costs, raising funds, attending business training, seeking advice and praying.

Overall, African migrant small business owners are continuing to contribute economically, culturally and socially to New Zealand society. For example, the African small business owners that took part in this study were contributing to the local economy through payment of business taxes, collecting Goods and Services Tax (GST) from customers on behalf of the government and remitting the same to the appropriate government departments, as well as providing employment for immigrants and locals. They are doing their bit to help the New Zealand economy grow and resolve some of the associated social problems. Another area of importance is that participants in this study engaged in international trade, importing and exporting products in and out of New Zealand. Thus, they generated import and export duties and other port-related income for the government. Most businesses represent an intermediary link between New Zealand and other countries. Some participants' businesses had been running for five to 15 years making profit and contributing to the economy. However, a certain percentage of the interviewees had not been making progress and the New Zealand government should assist them, as recommended in the thesis.

New Zealand is recognised as the second best country to do business in the world because of its stable business climate, transparency and encouragement of entrepreneurs (Doing Business, 2016; Forbes, 2012). More than 90% of businesses in New Zealand are small, employing more than 30% of the work force (The Ministry of Business Innovation &

Employment, 2014). This is highly commendable. However, this study has used empirical findings to show that despite their contributions, migrant small business owners are faced with numerous challenges leading to the collapse of some. For instance, by the time this thesis was completed, three businesses had closed down. The implication is that unless something is done to support these businesses, others may fold up. Therefore, the justification for this study is the need for a policy review to recommend resolution strategies for small business owners facing challenges to his/her business.

Culturally, most participants in the thesis considered themselves ambassadors of African culture. As proud Africans, promotion of cultural heritage in New Zealand was their priority. They started by introducing many new African foods and fashions to New Zealand, including distinctively African hairstyles such as African braiding, weaving and dreadlocks. African fashions, cuisine and culture are today a part of the multicultural characteristics of New Zealand. The implications of years of promoting African culture is that today it is common to see along the street, at events, clubs and other social gatherings in New Zealand, non-African people wearing African fashions, eating African food, wearing African braids and attending African churches and mosques. Every year there is an African film festival in Auckland and Wellington. Every year, a day is dedicated to Africa at Parliament House in Wellington and an associated festival is celebrated yearly in Auckland. African migrants are socially responsible in New Zealand society (Walrond, 2012), working in all facets of New Zealand organisations such as Corrections, Customs, Police, hospitals, colleges and universities. African migrants continue to make themselves known and relevant in New Zealand as a tolerant, multicultural society that reflects a diversity of global values.

For New Zealand to continue its reputation as one of the best countries for doing business, policy-makers may need to draw on this sort of study to ensure more immigrant business entrepreneurs are noticed. These business men and women could be promoted as positive examples, motivating other immigrants to engage with entrepreneurship. New Zealand's future prosperity depends on the ability of policy-makers to determine appropriate policy for how to best to use these limited human resources.

Despite a government policy of non-involvement in banking, I still advocate for government assistance for those that require financial assistance to expand their businesses, with a grace period for payback. Almost defunct businesses could be bailed out, as was done in the United States by former President Obama. The implications of

this would be to encourage migrant entrepreneurship, discouraging migrants from looking for jobs in the labour market. This would free-up jobs for other job seekers and relieve the government from paying social welfare to those that are on a benefit.

**7.5 Areas for further research**

Areas of further research could involve the following approaches. As previously discussed, there have been a few studies on other migrants involved in business in New Zealand. A comparative study involving more participants in Auckland can be carry out on migrant experiences in business activities with immigrants from different ethnic groups. This would give a comparatively clearer picture about immigrants' experiences in business activities.

The triangulation of qualitative and quantitative research can be used to examine the motivational factors that induce African migrants to enter business in New Zealand. Linking qualitative and quantitative data would provide a robust database with richer detail, leading to the development of reliable analysis and the generalisability of subsequent findings (Miles & Huberman, 1994).

When selecting participants, the researcher used snowball sampling. Because of this, most respondents were from the same continent/ethnicity. It is recommended that another study be carried out involving different sampling methods, participants from other regions of New Zealand and a range of ethnicities to compare whether the same motivational factors that induced participants in this study into business, also induced others. The outcome of such a study will reveal the similarities and differences of motivational factors for the entire population of small business entrepreneurs in New Zealand.

To prevent the possible closure of African migrant businesses the study recommends more research on the views of African small business owners about how to effectively grow their businesses. This could prevent any potential downturn and subsequent closure of their businesses.
Finally, research could be undertaken on how the multitude of migrants involved in job seeking can be motivated into business with the support of relevant authorities.

There is an abundance of potential areas for further research on migrant involvement in business activities. Undertaking further studies would provide more opportunities for the

migrants and their communities, as well as the host countries. Further study would also facilitate a better understanding of the similarities, differences and cultural characteristics of various ethnic migrants in business in New Zealand. However, it cannot be over-emphasised that the government must find a way to further motivate migrant small business owners, as internationally they are the pivots of the economy in most developed and developing countries.

## 7.6 Research contributions

At the start of this thesis, when searching for research studies on migrant businesses in New Zealand, the researcher found a considerable amount of literature on Asian, European and Pasifika involvement in business activities but none on the business experiences of African migrants. This gap in the literature motivated the researcher to explore this area further. As the first study of its kind on African involvement in New Zealand business, this thesis also contributes to knowledge about entrepreneurship in New Zealand.

While writing the thesis, the researcher read various kinds of literature about entrepreneurship particularly focusing on the factors influencing immigrant entrepreneurs to become self-employed, and challenges with migrants running businesses. Most of the literature focused on 'push' and 'pull' factors as the main reasons for immigrant entrepreneurs becoming self-employed. However, this study provides an additional contribution to the entrepreneurial literature by showing that apart from the generic factors, promoting African culture as well as meeting community needs motivated African entrepreneurship.

The literature did not demonstrate any interest in migrant business owners' experiences in New Zealand. This thesis' findings revealed migrants' experiences of New Zealand business activities, contributing to the entrepreneurial literature on the negative and positive experiences of migrant business owners in Auckland.

The labour disadvantage theory argues that immigrants have difficulties finding employment in the labour market, which subsequently pushes them to enter into self-employment. This thesis found that disadvantages and discrimination exist not only in the employment markets but also at work and in public places. Dissatisfaction with their

employment situations (low wages, conflict with management and organisational inequalities) is a catalyst for immigrants' motivation to enter entrepreneurship. The thesis also found that African migrants in business also experienced discrimination in their involvement in business. The disadvantage theory should extend to include work and public places.

This thesis presents academic research relevant to the experiences of migrants as job seekers and as entrepreneurs. The thesis can also be used to provide insights into the motivations of migrants into business, the challenges they have faced and the resolution of issues they encountered.

## 7.7 Closing remarks

The purpose of this study was to examine the experience of migrants in business in Auckland, New Zealand. The study also sought to find out what motivated migrants into entrepreneurship; what their experiences in the labour market were; the challenges faced running their businesses and how these challenges were resolved. The study focused on African migrants. The aim of this study was to address the lack of knowledge about the involvement of African migrants in New Zealand business activities by producing a document for analysis and reference.

The researcher was careful not to approach this study from a quantitative point of view. Instead, the researcher chose a qualitative approach with an interpretive paradigm that enabled me have one-to-one personal contact with the participants. This enabled the participants to share their experiences with me through interviews and this study has become their voice at completion.

In the words of Anetomang (2009, p. 1): "The important role small businesses play as the basic ingredients of employment creation, poverty reduction, innovation, diversification and growth of the economies of nations cannot be underestimated". His reflections closely relate to the findings of this study. The 17 participants provided in-depth accounts of their experiences running businesses, their motivations to engage with business, job search experience, challenges encountered and how the challenges were resolved. Findings indicated that most participants had a positive and exciting experience of the New Zealand business environment. However, they all have different perceptions about

being involved in the practical side of business in New Zealand. Participants addressed the following perspectives: the high costs, smaller population/customers leading to low sales, sometimes no sales and other difficulties running a business. Most participants claimed it is easy to set up a business because of the government's enabling registration laws. However, some participants experienced the inability of their customers to pay for goods or services rendered. Participants in the study were either pushed or pulled into starting business. Many of the participants experience discrimination during their job search, at work or as entrepreneurs. Another major challenge encountered by participants was finance. Participants could not secure funds from the formal sector at the start-up stage when the businesses need to expand. However, other challenges peculiar to New Zealand were higher utility bills, the size of the population, competition, high taxes and the importation of goods. The participants resolved these challenges themselves by being innovative and applying sound business strategies.

Participants in this study created employment through their business activities for a large number of people, provided tax revenue for the government, improved peoples' standards of living and contributed to the development of the country. Generally, small businesses play a crucial role in every country, whether it is a developing or developed nation. For this reason, many countries have enabled the growth of the small business industry by creating opportunities for its establishment. This is mostly aimed at job creation and contributions towards the growth of national and local economies. The analysis above shows that this study has met its stated research objectives by providing adequate recommendations and discussing areas for further study.

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# APPENDIX A
## PARTICIPANTS CONSENT FORM



Project Title: **EXPLORING THE MIGRANT EXPERIENCE IN SMALL BUSINESS ACTIVITIES IN AUCKLAND: A CASE STUDY OF AFRICAN MIGRANTS.**

Project Supervisor: **Dr Camille Nakhid**

Researcher: **Olufemi Omisakin**

I have read and understood the information provided about this research project in the participant information sheet dated ----------------------------.

I have had an opportunity to ask questions and to have them answered.

I understand that notes will be taken during the interviews and that the interviews will be recorded.

I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in anyway, I may also decline to answer any question posed.

If I withdraw, I understand that all relevant information including recordings or parts thereof, will be destroyed.

I agreed to take part in this research.

I wish to receive a summary of the findings from the research (please tick one) Yes ☐

No ☐

If yes, please provide information of how to provide the summary on the separate sheet provided; preferably emailing a digital copy.

Participant's signature:_____     Date:_____

Participant's name:_____

# APPENDIX B
## PARTICIPANT INFORMATION SHEET



# Participant Information Sheet

**Date Information Sheet Produced:**

**Project Title:**

**EXPLORING THE MIGRANT EXPERIENCE IN SMALL BUSINESS ACTIVITIES IN AUCKLAND: A CASE STUDY OF AFRICAN MIGRANTS.**

**An Invitation**

Hello,

My name is Olufemi Omisakin. I am a PhD candidate in Faculty of Culture and Society, School of Social Sciences & Public Policy, AUT University. This research is part of the requirement of the award of my PhD (Doctor of Philosophy). I invite you to participate in this research, your participation is entirely voluntary and you may withdraw at any time prior to the completion of data collection.

**What is the purpose of this research?**

The purpose of this study is to explore the migrant experience in business activities in Auckland, New Zealand. It focuses on the experiences of African migrant small business owners' in business in Auckland, what motivated them into business, and their challenges. This research is required for the PhD that the researcher is undertaking. The thesis findings will be published in the form of doctoral thesis and may be used in presentations or publishing within an academic context.

**How was I identified and why am I being invited to participate in this research?**

You were identified because you are an African migrant business owner and have a sufficient level of English to be able to understand and answer interview questions to be put to you. You are being invited to participate because you are an African migrant small business owner with experience in business in Auckland.

**What will happen in this research?**

You will be interviewed on:

i) Your experiences as African migrant involved business activities in Auckland.
ii) Your experience on job search in the labour market
iii) Your motives for going into business in Auckland.
iv) The challenges you encountered in setting up and operating your business.
v) How you overcome the challenges.

The interview questions will approximately take you 30 to 40 minutes to complete and can take place in a mutually agreed place. The interview will be audio taped and transcribe later. Participants will have the opportunity to check and correct the transcripts. Participants are free to withdraw from the research for whatsoever reason, up to two weeks after completion of the interview. Data collected will be used for the purpose for which it has been collected.

**What are the discomforts and risks?**

Minimal discomfort or risk is anticipated for participants.

**How will these discomforts and risks be alleviated?**

If you do feel uncomfortable with one of the questions, you do not need to answer it.

**What are the benefits?**

The outcome of the study will provide useful information to practitioners, academics, small business policy makers, migrant business associations and *New Zealand Immigration.* Findings from this study will provide important insights into the experiences of African migrants in small business activities in Auckland. The study will provide insights on, and help theory building on, small business opportunity and cognition in New Zealand. The research will generate important insight on migrant entrepreneurs as trade links between countries and the development of trade relationships.

**How will my privacy be protected?**

Your name and your enterprise will be given complete confidentiality. However, because of the size and nature of the participant population full confidentiality cannot be guaranteed.

**What are the costs of participating in this research?**

The only cost of participating in this research is the time you give in completing the interview.

**What opportunity do I have to consider this invitation?**

You are under no obligation to complete the interview.

**How do I agree to participate in this research?**

You agreed to participate in this research by signing the participant consent form given to you.

**Will I receive feedback on the results of this research?**

Summary of findings will be sent to you.

**What do I do if I have concerns about this research?**

Any concerns regarding the nature of this research should be notified in the first instance to the project supervisor, Dr, Camille Nakhid, Camille.nakhid@aut.ac.nz Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Kate O' Connor, ethics@aut.ac.nz,9219999 ext 6038

**Whom do I contact for further information about this research?**

**Researcher Contact Details:**

Name:  Olufemi Omisakin

Email: *olufemi.omisakin@aut.ac.nz*

**Project Supervisor Contact Details:**

Name: Associate Professor Camille Nakhid

Email: *camille.nakhid@aut.ac.nz*


Yours Sincerely,


Olufemi Omisakin

# APPENDIX C
## INTERVIEW QUESTIONS

**AUT UNIVERSITY**
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

**Interview questions.**

**Exploring the migrants' experiences in small business activities in Auckland.**

**Date:**

**Participant Name:**

**Place of Interview:**

**Business Name:**

**BACKGROUND INFORMATION**

a.      Gender:      Male ☐          Female ☐

b.      Age:  _____

c.      What country were you born?

d.      What is your nationality as stated on your passport?

e.      What is your highest level of education?

f.      Is New Zealand your permanent home?

g.      How long have you been living in New Zealand? _____ Years _____ months.

h.      What was the primary reason for your coming to New Zealand?

i.      What is your current status?    Citizen ☐      Residence ☐      Work visa ☐ other ☐

j.      How many years has your business enterprise been in operation? _____ Years _____ months

**BUSINESS CHARACTERISTICS**

a.      What is the nature of your business?

Self-employed ☐   Sole trader   ☐   Partnership   ☐   Family business   ☐

b.      In which suburb in Auckland is your business located?

c.      Classify your enterprise: Service ☐ Retail Trade ☐ Distribution ☐ other ☐

d.      How many employees does your business have? _____

**The Interview Questions**

**The interview questions are divided into four sections:**

How do African migrants perceive their experience of small business activities in Auckland?

What experience do you have with labour market or job search?

What motivates African migrants into small business activities in Auckland?

What are the challenges encountered by African migrants setting up small business?

How do African migrants overcome their business challenges?

**1-Experience of small business activities and job search in the labour market**

a.      What was your thinking of New Zealand before coming?

b.      What was your first experience of New Zealand after your arrival?

c.      What was your experience of entering New Zealand business environment?

d.      Did you search for job before you start-up your business? If yes what was your experience like in the labour market and if not, why?

e.      Did you have a job offer before and or after you arrived?

f.      Did you work in paid employment in New Zealand before you started your business? If yes, what was the experience like and does the experience have an impact on your new business?

g      How many average hours do you put into your business per week? Less than 40 hours, 40-50 hours, more than 60 hours, other.

h      How many members of your family work for you and what is the pay rate?

i.      Did you have business experience before coming to New Zealand? If yes, how does it impact on your business?

j.      What do you believe are your personal business strengths?

k.      What are the business factors that have helped your business this far?

l.      Do you believe your business is making expected progress or not?

m.      What are the factors that have held you back?

n.      Do you think going into business for yourself is a better option than being

        employed?

o.      Have you other comments you wish to share about your experiences of your
        involvement in business activities in New Zealand?

## 2- Motivation for business

A.      What motivated you to decide to go into business?

b.      What are the motivating reasons for to go into business?

c.      What made you decide on the type of business you went into?

d.      How did you start your business?

e.      How do you source you customers?

## 3- Challenges of small business

a.      What challenges did you encounter at the beginning of your business?

b.      What are the challenges you encounter after your business has taken off?

c.      What are the challenges your business is facing now?

## 4- Overcoming challenges

a-      How did you overcome the challenges you had at the beginning of your
        business?

b-      How did you overcome the challenges you encountered after your business had
        taken off?

c-      Did you receive support on how to overcome the challenges from any quarter? If
        yes, what type of support?

d-      How do you plan to overcome the current challenges?


**Thank you**

# APPENDIX D
# REQUEST FOR NUMBER OF AFRICAN BUSINESSES AND PEOPLE AT WEST AUCKLAND FROM AUCKLAND COUNCIL

Hi Katherine,

My name is Olufemi Omisakin, I am a PhD research student at Auckland University and I am also an applied business lecturer at NMIT Auckland campus. I am writing a research on African migrants' involvement in business activities in Auckland titled (EXPLORING THE MIGRANT EXPERIENCE IN SMALL BUSINESS ACTIVITIES IN AUCKLAND NEW ZEALAND: A CASE STUDY OF AFRICAN MIGRANTS). I am having some challenges on needed information regarding the research. I will appreciate if you could help me provide information to the following question if any.
What is the number of African businesses in each of the regions of Auckland?
What is the number of Africans residing in each of the four regions of Auckland?
Please answers to these question if any should not include South Africans and their businesses as the research does not cover this. Please if you are not the right person to answer these question kindly help me forward it to the appropriate person.

Kind regards,

Olufemi Omisakin
**Applied business lecturer**

NMIT
**Nelson Marlborough Institute of Technology**
Te Whare Wananga o Te Tau Ihu o Te Waka a Maui
42 Upper Queen Street
Eden Terrace
Auckland 1010
DDI: +64 9 347 1342

www.nmit.ac.nz

# APPENDIX E
# RESPONSE TO REQUEST FOR THE NUMBER OF AFRICAN BUSINESSES AND PEOPLE AT WEST AUCKLAND FROM AUCKLAND COUNCIL

Good morning Olufemi

Thanks for your email. I'm unsure if the council holds this kind of information, however our Research and Investigations team may be able to help. I suggest you email them directly at RIMU@aucklandcouncil.govt.nz.

Warm regards

Katherine

**Katherine Forbes | Media Relations Manager**
**Public Affairs Communication & Engagement**
M: 021 872 680
Auckland Council, Level 13, 135 Albert Street, Auckland
Follow the media team on Twitter @aklcouncilmedia
Visit our website: ourauckland.aucklandcouncil.govt.nz

# APPENDIX F
# SECOND RESPONSE TO REQUEST FOR THE NUMBER OF AFRICAN BUSINESSES AND PEOPLE AT WEST AUCKLAND FROM AUCKLAND COUNCIL

Hi Olufemi,

Thanks for your email.

Unfortunately there's no source I know of that counts African businesses*, but the census can give estimates for the number of those of African ethnicity residing in Auckland. There is also some information on the number of those of African ethnicity who are employers or are self-employed, and while this is not the same as 'number of businesses', that may be of interest to you so I have included that here.

The African ethnic group in the census excludes South Africans.

Sub-Auckland level data is, where available, given by local board – see map in first worksheet.

Other worksheets contain (all from the 2013 census):

1a. Residents of African ethnicity, by age, by local board, Auckland and New Zealand (through Row 34)

1b. Detailed (Level 4) ethnicity breakdown of the African ethnic group, by local board. "..C" values are suppressed due to confidentiality by Stats NZ and are generally smaller than 3 or 6.

2. Status in employment by industry. The "Employer" and "Self-employed and without employees" categories can give some indication of people working who are not a paid employee and not an unpaid family worker. There is not a one-to-one relationship between these categories and 'number of businesses' but this may help to give some idea of in what workforce situation those of African ethnicity are in.

3a. Again, not answering your question per se but may be of interest – this is work and labour force status for those of African ethnicity born overseas, by years since first arrival in NZ.

3b. As for 3a but by local board.

4. All level 4 ethnic groups so you can see African counts in perspective (see from Rows 219-231).

For all tables the "Total" is the total population and "Total Stated" are those stating an ethnicity.

Any queries please let me know,

Best regards
Brian
* There is no equivalent for example to the question in the Stats NZ Business Operations Survey asking whether the respondent considers 'this business to be a Maori business' for those of African ethnicity – check out
http://www.stats.govt.nz/browse_for_stats/people_and_communities/maori/tatauranga-umanga-2016/append-2.aspx

**Brian Osborne** │ **Statistical Information Analyst**
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# APPENDIX G
# AUTEC ETHICS APPROVAL

**A U T E C**
**S E C R E T A R I A T**

25 November 2014

Camille Nakhid
Faculty of Culture and Society

Dear Camille

Re Ethics Application: **14/344 Exploring the migrant experience in small business activities in Auckland: A case study of African Migrants.**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 24 November 2017.

As part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through http://www.aut.ac.nz/researchethics. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 24 November 2017;

- A brief report on the status of the project using form EA3, which is available online through http://www.aut.ac.nz/researchethics. This report is to be submitted either when the approval expires on 24 November 2017 or on completion of the project.

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to obtain this. If your research is undertaken within a jurisdiction outside New Zealand, you will need to make the arrangements necessary to meet the legal and ethical requirements that apply there.

To enable us to provide you with efficient service, please use the application number and study title in all correspondence with us. If you have any enquiries about this application, or anything else, please do contact us at ethics@aut.ac.nz.

All the very best with your research,

Kate O'Connor
Executive Secretary
**Auckland University of Technology Ethics Committee**

Cc: Olufemi Omisakin gfp8461@aut.ac.nz