

# **Gordon Institute of Business Science**

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Social capital effects on migrant micro-entrepreneurial opportunity creation in rural poor emerging markets: a constructivist approach.

Andre van der Walt

15391443

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## **Abstract**

South Africa's micro-entrepreneurial context is characterised by poor resources, and dominated by migrant micro-entrepreneurs, with a high reliance on social capital. Access to social capital is determined through the frequency of interactions, together with the strength of ties which are regulated by bonding and bridging social capital. The purpose of the research is to explore the effects of social capital on migrant micro-entrepreneurial opportunity creation in uncertain environments.

A constructivist approach was taken which recognised entrepreneurial opportunity as produced by social construction that could not be separated from the entrepreneur or the context. Effectuation embodies qualities closely related to a constructivist perspective in uncertain environments, and the principles of effectual logic were applied to the data. A qualitative research design was followed which allowed understanding the participants in their natural environment, grounded in interpretivism.

The findings were analysed and four themes emerged that were linked in a virtuous cycle of social development. The virtuous cycle described the micro-entrepreneur's identity, knowledge and social structures, in the context of micro-entrepreneurial opportunity creation. The data supported views in literature regarding constructivism, effectual logic and social capital, and also contributed by uncovering the virtuous cycle of micro-entrepreneurial growth in which social connections were recognised as the main driver of opportunity creation.

## **Key words**

Constructivism; effectual logic; social capital; micro-entrepreneur; opportunity creation; emerging markets; migrant

## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Andre G van der Walt

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# 1 Introduction to the research problem

## 1.1 Motivation behind the research

Globalisation and cross border trade have become the norm in the world of business, and emerging markets seem lucrative due to the high economic growth shown in recent years (McKinsey & Company, 2016). These markets, however, are burdened with poverty which intensifies crime, corruption and exploitation of disenfranchised consumers. Thus a different mind-set is needed when conducting business in this context, a mind-set of “mutuality, in terms of trust, respect and collaborative working” (Leitch, McMullan & Harrison, 2013, p. 351). The purpose of the research is to explore the effects of past and current social capital on migrant micro-entrepreneurial actions to understand micro-entrepreneurial opportunity creation in the context of uncertainty and volatility.

The United Nations Millennium Development Goals Report (2015) claimed that “extreme poverty has declined significantly in the last two decades” (p. 4) but, “more than 40 per cent of the population in Sub-Saharan Africa still lives in extreme poverty” (p. 15). Poverty is a broad term with no clear definition in literature and is viewed differently by authors. Bradley, McMullen, Artz and Simiyu (2012) suggest a grouping into four prominent views, namely “individual deficiency”, “structural failing”, “cultural deficiency”, and poverty as a “capacity or opportunity deficiency”(p. 688). Poverty alleviation in this regard is used for the advancement of numerous business models, but just understanding the perceptions of individuals doing business in these uncertain and volatile environments can offer useful information.

Numerous authors such as Ansari, Munir and Gregg (2012); Bradley et al. (2012); Galema, Lensink and Mersland (2012); Halme, Lindeman and Linna (2012) and Hall, Matos, Sheehan and Silvestre (2012) propose management models with the aim of establishing a dual purpose of extracting profit by means of empowerment and socioeconomic development which involves numerous stakeholders. George, McGahan and Prabhu (2012) synthesise these ideas into a single idea, which they termed “innovation for inclusive growth” (p. 674) which aims to identify global challenges and enablers to innovation to offer inclusive growth opportunities between multinational corporations and emerging markets.

Micro enterprises in these poor emerging markets, with a special focus on the “last mile” (p. 667) as George et al. (2012) termed it in their argument for inclusive growth, facilitates the bridge between multinational corporation products and the disenfranchised end user. This notion highlighted the importance of micro-entrepreneurship in poor emerging



markets. McKeever, Anderson and Jack (2014) state that “entrepreneurs might even be perceived as building the basis of communities – since communities are the building blocks of society, the patterns of entrepreneurship in communities may become critical” (p. 454).

It is very common in practice to find numerous migrant micro-entrepreneurs in South Africa’s rural poor markets, especially at the “last mile” (George et al., 2012, p. 667) which motivated the researcher’s interest in understanding why migrant micro-entrepreneurs operate micro enterprises in these uncertain and volatile environments. Furthermore, Leitch et al. (2013) propose that a mind-set of “mutuality” (p. 351) is required when doing business in emerging markets, which prompted the question as to how migrant micro-entrepreneurs establish mutuality in these rural poor emerging markets characterised by a community setting. The researcher argues that the dynamic interplay of context and social structures influence micro-entrepreneur’s opportunities and for these reasons will take a constructivist approach (Wood and McKinley, 2010). Calls from Stuetzer, Obschonka, Brixy, Sternberg and Cantner (2014) “for a deeper investigation of how (and the conditions under which) the region affects individual intentions and engagement” (p. 242) thus motivated the first portion of the research.

Moreover, the researcher’s interest in the ongoing debate between the objective views (discovery approach) and the subjective views (creative approach) through causation theories and the theory of effectuation regarding entrepreneurial opportunity (Wood & McKinley, 2010; Moroz & Hindle, 2012; Sarasvathy, Kumar, York & Bhagavatula, 2014; Arend, Sarooghi & Burkemper, 2015) motivated the latter part of the study. Although this study will not be dominated by any one theory, the researcher is of the view that entrepreneurial opportunity is constructed through the entrepreneurs’ cognitions which are influenced by his experience, social structures, and the context (Wood & McKinley, 2010; Sarasvathy et al., 2014; Ramoglou & Zyglidopoulos, 2015), which reflect constructivist and effectuation qualities. After describing the motivation behind the choice of topic by the researcher, the next section discusses the problem that exists in practice.

## **1.2 The research problem and the need for the research**

Numerous migrant entrepreneurs manage micro enterprises in South Africa’s rural poor emerging markets as asylum seekers (UNHCR, 2015). These markets are characterised by trade involving numerous interrelated relationships which are embedded in communities and fused by social capital (Rooks, Klyver & Sserwanga, 2016). A deeper understanding of the dynamic interplay between micro-entrepreneurial opportunity and social capital within these uncertain and volatile environments (Bullough, Renko & Myatt,

2014) is needed to inform business through literature of the importance of “mutuality” (Leitch et al., 2013, p. 351) and to understand the boundaries evident through the concept of “habitus” (McKeever et al., 2014, p. 454) in this context. Understanding informal market dynamics through micro enterprises can offer insights as to how these markets have the potential to be incorporated into the formal market to offer higher growth potential when relating growth to the South African GDP (McKinsey & Company, 2016). GDP growth stimulates investor confidence, but the potential that is locked within informal markets is hidden from investors and multinational corporations.

From a global perspective, business models in the literature (Ansari et al., 2012; Bradley et al., 2012; Hall et al., 2012; Halme et al., 2012; Galema et al., 2012) suggested a win-win solution towards alleviating poverty in emerging markets, while at the same time offering multinational corporations the opportunity to expand their footprint and to benefit from higher economic growth rates (Nasscom, 2016; McKinsey & Company, 2016). According to Bradley et al. (2012), entities such as non-governmental organisations or private-public partnerships act as the stakeholders or vehicles that link multinational corporations with the community and disenfranchised end users. Their focus is on intermediaries that act as trusted partners in linking multinational corporations with the community and disenfranchised end users. Bradley et al. (2012) claim that these intermediaries are often affected by corrupt officials and corrupt community leaders who consume these resources from partnerships for self-enrichment as opposed to employing the resources for the benefit of the community.

Community benefits such as higher employment opportunities can be derived from higher economic growth that can be achieved through developing the markets in these communities with the resources derived from these partnerships (Ansari et al., 2012). Micro-entrepreneurs in this case are essential stakeholders, the critical link at the “last mile”, as George et al. (2012) describe it, that can also bridge the external world (outsiders external to the community) with the internal world (embedded within the community) to support the flow of resources between multinational corporations and the markets in which the disenfranchised end user is the customer and becomes the beneficiary of these interactions.

This raises an urgent questions: Why do migrant micro-entrepreneurs operate businesses in uncertain and volatile environments? How do these migrant micro-entrepreneurs operate these businesses with limited means? Are they supported by the community and why? Do they provide value to the community and how? A possible answer to these questions might be through social capital; however, does social capital in rural poor emerging markets inform and support entrepreneurial opportunity or does

social capital create boundary conditions for migrant micro-entrepreneurial construction of opportunities? The aim of the research is firstly to understand why migrant micro-entrepreneurs operate a micro enterprise or enterprises in uncertain and volatile environments, and secondly, how past and current social capital affects migrant micro-entrepreneurial opportunity creation in uncertain and volatile environments.

Although the study will not be constrained by any theory, the researcher does use a constructivist approach in regard to the research strategy which Petit and Huault (2008) define as a “focus on the context-driven nature of theory creation, and the role of the researcher as veritable players in the research process” (p. 73). This approach recognises that entrepreneurial opportunity is produced by social construction which cannot be separated from the entrepreneur and the context (Wood and McKinley, 2010), which prompted the third research question and the link with effectuation, the view that opportunity is created by the entrepreneur through subjective cognitions (Sarasvathy et al., 2014).

Process theories have gained traction in more recent literature (Moroz & Hindle, 2012; Mishra & Zachary, 2015) and focus on entrepreneurial opportunity as a process which incorporates subjectivity in opportunity creation. Effectual logic is applied in one popular process theory of entrepreneurship (Moroz & Hindle, 2012) which suggests that an entrepreneurial opportunity is a creative process that includes several decision-making “heuristics that embod[y] non-predictive forecasting control” (Sarasvathy et al., 2014, p. 72). Effectuation embodies qualities closely related to a constructivist perspective (Wood & McKinley, 2010) and the researcher is interested in using the principles of effectual logic to reflect on the effect that subjectivity has on entrepreneurial opportunity with regard to migrant micro-entrepreneurs, especially in uncertain and volatile environments (Sarasvathy et al., 2014).

There is a growing need in entrepreneurial literature to harmonise entrepreneurial theories (Moroz & Hindle, 2012) and this study attempts to add value to the entrepreneurial literature by evaluating the effects of social capital on micro-entrepreneurial opportunity according to the principles of effectuation (Sarasvathy et al., 2014). Reflecting on the research problem, it is essential to define the focus of the study, to ensure that the research remains dedicated to the context outlined by the scope of the research, which is discussed next.

### **1.3 Scope of the research**

This study focuses on understanding entrepreneurial opportunity, which implies that entrepreneurial opportunity is affected or influenced by the social interactions of the

entrepreneur. Wood and McKinley (2010) view opportunity as a subjective phenomenon, postulating that opportunity is a result of the entrepreneurs' actions. Arend et al. (2015) argue that entrepreneurial processes (efforts and actions) are affected by the context that the entrepreneur resides in, especially when the environment involves a high degree of uncertainty.

South Africa's micro-entrepreneurial context, as depicted by Griffin-EL (2015) is recognised as being poor in resources and having a relatively high reliance on social capital as the means to access other forms of capital. Poor access to resources contributes to economic and physical vulnerability (Rivera-Santos & Rufin, 2010) which exacerbates uncertainty and volatility even more. Rural poor emerging markets are defined according to characteristics identified by London and Hart (2011, p.9) for the base of the pyramid construct, which illuminates the range within society that forms the geographic focus of the study:

- (1) Occupants are often heterogeneous across multiple dimensions.
- (2) They usually earn per capita income equivalent to US \$3,000 per annum, or less.
- (3) Local enterprises are not always well integrated into the formal global economy.
- (4) These enterprises may operate primarily in the informal economy (black or grey markets).
- (5) Individuals at the base of the pyramid constitute the majority of humanity (over four billion people).

The focus of the research is on micro-entrepreneurial opportunity and the unit of analysis is the migrant micro-entrepreneur's perceptions of these opportunities relative to their relationship with communities in South Africa. Schlaegel and Koenig (2014) view entrepreneurship "as a process of discovering, creating and exploiting opportunities" (p. 293) and with this understanding the researcher then argues that a micro-entrepreneur for this study is of foreign nationality and manages his/her own enterprise or enterprises which are located within South Africa's rural poor emerging market. Wood and McKinley (2010) argue from a constructivist view and postulate that entrepreneurial opportunity cannot be separated from the entrepreneur and that the entrepreneurs' attributes together with the context shape entrepreneurial opportunity. This notion is supported by Ramoglou and Zyglidopoulos (2015) who view entrepreneurial opportunity creation as a subjective process of social construction.

The researcher therefore argues that focusing on the micro-entrepreneurial perceptions as the unit of analysis enables the researcher to draw information regarding

entrepreneurial opportunity. As Wood and McKinley (2010) postulate that “opportunities are produced through a process of social construction” (p. 66) which requires the researcher to consider the influence that social structures have on entrepreneurial opportunity. Gedajlovic, Honig, Moore, Payne and Wright (2013) argue for the importance of social capital in entrepreneurial processes and for outcomes that support the notion of social capital and its influence on entrepreneurial opportunity. Social capital in South Africa is specifically viewed by Griffin-EL (2015) as a resource which has the potential to be used as a means to other forms of capital. The next section elaborates on the intentions of the study with regard to the research problem, leading to the research questions raised in Chapter 3.

#### **1.4 Research objectives**

According to Leitch et al. (2013), a mind-set of “mutuality” (p. 351) is required when doing business in emerging markets. Mutuality is a term used to indicate collaboration between interdependent entities (McKeever et al., 2014; Marti, Courpasson & Barbosa, 2013) which entails trust, respect and collaborative working (Leitch et al., 2013). These social connections, determined by the social capital dimension it resides in (Nahapiet & Ghoshal, 1998), can enable access to social capital resources (McKeever et al., 2014) such as “knowledge, information, goodwill and trust” (Gedajlovic et al., 2013, p. 458). Access, however, is determined according to Gedajlovic et al. (2013) through the frequency of these interactions and the number together with the strength of these ties, which are regulated by bonding and bridging social capital through the concepts of “mutuality” (Leitch et al., 2013, p. 351) and “habitus” (McKeever et al., 2014, p. 454).

The first objective of the study focused on the migrant as a micro-entrepreneur and why he/she operates his/her micro enterprise or enterprises in uncertain and volatile environments. Taking a narrative approach (McCormick, 2004) during the interview process, allowed the respondents to tell their stories, allowed the researcher to gain a deeper understanding of the nature of their situation and the possible reasons behind their decision to operate a micro enterprise or enterprises in these uncertain and volatile environments.

The second objective of the study was to evaluate past and current social capital effects on micro-entrepreneurial opportunity from the perspective of migrant micro-entrepreneurs. Access to social capital in a community (Marti et al., 2013) can provide benefits to the collaborative relationship (McKeever et al., 2014) or create boundary conditions (Light & Dana, 2013; Khayesi, George & Antonakis, 2014) which can negatively affect micro-entrepreneurial opportunity in a community setting. It is

interesting to understand the migrant micro-entrepreneur's perspective regarding "mutuality" (Leitch et al., 2013, p. 351) and "habitus" (McKeever et al., 2014, p. 454) to determine the impact it has on their relationships in the community, which is required, according to Leitch et al. (2013) and McKeever et al. (2014), to access social capital benefits.

The third objective focuses on the principles of effectual logic (Sarasvathy et al., 2014) and reflects on the effects that subjectivity has on migrant micro-entrepreneurial opportunity. This will add value to the entrepreneurial literature through suggesting an appropriate lens to apply for future empirical research within the field of entrepreneurship when testing migrant micro-entrepreneurial opportunity in rural poor emerging markets. The next sections expand firstly on the business need for the research and how useful the study will be in practice, and secondly the theoretical need for the research, reflecting on the gap in the literature that does not offer an explanation to the research problem.

### **1.5 Business need**

The poor and poverty have no clear definition in literature and are viewed differently by authors. As stated earlier in the chapter, Bradley et al. (2012, p. 688) grouped these views into four prominent views, namely "individual deficiency", "structural failing", "cultural deficiency", and poverty as a "capacity or opportunity deficiency". The researcher approaches poverty from a "capacity or opportunity deficiency" view. According to Chakravarti (2006), capacity or opportunity deficiency is a consequence of a lack of economic and social capital which limit possibilities. George et al. (2012) combine various approaches to inclusive growth with the main argument also supporting a capacity or opportunity deficiency focus for global challenges. Ansari et al.'s (2012) proposal specifically postulates capability development and community empowerment regarding inclusive growth, which highlights the roll-over effect that such a poverty alleviation model can have in a community setting.

In practice, micro enterprises in the emerging market of South Africa, with a special focus on poor rural geographic regions, are mostly driven by migrant micro-entrepreneurs (Hungwe, 2014). This phenomenon is gaining momentum, which poses the questions of why and how these individuals operate and manage micro enterprises in resource-poor environments. The researcher is interested in understanding the opportunities available to these individuals and how social structures are evident in the production of these opportunities (McKeever et al., 2014). Likewise, in practice, opportunity is reliant on the environment and on the individual in this environment (Wood & McKinley, 2010).

Understanding the interplay between the context and social structures and how it affects micro-entrepreneurial opportunity in rural poor emerging markets can prompt more empirical testing to validate the findings of this study. This information can then provide insights to future endeavours by multinational corporations which wish to enter emerging markets (George et al., 2012). Government institutions need to recognise the potential locked into micro enterprises and the relationships these micro-entrepreneurs have with disenfranchised end users. Micro-entrepreneurial contributions and the new stakeholder, the migrant micro-entrepreneur, have the potential to add value to socioeconomic conditions in communities subject to limited resources.

Such a major portion of micro enterprises is controlled by foreign national asylum seekers in South Africa's poor rural emerging markets, which raises concerns of who controls the resource flows towards disenfranchised end users. As opportunity in South Africa weakens with a slumping exchange rate and political uncertainty, asylum seekers might choose to return to their home countries and a collapse of the micro-entrepreneurial framework in rural poor emerging markets of South Africa might be inevitable. Understanding the levers that are applied by these migrant micro-entrepreneurs and leveraging the insights that can be gained with regard to their successes can benefit future endeavours by government institutions, and influence policy development with regard to asylum seeker policy and local micro-entrepreneurial development. These insights can also offer multinational players relevant information to understand micro-entrepreneurial operations in the South African emerging market, which offer insight into risk management in these markets, which increases the potential to support and motivate foreign investment spend.

## **1.6 Theoretical need**

Authors such as Karnani (2007b) argue for the poor to be producers and entrepreneurs rather than merely the customers in inclusive growth initiatives (Hall et al., 2012). Calton, Werhane, Hartman and Bevan (2013) stated that "attention must shift away from identifying which market niches to exploit and toward nurturing the capability of a community in poverty (via economic, cultural and infrastructure development) for a mutually advantageous advantage" (p. 722). According to Prahalad (2012) the bottom of the pyramid must be viewed as a "new source of radical innovation" (p. 6). Authors such as Hall et al. (2012) argue for local innovation and the poor as entrepreneurs and drivers of innovation.

The researcher has drawn from numerous fields of study to gain insights to the interplay of entrepreneurship (McMullen, 2011; Bullough et al., 2014; Schlaegel & Koenig, 2014)

and community dynamics (Marti et al., 2013; Khayesi et al., 2014; Ozdemir, Moran, Zhong & Bliemel, 2016) in an uncertain and volatile context (Marti et al., 2013; Stuetzer et al., 2014) dominated by strong social structures (Gedajlovic et al., 2013; Bullough et al., 2014; Daspit & Long, 2014; Rooks et al., 2016). Evidence in literature thus reflects on the dynamic interrelationship between social capital, contextual culture and entrepreneurship.

Although the question as to why migrants choose to function in uncertain and volatile environments is partially answered by Friebel, Gallego and Mendola (2013) in their concluding remarks on migrant intentions, it remains inconclusive. A more pertinent question of how these migrant entrepreneurs manage their enterprise processes in these tightly knit communities and how social capital can be a catalyst to benefits or create boundary conditions which negatively impact these micro-entrepreneurs, is less explored in literature. Numerous calls from authors for more research around social capital and the effects of social capital value on performance reflect the theoretical need for the study (Bradley et al., 2012; Hall et al., 2012; Stuetzer et al., 2014). Stuetzer et al. (2014) in particular call “for a deeper investigation of how (and the conditions under which) the region affects individual intentions and engagement” (p. 242). However, calls to focus on immigrant entrepreneurial pathways that take shape through actors and individual resources, the characteristics of the networks to which they belong, and micro-institutional factors (Storti, 2014) shape the aim of this study. Rooks et al. (2016) furthermore propose a qualitative design for future research to study the dynamics of interplay between social capital, contextual culture and entrepreneurship. This prompted the researcher to follow a qualitative research design.

The purpose of this study therefore, is firstly to understand why migrant entrepreneurs want to operate micro enterprises in these uncertain and volatile environments and secondly to explore past and current social capital effects on migrant micro-entrepreneurial opportunity in a rural poor emerging economy setting which is characterised by community dynamics (Marti et al., 2013; Rooks et al., 2016). This is an attempt by the researcher to add insights to the entrepreneurial literature on why context matters and how social capital influences migrant micro-entrepreneurial opportunity. The researcher then draws insights from the dualistic interrelationship of opportunity construction from a constructivist approach, together with influences of the subjective views of opportunity creation (Sarasvathy et al., 2014), to conclude with relevant additional insights on entrepreneurial opportunity.

The next chapter argues from an initial broad overview about global business trends with regard to inclusive growth initiatives in emerging markets characterised by community



dynamics, to a narrower focus on migrant micro-entrepreneurial opportunity and the effects that social capital has on these opportunities. Although no theory is used to direct the research questions, a constructivist approach is taken as these meta theoretical qualities affect the argument of the researcher. The principles of effectual logic are then used to reflect on the effect that subjectivity has on entrepreneurial opportunity with regard to migrant micro-entrepreneurs. This may provide insights towards the application of an appropriate theory to apply for future empirical studies in the field of micro-entrepreneurship in rural poor emerging markets with migrants as stakeholders.

## 2 Literature review

### 2.1 Introduction

Opportunity to engage as a micro-entrepreneur in emerging markets is influenced by social structures in a community setting (Ozdemir et al., 2016). According to Gedajlovic et al. (2013) social capital has the potential to provide benefits to entrepreneurial opportunity, but often develops boundary conditions. Storti (2014) focused on immigrant entrepreneurial pathways and postulated that these pathways take shape at the crossroads between individual actors and characteristics of the networks they belong to. Stuetzer et al. (2014), however, were concerned about the conditions under which “the region affects individual intentions and engagement” of entrepreneurship (p. 242). Wood and McKinley (2010) also argued the importance of context and individual cognition in exploring social capital effects on entrepreneurial opportunity, which reflect constructivist qualities that influence opportunity exploration.

The ongoing debate in entrepreneurial literature between the discovery view and the creative view regarding entrepreneurial opportunity (Arend et al., 2015; Mishra & Zachary, 2015; Moroz & Hindle, 2012; Wood & McKinley, 2010) inform the latter part of the literature review. Ramoglou and Tsang (2016) postulated that entrepreneurial opportunity is neither only “out there” nor is it only created. Thus they followed a blended approach to entrepreneurial opportunity. This study, however, focuses on the principles of effectual logic (Saravathy et al., 2014) and reflects on the effects that subjectivity has on entrepreneurial opportunity with regard to migrant micro-entrepreneurs. It also considers why context and entrepreneurial perception affect opportunity recognition and postulates effectuation to be an appropriate lens to use by scholars in future empirical testing within the field of micro-entrepreneurship and in the context of rural poor emerging markets.

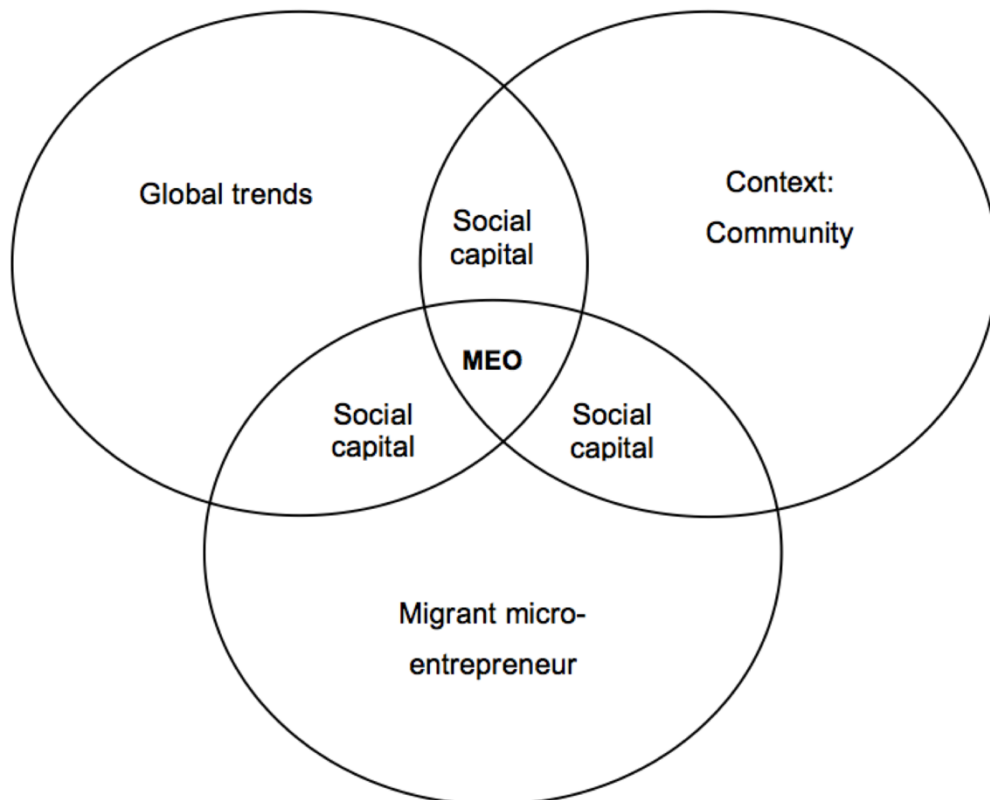
Nahapiet and Ghoshal’s (1998) model of social capital reflected on different dimensions of social capital in which the structural dimension represents the sources of social capital and the cognitive dimension informs the relational dimension that represents the resources available in social capital. The strength of these ties is regulated through the frequencies of interactions (Gedajlovic et al., 2013), represented by bonding social capital through the concept of “habitus” (McKeever et al., 2014, p. 454) and bridging social capital through the concept of “mutuality” (Leitch et al., 2013, p. 351) which determine the available resources.

Rooks et al. (2016), furthermore, proposed a qualitative design for future research to study the dynamics of interplay between social capital, contextual culture and

entrepreneurship. The next section gives an overview of the literature, followed by a brief description of global trends to highlight the importance of micro-entrepreneurship. It then explores the main concepts that form the core of the review.

## 2.2 Overview of the literature

**Figure 1: Schematic representation to reflect the logic of the literature review with regard to micro-entrepreneurial opportunity (MEO) (Authors own).**



The schematic representation diagram in Figure 1 reflects the logical flow of the literature review and highlights the key focal areas that support the main argument of this study. Global trends are evaluated only in relation to the insight they provide regarding micro enterprises operating in rural poor emerging markets that are characterised by community settings (Marti et al., 2013) which are viewed as uncertain and volatile (Bullough et al., 2014).

The opportunities that global trends provide are related to the micro-entrepreneurs and in particular the migrants in South Africa (Hungwe, 2014) operating micro enterprises in the context of rural poor community-based environments (Marti et al., 2013; Rooks, et al., 2016). Micro-entrepreneurial opportunity (Venkataraman, Sarasvathy, Dew & Forster, 2012) formed the focus of the study and was explored using a constructivist approach (Wood & McKinley, 2010). The constructivist approach supports the influence

of the context and the cognition of the entrepreneur, which are influenced by the social structures that the entrepreneur is part of. Some overlap with effectual logic (Sarasvathy et al., 2014) is explored as evidence in literature suggests a middle ground (Metzger & King, 2015; Ramoglou & Tsang, 2016) for the ongoing debate in entrepreneurial literature regarding the objective and subjective perspectives on entrepreneurial opportunity.

Social capital as the central driver towards entrepreneurial opportunity is explored through Nahapiet and Ghoshal's (1998) model of social capital dimensions which support two more recent perspectives of social capital. Bonding social capital is explored through the concept of "habitus" (McKeever et al., 2014, p. 454) and bridging social capital through the concept of "mutuality" (Leitch et al., 2013, p. 351). Social capital thus affects migrant micro-entrepreneurial opportunity through access to resources or by boundary conditions that make it difficult for entrepreneurs to embed themselves within a community to share resources (Gedajlovic et al., 2013; Light & Dana, 2013; Khayesi et al., 2014; McKeever et al., 2014).

The aim of the research was firstly to understand why migrant micro-entrepreneurs operate an enterprise or enterprises in uncertain and volatile environments. The second was to understand the influence of past and current social capital on migrant micro-entrepreneurial opportunity in uncertain and volatile environments, from the perspective of migrant micro-entrepreneurs, in order to determine to what extent social capital in the community impacts entrepreneurial opportunity, or to what extent social capital can create boundary conditions to entrepreneurial opportunity. Thirdly, given the growing need in entrepreneurial literature to harmonise entrepreneurial theories (Moroz & Hindle, 2012) an attempt was made to add value to the entrepreneurial literature by focusing on the principles of effectual logic (Sarasvathy et al., 2014) and to reflect on the effects that subjectivity has on entrepreneurial opportunity with regard to migrant micro-entrepreneurs. The next section, draws attention firstly to global trends, secondly, the context and lastly local opportunity through inclusive growth.

## **2.3 Global trends, context and local opportunity**

### **2.3.1 Global trends**

Literature reflects the current trends in the global economy which recognise "developing countries" as "emerging markets". According to Kolk, Rivera-Santos and Rufin (2014), numerous authors such as London and Hart (2004), Ricard, Enright, Ghemawat, Hart and Khanna (2004) have long argued for the relief of poverty in emerging markets through private enterprise pursuit of profits. Prahalad (2012) "identif[ied] the bottom of

the pyramid as a new source of radical innovation” (p. 6) and still advocated the bottom of the pyramid concept well after he first introduced the term with Hart (1999) in their working paper (Kolk et al., 2014). They called on multinational corporations to engage markets at the base of the pyramid with innovative products.

Kolk et al. (2014) used the term “BOP [bottom of the pyramid] concept” (p. 339) to refer to the collective base of the pyramid idea and to call upon multinational corporations to invest resources in poor emerging markets recognised by the characteristics postulated by London and Hart (2011). Hall et al. (2012) referred to Karnanis’ critique of the base of the pyramid concept and supported Karnanis’ call for the poor to become producers and entrepreneurs rather than just consumers. According to Bradley et al. (2012) poverty was a situational effect, recognised as a resource allocation problem through the lack of capital and superior ideas and they emphasised innovation as a means of reducing poverty levels. Calls by Karnani (2007b) and the views of Bradley et al. (2012) thus point to attempts to alleviate poverty through exploring entrepreneurial actions by focusing on resources available in resource-poor environments and to capitalise on global initiatives for innovation.

### 2.3.2 Context (community)

Rural poor emerging markets are defined according to characteristics identified by London and Hart (2011, p. 9) for the base of the pyramid construct:

- (1) Occupants are often heterogeneous across multiple dimensions.
- (2) They usually earn per capita income equivalent to US \$3,000 per annum, or less.
- (3) Local enterprises are not always well integrated into the formal global economy.
- (4) These enterprises may operate primarily in the informal economy (black or grey markets).
- (5) Individuals at the base of the pyramid constitute the majority of humanity (over four billion people).

These markets have characteristics that represent challenges for the sustainability of life (Calton et al., 2013); for indulging in opportunities to alleviate poverty; and for developing the community economically through entrepreneurship (Alvarez & Barney, 2014). Characteristics which present challenges include:

[S]evere limited income; poor nutrition; scarcity of portable water; lack of public sanitation facilities; limited access to basic health services; poor housing stock; inadequate energy sources and technology for household cooking, heating and

lighting; limited education and work or entrepreneurial opportunities; dependence on cash or informal sources of credit; poor infrastructure and a lack of a market ecology to nurture entrepreneurial innovations; lack of patient capital to support the longer gestation period of innovative base of the pyramid business ventures; and rampant public and private corruption (Calton et al., 2013, pp. 723-724).

These characteristics differ in their manifestation from community to community and fluctuate in their severity, depending on governmental support and institutional competence (Hall et al., 2012). Rural and urban communities reflect differences in attributes (Rooks et al., 2016) and according to Stuetzer et al. (2014) regional characteristics exert influence on opportunity perceptions and entrepreneurial actions. The term “community” as used in this study, was defined by Marti et al. (2013) as a collective identity within the context of rural poor emerging markets. They held the view that “a community becomes a working space allowing members to discover their capacities to act and to defend their rights” (p. 10). They postulated that community members and external actor relationships could harvest social benefits towards specific actions and entrepreneurial creations as well as challenging the community’s own world views.

Social relations and social structures within such community entities could help entrepreneurs to either “enhance their reach to or facilitate the acquisition of valuable resources” (Ozdemir et al., 2016, p. 49). According to Ozdemir et al. (2016) social relationships are embedded in social capital through either relational or structural embeddedness which provides different kinds of access to resources. The next section, draws attention to the importance of the micro-entrepreneur in rural poor emerging markets by emphasising the notion of inclusive growth in terms of global trends and challenges which support entrepreneurial opportunity for micro-entrepreneurs in emerging markets (George et al., 2012).

### 2.3.3 Local opportunity through inclusive growth

According to George et al. (2012) the fundamental question to ask should be “*cui bono*” (p. 664): who benefits from these global trends? They proposed innovation for inclusive growth, defined as “the development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society” (p. 663). They argued that the process was as important as the outcome and evaluated related approaches which applied different theoretical lenses (Ansari et al., 2012; Bradley et al., 2012; Hall et al., 2012; Halme et al., 2012; Galema et al., 2012).

Doing business in emerging markets (base of the pyramid) with disenfranchised end users requires guiding principles which Schuster and Holtbrügge (2014) termed “innovative practices” (p. 44). They stated that “successful base of the pyramid market entry requires integrating disenfranchised customers and local entrepreneurs to co-create products; cooperating with non-traditional or fringe stakeholders; and building local capacity to improve low-income markets” (p. 44).

These “innovative practices” (Schuster & Holtbrügge, 2014, p. 44) call for an involvement with local entrepreneurs. These initiatives could bring about new opportunities for entrepreneurs operating within these markets, such as increased market activity and differentiated products to offer to the end users. Capability transfers could be a positive outcome of these initiatives, which can spread through a community and support economic development in the long term (Ansari et al., 2012). Increases in activity, however, could lead to an increase in competition and influx of new entrepreneurs.

From a business and management perspective it should be recognised that micro enterprises form an essential link in the inclusive growth process (George et al., 2012) as well as in the development of eco-systems (Sánchez & Ricart, 2010; Prahalad, 2012) which in Prahalad’s (2012) “base of the pyramid” (p. 6) focus is a critical link in the value chain. These enterprises form the bridge between intermediaries and end users in resource-poor emerging markets for innovative products from multinational corporations in developed countries. McKeever et al. (2014) stated that “entrepreneurs might even be perceived as building the basis of communities – since communities are the building blocks of society, the patterns of entrepreneurship in communities may become critical” (p. 454). Micro enterprises at the base of the pyramid, with a special focus on the “last mile” (p. 667) as George et al. (2012) termed it, facilitate the bridge between multinational corporations’ products and the disenfranchised end user.

These opportunities and challenges reflected in the literature reveal the importance of the micro-entrepreneur as an essential stakeholder that can bridge the external world (outsiders external to the community) with the internal world (embedded within the community), the critical link at the last mile. Sridharan, Maltz, Viswanathan and Gupta (2014) postulated that these micro-entrepreneurs are often termed in literature as “subsistence entrepreneurs” (p. 486) and that they “are active around the world, particular in developing countries where they engage in micro enterprises” (p. 486). This notion is supported by Viswanathan, Sridharan, Ritchy, Venugopal and Jung (2012) and by Barrios and Blocker (2015) in more recent literature. This often necessitates micro-entrepreneurs to pursue opportunities in countries different from their own. This phenomenon is gaining momentum in a global economy (UNHCR, 2015) and is

discussed in the next section, after which the argument will describe the importance of the micro-entrepreneur and then the entrepreneurial opportunity.

## **2.4 Migrant micro-entrepreneurial opportunity**

### **2.4.1 Migrant entrepreneurs**

The term “migrant” (Kloosterman, 2010) together with micro-entrepreneur is used throughout the study to refer to a foreign national individual who manages a micro enterprise or enterprises in South Africa and who is not a South African citizen. The focus on migrant entrepreneurs is due to recent literature indicating that immigrant groups show high rates of self-employment (Storti, 2014). Furthermore, due to South Africa’s institutional tolerance of asylum seekers and transitory subsistence communities, a high rate of subsistence entrepreneurs start micro enterprises to sustain themselves and their family members (UNHCR, 2015).

According to Hungwe (2014) migrants acknowledged that the most prevalent reasons for migrating to South Africa were due to social, economic and political factors of which the economic need to survive and to look after their families surface as most important. This was supported by Friebel et al.’s (2013) study on xenophobic attacks in South Africa where their concluding remarks from evidence in their findings revealed that “migrant workers care more about the future of their offspring than about their own health” (p. 579). This reflects their commitment and partially explains why they choose to operate micro enterprises in uncertain and volatile environments. However, this does not explain migrant micro-entrepreneur’s intentions of going beyond subsistence entrepreneurs (Barrios & Blocker, 2015; Sridharan et al., 2014; Viswanathan et al., 2012) in growing their micro enterprises.

An interesting finding from the study of Friebel et al. (2013) was the reliance of migrants on social capital as an insurance buffer because of the resources it provides. Migrants are more inclined to migrate to countries that hold opportunity when strong social capital networks are in place in their home country where their family resides. This insures the migrant micro-entrepreneur that his/her family are cared for in his/her absence, which also provides a buffer in the case of possible xenophobic violence, which is often characterised by a loss of income, injury and possibly loss of life.

### **2.4.2 Micro-entrepreneurs**

Micro enterprises are very small firms that often consist of a single, self-employed individual who commonly operates out of a local inhabitant’s property (Webb, Morris & Pillay, 2013). These micro enterprises are embedded into the “social fabric” (p. 161) of



the surrounding communities (Viswanathan et al., 2012) and are “believed to hold significant job creation potential” (Webb et al., 2013, p. 2).

Many subsistence entrepreneurs operate micro enterprises as a means to sustain themselves and their families (Venugopal, Viswanathan & Jung, 2015; Viswanathan, Echambadi, Venugopal & Sridharan, 2014). However, some micro-entrepreneurs shift from subsistence to “transformative subsistence entrepreneurship” as Sridharan et al. (2014, p. 488) termed it due to environmental triggers that motivate these shifts. It also allows the identification of entrepreneurial qualities and business model approaches which further motivate these entrepreneurs to exploit entrepreneurial opportunities. Environmental triggers could be any event or situation that motivates the subsistence entrepreneur to move beyond the survival cycle towards growing the business (Sridharan et al., 2014). This phenomenon is reflected in practice in situations where micro-entrepreneurs open second and very often third micro enterprises. This supports Webb et al.’s (2013) argument that micro enterprises’ capabilities have “significant job creation potential” (p. 2).

Micro-entrepreneurs are agents embedded within the informal market as trading occurs on a face-to face basis with disenfranchised end users and the micro-entrepreneur is most often than not also living within this impoverished environment (Viswanathan et al., 2012). Very often these micro-entrepreneurs are the only players to reach the disenfranchised end user in a community and thus play a vital role in the informal sector.

Viswanathan et al. (2012) further postulated that intense personal relationships develop due to the multiple and continuous interactions, which create the need to commit socially to the community in order to sustain and stabilise the business. This notion was supported in later studies by Viswanathan et al. (2014) through a conceptual framework of subsistence entrepreneurship (p. 222). Economic and social value thus becomes entrenched in a symbiotic relationship between the disenfranchised end user and the micro-entrepreneur in a community setting. Griffin-EL (2015) agreed and added that innovative activities from entrepreneurial processes thrive within these social relationships. According to Griffin-EL (2015) innovation is a socially embedded process by which social activity and exchange motivate innovative thinking and actions that create more opportunities.

#### 2.4.3 Entrepreneurial opportunity

A central concept in entrepreneurship is “opportunity” (Rennemo & Åsvoll, 2014; Venkataraman et al., 2012). Opportunity, however, is viewed differently in literature, according to Venkataraman et al. (2012) depending on the reasoning used to evaluate

the opportunity process. North American researchers predominantly view opportunities as being independent from the entrepreneur and awaiting discovery from a positivist/realist position. The European research tradition has mostly adopted a social constructionist position in that “opportunities are enacted, dependent on the entrepreneur’s perception, interpretation, and understanding of environmental forces” (Venkataraman et al., 2012, p. 22). Questions then arise as to whether opportunities can exist independent of the entrepreneur, to be discovered by anyone, or whether opportunity exists because of entrepreneurial action (Metzger & King, 2015).

This is an ongoing debate in literature and reveals dichotomous views regarding entrepreneurial opportunity as discovered or created objective phenomena, as opposed to subjective processes (Ramoglou & Zyglidopoulos, 2015). In a discovery setting entrepreneurs become aware of the opportunity that exists due to shifts in an industry or market, while creating opportunities implies entrepreneurial processes that are purposeful, emergent and entail an interrelationship between the entrepreneur and the environment (Alvarez & Barney, 2014). Due to the objective and subjective nature of these dichotomous views, the entrepreneur forms an integral part of the opportunity in the subjective process-orientated approach. A study conducted by Gielnik, Krämer, Kappel and Frese (2014) implies that active engagement by the entrepreneur is beneficial as their findings reveal that entrepreneurs should engage in active search, meaning that “entrepreneurs with little experience can identify a high number of business opportunities when they engage in active information search” (p. 374).

More current literature (Ramoglou & Tsang, 2016) argued that entrepreneurial opportunity cannot exclusively pre-exist objectively and suggests that entrepreneurial opportunity is actively created through subjective processes and social construction. This notion was proposed in earlier literature by Wood & McKinley (2010) who were of the view that opportunity is produced. They proposed a constructivist perspective that argued that “opportunities are produced through a process of social construction and cannot exist apart from the entrepreneur” (p. 66). According to them a pure objectivist perspective ignores the involvement of entrepreneurial action and the social structures that shaped these social processes. Leitch, Hill and Harrison (2010) supported the constructivist view by identifying entrepreneurship is a “multifaceted and complex social construct that is enacted in many different contexts by a variety of actors” (p. 68).

The constructivist approach does not disregard the creative approach, but rather provides an alternative to supplement the discovery approach with subjective interpretation and active involvement by the entrepreneur whose actions are influenced by the context and social structures they reside in (Metzger & King, 2015; Ramoglou &

Tsang, 2016; Venkataraman et al., 2012). The next section delineates the constructivist approach to link the premises of this meta theoretical approach to the core of this study.

## **2.5 Constructivist approach**

The constructivist perspective, according to Wood and McKinley (2010) views opportunity as a result of entrepreneurial actions framed by social processes in existing social structures. Constructivists view actions and behaviours as products of cognition shaped by social structures. They postulate that entrepreneurs focus on elements in the social structure and environment that they can control and refrain from making predictions to guide actions and behaviour. This ties in with two key principles of constructivist logic which were proposed by Von Glasersfeld (1996) and supported by Wood and McKinley (2010) which states that “(1) knowledge is not passively received, but rather build up through experience of the individual over time; and (2) the functions of cognitions is adaptive” (p. 68).

These principles are evident in more recent literature (Venkataraman et al., 2012) which explained “made as well as found” (p. 25) opportunity through a combination of an objective person-opportunity nexus (it must exist and someone must find it) with subjective interpretation (someone must recognise the value) and added a third element of intersubjective basis for a market (other people must acknowledge its value – shared understanding). Although they still recognise the discovery approach, more emphasis is placed on the cognitions of the entrepreneur and the social interaction with the environment. This notion was supported by Metzger and King (2015) who viewed entrepreneurial “perceptions, interpretations and understandings” (p. 324) of environmental forces as contributing to the construction of opportunities.

Recent authors such as Ramoglou and Tsang (2016) supported realism and attempted to advance the “actualisation approach” (p. 410). They postulated the view that the world exists objectively, but they did not discard imagination to explain phenomena, instead constraining the subjective nature within the boundaries of reality. Their approach, however, did not oppose constructivism; rather it supported the social construction of social reality to the point where extreme views fall outside the realms of reality.

Earlier literature predominantly highlighted opportunity from a discovery approach (Ramoglou & Zyglidopoulos, 2015) in contrast to opportunity as a creation (Arend et al., 2015; Moroz & Hindle, 2012; Sarasvathy et al., 2014; Wood & McKinley, 2010). Other authors such as Metzger and King (2015) and Venkataraman et al. (2012) before Ramoglou and Tsang (2016) also attempted to argue in favour of a combination of the elements found in both the objectivist and subjective orientations. Although some of

these premises move away from arguing exclusively for the discovery approach or favouring creative views in isolation, they do not explicitly support constructivism; however, the fundamental basis of their arguments supports the principles that are grounded within constructivism (Venkataraman et al., 2012; Ramoglou & Tsang, 2016).

Constructivism, a meta theory of knowledge, holds that reality is constructed and postulates many realities, in contrast to the perspective of objectivism which holds reality as objective and that only one reality exists (Rennemo & Åsvoll, 2014; Ramoglou & Tsang, 2016). Constructivist thinking thus postulates social construction and that reality is influenced by individual perceptions induced by the contextual environment (Wood & McKinley, 2010). Ramoglou and Zyglidopoulos (2015) argued that entrepreneurial opportunity is “out there” (p. 73), as unfulfilled market needs, which confirms what objectivists claim. However, they further argued that opportunity is realised through this interpretation of opportunity, which is dependent on subjective forces. They claimed that the entrepreneur creates the means to recognise and exploit the opportunity. According to them the “social world does not exist in the same way that elements of the natural world exist” (p. 73).

Constructivists therefore recognise the objective perspective, which relies on causal logic and state that an entrepreneur first envisions a possible opportunity and then engages in acquiring the means to exploit the opportunity (Metzger & King, 2015). Causal logic therefore explains opportunity as “out there” (Ramoglou & Zyglidopoulos, 2015, p. 73), but it fails to recognise the social dimension and the subjective interpretation following the recognition of the opportunity. According to Metzger and King (2015) constructivist theory emphasises “perceptions, interpretations and understandings” (p. 324) of environmental forces that influence the construction of opportunities. To support the construction of the opportunity process, they integrate effectual logic to support rather than contradict the causal approach. They do not view effectuation as replacing predictive reality; rather they proclaim causal and effectual logic as coexisting to explain “why different entrepreneurs might employ one [causal logic] or another [effectual logic] during commercialisation attempts” (p. 327).

The element of viable cognitions which emerge from experience, social connections and the perceived ability of the entrepreneur to control rather than to predict the future is central to effectual logic (Sarasvathy et al., 2014), and is also related to themes present in constructivism (Metzger & King, 2015; Wood & McKinley, 2010). Effectuation is an appropriate logic to apply in particular resource-poor environments (Arend et al., 2015; Rennemo & Åsvoll, 2014) and environments characterised by high volatility and uncertainty (Arend et al., 2015). Applying effectual logic to support the constructivist

approach, Metzger and King (2015) place emphasis on the subjective nature of the entrepreneur's "perceptions, interpretations and understanding" (p. 324) of the opportunity and the volatile and uncertain context (Arend et al., 2015) which brings about the opportunity. The next section expands on effectuation and how effectual logic supports the constructivist approach in uncertain and volatile environments.

## **2.6 Effectual logic**

Effectual logic, according to Metzger and King (2015), states that "entrepreneurs first assess their possible means before engaging in the process of creating opportunities through acquisitions and recombination" (p. 328). According to Arend et al. (2015) the effectual process starts with the volatile and uncertain environment restricted by resources and the entrepreneur's perception of available means to pursue the opportunity. An evaluation by the entrepreneur which indicates a potential loss that is tolerable prompts the decision to act, after which the entrepreneur takes stock, producing a feedback loop and adding information to the entrepreneur's previous experience.

The major factors underpinning entrepreneurship are risk, innovation and pro-activeness towards opportunity (Hlady-Rispal & Jouison-Laffitte, 2014; Moroz & Hindle, 2012) which are brought about through the transformative processes of creativity. This is in sharp contrast to causal logic, which emphasises prediction. Effectuation emphasises the evaluation of the means available towards enactment of an opportunity in contrast to business planning (Arend et al., 2015). Effectuation is viewed as a process (Moroz & Hindle, 2012) in which entrepreneurs utilise a set of effectuation heuristics (Sarasvathy et al., 2014) to make decisions regarding entrepreneurial opportunities. These heuristics are distilled into four principles and due to the use of non-predictive logic, it was posited by Sarasvathy et al. (2014) that "the future is co-created through human actions rather than unfolding through inevitable trends outside the purview of human action" (p. 73) which motivates the five-principle.

The five principles are: (1) bird-in-hand; (2) affordable loss; (3) crazy quilt; (4) lemonade; (5) pilot-in-the-plane (Sarasvathy et al., 2014) which are explored in more detail below.

### **(1) Bird-in-Hand**

Effectual logic is concerned with a central actor, the entrepreneur. There are three categories of which the first is identity (who I am), the second knowledge (what I know) and the third networks (whom I know) (Sarasvathy et al., 2014). These categories focus on the notion that the entrepreneur is in control to generate potential opportunity for the future. Relying on the means rather than predicting the future ensures the entrepreneur is attuned to his/her own capabilities (Bullough et al., 2014). The third category involves

the interaction with stakeholders and adds the social aspect, which contributes to the probabilities of expanding the means of the entrepreneur through social structures (Calton et al., 2013).

#### (2) Affordable Loss

The perception of risk is as important as the means to create an opportunity. Effectual logic focuses on what is affordable for the entrepreneur to lose in generating opportunity rather than on the predictions of possible gains from the opportunity. This implies less action being invested in planning for the future and more reliance placed on controlling the future through estimating possible loss (Sarasvathy et al., 2014).

#### (3) Crazy Quilt

Risking only what the entrepreneur is willing to lose increases the emphasis on partnerships to support the entrepreneur with added resources (Schuster & Holtbrügge, 2014). Effectual partnerships are recognised as those relationships in which the risk as well as benefits are shared regarding the opportunity (George et al., 2012; Sarasvathy et al., 2014). This principle focuses heavily on mutuality and the social aspect of opportunity creation (Leitch et al., 2013; McKeever et al., 2014). It relates to social movements and community cooperatives (Montgomery, Dacin & Dacin, 2012) and the benefits (Marti et al., 2013) or constraints (Light & Dana, 2013) brought about through interconnectedness within a community.

#### (4) Lemonade

Turning “lemons to lemonade” (Sarasvathy et al., 2014, p. 74) represents uncertainty and the opportunity inherent in the unpredictability of situations (Bullough et al., 2014). Effectual logic embraces the unknown and the principle “lemonade” focuses on the unintended discovery of the opportunity development process.

#### (5) Pilot-in-the-Plane:

The five-principle added by Sarasvathy (2008) has to do with the recognition of the human element in the process of opportunity development (Sarasvathy, Dew, Read & Witbank, 2008). This principle recognises that the entrepreneur and his/her alliances (partnerships) are piloting the plane, suggesting that the human element is perceived as co-creating the future, in contrast to the view that the future is objective and trends are inevitable, separate from any contributions of human subjects (Sarasvathy et al., 2014).

Constructivist views rely on causal logic, which uses the gathering of resources, a central tenet as these resources could assist in realising predictions. This notion could be useful in stable environments, but does not suffice in environments characterised by uncertainty

and volatility (Metzger & King, 2015). Embracing effectual logic in these circumstances allows the entrepreneur to produce opportunity through (1) accepting the risk as given; (2) deemphasising predictions; (3) being influenced by perceptions of acceptable loss; and (4) establishing partnerships in relation to the perceived opportunity (Metzger & King, 2015). According to them, effectuation is “a form of constructivism employed by entrepreneurs in situations of uncertainty and volatility which involve patterns of cognitions and behaviours shared by expert entrepreneurs that create opportunities by first considering available means and then directing these means toward imagined and manageable effects” (p. 326-327).

Critiquing effectuation, Arend et al. (2015) reflected on effectuation, which, according to them, adopts a narrative perspective in the process of flow of these events in uncertain situations. However, it fails to address the causes of these effects underlying the processes, which could answer questions as to what entrepreneurs do in these conditions, how they act and why these decisions are effective in uncertain situations. Arend et al. (2015), not ignoring the causes of such processes, looked for a middle ground between subjective and objective perspectives in opportunity generation between the context of predictability and ambiguity.

This notion was already recognised in the literature by Bradley et al. (2012) who held that the “discovery and creative views of entrepreneurship may become increasingly relevant to economic development efforts” (p. 685). They focused on innovation as a mediator for capital, which to them represented not only financial resource but also social and human capital. They conceived poverty as a resource allocation problem and were of the view that forms of capital other than financial could offer resources. Engaging in behaviours rewarded by the markets (discovery approach) and co-creating opportunities through a process of social negotiation among various stakeholders (creative view) could unlock potential resources in uncertain environments (Bradley et al., 2012). Evidence thereof reflects the views of numerous authors who explored the notion of a middle ground between objective and subjective approaches to opportunity recognition (Metzger & King, 2015; Ramoglou and Tsang, 2016; Venkataraman et al., 2012).

Following a constructivist approach therefore recognises the causal views that effectuation ignores, although Metzger and King (2015) postulated “effectuation is not attempting to replace predictive rationality, it should be viewed as an extension of rationality” (p. 327). They further suggested that effectuation is a decision-making logic, meaning that entrepreneurs repeatedly demonstrate processes of leveraging “who they are, what they know and who they know” (p. 328). Effectuation therefore does not attempt to replace causal explanations acknowledged by a constructivist approach;

instead it offers a complementary pathway to explain entrepreneurial opportunity (Metzger and King, 2015).

An underlying central association common in the constructivist approach, together with effectual logic, is the social dimension that influences and affects entrepreneurial opportunity. Another central commonality is the environmental effect, which is also regulated through social structures and social networks. Wood and McKinley (2010) postulated social ties to influence the pursuit of entrepreneurial opportunity together with Gedajlovic et al. (2013) who suggested that entrepreneurs and entrepreneurship are socially positioned. Rooks et al. (2016) took this one step further by linking social capital to the context, stating that the context necessitates different approaches to shared resources.

“Social capital was a necessary ingredient for community development” (Ansari et al., 2012, p. 815). It provided the means to bridge the community to the external world and offered shared resources through collective identity and trust relationships (Khayesi et al., 2014; Marti et al., 2013). Social capital therefore has an effect that could be beneficial (Gedajlovic et al., 2013; McKeever et al., 2014) or create boundary conditions (Light & Dana, 2013; Khayesi et al., 2014) for entrepreneurial opportunity (Alvarez & Barney, 2014; Ramoglou & Tsang, 2016) and inclusive growth (George et al., 2012). Social capital is explored in the next section using Nahapiet and Ghoshal’s (1998) model of social capital dimensions.

## **2.7 Social capital**

Since social capital is a very broad construct, this study recognises the work of Nahapiet and Ghoshal (1998) and their multidimensional view of social capital. It allows social capital to be simplified into three dimensions which include relational (trust, norms, and obligations), structural (ties and relationship configurations), and cognitive social capital (shared values, common language). Their work on the dimensions of social capital was and is still very visible and relevant in recent literature (Daspit & Long, 2014; Gedajlovic et al., 2013; Rooks et al., 2016). Their notion of social capital was founded on the premises of Bourdieu’s (1986) work on social capital and Spenders’ (1996) work on intellectual capital (Nahapiet & Ghoshal, 1998).

The term “social capital” (Griffin-EL, 2015, p. 81) gained popularity through Bourdieu’s (1986) work on resources embedded in relationships. This notion was supported by Nahapiet and Ghoshal (1998) as they acknowledged Bourdieu’s (1986) work on social capital theory development and his central proposition which stated that “networks of social relationships constitute a valuable resource for the conduct of social affairs,



providing their members with collectivity-owned capital, a credential which entitles them to credit, in various senses of the word” (p. 243). Griffin-EL (2015) and Sallaz and Zavisca (2007) defined “social capital” as both network and institutional relationships which an actor belongs to, and because of this inclusion can derive resources either on a short or long-term basis from these relationships.

When social capital was further explored by Nahapiet and Ghoshal (1998) they developed their model of intellectual capital creation through the application of social capital. They defined social capital as the “sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet & Ghoshal, 1998, p. 243) and proposed that social capital has three dimensions and that each dimension underlies a series of themes. Their model was based on Spender’s (1996) matrix of four different elements of an organisation’s intellectual capital: the one continuum represented individual to social actors, and the other continuum was explicit to tacit knowledge (Nahapiet and Ghoshal’s, 1998). Nahapiet and Ghoshal’s (1998) model focused on the social explicit and the social tacit knowledge as it was representative of social capital.

Applying this multidimensional view of social capital (Nahapiet & Ghoshal’s, 1998), this study reflects on social capital’s effects on migrant micro-entrepreneurial opportunity through the expansion of the sources of social capital embedded in the structural dimension and on the resources of social capital embedded in the cognitive and relational dimensions (Daspit & Long, 2014; Gedajlovic et al., 2013; Ozdemir et al., 2016). Social capital thus offers opportunities to extract benefits (Gedajlovic et al., 2013; McKeever et al., 2014) from embedded resources, but also develops boundary conditions (Light & Dana, 2013; Khayesi et al., 2014) obstructing the expansion of benefits to include external players in the inclusive economic growth process (McMullen, 2011).

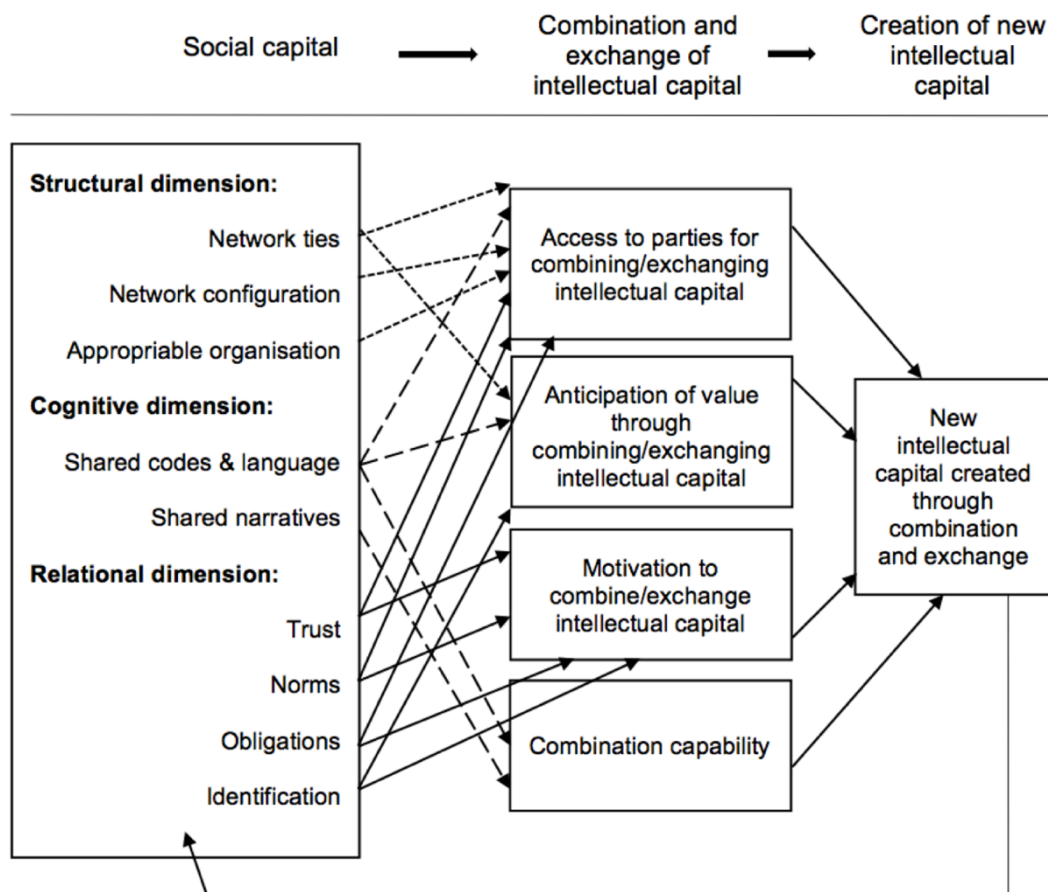
### 2.7.1 Dimensions of social capital

The model of Nahapiet and Ghoshal (1998) reflected the process by which social capital could be used to combine and exchange intellectual capital to create new intellectual capital, and is a well-explored model in literature. According to Gedajlovic et al. (2013) it is extremely “difficult to precisely delineate where social capital and human capital separate from one another” (p. 458). Human capital (Leitch et al., 2013) like Nahapiet and Ghoshal’s (1998) intellectual capital is focused on the individual, whereas social capital focuses on the relationships and participation; however, human capital informs social capital while social capital again contributes to human capital in an interactive

circular relationship (Leitch et al. 2013). The notion that the individual and collectives have a reciprocal relationship is supported by Gedajlovic et al. (2013) in their view of social capital, entrepreneurial outcomes and performance.

The use of Nahapiet and Ghoshal's (1998) model is justified as an underlying structure to better understand social capital from a collectivistic perspective, as influencing the individualistic level, and to explore recent literature which reflected social capital benefits and boundary conditions towards micro-entrepreneurship within the context of rural and poor emerging markets.

**Figure 2: Model of social capital in the creation of intellectual capital (Nahapiet & Ghoshal, 1998, p. 251).**



### 2.7.1.1 Structural dimension

Nahapiet and Ghoshal (1998) characterised the structural dimension by: (1) network ties, valuable sources of information which allowed benefits through access, timing and referrals – “who you know affects what you know” (p. 252); (2) network configurations which provide the channels for information transmission recognised through properties such as density, connectivity and hierarchy associated with flexibility and ease of

information exchange; (3) appropriable organisation, which explains the context in which social capital is developed such as ties, norms and trust which can often be transferred to other contexts, although it would influence the patterns of social exchange.

#### 2.7.1.2 Cognitive dimension

The cognitive dimension was recognised through meaningful communication and shared stories. Nahapiet and Ghoshal (1998) recognised (1) shared language as the means to communicate knowledge and postulated that language influenced perceptions. They went on to suggest that language enhances combination capabilities through some overlap of knowledge between parties to the exchange. They also recognised (2) shared narratives involving the stories, myths, and metaphors which “provide powerful means in communities for creating, exchanging and preserving rich sets of meaning” (p. 254).

#### 2.7.1.3 Relational dimension

The primary impact of the structural dimension is on the conditions of accessibility, while the cognitive dimension focused on its influence on accessibility and combination capabilities (Nahapiet & Ghoshal, 1998). The relational dimension influenced three conditions for exchange of information according to Nahapiet and Ghoshal (1998), namely “access to parties for exchange, anticipation of value through exchange and combination, and the motivation of parties to engage in knowledge creation through exchange and combination” (p. 254).

According to Nahapiet and Ghoshal (1998) these conditions for exchange of information were grounded in: (1) Trust, which is multidimensional and indicates the “willingness to be vulnerable to another party” (p. 254) and the belief that an intended action of another was appropriate. They suggested that there exists a two-way interaction between trust and cooperation in that “trust lubricates cooperation, and cooperation itself breeds trust” (p. 255). (2) Norms, which represented “a degree of consensus in a social system” (p. 255) that exerts influence on the exchange process through opening access or rigidly created boundaries for parties to exchange knowledge. (3) Obligations and expectations, which represented commitments to some activity in the future due to expectations developed through relationships. Obligations and expectations were likely to influence access and the motivation to combine and exchange knowledge. (4) Identification was introduced to present the belonging aspect of an individual within a group. Identification thus “acts as a resource influencing both the anticipation of value to be achieved and the motivation to combine and exchange knowledge” (p. 256).

The relational dimension of social capital develops out of the cognitive dimension through mutuality, according to Gedajlovic et al. (2013). The motivation aspect to

combine and exchange intellectual capital as Nahapiet and Ghoshal (1998) postulated in their model of social capital dimensions, is represented in more recent literature through the construct of “mutuality” (Leitch et al., 2013, p. 351) which highlights the trust, respect and collaborative working elements of relational social capital. The next section uncovers social capital as producing benefits to micro-entrepreneurial opportunity or creating boundary conditions through relating the effects of social capital to the dimensions proposed by Nahapiet and Ghoshal’s (1998) model.

### 2.7.2 Social capital benefits and boundary conditions

According to Gedajlovic et al. (2013) the “acquisition and management of social capital plays an essential role in entrepreneurial success of both individuals and collectives” (p. 456). They postulated that individual and collective antecedents lead towards relationships and networks that support social capital, which informs entrepreneurial outcomes and performance of an individual and/or collectives.

Definitions of social capital briefly reflect resources embedded in relationships between actors (Daspit & Long, 2014; Gedajlovic et al., 2013; Griffin-EL, 2015; Nahapiet & Ghoshal, 1998; Ozdemir et al., 2016). Resources such as knowledge, information, goodwill and trust stem from relationships of individuals or collectives (Gedajlovic et al., 2013). It was however, suggested by Gedajlovic et al. (2013) that the “frequency of these interactions; kinship; or the number/strength of ties leads to those resources” (p. 458). Recent literature focuses on two primary perspectives of social capital, namely the bonding and bridging perspectives (Gedajlovic et al., 2013; McKeever et al., 2014; Rooks et al., 2016).

#### 2.7.2.1 Bonding perspective of social capital

The bonding perspective reflects value in social capital through strong, repeated social connections which focus on reciprocity, generating norms and increased trust (Gedajlovic et al., 2013). According to McKeever et al. (2014) social capital is strongly influenced by the context and the community in which social capital is embedded, and social capital thus influences how opportunity is perceived by entrepreneurs in a community setting. They suggest Bourdieu’s (1990) notion of “habitus” which claimed that the socioeconomic context provides circumstances that increase repetitive behaviours and fosters a shared understanding of these behaviours.

“Habitus” is closely linked to the cultural context (McKeever et al., 2014), and offers an appreciation for the norms, rituals and stories associated with this cultural context. The concept of “habitus” falls within the broader concept of cultural capital (Light & Dana, 2013) and represents routines, usual ways of doing things that imply “mental conformity”

(p. 603) which often functions as a barrier to change. The notion of “habitus” can be related to the cognitive dimension of Nahapiet and Ghoshal’s (1998) model. It provides access to information and anticipation of value through the exchange of information. It also provides an opportunity for combination capabilities. When relating the broader cultural context to social capital (Light & Dana, 2013), evidence points to the structural dimension of Nahapiet and Ghoshal’s (1998) model that provided a higher proportion of access to information exchange.

The bonding perspective of social capital is thus grounded in the structural and cognitive dimensions of Nahapiet and Ghoshal’s (1998) model. Close and strong bonding ties provide access to information with the anticipation of value. It provides the opportunity to exchange information and offers combination capabilities, but does not motivate the exchange of information for players to benefit from the resources available through social capital. It is also limited to individuals or collectives that share in the routines of socialisation and rituals needed to reflect a shared understanding of how the tight context operates (McKeever et al., 2014).

Conversely, the notion of “habitus” and bonding social capital also suppress entrepreneurial opportunities when dominant groups exclude subordinates from information sharing (Light & Dana, 2013; Khayesi et al., 2014). Light and Dana (2013) identified boundary conditions to social capital that could either support or negatively affect entrepreneurship. Their study revealed that if the cultural capital of a community was positive towards the notion of entrepreneurship, strong bonding social capital could be highly supportive of entrepreneurial opportunities; however, if the cultural capital did not support the notion of entrepreneurship, any entrepreneurial opportunity would be negatively affected as it is not supported by the cultural values of that community. It therefore reflects the interrelationship between habitus, as part of the broader concept of cultural capital, and social capital represented by the structural and cognitive dimensions of Nahapiet and Ghoshal’s (1998) model.

These effects of strong ties and bonding social capital are also supported by the study of Khayesi et al. (2014) about “kinship ties, which included relationships by blood and marriage” (p. 1323-1324) which were encapsulated in the structural dimension of Nahapiet and Ghoshal’s (1998) model. It reflects the benefits as well as the negative effects of bonding social capital which indicate how strong ties could either “benefit or detract entrepreneur’s efforts to assemble resources to build and maintain” (p. 1338) a viable enterprise or enterprises within a community setting.

Light and Dana (2013) and Khayesi et al. (2014) thus reflect the negative effects that the bonding perspective of social capital together with strong social ties could have on entrepreneurial opportunity. According to these studies these relationships reflect rigid and strong tendencies to resist change. Due to the nature of “habitus” and the broader cultural capital which influenced bonding social capital, extending relationships within this context was a slow process as structural social capital (Nahapiet & Ghoshal, 1998) was recognised by strong ties rooted in community culture that made it difficult for external players to be included and to join in the resources available through social capital. Bridging social capital, however, was not bound by the broader cultural aspects of the community which allowed faster modes of information transfer which in turn unlocked available resources from social capital.

#### 2.7.2.2 Bridging perspective of social capital

The bridging perspective, according to Gedajlovic et al. (2013) refers to actors who bridged structural holes to “facilitate the diffusion of asymmetrical information” (p. 458). Ozdemir et al. (2016) referred to structural holes as “brokerage ego-networks in extending the entrepreneurs’ reach to valuable resources” (p. 50) through actors not directly connected to each other and often unaware of each other. They claimed that resources derived from social capital were not always easily acquirable, nor were the resources that were available always valued by the entrepreneur. McKeever et al. (2014) noted in earlier literature that the context was important in determining the value of social capital and therefore pointed out the critical part played by the community in the entrepreneurial process.

An important significance of context was supported by the work of Marti et al. (2013), in which they proposed that external actors who work and interact with the community “fishbowls” (p. 11) should maintain a sense of detachment, although they should physically be there. This notion emphasised “working spaces” (p. 27) which, according to Marti et al. (2013), could create new resources and enhance information sharing when bridging the external world with the internal world of the community, thus suggesting that external actors must both “live in the fishbowl and maintain at the boundaries of the fishbowl” (p. 11) which would help the community to challenge their own world views and allow external actors access to community information.

The bridging capital perspective focused on external ties (loose ties) and was grounded in the relational dimension of Nahapiet and Ghoshal’s (1998) model. According to the relational dimension trust, norms, obligations, and identification are central concepts in relationships which motivate actors to cooperate in order to mutually gain access to

benefits from these relationships. This notion is supported through “mutuality” (Leitch et al., 2013; McKeever et al., 2014) that emphasise trust, respect, collaborative working and collective participation. McKeever et al. (2013) specifically stated that when mutuality is absent the entrepreneurial process is contractual and explicit in nature, detracting from the benefits of information exchange.

Mutuality thus emphasises social exchange and reciprocity (Lioukas & Reuer, 2015) which reflect the notion that each party to the social exchange is obliged to repay any benefits received. Bridging social capital therefore emphasises loose connections not bounded by “habitus” or cultural capital as in the case of bonding social capital. Bridging social capital thus reflects the importance of reciprocity through mutuality and cooperation rooted in trust, norms, obligations and identification, according to Nahapiet and Ghoshal (1998).

The two perspectives of social capital reflect two sides of the same coin in that social capital provides benefits in the form of resources for the micro-entrepreneur but at the same time could hamper the opportunity through rigid resistance due to community closure. Social capital thus affects micro-entrepreneurial opportunity positively when resources are shared, or create boundary conditions which negatively affect micro-entrepreneurial opportunities. These effects of social capital are dependent on the context and the community setting which act to regulate the conditions under which social capital offers benefits to micro-entrepreneurial opportunity or encapsulates these resources within bounded conditions.

## **2.8 Conclusion**

Global trends reflect multinational corporations’ pursuit of profits through their recognition of the value in emerging markets. Extracting profits from these markets requires a dualistic approach. According to George et al. (2012) innovation is the enabler and they postulated that multinational corporations add value to the socioeconomic conditions of the poor by empowering the community through capability transfers that expand the markets to provide more wealth in the community and enhance employment opportunities.

George et al. (2012) envisioned micro-entrepreneurs as the bridge between multinational corporation products and the disenfranchised end user, which opens numerous opportunities for migrant micro-entrepreneurs in developing countries. These migrant micro-entrepreneurs embed themselves into communities characterised by informal markets in typical poor rural community settings. Due to the context (Marti et al., 2013; Rooks et al., 2016) characterised by restricted resources, social capital is very often used

as the means to share resources or to provide access to other forms of resources. Literature therefore suggests that social capital influences access to resources through the constructs of “habitus” (McKeever et al., 2014, p. 454) and/or “mutuality” (Leitch et al., 2013, p. 351).

Furthermore, literature portrays social capital as offering access to information with regard to micro-entrepreneurial opportunities and/or creating boundary conditions towards micro-entrepreneurial opportunities (Gedajlovic et al., 2013; Khayesi et al., 2014; Light & Dana, 2013; McKeever et al., 2014). The interplay of context and the subjective influences of the micro-entrepreneur, which reflect constructivist qualities (Wood & Mckinley, 2010) also has a significant effect on the perceived opportunity that a migrant micro-entrepreneur wants to pursue or create (Metzger & King, 2015; Ramoglou & Tsang, 2016; Sarasvathy et al., 2014). Literature thus highlights the power of social capital to unlock resources in a community setting.

It has been argued that social capital is used as a vehicle for entrepreneurial opportunity in a community setting. However, it is bounded by habit, which is often locked in community culture. On the other hand, reciprocated relationships have the potential for mutual trust to develop which offer another gateway to resources, although it often does so at a cost. The question then is why migrant micro-entrepreneurs operate their enterprises in these uncertain and volatile environments, and how past and current social capital in rural poor emerging markets affects migrant micro-entrepreneurial opportunities. Furthermore, to what extent does past and current social capital support the creation of opportunity and does the context play a significant role in these dualistic relationships within these uncertain and volatile environments?



## **3 Research questions**

### **3.1 Introduction**

The purpose of the research was to firstly understand why migrant micro-entrepreneurs operate an enterprise or enterprises in uncertain and volatile environments. The second purpose was to understand the influence of past and current social capital on micro-entrepreneurial opportunity in rural poor emerging environments from the perspective of migrant micro-entrepreneurs and to determine how social capital in the community could impact entrepreneurial opportunity or create boundary conditions to entrepreneurial opportunity. It attempted to understand the migrant micro-entrepreneur's perspective regarding "mutuality" (Leitch et al., 2013, p. 351) and "habitus" (McKeever et al., 2014, p. 454) to determine the impact it had on relationships in the community and between communities, which is required according to Leitch et al. (2013) and McKeever et al. (2014) to access social capital benefits.

The ongoing debate in entrepreneurial literature between a discovery view and a creative view regarding entrepreneurial opportunity (Wood & McKinley, 2010; Moroz & Hindle, 2012; Arend et al., 2015; Mishra & Zachary, 2015) informed the latter part of the research. The purpose of the third objective was to use the five principles of effectual logic (Sarasvathy et al., 2014) to establish why the context and entrepreneurial perception affects opportunity creation and whether effectuation will be an appropriate lens to use by scholars in future empirical testing within the field of micro-entrepreneurship and in uncertain and volatile context like the rural poor emerging markets of South Africa.

### **3.2 Research question 1:**

Why do migrant micro-entrepreneurs operate micro enterprises in uncertain and volatile environments?

### **3.3 Research question 2:**

To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?

### **3.4 Research question 3:**

When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?

### **3.5 Concluding remarks**

The data was collected through interviews, applying a semi-structured interview schedule in a qualitative research design. Data saturation (Saunders & Lewis, 2012) was determined, and is discussed in the next chapter. The data were processed through transcriptions and memos developed on the basis of the interview process, after which the data was analysed through qualitative data analysis software Atlas.ti (Friese, 2016). Codes and axial coding were created for sense-making purposes, after which sub-themes and themes were developed to extract information from the data (Bloomberg & Volpe, 2012). The methodological approach starting with a sample selection from the universe, the collection of the data, processing the data, analysing the data and the limitations thereof are discussed in more detail in the next chapter.

## **4 Research methodology**

### **4.1 Research design**

Rooks et al. (2016) propose a qualitative design for future research to study the dynamics of interplay between social capital, contextual culture and entrepreneurship. The researcher thus followed a qualitative research design, which motivated exploration and discovery of new insights. Saunders and Lewis (2012) explained exploratory research as the “aims to seek new insights, ask new questions and to assess topics in new light” (p. 110). Exploratory research offers more flexibility in that the “focus is initially broad and becomes progressively narrower as the research progresses” (p. 111). The emphasis of the study was on social capital and its effects on entrepreneurial opportunity, which is, as Payne, Moore, Griffis and Autry (2011) put it, “the goodwill available to individuals or groups that is derived from the structure and content of an actor’s social relationships” (p. 492). Payne et al. (2011) explain that social capital research focuses on internal and external ties from an individual or collective perspective. Although this research focused on the individual and the entrepreneurial opportunity derived from social relationships, it explored internal and external ties which also had a collective effect when these influences were viewed in a community context (Marti, et al., 2013).

According to Leitch et al. (2010) “entrepreneurship is a multifaceted, complex social construct that is enacted in many different contexts by a variety of actors” (p. 68). This view by Leitch et al. (2010) motivated the researcher to ground this study in the philosophy of interpretivism, which, according to Saunders and Lewis (2012), “relates to the study of social phenomena in their natural environment” (p. 106). This approach and philosophy implied that the researcher attempted to understand the participant in his/her natural environment, since “their point of view is key here” (Saunders & Lewis, 2012, p. 107). The questions that were asked were “why and how” social interactions could contribute to, or take away from entrepreneurial opportunity (McKeever et al., 2014, p. 458).

### **4.2 Research method**

Using an explorative approach called for an inductive method as Saunders and Lewis (2012) explained the inductive method as the means to “develop theory from data generated by a series of observations or interviews” (p. 119). They asserted that: “Induction possesses a more flexible structure to permit changes of research emphasis as the research progresses” (p. 109). They continued by stating that “the emphasis is on a close understanding of the research context” (p. 109). The researcher was not bound by existing theory, but instead was submerged in a process of discovery in the social

world. This suggested that the researcher did not make use of theory to formulate the research questions, but used the data to generate theory.

This notion, however, was challenged by Shepherd and Sutcliffe (2011) who warned that taking a bottom-up approach, as the inductive method implies, “requires starting with the data without any consideration of a theory under construction, is laudable but impossible to achieve in its purest form” (p. 364). The researcher took a constructivist approach, because of the importance of context in qualitative research and the strong emphasis of social structures within the study, however, was not constraint, nor bounded by the theoretical principles of the meta theory of knowledge.

### 4.3 Scope

The scope for the research was limited to South Africa for practical reasons, which included a time constraint on the research process, since the researcher was based in South Africa. A further narrowing of the scope on the context limited the study to rural communities in poor emerging markets. Rural poor emerging markets were defined according to characteristics identified by London and Hart (2011, p.9) for the bottom of the pyramid construct, which illuminated the range within society which formed the geographic focus of this study:

- (1) Occupants are often heterogeneous across multiple dimensions.
- (2) They usually earn per capita income equivalent to US \$3,000 per annum, or less.
- (3) Local enterprises are not always well integrated into the formal global economy.
- (4) These enterprises may operate primarily in the informal economy (black or grey markets).
- (5) Individuals at the base of the pyramid constitute the majority of humanity (over four billion people).

These markets had characteristics that represented challenges for the sustainability of life (Calton et al., 2013); for grasping opportunities to alleviate poverty; and for developing the community economically through entrepreneurship (Alvarez & Barney, 2014). Characteristics presenting challenges to entrepreneurial actions included:

[S]evere limited income; poor nutrition; scarcity of portable water; lack of public sanitation facilities; limited access to basic health services; poor housing stock; inadequate energy sources and technology for household cooking, heating and lighting; limited education and work or entrepreneurial opportunities; dependence on cash or informal sources of credit; poor infrastructure and a lack of a market

ecology to nurture entrepreneurial innovations; lack of patient capital to support the longer gestation period of innovative base of the pyramid business ventures; and rampant public and private corruption (Calton et al., 2013, p.723-724).

The study therefore focused on micro-entrepreneurial opportunity and the unit of analysis was the micro-entrepreneurs in South Africa who were not of South African origin. Entrepreneurship was viewed by Schlaegel and Koenig (2014) “as a process of discovering, creating and exploiting opportunities” (p. 293). With this understanding the researcher then argued that a micro-entrepreneur for this study was of foreign nationality who managed his/her own business or businesses which were located within South Africa’s rural poor emerging market.

#### **4.4 Unit of analysis**

The unit of analysis was focused around the individual’s perception. Individual perception was grounded in the sciences relating to humanities, which, according to Leitch et al. (2010), have a large influence together with the social sciences in interpretivist research. As migrant micro-entrepreneurs were living in the communities and the villages in which their micro enterprises were located, they share commonalities with the poor which had a “foundational basis of self-esteem and dignity” (p. 387) which were associated with giving rather than taking. According to Shivarajan and Srinivasan (2013) there has been a fundamental shift in thinking about the poor, and they highlighted the urgency for studies to focus on the “poor as suppliers and producers” (p. 384).

The argument thus implied that an element of giving was relevant in the context of poverty and that the perception of the migrant micro-entrepreneur was highly relevant as the element of giving was explored during the interview process. Therefore the perception of the migrant micro-entrepreneur who manages his/her own micro enterprise or micro enterprises located within a rural community in South Africa’s poor emerging market formed the unit of analysis of this study.

#### **4.5 Universe / population**

According to Schlaegel and Koenig (2014) an entrepreneur is an individual who “discover[s], create[s], and exploit[s] opportunity” (p. 293). The qualitative nature of the research had to consider the context in which the sample was taken. Considering the nature of the research the researcher identified qualifying criteria that defined the universe which were:

- (1) Population member must be a micro-entrepreneur (Webb et al., 2013);

- (2) Population member must manage his/her own micro enterprise or micro enterprises;
- (3) Population member must be from a foreign nationality (Kloosterman, 2010); and
- (4) Population member's micro enterprise or micro enterprises must be located within a rural community in South Africa's poor emerging market (Marti et al., 2013).

As it was not feasible to use the totality of the population in question, a sampling method was used to select a sample which was representative of the population and which reflected the specified characteristics of the population. The next section discusses the sampling technique and sample size.

## **4.6 Sampling**

### **4.6.1 Sampling technique**

No complete list of all migrant micro-entrepreneurs who manage their own micro enterprise or micro enterprises located within the rural communities in South Africa's poor emerging market existed. For these reasons the researcher employed a non-probability sampling technique. Saunders and Lewis (2012) defined non-probability sampling as "a variety of sampling techniques for selecting a sample when you do not have a complete list of the population" (p. 134). The researcher believed that purposive sampling was the appropriate technique to use due to the limited probability of gaining access to appropriate micro-entrepreneurs who fitted the criteria.

Purposive sampling, according to Saunders and Lewis (2012), is defined as "a type of non-probability sampling in which the researcher's judgement is used to select the sample members based on the range of possible reasons and premises" (p. 138). The researchers' history in working in rural poor emerging markets involving the supply of arcade gaming machines to local enterprises, provided access to individuals who fell within the range of the criteria. The relationship between the researcher and the 10 respondents was one of mutual collaboration and the researcher did not detect any significant subject bias because of that. No relationship of dependency existed between the researcher and any one of the respondents.

### **4.6.2 Sampling diversity**

To create diversity in the sample (Flick, 2007) the researcher purposively selected the sample from different geographic locations within the boundaries of South Africa. Due to the rural focus of the study two provinces were chosen, namely North West province and the Free State. The area in the North West province in particular was Mafikeng as this

area was characterised by numerous villages around the greater Mafikeng central hub. This kept the focus on rural communities, and as Stuetzer et al. (2014) suggested regional characteristics do exert influence on opportunity perceptions and entrepreneurial actions. Community, according to Marti et al. (2013) forms a collective identity within the context of rural poor environments. They held the view that “a community becomes a working space allowing members to discover their capacities to act and to defend their rights” (p. 10).

The other geographic region was the province of the Free State and focused on the greater area of QwaQwa and surrounding areas. This specific area within the Free State province was also chosen as it represented numerous rural villages scattered around the central hub of Phuthaditjhaba. Two nearby smaller towns, Ficksburg and Fouriesburg (one respondent from each informal settlement surrounding these towns) were included in the sample. All micro-entrepreneurs within these diverse geographic regions that were chosen as the sample for this study were operating a micro enterprise or enterprises at the time of the interview, within the boundaries of what constitute rural and poor environments (Rooks et al., 2016). According to Rooks et al. (2016) these environments were characterised by communities with a collectivistic outlook rather than an individualistic outlook more familiar in urban environments.

#### 4.6.3 Sampling size and characteristics

The sample size for qualitative research was dependent on the design of the study, and data collection was continued until saturation was reached (Saunders & Lewis, 2012). The researcher gained access to 10 migrant micro-entrepreneurs who matched the criteria and description in the universe; understood and spoke English; and were available for interviews when the data collection process commenced. The sample was generated from two diverse geographic locations to improve the quality of the outcomes. As the sampling technique was purposive non-probability sampling, using different locations for collecting data can improve the quality of the outcomes as diversity is incorporated into the sample (Flick, 2007).

Due to the narrative approach taken by the researcher during the interviews (McCormick, 2004), fictitious names were created for each respondent. Each respondent was given the choice to choose a name which the researcher used throughout the study to adhere to confidentiality.

## 4.7 Measurement instrument and pre-testing

### 4.7.1 Interview schedule

Question one to question six on the interview schedule (see Appendix A) related directly to research questions one to three. Question one in the interview schedule was:

1. I am here to listen to your story, especially the time that led up to the opening of your store (first store) in this community.
  - a) Please share with me how this business opportunity came about?

It related directly to research question one: “Why do migrant micro-entrepreneurs operate micro enterprises in uncertain and volatile environments?” This question was related to subsistence marketplaces and the bottom-up approach that Viswanathan et al. (2012) advocated in their paper, which illuminated the need for policy development to link informal markets with formal markets. Insights were needed to understand the driving forces, support systems and constraints experienced (Sridharan et al., 2014; Venugopal et al., 2015; Viswanathan et al., 2014) which led to the actual intention to operate a store in the rural markets of South Africa.

Questions two, three and four in the interview schedule were:

2. I am also interested in your relationship with this community. (community leaders, customers, friends, family members)
  - a) Did you know anyone within this community before you opened your store (first store)?
  - b) Please share with me some of your relationships within this community after you have opened your store (first store).
3. I want to know more about your ups and downs in your business during your stay in this community.
  - a) Will you please share with me some of the highlights (best moments) you experienced in your business during your time in this community?
  - b) Will you please share with me some of the struggles (lost opportunities) you have encountered (negative moments) during your time in this community?
4. Currently do you have any relationships with people from other communities that are helpful (offer more opportunities) for your business? Please share with me some of these relationships which according to you are most important for your business.



These related to research question two: “To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?” This raises the question of “why and how” social interactions could contribute to or take away from entrepreneurial opportunity (McKeever et al., 2014, p. 458). Entrepreneurship is viewed by Leitch et al. (2010) as a social construct and much evidence in the literature reflected on the importance of social structures to benefit or constrain entrepreneurial opportunity (Gedajlovic et al., 2013; Khayesi et al., 2014; Light & Dana, 2013; McKeever et al., 2014).

Questions five and six in the interview schedule were:

5. Please share with me how a typical day will start for you running (managing) the store, how it will progress through the day and then end off at closing?
6. One year from today, where do you see (view) yourself and your business?

These related to research question three: “When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?” Although the researcher did not use theory to inform the study, the research approach was guided by constructivist principles (Wood & McKinley, 2010) and the researcher wanted to understand the effects that a context characterised by uncertainty and volatility would have on such approach. The aim was to gain insights from the data to enhance understanding of the most appropriate logic to use in future empirical testing within similar environments with similar population characteristics (Metzger & King, 2015; Ramoglou & Tsang, 2016; Sarasvathy et al., 2014).

#### 4.7.2 Pre-test process

According to Saunders and Lewis (2012) a pre-test is like a pilot, a test on a small number of respondents by applying the interview schedule to gain insights about the researcher’s questions and the interview technique. This was the approach the researcher took and one pre-test interview was done to test the interview schedule and the interview technique to ensure that the questions were structured with the right wording and the sequence of the interview technique were suitable to the respondent. The researcher chose deliberately to use a respondent who resembled exactly the criteria as expressed by the qualifying criteria that defined the universe for the pre-test interview.

Furthermore, piloting the interview schedule and the interview technique with a respondent who fitted the characteristics proposed by the qualifying criteria offered

valuable information that was considered in finalising the interview schedule and interview technique before the actual interviews commenced.

The researcher also wanted to enact the exact procedure that was anticipated for the actual interviews. In this way the researcher could also gain information with regard to the technique and the sequence of the interview process – how to greet the respondent initially and the appropriate steps to follow in the interview process. These were the introduction first, explaining the reason for the interview and the purpose of the study; explaining the consent form and the conditions stipulated in the consent form with regard to the respondent and the researcher; getting the consent form signed; a short explanation of the interview process; the recording aspect of the initial interview; the time it would take; and the approach.

The researcher was unaware of the backgrounds of the respondents recruited for the interviews, but was aware that there would be different perceptions of an interview process due to different cultural dynamics at play (Shinnar, Giacomini & Janssen, 2012). Therefore, the researcher piloted the interview technique together with the interview schedule to test the content of the questions and most appropriate sequence of the interview process.

#### 4.7.3 Pre-test outcomes

The pre-test interview was conducted in the morning at 09:00 at the premises (store) of the respondent in Parys in the Free State. The respondent was alone at the store and the interview had to be conducted while the respondent was serving customers. The images to the right are representative of a typical micro enterprise in a rural, poor environment (Rooks et al., 2016).

All formalities were conducted before the interview, such as the introduction; explaining the reason for the interview and the purpose of the study; explaining the consent form and the conditions stipulated in the consent form with regard to the respondent and the researcher; getting the consent form signed; a short explanation of the interview process; the recording aspect of the initial interview; the time it would take; and the approach.



The interview strictly followed the interview schedule questions and the respondent responded directly to the questions. When the interview was completed and the recording was stopped, the respondent and the researcher started a conversation on the topic of the research. The researcher reflected afterwards that more insight was gained from the conversation after the interview than from the interview itself. This prompted the researcher to adapt the approach of the interview, which included combining the questions of the interview schedule to follow a more narrative approach (McCormick, 2004). This entailed starting with a basic outline of the questions to indicate to the respondent what type of information the researcher wanted to focus on and then asking the respondent to tell their story focusing on the main themes of the questions in the interview schedule. Probing was kept to a minimum, which allowed uninterrupted flow of the respondent's story. Probing was only used to keep the theme of the story in line with the interview schedule, together with gaining deeper insights relevant to the interview schedule.

## **4.8 Data collection**

### **4.8.1 Design**

Saunders and Lewis (2012) described semi-structured interviews as the “interviewer asking a set of themes using some predetermined questions, but [varying] the order in which the themes are covered and questions asked” (p. 151). The original plan was for data to be gathered through semi-structured interviews. The pre-test insights, however, prompted the researcher to adapt the approach to accommodate a more narrative style, which, according to McCormick (2004), “explores individuals’ understandings of their experience in the context of their everyday lives” (p. 220).

This meant that the researcher stayed true to the questions in the interview schedule, but adapted the style. The researcher explained the themes of the questions and allowed the respondents time to tell their stories with minimum probing. The interviews were audio-recorded, and memos were developed after each interview to capture additional data through observations made before, during and directly after each interview.

### **4.8.2 Interview process**

This section elaborates on the methods the researcher used to deal with sensitive issues which related to past occurrences in the respondent's life situation that, while showing sensitivity to those experiences, tried not to use emotive language or generate emotions which distracted from the topic. Recent xenophobic attacks (Friebel et al., 2013) on migrant micro-entrepreneurs located in poor, rural communities of South Africa reflected

the sensitivity of local embeddedness and cultural authenticity. They revealed the uncertainty and volatility of the context within which these micro-entrepreneurs operate and expand their micro enterprises. The researcher took these past acts of violence and the respondents' encounter of violent acts into consideration when the interview schedule was developed, and excluded words in the interview schedule that could have offended or created uneasiness among the respondents. This offered another reason for the researcher to adopt a more narrative approach to the questioning, which allowed the respondents to share their story (McCormick, 2004).

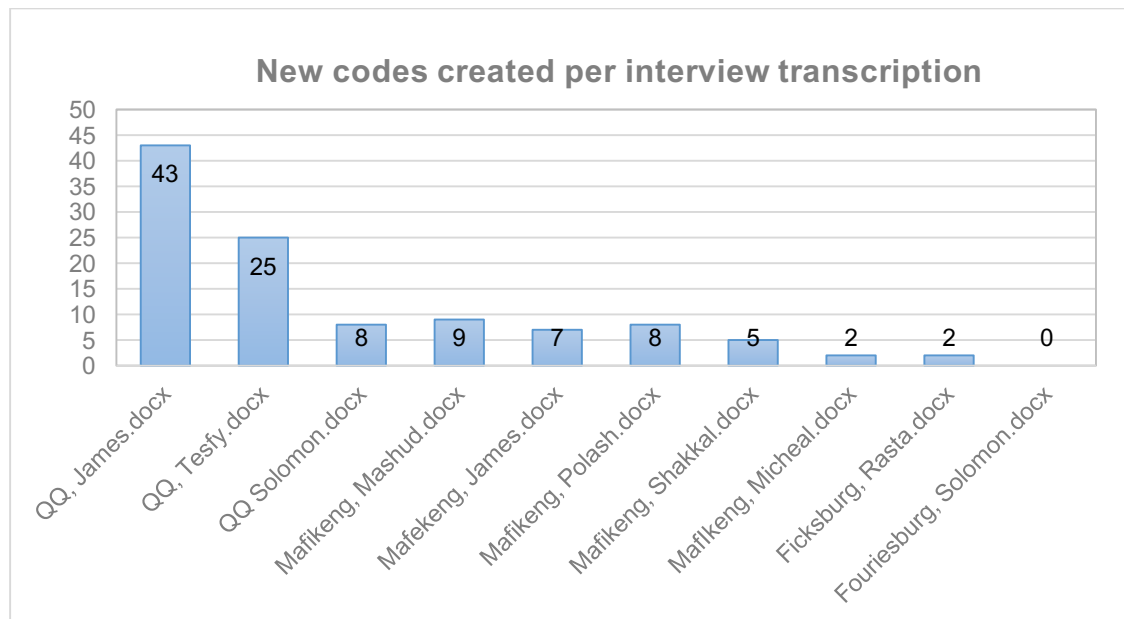
While the interviews were conducted, simple words were used for better understanding, meaning that words were chosen to resemble a level of understanding which excluded academic terminology to avoid confusion and any misunderstandings with regard to the probing process. Before the one-on-one interview commenced the researcher briefed the respondents on the exact reason for the interview and the purpose of the study. The researcher made it very clear during the pre-interview formalities, before the consent forms were signed, that the interviewees were in control, and could discontinue the interview at any moment when they felt uncomfortable with the process or line of probing. The respondents all signed the letter of consent which acknowledged that they were willing to participate in the interview and the researcher signed to indicate that all data would be kept confidential (IBRPR, 2016, p. 31-32). See Appendix B for an unsigned copy of the consent form used.

#### **4.9 Data analysis**

Entrepreneurship is not an independent field of study and must rely on applying constructs from various other disciplines and fields of study (Moroz & Hindle, 2011). This prompted the researcher towards an inductive approach and as Saunders and Lewis (2012) postulated, an inductive approach suggested a “bottom up” (p. 109) approach. They view an inductive approach as an attempt by the researcher to “gain an understanding of the meanings humans attach to events, a close understanding of the research context” (p. 109). The researcher processed the data after the collection process, transcribed the documents and developed memos for each interview and applied an inductive approach to analyse the data.

#### 4.9.1 Code saturation

**Figure 3: Code saturation graph (Atlas.ti)**



#### 4.9.2 Data coding process

According to de Vos, Strydom, Fouche and Delport (2005) coding entails the development of codes, categories and themes. Themes indicate patterns across data sets that are important to describe phenomena that could have been related to specific research questions. The researcher used Atlas.ti computer-aided data analysis software that assisted the researcher in the data coding process. De Vos et al. (2005) cautioned that the coding process is not always a static process, due to the emergence of new understandings as the coding process continues which require the researcher to make possible changes. Accordingly an iterative process was applied to data analysis which enabled the researcher to make sense of the data as the data was analysed.

After the researcher listened several times to the interview recordings and read through the transcriptions and memos numerous times, some similarities surfaced. Initially the researcher singled out numerous quotations related to the research questions. Codes were developed from the 10 interview transcriptions (see Appendix C) and saturation occurred at interview number nine, which only offered two new codes in relation to the previous eight interview transcriptions. Categories (axial coding) were defined by code groupings that included direct linked quotations that offered meaning in relation to the research questions (Bloomberg & Volpe, 2012). Analysing qualitative data required the researcher to understand the meanings that the respondents placed on certain situations

and to interpret their intentions correctly through the words and expressions they used in the interview processes (Saunders & Lewis, 2012).

Furthermore, the researcher used analysis tools available in Atlas.ti to determine frequencies of codes and code categories. A code cloud (see Appendix D) was a visual depiction of content codes used in the integrated research project. More frequently used codes were depicted in larger fonts and the display order was alphabetical. These code clouds were used to indicate those areas within the coding process that were more frequently used. This allowed the researcher to view clusters of data through codes which indicated possible formulations of themes. Code frequency tables (see Appendix E) were also used to justify the clustering of data and only groupings of five or more occurrences were used (Friese, 2016).

Additionally, the researcher applied the networking tool in Atlas.ti to further advance the analysis process through viewing the data from a global perspective (Friese, 2016). It was pertinent to understand the relationships between the clusters of data and to start synthesising the data to determine the effects and influences of these connections to one another. Four major themes emerged from the data, which were either associated with or affected by other major themes, sub-themes and code categories (also known as axial coding). These themes, sub-themes, and categories were formulated by codes linked to specific quotations which were highlighted in the data analysis process (Friese, 2016).

#### **4.10 Justifying the research process**

Saunders and Lewis (2012) defined reliability as “the extent to which data collection method and analysis procedures will produce consistent findings” (p. 128). They advocate four principal factors which threaten the reliability of research findings: subject error, subject bias, observer error and observer bias. According to Hlady-Rispal and Jouison-Laffitte (2014) researchers that take a constructivist approach and conduct interpretive research need to take special precautions when using the terms “validation, reliability or bias” (p. 608) as these terms imply an objective external norm, which contradicts constructivist principles. The researcher for these reasons chose to use the term “justification” instead, to provide evidence to justify the research process rather than to validate it.

Most errors were justified or eliminated through the design of the research and through the pre-test, but some effects were uncontrollable during the data collection and data analysis process and are noted next.

**Subject error** – The researcher was of the view that error with regard to the respondents being over eager to contribute was limited through the interview process which was adapted to follow a narrative approach (McCormick, 2004). The respondents were given the freedom to speak about their story within the parameters of the information that was needed. The researcher therefore did communicate some specifics with regard to the information that was needed according to the interview schedule, but the dialogue was structured in a narrative form in that the researcher shared his story with the respondents to indicate to the respondent through story telling what type of information was needed.

Although subject error could not have been eliminated altogether, the researcher did attempt to limit this type of error through the choice of approach and the attitude of the researcher during the interview process.

**Subject justification** – The respondents and the researcher were familiar with one another, which assisted with partial rapport that was already present at the start of the interview process. The familiarity with one another was based on loosely held connections and did not represent a long and enduring relationship. The researcher was therefore of the view that due to loosely held connections the respondents were comfortable enough to share sensitive information and yet did not feel constrained by social norms as could have been the case in a situation where the researcher and the respondents shared a more tight and deeper connection (Gedajlovic et al., 2013).

However, the differences in culture and race could have influenced some respondents' willingness to share sensitive information because of trust (McKeever et al., 2014; Shinnar et al., 2012), which probably limited the information collected. Therefore, some forms of subject partiality could have been present during the collection process.

**Observer error** – During the collection process a narrative approach (McCormick, 2004) was taken to gather the data. To ensure the data gathered was relevant and targeted to the type of information needed according to the interview schedule, the researcher had to make use of probing to restrain the respondents in a subtle way from wandering from the topic of the conversation (Saunders & Lewis, 2012). Although the researcher attempted to limit probing, it was needed to keep the story that was told by the respondents in line with the information needed. Due to racial and cultural differences between the researcher and the respondents, the probing used could have been prone to errors in that it could have initiated certain responses which might have led to the sharing of information because of what the respondent thought the researcher needed instead of what the respondent wanted to share. It therefore could not have been

eliminated altogether, but the researcher did make deliberate attempts to limit this error through limiting the probing used during the interview process.

**Observer justification** – Although the researcher attempted to eliminate most errors with the research design, some inherent attributes of the researcher could have been responsible for some observer partiality (Shepherd & Sutcliffe, 2011). The researcher attempted during the collection and analysis process to be aware of his own background and world views that could have influenced the way the information was viewed and internalised. When the interviews were read after the collection process, it was almost impossible due to the subjective nature of constructivism, to eliminate the projection of perceptions which were grounded in the researcher's own frame of reference and influenced by the researcher's own world views and cultural value system. Although the researcher attempted to limit observer partiality, it could not have been eliminated altogether, as some influences had to be present while the researcher tried to make sense of the data. The process of understanding data required the researcher to apply known and familiar frameworks, which could have been subjected to unintended, unconscious one-sided views.

The researcher furthermore applied the framework proposed by Leitch et al. (2010, p. 74) which assisted with transparency throughout the research process. This guiding framework according to Leitch et al. (2010) demonstrated the trustworthiness of the methodological approach by focusing on (1) ethical justification; (2) substantive justification; and (3) researcher quality. These three elements of justification had implications in all three domains of the research process, namely the research design and data collection domain; data analysis; and the interpretation domain. By adding this framework, the data collection, data analysis and the interpretation stages were justified from the perspective of the researcher. This was in relation to the strong emphasis that was placed on the researcher's ethical, substantive stance and the researcher quality, as qualitative studies involved interpretation which was subject to the researcher's own frame of mind and influenced by world view, educational level, background and cultural value system (Shepherd & Sutcliffe, 2011).



**Table 1: Justifying the process of undertaking interpretivist research (Leitch et al., 2010)**

	<b>Research design and data collection</b>	<b>Analysis</b>	<b>Interpretations</b>
<b>Ethical justification</b>	Moral stance Practical value Understanding meanings Research process	Give voice to participants Choice of method	Generative potential Transforms actions Addresses 'so what'? question
<b>Substantive justification</b>	Intersubjectivity Self-reflexivity Popular and personal understandings Researcher's paradigm & pre-understandings Access	Record own transformation Present disconfirming cases Theoretical candor Transparency	Self-reflexivity Record own transformation Evidence of conceptual development Dynamic research process Transparency
<b>Researcher quality</b>	Characteristics & attributes	Personal involvement	Craft work

The next section will explain the researcher's stance in relation to the framework proposed by Leitch et al. (2010) in Table 1 above.

**Ethical justification** - The researcher was thoughtful and caring and acted responsibly throughout the data collection process and careful consideration was given to including elements of the context when data was collected. Deliberate attempts were made with probes during the data collection domain to understand the meanings of the dialogue in the interview sessions. The researcher attempted at all times during the designing phase of the research process, as well as during the data collection, to take on an observer role, meaning to facilitate the process rather than to be perceived as forcing the process.

Taking this approach, the researcher was of the view that this could allow the respondents freedom of voice as they told their stories, which supported the chosen method of analysis. When the data was interpreted, the researcher took an inquisitive

though thorough attitude to ensure all data was considered and constantly asked the question “so what does this mean in the context of the study” to search for deeper insights to ensure the information was understood as it was intended to be.

**Substantive justification** – During the research design phase as well as during the data collection the researcher attempted to control subjective interferences stemming from meanings that the researcher could have attached during the interactions with respondents. The researcher deliberately included observations which were documented in memos after each interview, to support and strengthen the researcher’s understanding of the actual meanings attached to phrases used by respondents. Furthermore, access was obtained through the researcher’s historical collaborative relationship with the respondents that was characterised by mutuality and non-dependency (Leitch et al., 2013), which influenced the data collection approach positively as elements of trust were already present before the actual interviews started.

The researcher became more familiar with the concepts and the entire research process as the research progressed. It was during the analysis phase that the researcher reflected on concepts to ensure the meanings attached to these concepts were related to the context of the study. Throughout the interpretation phase the researcher applied an iterative process in attempts to confirm that the appropriate meanings were attached to each code, category, and theme during the analysis phase. Introspection was done on a continuous basis during the research process and the researcher was aware of personal and professional development at all stages of the research process.

**Researcher quality** – The researcher has a background in psychology and sociology which influenced the research design positively. The data collection process was characterised by interviews which entailed an understanding of human behaviour and communication skills which was also influenced positively due to the researcher’s professional background in human resources and employee relations. This also assisted the data analysis and interpretation of the data as the researcher was familiar with the processes and had a basic understanding of individual and group dynamics. The next section expands on the limitations in the methodology used.

#### **4.11 Research limitations**

The research methodology that was applied was susceptible to errors and partiality, especially the researcher’s own partiality that filtered through in the data collection, data analysis and data interpretations. Leitch et al. (2010) emphasised the importance of the researcher in that the researcher forms an integral part of the research process during

qualitative interpretivist research. Although the researcher attempted to limit most errors and partiality, it was not possible to eliminate it altogether.

The analysis process was prone to errors as interpretation was done by the researcher who by default used frameworks that were shaped by life experience (Shepherd & Sutcliffe, 2011). The frameworks used placed a large emphasis on what made sense to the researcher from the perspective of the researcher's frame of mind. It could therefore be argued that the results, discussion and the conclusion of this study were a combination of the respondents' version of what was (the raw data) and the researcher's subjective interpretation of how this was understood within the frameworks that the researcher applied.

Another limitation surfaced due to the size of the sample and the sample diversity. Although some information that was drawn from the data led to insights with regard to the universe and more specifically the sample groupings (two specific nationalities and two distinct geographic regions within South Africa), the sample size was not large enough to generalise with regard to the totality of these specific groups. The sample was limited to South Africa and only two foreign nationalities because of the time limitation which did not allow for a larger sample and a broader location base. Although insights were gained and recommendations were made, it should be noted that these insights must be viewed and understood within the context that it was generated from and in relation to the sample size and the sample characteristics.

Additionally, the stance that the researcher took by adapting the interview schedule to a more narrative approach (McCormick, 2004), changed the proposed semi-structured approach towards a more unstructured approach. The researcher was convinced that this approach was more suitable for the respondents and the change was done in relation to the feedback that was gained through the pilot interview which was conducted before the initial interviews were scheduled. This decision was made purely on a judgement made by the researcher in relation to the outcomes of the pilot interview and the researcher's knowledge pertaining to the two approaches in question and probing for information.

A final limitation that surfaced in the data analysis process, was based in some instances on the transcription process, which was done from recordings of the interviews, which indicated slight difficulties the respondents had in expressing themselves fluently in English. It does not indicate, however, that there were difficulties with their understanding of the questions, or their ability to speak the language. It merely indicated that there were some slight difficulties among the respondents in fluently articulating their perceptions

with proper English terms. According to the researcher's judgement, this limitation did not distort the meaning of the data; it only limited the language quality of some documented quotations. The next chapter elaborates on the results and what information was extrapolated out of the data which emerged as themes that were relevant to answer the research questions.

## 5 Results

### 5.1 Introduction

Saunders and Lewis (2012) postulate that an inductive approach suggests a “bottom up” (p. 109) approach. They view an inductive approach as an attempt by the researcher to “gain an understanding of the meanings humans attach to events, a close understanding of the research context” (p. 109). The researcher transcribed the interviews after the collection process and memos were developed for each interview after which an inductive approach was applied to analyse the data.

Atlas.ti, a qualitative software analysis program, was applied to develop codes, recognise quotations, formulate code categories and cluster codes into code groups. The analysis process was an iterative process to make sense of the data as it was analysed. Four major themes emerged from the data analysis process which will be elaborated on after the sample description, the layout and a global view of the findings discussion.

### 5.2 Sample description

The sample size for qualitative research was dependent on the design of the study, and data collection was continued until saturation was reached (Saunders & Lewis, 2012). The researcher gained access to 10 migrant micro-entrepreneurs who matched the criteria; understood and spoke English; and were available for interviews when the data collection process commenced. The sample was generated from two diverse geographic locations in South Africa to improve the quality of the outcomes. As the sample technique was purposive non-probability sampling, using different locations for collecting data could improve the quality of the outcomes as diversity was incorporated into the sample.

Due to the rural focus of the study two provinces were chosen, namely North West province and the Free State. The area in the North West province was Mafikeng as this area was characterised by numerous villages around the greater Mafikeng central hub. This kept the focus on rural communities and as Stuetzer et al. (2014) suggest, regional characteristics do exert influence on opportunity perceptions and entrepreneurial actions. Community, according to Marti et al. (2013), forms a collective identity within the context of rural poor environments. They held the view that “a community becomes a working space allowing members to discover their capacities to act and to defend their rights” (p. 10).

The other geographic region, in the Free State province, was focused on the greater area of QwaQwa and surrounding areas. This specific area within the Free State

province was also chosen as it represented numerous rural villages scattered around the central hub of Phuthaditjhaba. Two nearby smaller towns, Ficksburg and Fouriesburg (one respondent from each informal settlement surrounding these towns) were included. All micro-entrepreneurs within these diverse geographic regions that were chosen operated a micro enterprise or enterprises at the time of the interview and within the boundaries of what constituted rural and poor environments. According to Rooks et al. (2016) these environments were characterised by communities with a collectivistic outlook rather than an individualistic outlook more familiar to urban environments.

After the interviews were conducted some noticeable observations surfaced. Two distinct nationalities emerged, namely Bangladeshi and Ethiopian, see Table 2 below.

**Table 2: Demographic and geographic spread of respondents**

Respondents	Demographics		Geographics	
	Ethiopians	Bangladeshi	Free State	North West
1. James (QQ)	✓		✓	
2. Tesfy	✓		✓	
3. Solomon (QQ)	✓		✓	
4. Mashud		✓		✓
5. James	✓			✓
6. Polash		✓		✓
7. Shakal		✓		✓
8. Michael		✓		✓
9. Rasta	✓		✓	
10. Solomon	✓		✓	
	<b>6</b>	<b>4</b>	<b>5</b>	<b>5</b>

According to the data, some commonalities emerged between the different geographic regions and the different nationalities. Code frequencies were determined using the integrated research project code cloud and code frequency table in Atlas.ti (Friese, 2016). The code cloud can be viewed in Appendix D, and is confirmed by the code frequency table in Appendix E which focused on code frequencies which exhibit five or more quotations per code. Applying these frequencies to the different document groups allowed some information to surface with regard to the two distinct groups in the sample.

**Figure 4: Codes with high frequencies in relation to different geographic areas (Atlas.ti)**

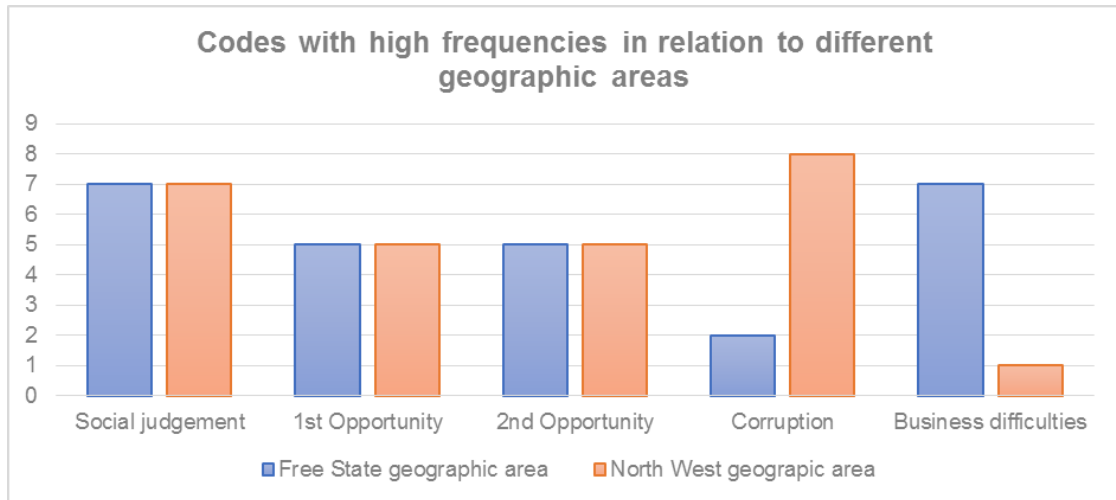


Figure 4 represents codes that appeared frequently in the data analysis and were selected from code clouds and code frequency tables. In this graph, there do not seem to be differences between the Free State region and the North West region with regard to social judgement and first and second opportunities. This implies that the sample displayed the same outlook towards their perceptions regarding “social judgement”, “first, and second opportunities” and that the geographic area did not play any significance in the perceptions of the respondents in this regard. The data did, however, reveal a significant difference in “corruption” and “business difficulties”. Corruption was lower in the Free State region, but the respondents from the Free State region perceived business and the associated processes to be more difficult than in the North West region.

**Figure 5: Codes with high frequencies in relation to the different nationalities (Atlas.ti)**

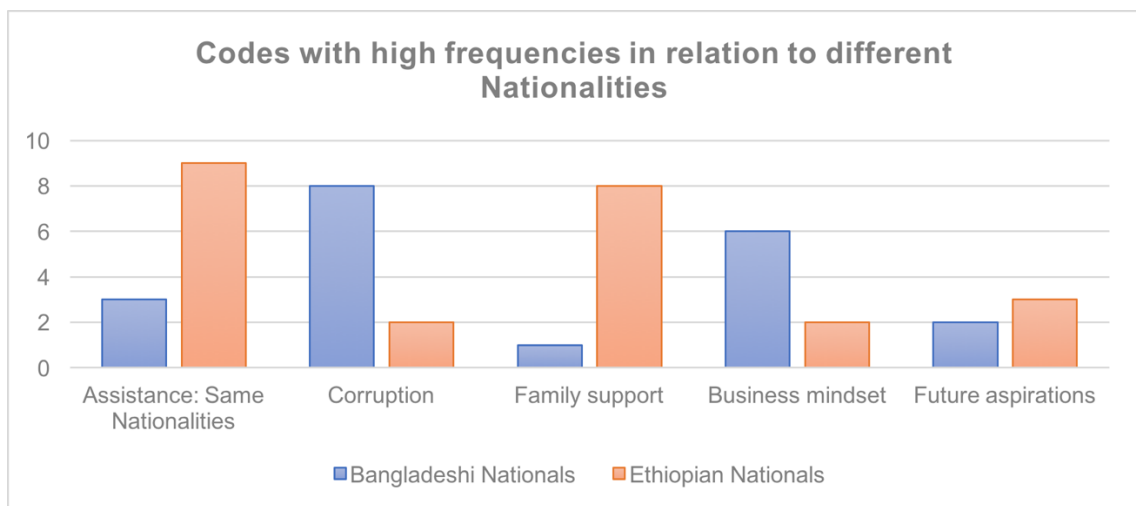


Figure 5 represents codes that also appeared frequently in the data analysis which reflected on some differences that emerged between the two distinct nationalities within the sample. The data reflected the perceptions of the respondents on the “same nationality assistance” and “family support” which showed that Ethiopian nationals are more supportive towards each other and that they were getting more support from their families. Another code that surfaced from the code cloud and frequency table was “corruption”. From Figure 5 it is evident that the perceptions of respondents with regard to corruption were higher with the Bangladeshi nationals in comparison with the Ethiopian nationals. When referring back to Table 2, it correlates with the distribution of respondents in the North West region, as more Bangladeshi nationals were found in the North West region.

According to the data Bangladeshi nationals displayed a higher understanding of business processes and business related actions needed to operate a micro enterprise. When this higher perception of “business mind-set” by the Bangladeshi nationals is compared to other code frequencies such as support, it can be argued that due to a lack of adequate support the Bangladeshi nationals developed a higher understanding of business-related processes. It can, however, also reflect that due to inadequate support, Bangladeshi nationals became more adapted to the customs of doing business in South Africa.

The data with regard to “future aspiration” does not reflect a significant difference. It does, however, favour the Ethiopian nationals slightly, which could be attributed to the lower presence of corruption as perceived by the Ethiopian nationality respondents. The next section reflects on how the themes, sub-themes and code categories relate to the interview schedule and to each research question, after which the findings will be particularised according to each major theme.

### **5.3 Layout in relation to the research questions, interview schedule and developed themes**

#### **5.3.1 Research question one:**

Why do migrant micro-entrepreneurs operate micro enterprises in uncertain and volatile environments?

Question one in the interview schedule relating to research question one was:

1. I am here to listen to your story, especially the time that led up to the opening of your store (first store) in this community.
  - a) Please share with me how this business opportunity came about?



The data produced one major theme LIFE EVENTS with regard to research question one which are associated with a second major theme, more pertinent to research question two, SOCIAL CONNECTIONS. Both themes are affected by the sub-theme “social effects”.

### 5.3.2 Research question two:

To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?

Questions two, three and four in the interview schedule relating to research question two were:

2. I am also interested in your relationship with this community. (community leaders; customers; friends; family members)
  - a) Did you know anyone within this community before you opened your store (first store)?
  - b) Please share with me some of your relationships within this community after you have opened your store (first store)?
3. I want to know more about your ups and downs in your business during your stay in this community.
  - a) Will you please share with me some of the highlights (best moments) you experienced in your business during your time in this community?
  - b) Will you please share with me some of the struggles (lost opportunities) you have encountered (negative moments) during your time in this community?
4. Currently do you have any relationships with people from other communities that is helpful (offer more opportunities) for your business? Please share with me some of these relationships which according to you is most important for your business.

The data produced a major theme SOCIAL CONNECTIONS which are associated with and influenced by sub-themes “business relations” and “community relations”. Social connections are associated with the first major theme LIFE EVENTS and are also associated by a third major theme OPPORTUNITY.

### 5.3.3 Research question three:

When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?

Questions five and six in the interview schedule relating to research question three were:

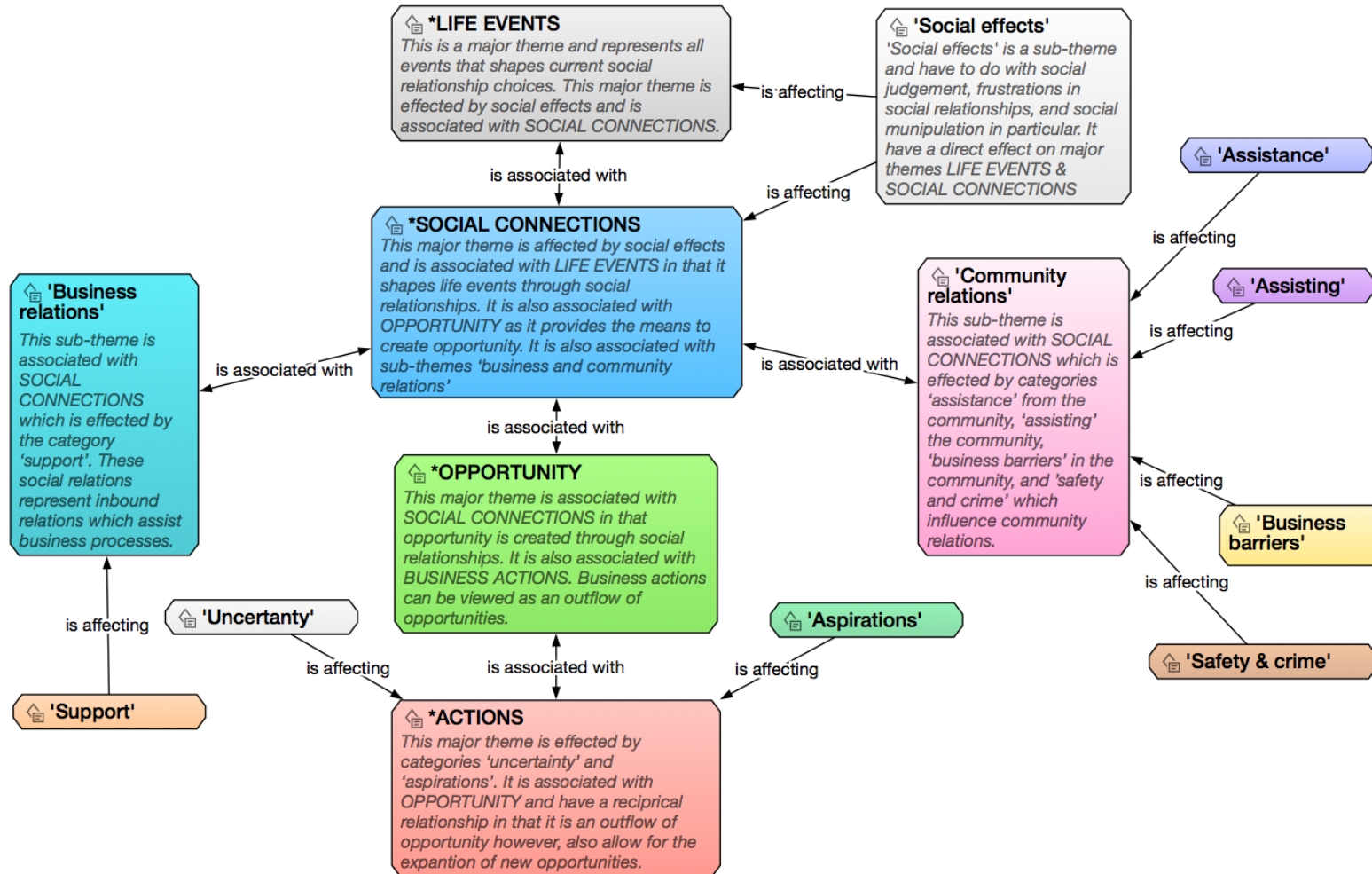
5. Please share with me how a typical day will start for you running (managing) the store, how it will progress through the day and then end off at closing?
6. One year from today, where do you see (view) yourself and your business?

The data produced a fourth major theme BUSINESS ACTIONS which was affected by the sub-themes “uncertainty” and “aspirations”. BUSINESS ACTIONS were associated with the major theme OPPORTUNITY and were particularised around the perception of opportunity. The next section will reflect on the findings; firstly a global view will be presented of the findings after which a discussion will follow on each major theme.

#### **5.4 Global view of the findings**

After careful analysis, four major themes emerged from the data which were associated with or affected by sub-themes and code categories. These themes, sub-themes and code categories were supported by codes linked to specific quotations which surfaced in the data analysis process as more dominant features and that exert influence in the subtler areas hidden within the data.

Figure 6: Network view of the four major themes, sub-themes, and code categories which emerged during the analysis process (Author's own with Atlas.ti)



## 5.5 Major themes, sub-themes and code categories

### 5.5.1 LIFE EVENTS

LIFE EVENTS was the first major theme that surfaced from the analysis and relates to research question one as it establishes the intentions for operating a micro enterprise in uncertain and volatile environments.

**Research question one:** Why do migrant micro-entrepreneurs operate micro enterprises in uncertain and volatile environments?

LIFE EVENTS shaped the choices that were made with regard to social relationships. Life events included exposure by family who owned businesses and respondents that worked in stores, which added to the experience of the respondents within micro enterprise processes. LIFE EVENTS was strongly affected by the sub-theme – “social effects”, especially social judgement, which mainly dominated the sub-theme through the attitude and behaviours of social connections and to a lesser extent social manipulation and social relation frustrations. Rasta from Ficksburg responded:

1. *“I am a Christian and I respect the people and I believe in God (...) I don’t know I treat the people the same and I can’t choose because I am a Christian (...) but South African people Sunday they are going to church and maybe Monday they have a strike and they will take your stuff, your property is damaged I don’t know which kind of church is that”* (Ficksburg, Rasta, 20 September 2016, 12:20).

In the researcher’s view this notion could be extended to include social judgement towards the locals from the perspective of the respondent, but it also reflected social judgement from the locals towards the respondent. The data strongly indicate that perceptions of most respondents have shown, the respondents and the community is part of different groups. This is indicative of in-group and out-groups, group dynamics that exert influence in belonging and feelings of being part of a group or being rejected by the group.

Social manipulation was also evident in the data, though to a lesser extent, and reflected the vulnerable position that migrant micro-entrepreneurs found themselves to be in due to their foreign status. This extend the notion of in-group and out-groups in which the larger dominant group, the community in which these respondents operate their stores, exert power over the minority group, the foreign nationals, which are sub-divided in even smaller same-nationality groups.

2. *“We didn’t have a choice but to say, yes we like you”* (QwaQwa, Solomon, 12 September 2016, 10:09).

The data was indicative of social manipulation as this quote reflected subjective undermining and subjective bullying because of differing viewpoints and the absence of a fair choice. Observations during the interviews also reflected on the humbleness of the respondents and this could be associated with social manipulation. Referring to Table 2 with regard to different nationalities and then to Figure 5 with an emphasis on the differences in family support and same nationality assistance, between the Ethiopian and the Bangladeshi nationals, offered an indication of their vulnerability. Some observations by the researcher during the interview process, which was documented in the memos, included the humbleness shown by the respondents. There was a noticeable difference in humbleness with regard to the two distinct groups and the Ethiopian nationals come forth as more approachable. This could be related to the outcomes of the data that revealed Ethiopian nationals to support one another more and gain more support from their relatives.

Social frustration surfaced as another cause of “social effects” which were mainly connected to economic circumstances. Respondent perceptions reflect the misalignment between previously perceived ideas of economic circumstance and the actual reality as experienced at the time of the interview, by the respondent. James from QwaQwa responded by stating:

3. *“I could not help my family even though I was working”* (QwaQwa, James, 12 September 2016, 07:11).

This represented economic frustration of the respondent who could not provide for his family as he hoped. This does, however, reflect as one of the causes of “social effects” and is indicative of historically distorted perceptions of how he imagined opportunity in South Africa to be in relation to what it was, which did exert influence on “life events”. It also indicates that, “live events” shape the perceptions of reality which include drivers towards behavior.

Evidence also surfaced from the data in relation to research question one that reflected on the reasons behind the choices of these respondents with regard to operating micro enterprises in uncertain and volatile environments such as the rural, informal markets of South Africa. James from QwaQwa and Solomon from Fouriesburg responded:

4. *“Our economy was down and my father was a soldier and he only gets his pension and it’s too little, it’s R300,00 and something. I was not getting good money and my life was in trouble so I decided to come to South Africa”* (QwaQwa, James, 12 September 2016, 07:15).

5. *“Politics are not good that side. The government can’t even give you free houses”* (Fouriesburg, Solomon, 20 September 2016, 08:14).

These quotations reflected push factors that generate the urgency within the respondents to take control of a seemingly hopeless situation. The respondents viewed their situation, as one that could only be rectified through escaping the context in which these constraints became barriers to progress. It thus, reflect the contextual nature of their situation and how they perceive the context, as the driver of opportunity. The situation in their home country, the context, thus becomes the constraint which push the respondents to seek opportunity in a different context, South Africa.

The next quotation represented a pull factor that indicates a perception of what might have been real in contrast to situational experiences from events that were real. This signifies distorted perceptions linked to misinformation as in the case of James in QwaQwa in quotation three above with regard to opportunity perception. Tesfy from Qwa Qwa responded:

6. *“I came here because of opportunities, it’s better this side”* (QwaQwa, Tesfy, 12 September 2016, 08:50).

According to the data the reasons for leaving their home countries to seek opportunity in South Africa seem to range from political instability in their home countries to economic struggles. An enduring theme that surfaced was the perception of better opportunity in South Africa. This was stemming from their perceptions, which were influenced by social networks that the respondents had prior to coming to South Africa. This reflects the reliance of the respondents on information from social connections, and the way the information acts as a push factor in opportunity recognition.

Evidence reflected both push and pull factors to be the drivers in the respondents’ choices to seek environments more conducive to creating better opportunities. The data furthermore reflected that this became a possibility because of the social relationships that were established in the past and social connections that became relevant and were needed currently.

LIFE EVENTS thus surfaced as a major theme because it influenced the choices that were made to pursue and formulate social connections. These choices were affected by numerous social effects such as social judgements, social relationship frustrations, and social manipulations which acted as filters to moderate the intensity of the newly formed relationships. The next section elaborates on the social connections that surfaced as a dominant theme in the data.

## 5.5.2 SOCIAL CONNECTIONS

The second major theme that emerged from the data was SOCIAL CONNECTIONS, which was closely associated with the sub-theme “business relations” on the one hand and another sub-theme “community relations” on the other. Together these relations represented internal and external social connections and related to research question two.

**Research question two:** To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?

These social connections were associated with the opportunities that were constructed through these connections. The sub-theme “business relations” represents the internal mechanisms that assisted with the micro enterprise operations. This sub-theme was affected by the category “support” which represented assistance from a business perspective. From the data, it emerged that this form of support was generated through the social connections that were business related and came mostly from other same nationality micro-entrepreneurs, partnerships with others of the same nationality, and family and close relatives. Michael from Mafikeng stated:

7. *“So I mix with the old and the new one. When we are working together we teach each other and learn from each other”* (Mafikeng, Michael, 13 September, 14:34).

Although business relations were more representative of inbound connections and were affected by the category “support”, community relations were characterised by outbound connections which represented beneficial and non-beneficial characteristics. As indicated in Figure 4 and Figure 5 there were differences between the Ethiopian and Bangladeshi nationals with regard to “support”, same nationality assistance and business difficulties. According to the data the Ethiopian nationals were more inclined to assist one another and received more support in the “business relations” dimension of SOCIAL CONNECTIONS. The Bangladeshi nationals on the other spectrum reflected a more sophisticated business mind-set and fewer business difficulties, which does indicate a lower need for “support” or could be indicative to the lower probability of receiving “support”. Lower “support” systems offer fewer opportunities to expand their SOCIAL CONNECTIONS and a higher emphasis is placed on the sub-theme “community relations” as an avenue to expand their social relations. Polash from Mafikeng responded:

8. *“You know in business if you treat people good then you will have a good relationship and they will come to the shop, if you are always shouting at the customers then they won’t come to the shop (...) the customer is always right (...) I always tell the guy*

*that is working for me that the customer is always right and if there is an issue with a customer he must rather tell me because these are my customers, I am living with these people, I don't want someone to hate me*" (Mafikeng, Polash, 13 September, 11:23).

From the data four categories emerged which affect community relations. "Assistance" represents the flow of benefits from these social relationships with the community. Assistance thus represents the flow of benefits from the community towards the respondents. Evidence in the data indicate, that the community value these micro enterprises and is willing to assist in times of need. Although the community and the foreign national micro-entrepreneurs belong to different in-groups, and migrant micro-entrepreneurs do not seem to be fully embedded within the community they operate, the community members do view these enterprises as providing value, and the quotation of Solomon from QwaQwa support this notion:

9. *"There is a lot of support, we help each other. Like my shop got burnt in 2011 and my friends gave me money to buy the stock, to buy a fridge (...) the community also came for me, the women and the boys (...) they came and said we want to donate for you Solomon and I was like thank you very much, everyone likes to help me (...) both South Africans and Ethiopian"* (QwaQwa, Solomon, 12 September 2016, 10:42).

As the flow of benefits from these social connections in the community was not mutually exclusive, another category emerged from the data which was termed "assisting" and represented the flow of benefits from the respondents towards the community. Disenfranchised end users, in a community setting, represent the micro enterprise customer base within these rural and poor environments. It can be argued, that a customer base possess the power to influence, as business enterprises rely on customers for generating income.

According to Tesfy from QwaQwa, he assist the community by providing disenfranchised end users with credit to buy products, but only pay later. His perception of this notion is indicative of a favour, however, it is not only the disenfranchised user who benefit in this regard:

10. *"When they don't have anything to pay with, I do give them things on credit"* (QwaQwa, Tesfy, 12 September 2016, 08:57).

"Assisting", thus, represents the flow of benefits from the respondent towards the community, however, the data reflects some underlying benefit that is redirected back to the micro-entrepreneur, which cause skepticism to the actual intentions of assistance.



It thus became evident that not all community relations associated with social connections were beneficial. These benefits from assistance to the respondents or assisting the community were not always mutually inclusive and frictions developed as these social connection benefits became unbalanced and “social effects” such as social judgements, social relationship frustrations and/or social manipulations developed. These effects create barriers to business operations, which in return affect community relations. These barriers were categorised into the category “business barriers” which represent negative business effects that influence and negatively affect the equilibrium within these community relations. Market saturation is used by Mashud from Mafikeng, to indicate one of the barriers that is associated with the category “business barriers”:

11. *“Now the problem is that there are many shops around us (...) before we used to make about 25% profit but now you can only get 10% profit, so things are really difficult”* (Mafikeng, Mashud, 13 September, 08:38).

Another external influence which negatively affected the equilibrium between the social connection within community relations was the category termed “safety and crime”. This category represents a first order need, namely safety from the respondents’ personal and business perspectives. This need for safety was influenced and diminished through the negative effects of crime and corruption, which directly affected community relations and indirectly influenced social connections. Although crime was a general occurrence and a term that should be used without discrediting one group over another, the data reflected that these incidents of crime had a negative “social effect”. According to the data some respondents had experienced the effects of victimisation, and crime and corruption were indicated as the main causes. Polash from Mafikeng shared his encounters:

12. *“Long ago they tried to come through the ceiling and I put a burglar proof and it’s never happened since then (....) The other time they waiting for the milk truck to arrive and as soon as we opened to get the milk then they came and point us with guns and they took some cash and a little bit more stuff (...)”* (Mafikeng, Polash, 13 September 2016, 11:18)

“Corruption” forms a part of the category “safety and crime” and negatively affected community relations through the breakdown in trust. Trust was developed through the categories “assistance” and “assisting” – the flows of “community relation” benefits. However, crime and corruption negatively affected the trust developed through these community relations as “social effects” were activated through the negative influences of

crime and corruption and the perceptions of victimisation. Shakil from Mafikeng shared his encounter with corrupt police officials:

13. *“I asked them where is the money and they said they are police so they don’t have to pay, I told them no I am working and my boss said everyone has to pay. Then they said to me where is your asylum (...) and the only people that are supposed to ask us are the people at the home affairs, so they were only asking because I asked them to pay for the things that they took”* (Mafikeng, Shakil, 13 September 2016, 12:58).

The data thus indicate, the negative impact that crime and corruption have on social relations, and how negativity surrounding these incidences have the potential to influence perceptions, and fuel social judgement, social relationship frustration and/or social manipulation. This affect the category “community relations” which influence social connection development. These experiences impact the category “social effects” which in-turn adds to the theme LIFE EVENTS.

In relation to research question two, the theme SOCIAL CONNECTIONS therefore was associated with the sub-themes “business relations” and “community relations” both of which were influenced by assistance given by the community; the respondents assisting the community; business barriers; safety and crime; and the support structures in place for respondents. SOCIAL CONNECTIONS however, were also affected by current “social effects” because of negative community relations and historical “social effects” through past LIFE EVENTS.

The choices to pursue social connections were therefore shaped by these various influences. Furthermore, evidence emerged from the data that points towards a relationship between the social connections of the respondents and the opportunities that were constructed. It became clear that social connections directly influence the opportunities that were constructed by the respondents.

### 5.5.3 OPPORTUNITY

The third major theme that emerged from the data was OPPORTUNITY, which was directly constructed out of the theme SOCIAL CONNECTIONS that were pursued, formed and developed. However, a mutual relationship exists between SOCIAL CONNECTIONS and OPPORTUNITY in that social connections led to opportunity and opportunity in turn expanded and/or informed new social connections. For these reasons the theme OPPORTUNITY reflected on information that was pertinent to research question two and research question three.

**Research question two:** To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?

**Research question three:** When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?

After analysing the data, it became clear that none of the respondents started their own micro enterprise at their first opportunity after arriving in South Africa. It could therefore be argued that the intention of the respondents coming to South Africa was therefore first and foremost to construct an opportunity for a better life and not intentionally to start their own business. The data presented in Figure 4 reveal no differences between the different geographic regions regarding first and second opportunities. One explanation could be the similarities in context with regard to the two different regions. As SOCIAL CONNECTIONS dictated what opportunities can be created, so context was the element that determined what type of opportunity was viable. There was a substantial consistency in the first opportunity that was presented to the respondents after their arrival in South Africa. Solomon from QwaQwa shared his first opportunity in South Africa, which mirrored numerous other respondent stories about their first opportunity:

14. *“2008 I stayed in QwaQwa, the brother who took me there took me in, gave me bed sheets, clothes and other household things to sell (...) I would go sell, if I sell a blanket for R400,00 he would give me R100,00. Sometimes he paid me and sometimes he didn't pay me (...) every month I collect he would give me money for food and rent only”* (QwaQwa, Solomon, 12 September 2016, 10:13).

Furthermore, the data revealed that eighty percent of respondents (eight out of the ten) constructed the opportunity to own and operate their own micro enterprise with the second opportunity. The remainder, twenty percent (two respondents) only started their own micro enterprise with the third opportunity. Additionally, the data reflected on how the respondent's social connections supported the notion of starting their own micro enterprise and how these social connections were applied by the respondents to construct these opportunities. James from QwaQwa, shared his story and reflected on the support that he received from his social connections when he opened his micro enterprise:

15. *“I decided to open this small business, the tuck-shop and in this area, there were only the Bangladesh people owning the shops. The only stores around here were Shoprite and I thought of starting this shop and I asked around, I had R25 000,00 and I thought if I use this (...) how much would the fridge cost me, how much would*

*the shelves cost (...) the money was not enough so I asked R5 000,00 from my brother and I told him that this is a nice place to open a shop. I bought the shop for R5 000,00 and spent R6 000,00 on the stock and I had R16 000,00 left then I put security” (QwaQwa, James, 12 September 2016, 07:12).*

Shakil from Mafikeng, also reflected on the support that he received from his social connections when he opened his micro enterprise:

16. *“So what you need is to have your own business (...) so I asked my father and he gave me some money, I had a bit of a shortage and I asked my other friend and another ‘homie’ (...) then I opened my own shop” (Mafikeng, Shakil, 13 September 2016, 12:46).*

The data indicated that the respondents viewed “opportunity” as a loosely held value, however, bounded within a specific context. It could be argued that opportunity, therefore, was constructed through means such as SOCIAL CONNECTIONS and BUSINESS ACTIONS and not found by chance in a specific context. Although the data supports the notion that contextual factors influence the viability of an opportunity, but do not create opportunity, the respondents perceive opportunity as solely contextual.

The next quotation, extracted from the data, support the notion mentioned above that opportunity is not found in context, but created within contextual parameters. Shakil from Mafikeng indicate that, he can create opportunity in another country and will do so when he gets the chance:

17. *“If I get a chance to go to another country then I will go” (Mafikeng, Shakil, 13 September 2016, 13:02).*

This section, in relation to the data, also reflect push factors which negatively influence perceptions about the viability of the context, in relation to crime and corruption that are experienced within South Africa.

The data thus indicate actions that were taken, or want to be taken in future by the respondents, in response to environmental stimulus. These actions were grouped and BUSINESS ACTIONS developed out of the data which represented the fourth major theme. It was an outcome of OPPORTUNITY, yet it also had a reciprocal effect on OPPORTUNITY in that it could further expand the opportunity and/or assist the construction of new opportunities. This occurs through the current SOCIAL CONNECTIONS of the respondents and newly formed SOCIAL CONNECTIONS because of BUSINESS ACTIONS.

#### 5.5.4 BUSINESS ACTIONS

This major theme was directly associated with the major theme OPPORTUNITY and focused on research question three.

**Research question three:** When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?

Two sub-themes surfaced from the data, which were “uncertainty” and “aspirations”. “Uncertainty” was focused on context and the effects it had on daily operations and future planning. The context was identified as the informal market of rural and poor South African regions, the QwaQwa region in the Free State province and the Mafikeng region in the North West province. The data have shown that both regions were subjected to the same constraints as defined by a typical rural informal emerging market. Data as presented in Figure 4 reflected some similarities that were indicative of the similar contextual conditions. Uncertainty was recognised as one such element within this environment that exerted a major influence with regard to BUSINESS ACTIONS. Some influences were directly associated with uncertainty while other factors reflected a more subtle and indirect influence on BUSINESS ACTIONS.

Direct associations to the uncertainty element that influenced BUSINESS ACTIONS were the short planning intervals used for business operations. Control of business-related actions was reflected by the data, but control was misperceived by the respondents as business planning. The evidence within the data has shown that the respondents understood the volatility of the market and the presence of change and how to quickly adapt to these changing needs accordingly. This reflected an element of control in contrast to business planning as perceived by some respondents.

Additionally, the data reflected on “regrets” which was indicative of a more subtle consequence of uncertainty which was an emotional connection that James from QwaQwa demonstrated. This emotional connectedness observed by the researcher was documented in memos in support of the data:

18. *“Back in Ethiopia my friends I left there have made progress, those I used to work with at the FBI have progressed, some of them went from being FBI to now holding bigger positions, they have houses and everything, so if I go back there I need to have something tangible to show that I have worked as well”* (QwaQwa, James, 12 September, 07:38).

“Regrets” in this regard, thus, affects business related actions, as it is viewed as a consequence of uncertainty. “Uncertainty” affect BUSINESS ACTIONS, because of the need to continuously adapt to changing circumstances and the constant need to be vigilant of the volatility in these environments.

The data have also shown, another indirect influence of uncertainty that affected the aspirations of respondents. “Uncertainty”, for James in QwaQwa, became the vehicle that influence his outlook towards the future:

19. *“It’s difficult, you know you make plans to say this year I am here and next year I want this or that (...) but then things happen in life (...) sometimes things that you don’t expect, you don’t know how your life might turn out (...) when I came here to South Africa I told myself that I want to make money and then go back to Ethiopia and buy things I need and settle down (...) but then things didn’t go the way I thought. Conditions change every day (...) every time I tell myself that I am doing this and that but when the day arrives something else happens (...) so this thing (...) I think next year I am going to grow by God’s grace (...) this place is not doing great so hopefully I can move”* (QwaQwa, James, 12 September 2016, 07:37).

The second sub-theme “aspirations” was formed from codes such as the notion that the respondents took money out of South Africa to save in their home countries, and sent money from South Africa to support their families abroad. These notions form part of the aspirations of these respondents in that they provide some perception of a greater future awaiting the uncertainty of the current situation. This also implies that their perception with regard to their situation was only temporarily and that there does exist future aspirations apart from the current opportunity. Tesfy from QwaQwa reflected on his future outlook, which did not include entrepreneurial actions within the borders of South Africa, however, did reflect the notion of saving, which is part of the category “aspirations” which affect BUSINESS ACTIONS:

20. *“I give my father money to save it for me back at home, now I have my own house at home (...)”* (QwaQwa, Tesfy, 12 September 2016, 08:53).

Michael from Mafikeng shared a similar story, however, he reflected on savings for future aspirations which involve BUSINESS ACTIONS with regards to business opportunity within the borders of South Africa:

21. *“I didn’t take my salary for two years but after that I took the money”* (Mafikeng, Michael, 13 September 2016, 14:21).

Evidence in the data, thus, reveals “aspirations” to affect BUSINESS ACTIONS through saving potential, future aspirations abroad, and future aspirations to expand their business within South Africa to more than just subsistence potential.

Two respondents, James and Solomon from QwaQwa, specifically associated their situation with the notion of subsistence entrepreneurship in that their micro enterprise was only a means to survive. This implied that they pursued this option as no other opportunities were available that delivered a better result:

22. *“I started this business because there was nothing else I can do”* (QwaQwa, James, 12 September 2016, 07:21).

James from QwaQwa stated that, operating a micro enterprise was the only thing he could do to support his family. This is indicative to subsistence entrepreneurship, and reflects the limited resources available to allow him and his family to survive on a daily basis. Solomon from QwaQwa share a similar view:

23. *“It’s just one (...) it sustains me and my family”* (QwaQwa, Solomon, 12 September 2016, 10:17).

Evidence in the data reveals that James and Solomon from QwaQwa both is operating their micro enterprise as a means of surviving and falls, thus, in the realm of subsistence entrepreneurs. Furthermore, the data have shown that James and Solomon from QwaQwa is the only two respondents that started their micro enterprise with their third opportunity. According to the data this was only the case with these two respondents. Moreover, the data show that the remainder of respondents expanded their opportunity to operate currently one to two other micro enterprises in addition to their first micro enterprise.

Consistent themes that emerged, however, in relation to the expansion of this opportunity was SOCIAL CONNECTIONS and the BUSINESS ACTIONS with regard to the micro enterprise operations. Social interactions and the openness to social exchanges, reflected some evidence that could be associated with the difference between James and Solomon’s situation in QwaQwa, and the rest of the respondents.

## **5.6 Concluding remarks**

Reflecting on the four themes emerging from the data, there were clear relationships between the themes, sub-themes and the code categories. The major theme LIFE EVENTS was affected by the sub-theme “social effects” which in turn also affected the major theme SOCIAL CONNECTIONS. Categories such as “support”, “assistance”, “assisting”, “business barriers” and “safety and crime” was clearly affecting the sub-

theme “business relations” and “community relations”. This had a direct effect on the major theme SOCIAL CONNECTIONS.

The major theme OPPORTUNITY was not affected by any sub-theme or code category, but was associated with the major theme SOCIAL CONNECTEDNESS and BUSINESS ACTIONS. This did not imply that there were no actions that affected OPPORTUNITY; it merely reflects that there were no overwhelming actions that could be grouped under a major category that exerted a strong effect on OPPORTUNITY. OPPORTUNITY was strongly associated with the other two major themes SOCIAL CONNECTIONS and BUSINESS ACTIONS, which behaved as drivers and stimulators of opportunity.

Furthermore, BUSINESS ACTIONS as the fourth major theme was associated with OPPORTUNITY and could be viewed as an outcome of the type of business opportunity. The data have also shown that BUSINESS ACTIONS had a reciprocal reaction in that these actions in turn could either expand the opportunity or develop new opportunities as was reflected by the second and third opportunities in the data. A similar reciprocal reaction was evident in the data between the major theme OPPORTUNITY and SOCIAL CONNECTIONS in that as the opportunity expanded or new opportunities developed from BUSINESS ACTIONS, SOCIAL CONNECTIONS also expanded which included new social relationships through either “business relations” or “community relations”. These newly formed SOCIAL CONNECTIONS in turn expanded LIFE EVENTS in the form of added experience whether positive or negative in nature. This adds to a respondent’s LIFE EVENTS, which placed the respondent in a more favourable position with an expanded mind-set to evaluate situations and to respond with a broader referral base.

The data thus indicate that OPPORTUNITY was directly associated with, influenced by, and moderated through SOCIAL CONNECTIONS and BUSINESS ACTIONS. As BUSINESS ACTIONS was an outcome of OPPORTUNITY it could be argued that OPPORTUNITY then was constructed out of SOCIAL CONNECTIONS.

Conceptualising the data in a global view, it became clear that all four major themes were linked by a virtuous cycle of social development, which increases the propensity towards opportunity. Each major theme in this virtuous cycle is associated with the previous theme and contributes to the next. A common driver was recognised – SOCIAL CONNECTIONS, which were supported by the data to be the main driver of opportunity creation.



## **6 Discussion of results**

### **6.1 Introduction**

This chapter expands upon the findings described in Chapter Five with regard to the research questions and relates them to the literature to determine if the data agree with, contradict or add to the literature. The layout of the next sections is in accordance with the research questions as presented in Chapter Three and follows the sequence of major themes discussed in Chapter Five to ensure the discussion provides a logical flow.

### **6.2 Discussion of research question one**

Why do migrant micro-entrepreneurs operate micro enterprises in uncertain and volatile environments?

To answer the research question, an understanding of the events that led up to the opening of the micro enterprise was needed and what uncertain and volatile environments entail. According to the literature uncertain and volatile environments represent rural emerging markets, often characterised by community and informal market attributes. Community, according to Marti et al. (2013) forms a collective identity within the context of rural poor emerging markets.

To determine what led up to the migrant micro-entrepreneur's decision to operate a micro enterprise in these uncertain and volatile environments the researcher searched for insights regarding the events that led up to the migrant to make these decisions and to understand the elements along the way that influenced these decisions. According to the information that emerged from the data a major theme LIFE EVENTS surfaced which was useful in understanding the progression of events and the social relationships attached to these events that led to the opening of the micro enterprise. LIFE EVENTS will be discussed next in relation to the literature to answer research question one.

#### **6.2.1 LIFE EVENTS**

The data have shown that LIFE EVENTS have shaped and informed choices with regard to social relationships. The data revealed different life events with different elements driving intent, but another common theme that emerged was SOCIAL CONNECTIONS that linked these different elements and life occurrences. According to the data, opportunity stems from association with these social connections. This notion was supported by the constructivist approach in the literature which stated that the influence of the context and the cognition of the entrepreneur are influenced by the social structures that the entrepreneur is part of (Wood & McKinley, 2010).

Some of these life occurrences included past exposure from family who owned businesses and some micro-entrepreneurs who worked in stores that offered experience in micro enterprise processes. The literature was advocating capability transfer (Ansari et al., 2012) and reflected on the data in relation to life events leading up to the opening of a micro enterprise. It can be argued that these capability transfers could be viewed as one possibility of why a migrant micro-entrepreneur chose to open a micro enterprise.

Furthermore, the data have shown that the theme LIFE EVENTS was strongly affected by the sub-theme “social effects”, especially social judgement, which mainly dominated the influence through the attitude and behaviours of these social connections. In the literature Viswanathan et al. (2012) postulated that intense personal relationships developed due to the multiple and continuous interactions that develop the need to commit socially to the community in order to sustain and stabilise the business. Economic and social value thus become entrenched in a symbiotic relationship between the disenfranchised end user in a community setting with the micro-entrepreneur. Constructivist thinking in this regard postulates social construction and that reality is influenced by individual perceptions such as social judgements, which can be induced by the contextual environment (Wood & McKinley, 2010).

These characteristics differ in their manifestation from community to community and fluctuate in their severity depending on governmental support and institutional competence (Hall et al., 2012). Rural and urban communities reflect differences in attributes (Rooks et al., 2016) and according to Stuetzer et al. (2014) regional characteristics do exert influence on opportunity perceptions and entrepreneurial actions. Evidence from the data reflects on the context in which these micro enterprises operate and a community setting is an enduring phenomenon. Marti et al. (2013) postulated that community members and external actor relationships can harvest social benefits towards specific actions and entrepreneurial creations as well as challenge the communities’ own world views. Social relations and social structures within such community entities can help entrepreneurs either “enhance their reach, or facilitate the acquisition of valuable resources” (Ozdemir et al., 2016, p. 49).

Moreover, the data have shown push factors that generated the urgency within these micro-entrepreneurs to take control of their seemingly hopeless situation within their life positions at the time. According to Wood and McKinley (2010) constructivists view actions and behaviours as products of cognition which was shaped by social structures, they postulate that entrepreneurs focused on elements in the social structure and environment that they can control. This ties in with two key principles of constructivist logic which state that “(1) knowledge is not passively received, but rather build up through

experience of the individual over time; and (2) the functions of cognitions is adaptive” (Wood & McKinley, 2010, p. 68). The element of control that emerged from the data reflected on the attitude of these micro-entrepreneurs and it could be argued that this element of control was associated with the type of environments that these micro-entrepreneurs were exposed to before.

This notion is supported by Metzger and King (2015) who view entrepreneurial “perceptions, interpretations and understandings” (p. 324) of environmental forces as contributing to the construction of opportunities. Effectual logic according to Metzger and King (2015), states that “entrepreneurs first assess their possible means before engaging in the process of creating opportunities through acquisitions and recombination” (p. 328). Arend et al. (2015) further postulate that the effectual process starts with the volatile and uncertain environment restricted by resources and the entrepreneur’s perception of available means to pursue the opportunity. An evaluation by the entrepreneur which indicated a potential loss that would have been tolerable would have prompted the decision to act after which the entrepreneur would have taken stock. This produces a feedback loop and adds information to the entrepreneur’s previous experience which is supported by the data and the importance of historical events that led up to the decision to start a business. According to the data this environmental uncertainty and volatility was a common phenomenon in the migrant’s home countries and were already part of their previous experience that were included in their LIVE EVENTS.

In addition, the data have shown pull factors which was characterised by a misalignment between pre-conceived perceptions and reality. Authors in literature such as Ramoglou and Tsang (2016) advocate realism, which supports the view that the world exists objectively, although they do not discard imagination to explain phenomena, instead constraining the subjective nature within the boundaries of reality. Their approach, however, does not oppose constructivism but supports the social construction of social reality to the point where extreme views fall outside the realms of reality. Evidence from the data reflected on misguided perceptions that were manifested through regrets. Regrets were associated with uncertainty and manifested through the pursued of actions guided by information that was misaligned with reality. The data have shown regrets that were evident in some migrant micro-entrepreneurs who were faced with reality once they were situated in the South African rural informal market, and realised that it was different from the envisioned reality beforehand.

LIFE EVENTS surfaced as a major theme because it influenced the choices that were made to pursue and formulate social connections. According to Metzger and King (2015)

an entrepreneur first envisions a possible opportunity and then engages in acquiring the means to exploit the opportunity. Calton et al. (2013) are of the view that social aspects contributed to the probabilities of expanding the means of the entrepreneur through social structures. This notion is also supported by Wood and McKinley (2010) who postulate social ties to influence the pursuit of entrepreneurial opportunity and Gedajlovic et al. (2013) who suggest that entrepreneurs and entrepreneurship were socially positioned.

These choices as shown by the data were affected by numerous social effects such as social judgements, social relationship frustrations, and social manipulations which acted as filters to moderate the intensity of the newly formed relationships. In the literature, according to Gedajlovic et al. (2013) the “acquisition and management of social capital plays an essential role in entrepreneurial success of both individuals and collectives” (p. 456). They postulate that individual and collective antecedents lead to relationships and networks which then lead to social capital that informs entrepreneurial outcomes and performance of the individual and/or collectives.

Resources such as knowledge, information, goodwill and trust stem from relationships of individuals or collectives. It is however, suggested by Gedajlovic et al. (2013) that the “frequency of these interactions; kinship; or the number/strength of ties leads to those resources” (p. 458). They do view social capital as having the potential to provide benefits to entrepreneurial opportunity, but they also emphasise that social capital can often develop boundary conditions with negative consequences. The discussion that follows regarding research question two and the next major theme SOCIAL CONNECTIONS will elaborate more on the benefits and boundary conditions of social capital.

#### 6.2.2 Conclusion to research question one

This research has shown that numerous features can be considered to influence and affect the choices of migrant micro-entrepreneurs to create opportunity. The data reflected on pull factors associated with the perception of more favourable conditions in a different country, like South Africa, to create opportunity that could yield better outcomes as was the situation in the migrant micro-entrepreneur’s home country. The data have also revealed push factors such as political unrest and economic distress in the migrants’ home countries that push these migrant micro-entrepreneurs to seek more favourable conditions elsewhere.

The data led to the theme LIFE EVENTS which has been shown to be strongly associated with the social relationships that these migrant micro-entrepreneurs have and

pursue. The data have shown that life events through social judgement, social relationship frustrations, and social manipulation affected the type of social relationships that have been formed which shape each migrant micro-entrepreneur's life experience and thus influence his/her perceptions, judgement and outlook towards lifetime events. It became clear from the data that the uncertain and volatile environments mimicked the environments that these migrant micro-entrepreneurs were accustomed to in their home countries. It thus revealed what these migrant micro-entrepreneurs knew (their experiences from past events), rather than the conscious decision to operate a micro enterprise in these uncertain and volatile environments.

The literature claimed a constructivist view in that the influence of the context and the cognition of the entrepreneur are influenced by the social structures that the entrepreneur is part of (Wood & McKinley, 2010). Furthermore, the literature advocated capability transfer (Ansari et al. 2012) in which past exposure added to the experience of an individual to equip the individual with a wider framework to make more informed judgements. Additionally, Metzger and King (2015) support the view that entrepreneurial "perceptions, interpretations and understandings" (p. 324) of environmental forces contribute to the construction of opportunities and that the entrepreneur controls a situation through available means.

It can therefore be concluded that the data have shown significant overlap with the literature and that the data agree with what was already stated in the literature. Migrant micro-entrepreneurs were influenced by push and pull factors through social effects and relied on their social connections and experience to create opportunity in these uncertain and volatile environments, types of environment that were already part of their mental framework and an environment which they were accustomed to.

### **6.3 Discussion of research question two**

To what extent does past and current social capital affect migrant micro-entrepreneurial opportunity creation in rural poor emerging markets?

This research question placed emphasis on social capital. Griffin-EL (2015) and Sallaz and Zavisca (2007) define "social capital" as both network and institutional relationships which an actor belongs to, and because of this inclusion can derive resources either on a short or long-term bases from these relationships. From the literature, it was evident that social capital has the propensity to affect migrant micro-entrepreneurial opportunity by providing benefits for the entrepreneur through access to resources or create boundary conditions that made it difficult for these entrepreneurs to embed themselves within the communities to share in these resources (Gedajlovic et al., 2013; Light & Dana,

2013; Khayesi et al., 2014; McKeever et al., 2014). In the next section the information from the data highlight two major themes, SOCIAL CONNECTIONS and OPPORTUNITY, which are discussed in relation to the literature to reflect on the insights gained to answer research question two.

### 6.3.1 SOCIAL CONNECTIONS

This major theme that emerged from the data was closely associated with the sub-theme “business relations” on the one hand and “community relations” on the other. The literature postulated that the opportunity to engage as a micro-entrepreneur in emerging markets, was influenced by social structures in a community setting (Ozdemir et al., 2016). According to them social relations and social structures within community entities can help entrepreneurs either “enhance their reach, or facilitate the acquisition of valuable resources” (p. 49).

The data have shown that these social connections were also associated with the opportunities that were constructed through these connections. The sub-theme “business relations” represented the internal mechanisms that assisted with the micro enterprise operations. This sub-theme was effected by the category “support” which represented backing from a business perspective. From the data, it emerged that this form of support was generated through the social connections that were business related and came mostly from other same nationality micro-entrepreneurs, partnerships with people of the same nationality, family and close relatives.

According to the literature, risking only what the entrepreneur was willing to lose increases the emphasis on partnerships to support the entrepreneur with added resources (Schuster & Holtbrügge, 2014). Effectual partnerships are recognised by those relationships in which the risk as well as benefits are shared regarding the opportunity (George et al., 2012; Sarasvathy et al., 2014). This principle focuses heavily on mutuality and the social aspect of opportunity creation (Leitch et al., 2013; McKeever et al., 2014). It relates to social movements and community cooperatives (Montgomery et al., 2012) and the benefits (Marti et al., 2013) or constraints (Light & Dana, 2013) brought about through interconnectedness within a community setup.

Furthermore, the data have shown that business relations were more representative of inbound connections (benefits flowing between the migrant micro-entrepreneur and other business support systems) and relevant to SOCIAL CONNECTIONS internally beneficial to the business operations. These support structures were constructed to draw from social capital benefits which added value in numerous forms. The question then arises to what extent do social capital benefits add value through the social connections

either as a collective benefit, or through adding individual intellectual benefits because of these social connections? In the literature, according to Gedajlovic et al. (2013) it is extremely “difficult to precisely delineate where social capital and human capital separate from one another” (p. 458). Human capital (Leitch et al., 2013), like Nahapiet and Ghoshal (1998) intellectual capital was focused on the individual whereas social capital focuses on the relationships and participation. However, human capital informs social capital in which social capital again contributes to human capital in an interactive circular relationship (Leitch et al., 2013).

According to Nahapiet and Ghoshal's (1998) model of social capital the relational dimension influenced three conditions for exchange of information, namely “access to parties for exchange, anticipation of value through exchange and combination, and the motivation of parties to engage in knowledge creation through exchange and combination” (p. 254). These conditions for exchange of information were grounded in (1) **trust** which was multidimensional and indicated the “willingness to be vulnerable to another party” (p. 254) and the belief that an intended action of another was appropriate. They suggested that there existed a two-way interaction between trust and cooperation in that “trust lubricates cooperation, and cooperation itself breeds trust” (p. 255). (2) **Norms** which represent “a degree of consensus in a social system” (p. 255) that exert influence on the exchange process through opening access or rigidly creating boundaries for parties to exchange knowledge. (3) **Obligations and expectations** represent commitments to some activity in the future due to expectations developed through relationships. Obligations and expectations are likely to influence access and the motivation to combine and exchange knowledge. (4) **Identification** was introduced to present the belonging aspect of an individual within a group. Identification thus “acts as a resource influencing both the anticipation of value to be achieved and the motivation to combine and exchange knowledge” (p. 256). The data does reveal these conditions to be present in “business relations” through the “support” category, but it was not stated directly what the reciprocal benefits entailed on the side of the collectives that supported the migrant micro-entrepreneurs.

The data does however throw light on the identification of these support collectives and showed these collectives to be mostly from other same nationality micro-entrepreneurs, partnerships with same nationalities, and family and close relatives. This does then imply reciprocal arrangements and it could be argued that benefits could flow both ways. In the literature, the relational dimension of social capital was developed out of the cognitive dimension through “mutuality” according to Gedajlovic et al. (2013). This notion is supported by Leitch et al. (2013) and McKeever et al. (2014) who emphasise trust,

respect, collaborative working and collective participation. McKeever et al. (2013) specifically state that when mutuality is absent the entrepreneurial process is contractual and explicit in nature which reduces benefits from information exchange. The data emphasised mutuality and did not reflect any signs of contractual arrangements within these business relationships.

The literature further postulates mutuality as emphasising social exchange and reciprocity (Lioukas & Reuer, 2015) which reflects the notion that each party to the social exchange is obliged to repay any benefits received. Bridging social capital therefore emphasises loose connections not bound by habit or cultural capital as in the case of bonding social capital. Bridging social capital thus reflected the importance of reciprocity through mutuality and cooperation which embodied trust, norms, obligations and identification as postulated by Nahapiet and Ghoshal's (1998).

The sub-theme "community relations" was shown by the data to be characterised by outbound connections (social connections external to the operations of the micro enterprise) which represented positive and negative characteristics. Four categories emerged from the data that affected "community relations". "Assistance" represented the flow of benefits from these social connections. It represented the flow of benefits from the community towards the micro-entrepreneur. Viewing community relations from the perspective of the community the literature produced the bonding perspective that reflected value in social capital through strong, repeated social connections, which focused on reciprocity that generated norms and increased trust (Gedajlovic et al., 2013). According to McKeever et al. (2014) social capital is strongly influenced by the context and the community in which social capital is embedded and social capital thus influences how opportunity is perceived by entrepreneurs in a community setting. They suggest Bourdieu's (1990) notion of "habitus", which claimed that the socioeconomic context provided circumstances that increased repetitive behaviours and fostered a shared understanding of these behaviours.

Habitus is closely linked to the cultural context (McKeever et al., 2014) and offers an appreciation for the norms, rituals and stories associated with this cultural context. The concept of "habitus" fell within the broader concept of cultural capital (Light & Dana, 2013) and represents routines, usual ways of doing things that imply "mental conformity" (p. 603) which often functions as a barrier to change.

The bonding perspective of social capital was thus grounded in the structural and cognitive dimensions of Nahapiet and Ghoshal's (1998) model. Close and strong bonding ties provide access to information with the anticipation of value. It was however,



limited to individuals or collectives that share in the routines of socialisation and rituals who needed to reflect a shared understanding of how the tight context operated (McKeever et al., 2014). Conversely, the notion of “habitus” and bonding social capital also suppressed entrepreneurial opportunities when dominant groups excluded subordinates from information sharing (Light & Dana, 2013; Khayesi et al., 2014). Although the migrant micro-entrepreneurs did receive aid from the communities in question, the data revealed numerous accounts in which micro-entrepreneurs referred to the community members as “them” and themselves as “us” (Ethiopians and Bangladeshis) which was indicative of two distinct groups. It can be argued that the migrant micro-entrepreneurs were accepted into the community, but were not viewed as embedded within the community from a cultural and bonding perspective. This created boundary conditions to social capital benefits from the community and was evident through the literature in accounts of xenophobia attacks (Friebel et al., 2013) that seemed to be sporadic events associated with cultural clashes.

As the flow of benefits from these social connections in the community was not mutually exclusive, another category emerged from the data which was termed “assisting” which represented the flow of benefits from the micro-entrepreneur towards the community.

In the literature, McKeever et al. (2014) postulate that the context is important in determining the value of social capital and therefore sheds light on the critical part of the community in the entrepreneurial process. The significance of context is supported by the work of Marti et al. (2013) in which they propose that external actors which work and interact with the community, “fishbowls” (p. 11), should maintain a sense of detachment although they should physically be there. This notion emphasises “working spaces” (p. 27) which according to Marti et al. (2013) could create new resources and enhance information sharing when bridging the external world with the internal world of the community. Thus, suggesting that external actors must both “live in the fishbowl and maintain at the boundaries of the fishbowl” (p. 11) which should help the community to challenge their own world views and allow external actors access to community information. The evidence from the data points towards this notion, proposed by Marti et al. (2013), in that some micro-entrepreneurs lived within the communities although still separated by cultural aspects and ritual variances associated with nationality differences.

However, not all community relations associated with social connections were beneficial. From the data, the benefits from assistance directed towards the migrant micro-entrepreneurs, or assistance directed towards the community were not always mutually inclusive and frictions developed as these social connection benefits became unbalanced and “social effects” such as social judgements, social relationship

frustrations and/or social manipulations developed. These effects created barriers to business operations which in turn affected “community relations”. These barriers were categorised in the data by the category “business barriers” which represented negative business effects that influenced and negatively affected the equilibrium within community relations.

The literature has identified boundary conditions to social capital that could either support or affect entrepreneurship negatively (Light & Dana, 2013). The study by Light and Dana (2013) revealed that if the cultural capital of a community was positive towards the notion of entrepreneurship, strong bonding social capital would have been highly supportive to entrepreneurial opportunities, but if the cultural capital did not support the notion of entrepreneurship, any entrepreneurial opportunity would have been negatively affected as it was not supported by the cultural values of that community. It therefore reflected the interrelationship between habitus, as part of the broader concept of cultural capital, and social capital which was represented by the structural and cognitive dimensions of Nahapiet and Ghoshal’s (1998) model.

These effects of strong ties and bonding social capital are also supported by the study of Khayesi et al. (2014) about “kinship ties, which included relationships by blood and marriage” (p. 1323-1324) and were encapsulated in the structural dimension of Nahapiet and Ghoshal’s (1998) model. It reflects the benefits as well as the negative effects of bonding social capital, indicating how strong ties could either “benefit or detract entrepreneur’s efforts to assemble resources to build and maintain” a viable enterprise or enterprises within a community setting (p. 1338). Light and Dana (2013) and Khayesi et al. (2014) thus reflect the negative effects that the bonding perspective of social capital together with strong social ties could have on entrepreneurial opportunity. Although no direct evidence from the data pointed towards these boundary conditions, some indirect signals were detected through incidents of crime, corruption and sporadic mentions of mistrustfulness of business processes by the community as indicated by the migrant micro-entrepreneurs. Although this evidence in the data was based on real scenarios of crime and corruption, mentions of mistrustfulness of business processes by the community was purely based on the migrant micro-entrepreneurs’ perceptions of what some perceived to be real.

These external influences which negatively affected the equilibrium between the social connection within community relations was made explicit in the category termed “safety and crime”. This category represented a first order need that was safety from a personal and from a business perspective. This need for safety was influenced by the negative

effects of crime and corruption which directly affected community relations and indirectly influenced SOCIAL CONNECTIONS.

The literature reflected on social capital as two sides of the same coin in that social capital provides benefits in the form of resources for the micro-entrepreneur but at the same time can hamper the opportunity through rigid resistance due to community closure. These effects of social capital are dependent on the context and the community setting which act to regulate the conditions under which social capital offers benefits to micro-entrepreneurial opportunity or encapsulates these resources within bounded conditions (Marti et al., 2013).

“Corruption” forms a part of the category “safety and crime” and negatively affected community relations through the breakdown in trust. Trust was developed through the categories “assistance” and “assisting” – the flows of community relation benefits. However, crime and corruption negatively affected the trust developed through these community relations, as “social effects” were activated through the negative influences of crime and corruption. From the literature, Nahapiet and Ghoshal’s (1998) claim these conditions for exchange of information are grounded in multidimensional trust and indicate the “willingness to be vulnerable to another party” (p. 254) and the belief that an intended action of another was appropriate. They suggested that there exists a two-way interaction between trust and cooperation in that “trust lubricates cooperation, and cooperation itself breeds trust” (p. 255). The data have shown that this notion was also relevant in reverse that if trust is absent, no cooperation will occur and this in turn will breed distrust.

SOCIAL CONNECTIONS therefore were associated with the sub-themes “business relations” and “community relations” which were influenced by assistance given by the community; assistance to the community by the migrant micro-entrepreneur; business barriers; safety and crime; and the support structures in place. These SOCIAL CONNECTIONS however, were also affected by current “social effects” because of “community relations” and historical “social effects” through past LIFE EVENTS.

The choice to pursue social connections was therefore shaped by these various influences. Furthermore, evidence emerged from the data that pointed towards a relationship between the social connections and the opportunities that were constructed. It was therefore clear in the data, that social connections directly influenced the opportunities that were constructed by the micro-entrepreneurs. It could further be argued, that social capital could be used as a vehicle for entrepreneurial opportunity in a community setting, but it was bound by habit which was often locked in community

culture. On the other hand, reciprocated bridging relationships have the potential for mutual trust to be developed to offer another gateway to resources, although it often did so at a cost.

### 6.3.2 OPPORTUNITY

Opportunity was directly constructed out of SOCIAL CONNECTIONS that were pursued, formulated and developed. However, a mutual relationship exists between SOCIAL CONNECTIONS and OPPORTUNITY in the sense that social connections inform opportunity. The data reflected a reciprocal relationship in that opportunity also in return motivates and supports the expansion of the current social connections to formulate new social connections. The literature reflected on the European research tradition which was most prevalent from a social constructionist position in that “opportunities are enacted, dependent on the entrepreneur’s perception, interpretation, and understanding of environmental forces” (Venkataraman et al., 2012, p. 22). This notion is supported by Metzger and King (2015) through their claim that opportunity exists because of entrepreneurial action. More recent literature argues that entrepreneurial opportunity could not exclusively pre-exist objectively and suggests entrepreneurial opportunity as being actively created through subjective processes and social construction (Ramoglou & Tsang, 2016). Opportunity, therefore, could be viewed as constructed through the actions of the entrepreneur informed by the social structures and influenced by the context the migrant micro-entrepreneur resides in. Wood and McKinley (2010) support this view by arguing that “opportunities are produced through a process of social construction and cannot exist apart from the entrepreneur” (p. 66).

From the data, it was clear that none of the micro-entrepreneurs started their own micro enterprise with their first opportunity on arriving in South Africa. It could therefore be argued that the initial intentions of the migrant micro-entrepreneurs that came to South Africa was therefore first and foremost to construct an opportunity for a better life prospect and not intentionally to start their own business.

Still, the data have shown that eighty percent of respondents (eight out of ten) constructed the opportunity to own and operate their own micro enterprise with the second opportunity. The data further have shown that these micro-entrepreneurs went beyond subsistence entrepreneurship to own more than one micro enterprise. The literature postulates some micro-entrepreneurs shift from subsistence to “transformative subsistence entrepreneurship” as Sridharan et al. (2014, p. 488) term it due to environmental triggers that motivate these shifts. It also allows the identification of entrepreneurial qualities and business model approaches that further motivate these

entrepreneurs to exploit entrepreneurial opportunities. Environmental triggers could be any event or situation that motivates the subsistence entrepreneur to move beyond the survival cycle towards growing the business (Sridharan et al., 2014). This phenomenon was reflected in practice in situations where micro-entrepreneurs opened second and very often third micro enterprises. This supports Webb et al.'s (2013) argument on micro enterprises capabilities as having "significant job creation potential" (p. 2). The data however, reflected that employment in this instance benefited friends that were of the same nationality and relatives rather than local disenfranchised individuals.

Nonetheless the migrant micro-entrepreneurs still delivered a valuable task within the community by providing goods to villages to sell, which convenience disenfranchised users by offering an alternative to travelling to and from the main urban areas, at a cost, to buy goods. The literature reflected on micro-entrepreneurs as agents embedded within the informal market as trading occurs on a face-to face basis with disenfranchised end users with the micro-entrepreneur more often than not also living within this impoverished environment (Viswanathan et al., 2012). Very often these micro-entrepreneurs were the only players to reach the disenfranchised end user in a community and thus play a vital role in the informal sector.

The remainder, twenty percent (two respondents) only started their own micro enterprise with the third opportunity. The data have shown that these micro-entrepreneurs relied solely on the enterprise for their survival within the community they are residing in. This implies that they pursued this option as there were no other opportunities available that delivered a better result than owning their own store. The literature stated that immigrant groups show high rates of self-employment (Storti, 2014). Sridharan et al. (2014) have further postulated that these micro-entrepreneurs are often termed in literature as "subsistence entrepreneurs" (Viswanathan et al., 2012; Barrios & Blocker, 2015) and that they "are active around the world, particular in developing countries where they engage in micro enterprises" (p. 486). This often necessitates micro-entrepreneurs to pursue opportunities in countries different from their own. Due to South Africa's institutional tolerance towards asylum seekers and transitory subsistence communities, a high rate of subsistence entrepreneurs start micro enterprises to sustain themselves and their family members (UNHCR, 2015). According to Hungwe (2014) migrants acknowledge that the most prevalent reasons for migrating to South Africa are due to social, economic and political factors of which the economic need to survive and to look after their families surfaced as most important.

Still, the data have reflected on how the respondents' social connections supported the notion of starting their own micro enterprise and how these social connections were

applied by the respondents to construct the opportunity. Evidence in the data thus agreed with the literature, to support the constructivist view of actions and behaviour as products of cognition shaped by social structures (Wood & McKinley, 2010).

### 6.3.3 Conclusion to research question two

This research has shown that social capital was encapsulated in the theme SOCIAL CONNECTIONS which was moderated through “business relations” and “community relations”. Social relationships were affected by social effects such as social judgement, social relationship frustrations and social manipulations, but were also associated with OPPORTUNITY. The data reflected on how social relationships exerted an enduring effect on perceived choices available and decisions that were made in the past, and at the time that the data was collected, social relationships still appeared to have a significant effect on current perceived choices and decisions that needed to be made. The data further suggested that numerous elements influenced the frequency and strength of such social relationships such as “support”, “assistance”, “assisting”, “business barriers”, and “safety and crime”.

In the literature, the relational dimension of social capital was developed out of the cognitive dimension through “mutuality” according to Gedajlovic et al. (2013). This notion is supported by Leitch et al. (2013) and McKeever et al. (2014) who emphasise trust, respect, collaborative working and collective participation. McKeever et al. (2013) specifically state that when mutuality is absent the entrepreneurial process is contractual and explicit in nature which reduced the benefits of information exchange. This notion falls within the parameters of the bridging perspective of Gedajlovic et al. (2013).

According to McKeever et al. (2014) social capital is strongly influenced by the context and the community in which social capital is embedded and social capital thus influences how opportunity is perceived by entrepreneurs in a community setting. They support Bourdieu’s (1990) notion of “habitus”, which claims that the socioeconomic context provided circumstances that increased repetitive behaviours and fostered a shared understanding of these behaviours. Habitus is closely linked to the cultural context (McKeever et al., 2014) and offers an appreciation for the norms, rituals and stories associated with this cultural context. The concept of “habitus” falls within the broader concept of cultural capital (Light & Dana, 2013) and represents routines, usual ways of doing things that imply “mental conformity” (p. 603) which often functions as barriers to change. This notion falls within the parameters of the bonding perspective by Gedajlovic et al. (2013).

The data, however, have shown that when social relationships were formed through “mutuality” (Leitch et al., 2013) within the bridging perspective (Gedajlovic et al., 2013) or “habitus” (Bourdieu’s, 1990) within the bonding perspective (Gedajlovic et al., 2013), opportunity could be viewed as constructed through the actions of the entrepreneur, informed by the social structures and influenced by the context the migrant micro-entrepreneur resided in. Wood and McKinley (2010) supported this view in the literature by arguing that “opportunities are produced through a process of social construction and cannot exist apart from the entrepreneur” (p. 66).

It can therefore be concluded that the data agreed with what the literature postulates with regard to the extent that social capital affected migrant micro-entrepreneur’s opportunity creation. The data, however, also contributes to the literature in that the data revealed that migrant micro-entrepreneurs do not embed themselves into the community as the literature suggested and that benefits were extracted through community relations. These migrant micro-entrepreneurs created their own community of the same nationality which consisted of friends, direct family and relatives who offered support through business relations.

The literature furthermore suggests a bonding perspective with the community for migrant micro-entrepreneurs to embed themselves within the community to draw resources from social capital, and a bridging perspective with business relations for opportunity creation. The data showed however, that migrant micro-entrepreneurs used a bonding perspective within their business relations to draw resources from and a bridging perspective with community relations for opportunity creation. These actions reflected control and attempts to gather means for opportunity creation, rather than a reliance on external forces to relinquish opportunities.

#### **6.4 Discussion of research question three**

When migrant micro-entrepreneurial opportunity is viewed from a constructivist perspective, to what extent does past and current social capital in uncertain and volatile environments create opportunity through effectual logic?

The data have reflected on the perceptions of “opportunity” as a loosely held value, not bounded by any specific boundaries. This notion was brought forward in literature by Wood & McKinley (2010) who were of the view that “opportunities are produced through a process of social construction and cannot exist apart from the entrepreneur” (p. 66). It can thus be argued that opportunity was constructed through the means within SOCIAL CONNECTIONS and through BUSINESS ACTIONS and not found by chance or searched for in a specific context. This notion is supported in the literature by Metzger

and King (2015) who view entrepreneurial “perceptions, interpretations and understandings” (p. 324) of environmental forces as contributing to the construction of opportunities.

BUSINESS ACTIONS were developed out of the data and represented the fourth major theme. It was an outcome of OPPORTUNITY, yet it also had a reciprocal effect on OPPORTUNITY in that it indicated the further shaping of opportunity and/or assisting the construction of new opportunities. Constructivism, a meta theory of knowledge in the literature, holds that reality is constructed and postulates many realities in extreme contrast to the perspective of objectivism which holds reality as objective and that only one reality exists (Rennemo & Åsvoll, 2014; Ramoglou & Tsang, 2016). Constructivist thinking thus postulates social construction and that reality is influenced by individual perceptions induced by the contextual environment (Wood & McKinley, 2010). According to Ramoglou and Zyglidopoulos (2015) opportunity is realised through the interpretation of this opportunity which is dependent on subjective forces. This occurred through the current social connections that entrepreneurs belong to, as well as newly formed social connections because of these business actions, which are discussed next.

#### 6.4.1 BUSINESS ACTIONS

Two sub-themes surfaced from the data, which were “uncertainty” and “aspirations”. “Uncertainty” was focused on context and the effects it had on daily operations and future planning. From the literature, according to Stuetzer et al. (2014) regional characteristics do exerted influence on opportunity perceptions and entrepreneurial actions. Community, according to Marti et al. (2013) form a collective identity within the context of rural poor emerging markets. The data further reflected on “regrets”, which was an emotional connection and were associated with and a consequence of “uncertainty”. The notion of regrets was indicative of subjectivity, which supported the view of subjective forces that influenced perception and had a direct influence on opportunity recognition, actions to pursue opportunity and the feelings of regret due to lost opportunities.

Moreover, the data have shown that “uncertainty” was a direct outcome of the context within which the opportunity was constructed and “uncertainty” also had a direct influence on the daily operations of the migrant micro enterprise. From the literature, the element of viable cognitions which emerge from experience, social connections and the perceived ability of the entrepreneur to control rather than to predict the future is central to effectual logic (Sarasvathy et al., 2014), which also relates to themes captured in constructivism (Metzger & King, 2015; Wood & McKinley, 2010). Effectuation was a very appropriate logic to apply in particular resource-poor environments (Rennemo & Åsvoll,



2014; Arend et al., 2015) and environments characterised by high volatility and uncertainty (Arend et al., 2015). Effectual logic according to Metzger and King (2015) states that “entrepreneurs first assess their possible means before engaging in the process of creating opportunities through acquisitions and recombination” (p. 328). Arend et al. (2015) claim that the effectual process starts with the volatile and uncertain environment restricted by resources and the entrepreneur’s perception of available means to pursue the opportunity.

According to the literature the major factors underpinning entrepreneurship are risk, innovation and pro-activeness towards opportunity (Moroz & Hindle, 2012; Hlady-Rispal & Jouison-Laffitte, 2014) which were captured through the transformative processes of creativity. This is in sharp contrast to causal logics that emphasises prediction. Effectuation emphasises the evaluation of the means available towards enactment of an opportunity in contrast to business planning (Arend et al., 2015).

Evidence within the data reflected strongly on uncertainty which was prevalent throughout the context that these migrant micro-entrepreneurs were operating their businesses in and consistently highlighted the difficulties to plan. Effectuation was viewed as a process (Moroz & Hindle, 2012) in which entrepreneurs utilise a set of effectuation heuristics (Sarasvathy et al., 2014) to make decisions regarding entrepreneurial opportunities. These heuristics have been distilled into four principles and by the use of non-predictive logic, Sarasvathy et al. (2014) state that “the future was co-created through human actions rather than unfolding through inevitable trends outside the purview of human action” (p. 73) which motivated the five-principle. The five principles are: (1) bird-in-hand; (2) affordable loss; (3) crazy quilt; (4) lemonade; (5) pilot-in-the-plane (Sarasvathy et al., 2014).

#### (1) Bird-in-Hand

The data have shown the strong emphasis that the migrant micro-entrepreneur have placed on social connections and the support that these connections were offering. The data has also revealed the migrant micro-entrepreneur’s ability to draw from experience through LIFE EVENTS as the means to enable the creation of opportunity. In the literature, effectual logic was concerned with the central actor, the entrepreneur. The entrepreneur had three categories of means of which the first was identity (who I am), second was knowledge (what I know) and third was networks (whom I know) (Sarasvathy et al., 2014). These categories focus on the notion that the entrepreneur was in control to generate potential opportunity for the future. Relying on the means rather than

predicting the future ensured the entrepreneur was attuned to his/her own capabilities (Bullough et al., 2014).

#### (2) Affordable Loss

The data shed light on available means such the migrant micro-entrepreneurs' stock within their irrespective stores. Evidence in the data has shown that in the case of crime and xenophobic attacks these migrant micro-entrepreneurs relied on what was affordable to lose and did not place an emphasis on what they were planning to gain. The perception of risk was as important as the means to create an opportunity. In the literature, effectual logic focuses on what is affordable for the entrepreneur to lose in generating opportunity rather than on the predictions of possible gains from the opportunity. This implies less action invested in planning for the future and more reliance placed on controlling the future through estimating possible loss (Sarasvathy et al., 2014).

#### (3) Crazy Quilt

The data have shown that partnerships were perceived by migrant micro-entrepreneurs to benefit their enterprises, especially in the starting phase of the enterprise. Moreover, evidence from the data also revealed some migrant micro-entrepreneurs who made the decision to stay in these partnerships because of value perceived within such partnerships and the sharing of risk. In the literature, risking only what the entrepreneur is willing to lose increases the emphasis for partnerships to support the entrepreneur with added resources (Schuster & Holtbrügge, 2014). Effectual partnerships were recognised by those relationships in which the risk as well as benefits was shared regarding the opportunity (George et al., 2012; Sarasvathy et al., 2014).

#### (4) Lemonade

Furthermore, the data was collected from migrant micro-entrepreneurs who were operating their micro enterprises in uncertain and volatile environments. These environments are recognised in the literature as having challenging characteristics such as:

[S]evere limited income; poor nutrition; scarcity of portable water; lack of public sanitation facilities; limited access to basic health services; poor housing stock; inadequate energy sources and technology for household cooking, heating and lighting; limited education and work or entrepreneurial opportunities; dependence on cash or informal sources of credit; poor infrastructure and a lack of a market ecology to nurture entrepreneurial innovations; lack of patient capital to support

the longer gestation period of innovative base of the pyramid business ventures; and rampant public and private corruption (Calton et al., 2013, p.723-724).

Sarasvathy et al. (2014) uses the principal “lemons to lemonade” (p. 74) to represent this uncertainty and highlight the opportunity entrenched in the unpredictability of such situations (Bullough et al., 2014). Effectual logic embraces the unknown and the principle “lemonade” focuses on the unintended creation of the opportunity development process. These migrant micro-entrepreneurs could start their own micro enterprise with their second and third opportunities within these uncertain and volatile environments. This was testimony to the creation of opportunity in such uncertain and volatile environments.

#### (5) Pilot-in-the-Plane

From the data, it was evident that the migrant micro-entrepreneurs were in control of the opportunity process and that these opportunities were constructed through their social connections. This was a prevalent theme throughout the first, second and third opportunity. In the literature, the five-principle added by Sarasvathy (2008) recognised the human element in the process of opportunity development. This principle recognised that the entrepreneur and his/her alliances (partnerships) was piloting the plane, suggesting that the human element was perceived to co-create the future in contrast to the view that the future was objective and trends were inevitable, separate from any contributions of human subjects (Sarasvathy et al., 2014).

The data thus have been shown to have numerous elements that related to the principles of effectual logic which supported the argument that it could be an appropriate logic to apply within such conditions. Additionally, the data revealed that uncertainty indirectly also affected aspirations. The literature reflected on aspirations by suggesting that effectual logic embraces these uncertain circumstances that allowed the entrepreneur to produce opportunity through (1) accepting the risk as given; (2) deemphasising predictions; (3) being influenced by perceptions of acceptable loss; and (4) establishing partnerships in relation to the perceived opportunity (Metzger & King, 2015). According to Metzger & King (2015) effectuation is “a form of constructivism that is employed by entrepreneurs in situations of uncertainty and volatility which involves patterns of cognition and behaviours shared by expert entrepreneurs that create opportunities by first considering available means and then directing these means towards imagined and manageable effects” (p. 326-327). The data have shown, that this notion by Metzger and King (2015) is also relevant in the context of micro-entrepreneurs operating their micro enterprise or enterprises in uncertain and volatile environments.

This second sub-theme “aspirations” which was formulated from codes that represented the actions of migrant micro-entrepreneurs in taking money out of South Africa through savings in their home country and the support of their families abroad. These formed part of “aspirations”, in that it was providing the means towards some perception of a greater future awaiting the uncertainty of the current situation. This also implied that their perception with regard to their situation was only temporary and there did exist a future beyond their current situation.

The literature states that opportunity is realised through the interpretation of these opportunities, which are dependent on subjective forces. They claim that the entrepreneur creates the means to recognise and exploit the opportunity (Ramoglou & Zyglidopoulos, 2015). A study conducted by Gielnik et al. (2014) implied active engagement by the entrepreneur was beneficial as their findings revealed that entrepreneurs should engage in active search, meaning that “entrepreneurs with little experience can identify high number of business opportunities when they engage in active information search” (p. 374).

Ramoglou and Tsang (2016) argues that entrepreneurial opportunity could not exclusively pre-exist objectively and suggests that entrepreneurial opportunity needs to be actively created through subjective processes and social construction. This places emphasis on what was also noted by Wood & McKinley (2010) who proposed a constructivist perspective and argued that “opportunities are produced through a process of social construction and cannot exist apart from the entrepreneur” (p. 66).

#### 6.4.2 Conclusion to research question three

The data has shown that opportunity was created through social connections and that numerous elements influenced social connections. The data have further shown how social connections were used to extract resources and how they contributed to constructing opportunities. These opportunities were encapsulated in the theme OPPORTUNITY, and according to the data were associated with the theme BUSINESS ACTIONS, which was an outcome of OPPORTUNITY. These actions had a reciprocal effect in that they led to an expansion of the migrant micro-entrepreneur’s social relationships through newly formed relations during these business actions, which led to an expansion of opportunities. It can therefore be argued that opportunity creates opportunity through social connections.

Evidence from the data did, however, highlight “uncertainty” and “aspirations” to influence business actions, which did influence opportunity as the theme BUSINESS ACTIONS was associated with OPPORTUNITY. “Uncertainty” revolved around the

context in which the micro enterprise was operated, whereas “aspiration” was more representative of the outlook and perception of the migrant micro-entrepreneur’s future of their micro enterprise or enterprises.

The literature reflected on constructivist thinking, which states that reality is influenced by individual perceptions induced by the contextual environment (Wood & McKinley, 2010). According to Ramoglou and Zyglidopoulos (2015) opportunity is realised through the interpretation of these opportunities, which are dependent on subjective forces. Wood and McKinley (2010) further emphasised that the element of viable cognitions that emerged from experience, social connections and the perceived ability of the entrepreneur to control rather than to predict the future, is central to effectual logic (Sarasvathy et al., 2014), which also relates to themes captured in constructivism, which are supported by Metzger and King (2015). Effectuation is a very appropriate logic to apply in resource-poor environments (Rennemo & Åsvoll, 2014; Arend et al., 2015) and environments characterised by high uncertainty and volatility (Arend et al., 2015). Effectuation is viewed as a process (Moroz & Hindle, 2012) in which entrepreneurs utilise a set of effectuation heuristics (Sarasvathy et al., 2014) to make decisions regarding entrepreneurial opportunities.

It can therefore be concluded that the data reflected many similarities to the literature in that effectuation was an appropriate logic to use in uncertain and volatile environments such as the environments in question. The data have also shown an integration of constructivist principles with the principles contained in effectuation, which Metzger and King’s (2015) views confirmed. Social connections were shown in the data to have a significant effect on opportunity creation.

A reciprocal effect was evident through the theme BUSINESS ACTIONS which led to the realisation that these major themes were interconnected and that the one theme is a cause of, and is caused by the previous theme. Social relationships in the form of social capital are a driving force within these themes. A contribution to the literature within research question three spans research question two and research question one in that a virtuous cycle developed that involved all four themes and expanded continuously through social relationships (social capital).

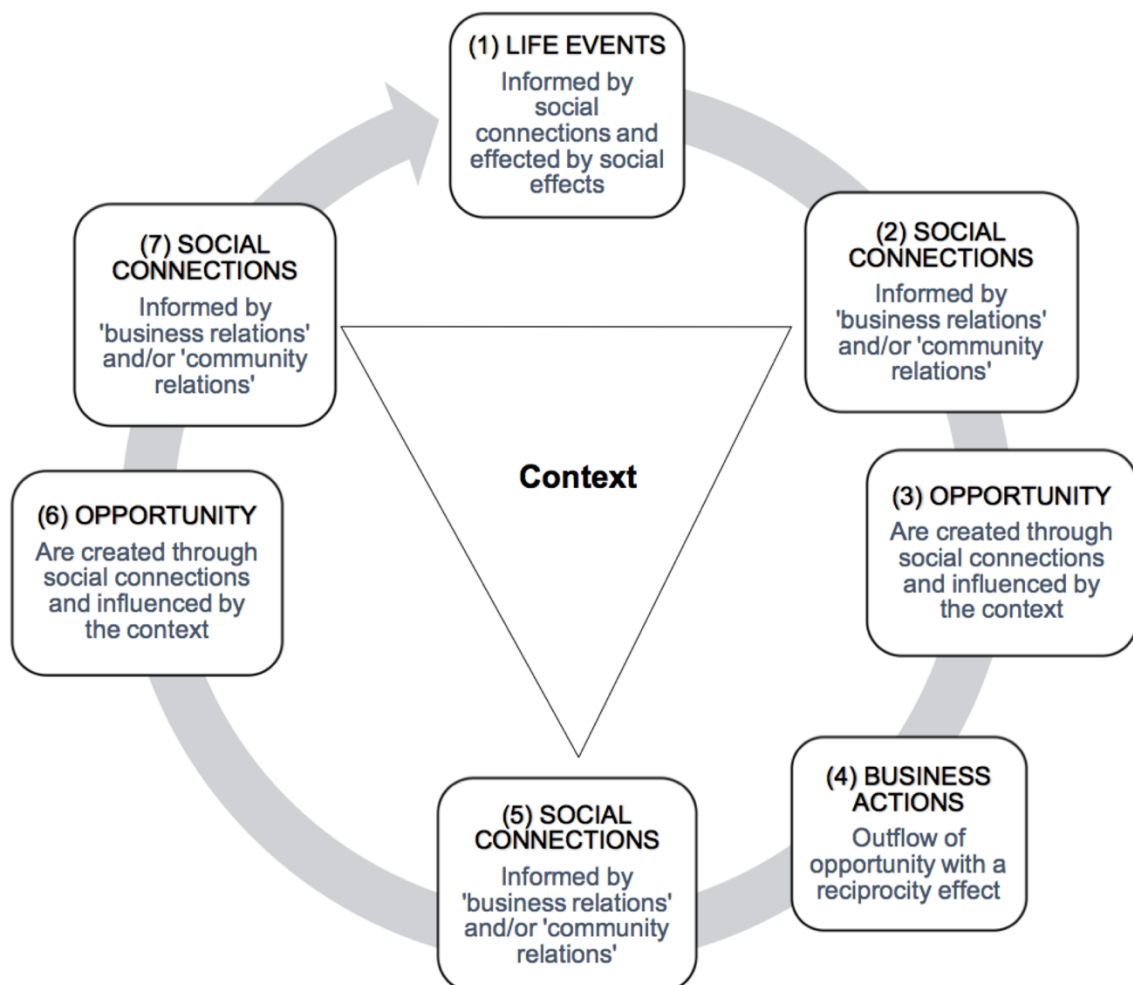
The next chapter elaborates on this virtuous cycle of opportunity creation through the construction of a conceptual model and explains how this model can contribute to future managerial and business decisions.

## 7 Conclusion

### 7.1 Principal findings

The insights gained are depicted in the conceptual model in Figure 7 which is a representation of the four major themes that were developed out of the data and will be discussed next, together with insights gained with regard to the bonding and bridging perspectives (Gedajlovic et al., 2013) of social capital (Nahapiet & Ghoshal, 1998) and the concepts “mutuality” (Leitch et al., 2013) and “habitus” (McKeever et al., 2014). The constructivist approach (Wood & McKinley, 2010) and the appropriateness of effectual logic (Sarasvathy et al., 2014) influenced by the context (London & Hart, 2011), which are characterised by a community setting fused by social capital (Rooks et al., 2016), are also integrated into the discussion.

**Figure 7: Conceptual model of micro-entrepreneurial virtuous cycle of growth (Authors own).**



The conceptual model represents the four major themes developed out of the data and examined in the results chapter, after which an in-depth discussion followed when the findings were related to the literature. The next section examines the model's application and explains every step in the virtuous cycle for micro-entrepreneurial growth to ensure the findings of this study are understood in relation to the relevance of the model, and the model's contribution in practice.

#### (1) LIFE EVENTS

“Informed by social connections and affected by social effects.” LIFE EVENTS make up the personal and social makeup of a micro-entrepreneur. It represents three categories of which the first is identity (who I am), second is knowledge (what I know) and the third is networks (whom I know) which are identified by Sarasvathy et al.'s (2014) first principle 'Bird-in-Hand'. Life events are thus indicative of a micro-entrepreneur's characteristics, which are shaped through the social relationships of the past and the current social relationships, and are influenced by social effects through the perception of the micro-entrepreneur on social judgements, social relationship frustrations and social manipulations. It can then be argued, that social connections inform life events, but life events determine the social connections that will be pursued.

#### (2) SOCIAL CONNECTIONS

“Informed by business relations and/or community relations.” risking only what the micro-entrepreneur was willing to lose increased the emphasis on partnerships to support the entrepreneur with added resources (Schuster & Holtbrügge, 2014). Effectual partnerships were recognised by those relationships in which the risk as well as benefits were shared regarding the opportunity (George et al., 2012; Sarasvathy et al., 2014). Social connections thus represent “Crazy Quilt” and “Affordable Loss” in Sarasvathy et al.'s (2014) effectual logic. In relation to the literature social connections thus represent all social relationships, past and present. These relationships present a reciprocal dualistic connection that entails receiving resources from one other or others but also giving some form of recourse to the other or others for the creation of opportunities (Nahapiet & Ghoshal's, 1998; Gedajlovic et al., 2013).

The resources that are changing hands are moderated through the intensity and frequency of these interactions that are either mutual beneficial through loose communal relationships (Leitch et al., 2013), or of a habitual nature in more tight connections (McKeever et al., 2014). In this regard, habit is moderating social relationships which have an underlying driver that could be of a cultural, national, family, or any other in-group related nature that ground these interactions within formal or informal norms of

engagement. It manifests through bounding conditions attached to these social connections which can offer benefits through support structures, but often bind micro-entrepreneurs within a web of obligations to the group which limit opportunity creation opportunities for the micro-entrepreneur (Light & Dana, 2013; Khayesi et al., 2014).

### (3) OPPORTUNITY

“Are created through social connections and influenced by the context”. According to Sarasvathy et al.’s (2014) ‘Pilot-in-a-Plane’ principle the micro-entrepreneur is in control of the opportunities that are created by the entrepreneur. These are associated with firstly, identity (who I am) secondly, knowledge (what I know) and thirdly, networks (whom I know). These opportunities are directly associated with the social structures of the micro-entrepreneur which together with the context of the entrepreneurial environment exert influence on the opportunity creation potential (Wood & McKinley, 2010). The micro-entrepreneur and his/her social connections thus inform the opportunities that will be created, but the opportunity creation actions are contextual in that the context which is characterised by a community setting fused by social capital (Rooks et al., 2016) moderates when and how these opportunities will be constructed.

### (4) BUSINESS ACTIONS

“Outcome of opportunity with a reciprocity effect”. These actions are directly associated with the opportunity that was created and support the expansion of the opportunity and new opportunity arising out of the new social connections generated from these business actions. Business actions are characterised by uncertainty and aspirations and are viewed as an outcome of the opportunity that was created. Sarasvathy et al. (2014) used the principle “Lemons to Lemonade” (p. 74) to represent this uncertainty and highlight the opportunity entrenched in the unpredictability of such situations (Bullough et al., 2014). Effectual logic embraces the unknown and the principle “Lemonade” focuses on the unintended creation of the opportunity development process. BUSINESS ACTIONS thus represent an outcome of actions due to the opportunity, but also have a reciprocal affect in that they stimulate new social connections which in turn develop a context in which new opportunities become accessible.

### (5) SOCIAL CONNECTIONS

As indicated above, business actions expand social structures within the opportunity that was created and are the cause of new social connections to be developed. This expansion of the social structure of the micro-entrepreneur thus has a reciprocal effect which develops the potential for new opportunity to be created. The model in Figure 7 have shown that opportunity are created out of new social connections which are formed



through business actions and influenced by the context of the entrepreneurial environment.

#### (6) OPPORTUNITY

Although always influenced and moderated through the context, the opportunity creation possibilities expanded with the expansion of the micro-entrepreneur's social structures. The effect of a virtuous cycle becomes evident as every step in this virtuous cycle of micro-entrepreneurial growth develops and expands through the social connections of the micro-entrepreneur.

#### (7) SOCIAL CONNECTIONS

These social connections which collectively form the social structure of the micro-entrepreneur and which are continuously moderated and shaped by the context (Wood & McKinley, 2010) add to the life events of the micro-entrepreneur. This continuous virtuous cycle of micro-entrepreneurial growth adds to the micro-entrepreneur's identity (who I am), to his/her knowledge (what I know) and to their networks (whom I know) Sarasvathy et al. (2014) which expands their ability to take more control of the opportunities they can create.

This model thus depicts the overwhelming influence of a constructivist nature (Wood & McKinley, 2010) in that the entrepreneur's identity, knowledge and social structures are moderated by the context (London & Hart, 2011; Rooks et al., 2016) which shapes micro-entrepreneurial opportunity creation. It also implies that effectual logic will be an appropriate logic to use in future empirical testing within the context of micro-entrepreneurship. This study therefore agrees in a number of respects with the literature, but contributes in the synthesis of the insights gained in this study in relation to constructivism (Wood & McKinley, 2010), effectual logic (Sarasvathy et al., 2014) and social capital (Gedajlovic et al., 2013) to offer a different view in how social connections, the micro-entrepreneur and the context interrelate to create opportunity for more inclusive entrepreneurial growth. The conceptual model in Figure 7 thus answer calls made in the literature (Storti, 2014) and offer insights into migrant entrepreneurial pathways and the characteristics of their networks.

### **7.2 Implications for management**

The researcher approached poverty from a "capacity or opportunity deficiency" point of view (Bradley et al., 2012; Chakravarti, 2006; George et al., 2012). Ansari et al.'s (2012) support capability development and community empowerment highlight the roll-over effect that such a poverty alleviation model can have in a community setting. Such a

major portion of micro enterprises is controlled by foreign national asylum seekers in South Africa's poor rural emerging market that government institutions need to recognise the potential locked in these micro enterprises and the relationships these micro-entrepreneurs have with disenfranchised end users.

Micro-entrepreneurial contributions have the potential to add value to socioeconomic conditions in communities afflicted by limited resources. Community benefits such as higher employment opportunities can be derived from higher economic growth, which can be achieved through developing the markets in these communities with the resources derived from these partnerships (Ansari et al., 2012).

This study highlighted some of the levers applied by migrant micro-entrepreneurs and indicated that opportunity was created through togetherness and collaborative partnerships. Government institutions and policy development bodies concerned with local micro-entrepreneurial development should take cognisance of these levers and leverage these types of mind-sets to enable local micro-entrepreneurial development which could have a roll-over effect with regard to job creation and increased economic activity in these rural, poor environments.

An increase in economic activity in the informal sector through an increase in locally owned enterprises could have a ripple effect in that more enterprises will start to connect to the formal economy, which may even lead to some enterprises being included into the formal economy. This effect could lead to a positive long-term contribution to South Africa's GDP, which could in itself contribute to an increase in investor confidence due to a decrease in risk, which could contribute to multinational corporations investing more into the South African market, which could again increase economic activity (McKinsey & Company, 2016).

Applying appropriate measures to either support migrant micro enterprises to encourage them to employ local inhabitants or to leverage these competencies to stimulate local micro-entrepreneurial development is needed. As Ansari et al. (2012) postulated, capability development and community empowerment can initiate a ripple effect throughout a community. In addition, McKeever et al. (2014) stated that "communities are the building blocks of society" (p. 454), which release the potential that is locked within a market that is taken for granted. Either way, huge potential is locked in the informal market, which diverts value out of the South African economy. If these levers can be managed on a local level, the informal market can be utilised more effectively to be incorporated slowly into the formal market to retain the value within the South Africa

economy, which could benefit the South African GDP and reciprocal growth from these initiatives (McKinsey & Company, 2016).

### **7.3 Limitations of the research**

The research methodology that was applied was very susceptible to errors and partiality, especially from the researcher's own partiality that filtered through in the data collection, data analysis and data interpretations. Leitch et al. (2010) emphasised the importance of the researcher in that the researcher forms an integral part of the research process during qualitative interpretivist research. Although the researcher attempted to limit most errors and partiality, it was not possible to eliminate them altogether.

The analysis process was prone to errors as interpretations were done by the researcher who by default used frameworks that were shaped by his own life experience (Shepherd & Sutcliffe, 2011). These frameworks placed significant emphasis on what made sense to the researcher from the perspective of the researcher's frame of mind. It could therefore be argued that the results, discussion and the conclusion of this study were a combination of the respondents' version of what was (the raw data) and the researcher's subjective interpretation of how this was understood within the frameworks that the researcher applied.

Another limitation was the size of the sample and the sample diversity. Although some information that was drawn from the data led to insights with regard to the universal and more specifically the sample groupings (two specific nationalities and two distinct geographic regions within South Africa), the sample size was not large enough to generalise with regard to the totality of these specific groups. The sample was limited to South Africa and only two foreign nationalities because of the time limitation which did not allow for a larger sample and a broader geographical base. Although insights were gained and recommendations were made, it should be noted that these insights must be viewed and understood within the context that they were generated from and in relation to the sample size and the sample characteristics.

Additionally, the stance that the researcher took by adapting the interview schedule to a more narrative approach (McCormick, 2004), changed the proposed semi-structured approach towards a more unstructured approach. The researcher was convinced that this approach was more suitable to the respondents and the change was done in relation to the feedback that was gained through the pilot interview which was conducted before the initial interviews were scheduled. This decision was made purely on a judgement by the researcher in relation to the outcomes of the pilot interview and the researcher's knowledge pertaining to the two approaches in question and probing for information.

A final limitation that surfaced in the data analysis process, was based in some instances on the transcription process, which was done from recordings of the interviews, which indicated slight difficulties the respondents had in expressing themselves fluently in English. It does not indicate, however, that there were difficulties with their understanding of the questions, or their ability to speak the language. It merely indicated that there were some slight difficulties among the respondents in fluently articulating their perceptions with proper English terms. According to the researcher's judgement, this limitation did not distort the meaning of the data; it only limited the language quality of some documented quotations.

The next section provides suggestions for future research after which recommendations follow with regards to the outcomes of this study.

#### **7.4 Suggestions for future research**

Due to time and resource constraints, the researcher only focused on migrant micro-entrepreneurial opportunity in rural poor emerging markets. It would be interesting to compare a study of local South African micro-entrepreneurial opportunities in the same context to reflect the different effects that social capital has on micro-entrepreneurs foreign to the country and local inhabitants embedded within the community. This study could be done by applying a quantitative design to test the impact of migrant micro-entrepreneurs on the local numbers of local micro-entrepreneurs within the informal economy of South Africa. Such a study can reveal valuable information that can give an indication of how local micro enterprises are affected by migrant micro-entrepreneurs.

In addition, a study on the network effects of opportunity creation through mobile devices can examine the network aspects of opportunity, to offer insights on the relevance and importance of mobile devices in today's social connections. Mobile devices, together with social media, have the propensity to add a multiplier effect to the virtuous cycle of micro-entrepreneurial growth. It will be interesting to relate the literature on social capital to social connection development through the means of social media on mobile devices to understand if micro-entrepreneurial growth could be accelerated.

Furthermore, in a digital age many opportunities can be created through leveraging network effects and to use minimum means in the form of fixed assets to start and to manage a business through digitalised platforms. A study on the readiness of micro-entrepreneurs and their knowledge base in relation to upcoming business trends will give valuable insights into Africa's readiness to pursue business opportunities in line with first world opportunities. This type of study could also focus on the educational gap that exist between platform business management models in a digitalised world and traditional

business management models. Such a study could also include and expand on the notion of inclusive innovation by George et al. (2012) to include community dynamics within contemporary business models.

The next section gives some recommendations for management in relation to the outcomes and findings of this study which could have implications to the prosperity of the poor and the development of the economy in a country.

## **7.5 Recommendations**

This study and the findings could be used in practice by institutions that govern small, medium, and micro enterprises to understand the importance of micro-entrepreneurship. Although micro enterprises are small and probably insignificant on their own, with little impact on the economy, it should be noted that these micro enterprises when combined could exert substantial influence on the economy. If these micro enterprises can be incorporated into the formal economy, driven by either local community-owned micro enterprises or migrant micro-entrepreneurs employing local disenfranchised end users, it could offer large potential for the GDP of the country (McKinsey & Company, 2016). Economic empowerment within the community can also have a ripple effect that could spread through other communities to increase capability transfers in these communities and breed empowerment by choice in contrast to the overreliance of communities on external hand-outs and poverty relief programs.

It is thus recommended that governing bodies and regulating institutions leverage micro-entrepreneurship as a vehicle for community empowerment and capability transfer, as Ansari et al. (2012) proposed, to increase economic prosperity and offer a dignified existence to all that bear the brunt of poverty and poor living conditions.

Following a constructivist perspective (Wood & McKinley, 2010), these governing bodies; regulating institutions; and other benefit programs should leverage social capital effects (Gedajlovic et al., 2013; Leitch et al., 2013; McKeever et al., 2014; Nahapiet & Ghoshal's, 1998) to enhance micro-entrepreneurial opportunity creation (Sarasvathy et al., 2014). In this way, micro-entrepreneurs can be empowered to take control of the economic conditions in their community to improve the living conditions of community members through a ripple effect of capability transfers (Ansari et al., 2012) and add to the prosperity of the country as a whole.

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## Appendix A: Interview schedule

**Topic:** Social capital effects on migrant micro-entrepreneurial opportunity in rural poor emerging markets: a constructivist approach.

**Key questions:**

1. I am here to listen to your story, especially the time that led up to the opening of your store (first store) in this community.
  - a) Please share with me how this business opportunity came about?
2. I am also interested in your relationship with this community. (community leaders; customers; friends; family members)
  - c) Did you know anyone within this community before you opened your store (first store)?
  - d) Please share with me some of your relationships within this community after you have opened your store (first store)?
3. I want to know more about your up's and down's in your business during your stay in this community.
  - c) Will you please share with me some of the highlights (best moments) you experienced in your business during your time in this community?
  - d) Will you please share with me some of the struggles (lost opportunities) you have encountered (negative moments) during your time in this community?
4. Currently do you have any relationships with people from other communities that is helpful (offer more opportunities) for your business? Please share with me some of these relationships which according to you is most important for your business.
5. Please share with me how a typical day will start for you running (managing) the store, how it will progress through the day and then end off at closing?
6. One year from today, where do you see (view) yourself and your business?

## Appendix B: Informed consent letter

### Letter of consent

I am conducting research on the effects of social capital on migrant micro-entrepreneurial opportunity in rural poor emerging markets. I am thus trying to find out more about how your relationships within this community and between you and other community members or other business owners effects the opportunities that was and is available for you as a migrant micro- entrepreneur. Our interview is expected to last about an hour, and will help me to understand your story as to why you decided to open a store in this community in South Africa. It will also help me to understand how you view (perceive) your business relationships in and outside the community in relation to the opportunity it provides for your business. I am also interested to understand a typical day for you as a migrant micro-entrepreneur and where you see yourself and your business one year from now. **Your participation is voluntary and you can withdraw at any time without penalty.** Of course, all data will be kept confidential. If you have any concerns, please contact my supervisor or me. Our details are provided below:

**Researcher name:** Andre van der Walt

**Research supervisor name:** Prof. Louise  
Whittaker

**Email:** [15391443@mygibs.co.za](mailto:15391443@mygibs.co.za)

**Email:** [whittakerl@gibs.co.za](mailto:whittakerl@gibs.co.za)

**Phone number:** 082 497 6176

Phone number: 082 457 0892

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix C: List of codes (Atlas.ti)

(Atlas.ti.) Report

MBA - Integrated Research Project (IRP)

### Codes

Report created by andre on 09 Jan 2017

- 'Aspirations'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

Forward thinking and the attitudes surrounding the near future...

- 'Assistance'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

It indicates the flow of benefits to the respondents through social connections

- 'Assisting'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

It indicates the flow of benefits from the respondents to other social connections

- 'Business barriers'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

Difficulties experienced by the respondents within the context of business

- 'Business relations'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

This sub-theme is associated with SOCIAL CONNECTIONS which is effected by the category 'support'. These social relations represent inbound relations which assist business processes.



- 'Community relations'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

This sub-theme is associated with SOCIAL CONNECTIONS which is effected by categories 'assistance' from the community, 'assisting' the community, 'business barriers' in the community, and 'safety and crime' which influence community relations.

- 'Safety & crime'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

All effects of crime and any relevant issues that is associated with the safety and security of the respondents and their property within the community they operate in...

- 'Social effects'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

'Social effects' is a sub-theme and have to do with social judgement, frustrations in social relationships, and social munipulation in particular. It have a direct effect on major themes LIFE EVENTS & SOCIAL CONNECTIONS

- 'Support'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

The support that the respondent is receiving or can rely on in the context of him/her being a foreign national conducting business in a foreign country

- 'Uncertanty'

Created: 2016/11/17 by andre, Modified: 2016/12/01 by andre

Comment:

Uncertainty represents the unknown and the dynamics associated with its influence on decision-making...

- \*ACTIONS

Created: 2016/11/17 by andre, Modified: 2016/11/27 by andre

Comment:

This major theme is effected by categories 'uncertainty' and 'aspirations'. It is associated with OPPORTUNITY and have a reciprical relationship in that it is an outflow of opportunity however, also allow for the expansion of new opportunities.

- \*LIFE EVENTS

Created: 2016/11/17 by andre, Modified: 2016/11/20 by andre

Comment:

This is a major theme and represents all events that shapes current social relationship choices. This major theme is effected by social effects and is associated with SOCIAL CONNECTIONS.

- \*OPPORTUNITY

Created: 2016/11/17 by andre, Modified: 2016/11/17 by andre

Comment:

This major theme is associated with SOCIAL CONNECTIONS in that opportunity is created through social relationships. It is also associated with BUSINESS ACTIONS. Business actions can be viewed as an outflow of opportunities.

- \*SOCIAL CONNECTIONS

Created: 2016/11/17 by andre, Modified: 2016/11/17 by andre

Comment:

This major theme is affected by social effects and is associated with LIFE EVENTS in that it shapes life events through social relationships. It is also associated with OPPORTUNITY as it provides the means to create opportunity. It is also associated with sub-themes 'business and community relations'

- 1st Opportunity

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- 2nd Opportunity

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

Comment:

The 2nd opportunity is when most respondents started their own store...

- 3rd Opportunity

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

Comment:

Only two respondents started their own store with their 3rd opportunity in South Africa

- A typical day for a Micro-entrepreneur

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Adding value to the community

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Aspirations: Before opening a store

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Assistance from the community

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Assistance: Family

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Assistance: Same Nationalities

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Assisting family

Created: 2016/11/16 by andre, Modified: 2016/11/17 by andre

- Assisting in family store

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Assisting the community

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Building community relationships with the 1st opportunity already

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Building experience in store operations

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business aspirations

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business decisions on a daily basis

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business difficulties

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Business drawbacks

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business expansion

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business growth: Ininitially

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Business mindset

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business mobility

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business operations

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Business partnership

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business partnership: Family

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business planning

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business processes

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Business relationship

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Business view

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Business volatility

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Businesses supporting one another

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Chasing opportunity

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Community in the surrounding area of the store

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Community leadership influence

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Community relationship

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Community relationship barriers

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Community relationship benefits

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Community relationship effects

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Community taking advantage of store owner foreign status

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Connection in SA

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Corruption

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Creating means to grow the business

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Customer service

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Decreasing benefits as a result of increasing competition

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Expanding the business beyond subsistence

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Family assistance

Created: 2016/11/16 by andre, Modified: 2016/11/17 by andre

- Family decision-making

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Family history of store owning

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Family support

Created: 2016/11/16 by andre, Modified: 2016/11/17 by andre

- Fast reaction by the police

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Future aspirations

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Gaining experience before starting to operate a store

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Group pressure

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Incremental help becomes a habit

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Language barriers

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Local stores

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Measuring store progress through amount of stock purchases in a week

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- National pride - foreign community

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Nationality: Bangladesh

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Nationality: Ethiopia

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Negative business consequence

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Operating the store on a day to day basis

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Ownership

Created: 2016/11/16 by andre, Modified: 2016/11/17 by andre

- Raised the means to come to SA

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Reasons for coming to SA

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Reflective social relationship

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Regrets

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Religious notion

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Respecting your customers

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Response from the police

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Saving potential

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Security issues

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Self-reflection

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social assistance

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social awareness

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social bonding

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social concern

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social connectedness

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social connection

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social detachment

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social habit

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social influence

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social interaction

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social judgement

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social manipulation



Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social network

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social relationship

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social relationship concerns

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social relationship frustration

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social responsibility

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social seclution

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social separation

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social support

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Social view point

Created: 2016/11/16 by andre, Modified: 2016/11/16 by andre

- Store suturation in communities

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Subsistance entrepreneurship

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Supporting his family

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Supporting own Nationality

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Supportive community

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Taking the money out of the country

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- The effects of crime

Created: 2016/11/09 by andre, Modified: 2016/11/17 by andre

- Uncertainty on a daily basis

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

- Venturing into larger Metro

Created: 2016/11/08 by andre, Modified: 2016/11/17 by andre

## Appendix D: Code cloud (Atlas.ti)



## Appendix E: Code frequency table (Atlas.ti)

Codes	Bangladeshi Nationals	Ethiopian Nationals	Quotations	Ranked Frequencies
Social judgement	6	8	14	1
Community relationship	7	5	12	2
Assistance: Same Nationalities	3	9	12	3
1st Opportunity	4	6	10	4
2nd Opportunity	4	6	10	5
Corruption	8	2	10	6
Family support	1	8	9	7
Business difficulties	1	7	8	8
Business mindset	6	2	8	9
Assistance: Family	2	5	7	10
Decreasing benefits as a result of increasing competition	1	5	6	11
Nationality: Ethiopia	0	6	6	12
The effects of crime	4	2	6	13
Business operations	1	4	5	14
Community relationship barriers	2	3	5	15
Future aspirations	2	3	5	16
Reasons for coming to SA	0	5	5	17
Self-reflection	1	4	5	18
Social relationship	2	3	5	19
Supporting his family	0	5	5	20

## **Appendix F: Ethical clearance approval letter**

Dear Andre Van der Walt

Protocol Number: Temp2016-01944

Title: Entrepreneurial process: Social capital and mutuality

Please be advised that your application for Ethical Clearance has been APPROVED.  
You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker