

# Exploring network typology and their role in immigrant entrepreneurship: insights from South Africa

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## Abstract

**Purpose** – This study aims to explore network typology and the role of networks in immigrant entrepreneurs' (IEs) business operations in South Africa (SA).

**Design/methodology/approach** – In-depth interviews were carried out with 25 IEs operating their business ventures in SA, selected via the purposive sampling method.

**Findings** – The findings indicated that IEs in SA use social networks most often, with minimal use of international business networks. In addition, the findings showed that IE networks' key roles include providing them with access to referrals and resource provision. However, whilst resource provision emerged as a significant role, finance appeared as the main resource provided by networks.

**Originality/value** – To the best of the authors' knowledge, this original paper provided theoretical and empirical contributions to research on network typology and its role for IEs. Thus, the study extended the current literature on the intersection of IEs and their networking behaviours.

**Keywords** Immigrant entrepreneurship, Immigrant entrepreneurs, Network, Emerging economies, South Africa, Resource dependence theory

**Paper type** Research paper

## 1. Introduction

Migration literature suggests that people relocate for a variety of reasons, such as the search for better job opportunities, new knowledge or a better quality of life (Malerba and Ferreira, 2020) or due to political instability in the country of origin (Agadjanian and Gorina, 2019). The continuous influx of migrants into various developed and developing countries has resulted in some economic challenges, particularly for the migrants and, in some cases, the receiving countries. As per the literature, integrating migrants into host country economies is frequently challenging due to the migrants' lack of the necessary skills to seek formal employment or their lack of understanding of the host country's language (Adom and Ackom, 2023). Other research indicates that migrants might possess the required skills and documentation, yet stringent rules in the host country might prevent them from seeking formal employment (Remennick, 2013). Hence, they resort to a form of entrepreneurship known as "immigrant entrepreneurship".



Immigrant entrepreneurship - the pursuit of entrepreneurial activities by immigrants in the host country (Dabić *et al.*, 2020) - has attracted cross-disciplinary attention over the last decade due to the critical role it plays in the economic development of both the migrants' host and home countries (Kerr and Kerr, 2020). Moreover, several scholars report that immigrant entrepreneurs (IEs) are more entrepreneurial compared to locals in the host country, which is essential for innovation and consequently economic growth (Vandor and Franke, 2016). Malerba and Ferreira (2020) posit that entrepreneurship is often used as a tool for integrating immigrants and their participation in the host country's market. Migrant founders are job creators and therefore contribute to reducing high unemployment rates in host countries (Kerr and Kerr, 2020). Thus, IEs contribute to economic growth in Sub-Saharan Africa by creating jobs and alleviating poverty, and as a result, they have a positive impact on locals (Adom and Ackom, 2023; Fubah and Moos, 2022b; Muchineripi *et al.*, 2019).

Immigrant entrepreneurship is not a new phenomenon; this is particularly true in the African context, where research has highlighted the continuous movement of people into different African countries, especially South Africa (SA) (Adom and Ackom, 2023; Fatoki and Patswawairi, 2012). Organisational reports indicate that there are about three million African immigrants in SA (United Nations, 2019), the majority of whom operate small businesses across different cities within the country (Urban *et al.*, 2022). The contributions of SA IEs have also been reported by several studies, highlighting their job creation abilities specifically (Fatoki and Patswawairi, 2012; Fubah and Moos, 2022b; Kalitanyi and Visser, 2010). These have helped reduce the high unemployment rate, which was at 32,1% as of the last quarter of 2023 (Stats SA, 2024). Despite the key role they play, IEs in SA encounter barriers such as limited access to finance, credit facilities and a lack of trust (among others) due to their cultural differences (Fatoki and Patswawairi, 2012). These barriers limit their entrepreneurial growth, resulting in the need and creation of networking ties.

Research has shown that networks play a significant role for entrepreneurs, such as providing them with access to information, business ideas, knowledge and other resources (Morkunas *et al.*, 2019; Zahra, 2021). However, for IEs, networks are essential since they help them overcome certain challenges that are not faced by local entrepreneurs - such as the liability of foreignness and uncertain business contexts (Stoyanov *et al.*, 2018). Therefore, networks are crucial for immigrants operating their ventures in the host country, including SA.

Although networks are essential for IEs, research on the various network types used by IEs in SA remains underdeveloped and underexplored. For instance, research suggests that IEs limit themselves to co-ethnic networks and fail to move to other network types in SA (Fatoki and Patswawairi, 2012). Other research in the same context has reported the lack of local networks for IEs, which negatively impacts their businesses (Muchineripi *et al.*, 2019). In addition, a recent review on immigrant entrepreneurship in this context calls for further exploration of different network types used by IEs and their role in business operations (Fubah and Moos, 2022b). Moreover, research on the role of networks for IEs is limited and fragmented, and more research on this topic is needed to provide insight to academia, practitioners and policymakers. As such, this study sets out to explore networks from the perspectives of IEs in SA. The study was guided by two research questions, namely:

*RQ1.* What types of networks do IEs use in operating their business ventures in SA?

*RQ2.* What role do networks play in the business ventures of IEs in SA?

Exploring these two questions could provide useful insights, particularly into IEs, while also contributing to the limited literature on IEs and their networks in an emerging economy context such as SA. Consequently, extant literature related to the topic is reviewed through the lens of the

resource dependence theory (RDT). To answer the research questions, data for the study were collected using a qualitative research methodology (Creswell, 2014) guided by the interpretivist research paradigm (Saunders *et al.*, 2015).

The study, therefore, extends the application of the RDT and further contributes to the literature on networks and their role in immigrant entrepreneurship. The study moreover makes an empirical contribution by focusing on IEs in the SA context and the role that different networks play in their business ventures. Finally, the study's findings have practical implications for IEs in the developing world, specifically in SA where they should be able to identify which of the different networks are at their disposal, to contribute positively towards their business ventures. The remainder of the paper is structured into sections, with Section 2 focusing on the literature review, covering networks, social capital, immigrant entrepreneurship and immigrant entrepreneurship in SA. Section 3 thereafter regards the methodology used to collect data to answer the research questions, whilst Section 4 presents the findings. Finally, Section 5 provides a discussion and conclusion to the paper.

## 2. Literature review

### 2.1 *Theoretical underpinning: the resource dependence theory*

The RDT used in this study provided a better understanding of the reliance and interdependencies which exist in IEs' networks, as they seek critical resources for their business operations in the host country. The theory is built on the premise that firms must engage in transactional relationships with other organisations in their environment to acquire critical resources and overcome certain challenges (Pfeffer and Salancik, 1978). Moreover, the theory assumes that uncertainty clouds a firm's control over critical resources. Therefore, the need for links and ties between firms grows as uncertainty and dependencies arise between them. Furthermore, RDT considers these links and ties as a means of acquiring critical resources to improve organisational performance (Johnson, 1995). Accordingly, firms rely on resources provided by other firms to sustain their growth, as well as other organisations that may rely on them for resources over which they have limited control (Pfeffer and Salancik, 1978). It is important to emphasise that firms cannot be completely self-sufficient in terms of invaluable resources for survival, necessitating their reliance on other firms (Ulrich and Barney, 1984). Therefore, to gain access to such resources, organisations must become interdependent. Moreover, an organisation's resources are only important if they can be used by other firms when in need (Kholmuminov *et al.*, 2019). Thus, firms must form relationships (networks) and collaborate with other market stakeholders to gain access to such resources. Dependence can, therefore, be created in relationships when one firm has more critical and scarce resources than the other (Davis and Cobb, 2010). In addition, a business's performance depends on networks and available resources (Klein and Pereira, 2016; Premaratne, 2001). The RDT is thus centred on the flow of resources, organisations' reliance on resources from other organisations and managerial decision-making on resource allocation; importantly, networks could be the distribution centre of such resources. This study, therefore, relies on the RDT to explain the reliance of IEs on different networks and the role of networks in their business operations in SA.

### 2.2 *Networks, social capital and immigrant entrepreneurship*

When a business is formed, it generally requires all types of resources to function. As resources are not available to everyone, entrepreneurs (including immigrants) tend to form ties or networks to access resources over which they have limited control (Anderson and Jack, 2002; Kwon and Adler, 2014). Research highlights that these ties or networks become a source of social capital for the entrepreneur, which can increase the likelihood of their business's success (Smith and Lohrke, 2008; Urban *et al.*, 2022). Literature indicates that while social capital is the product of networks, it

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is also an important enabler of network development (Anderson and Jack, 2002; Smith and Lohrke, 2008). Moreover, social capital is an important factor which facilitates interaction between individuals.

Networks provide their participants with access to career and job opportunities. In light of this view, De Klerk and Kroon (2008) posit that expanding contacts (for instance, meeting new people in networks) can open doors to opportunities such as career development and personal growth. As a result, active networking allows for sharing opportunities, such as job openings, while also increasing the likelihood of network participants' referrals to potential employers (Munshi, 2020). Networks provide access to a diverse skill set, information and power, all of which are important for entrepreneur success (Stoyanov and Stoyanova, 2022; Sullivan and Ford, 2014; Uzzi and Dunlap, 2005).

Scholars state that networks, particularly international family links and ties, play an important role in the development of a person's business idea and the provision of relevant training concerning the formation of a specific type of business (Bagwell, 2008; Li and Johansen, 2023; Mustafa and Chen, 2010). Networks, such as family ties, encourage members to start similar businesses because information relevant to such business formation and training can be relayed at a low cost through these networks. The presence of innovative and well-educated people in networks can advance other network participants because they can encourage and advise the entire network on the importance of innovation in business success (Bagwell, 2008; Stoyanov and Stoyanova, 2022). As a result, the research emphasises the importance of these networks to entrepreneurs, and those who lack networks/relationships may fail because they lack access to critical resources that are only available through these relationships.

Research has identified distinct types of networks, which IEs use in their business operations in the host country. These network types include (among others) social networks (Chen and Fan, 2022); business networks (Guercini *et al.*, 2017); family networks (Li and Johansen, 2023); transnational networks (Bagwell, 2015; Kariv *et al.*, 2009) and ethnic (and co-ethnic) networks (Abd Hamid and Everett, 2022; Chen and Redding, 2017).

Scholars (Desta, 2015; Ilhan-Nas *et al.*, 2011) posit that social networks are the interactions between a business owner and other individuals such as family members, friends and social clubs. Social networks provide IEs access to social capital while also allowing them to acquire resources that aid in business operations, such as information, finances and human capital (Chen and Fan, 2022; Durda and Ključnikov, 2019). Moreover, to compensate for a lack of critical resources in the host country, migrant entrepreneurs turn to their social networks, which serve as a vital resource in improving their performance and gaining a competitive advantage (Chung and Tung, 2013; Iyer and Shapiro, 1999). Research suggests that social networks (family and friends) open business opportunities to newcomers in the host country. As such, ethnic entrepreneurs who enter certain business operations are influenced by their social networks and incumbents who have knowledge of host country market dynamics (Ilhan-Nas *et al.*, 2011). Further research has highlighted that social networks - even in the country of origin - play a critical role in foreign market entry by providing insights and advice on the country and location to start a business (Chung and Tung, 2013).

Wang and Altinay (2012, p.8) define family networks as "the extent to which entrepreneurs have ties or bonds with their close family members and relatives, including using family advice and labour". Research suggests that family and friends typically provide the entrepreneur's initial capital. In addition, family networks provide affordable resources to immigrants; for instance, family support and capital at low to no interest rates (Mustafa and Chen, 2010). Moreover, family networks provide family resources such as low-cost labour and emotional support (Iyer and Shapiro, 1999). Bird and Wennberg (2016), who share a similar viewpoint, posit that family networks encourage immigrants to engage in entrepreneurial activities since being family

facilitates access to critical resources (information, advice and start-up capital). Furthermore, their research highlights that family networks assist in the economic integration of migrant entrepreneurs in the host country (Bird and Wennberg, 2016). It is critical to emphasise, however, that overreliance on family networks, despite their lack of necessary or required skills, may hinder business performance (Wang and Altinay, 2012).

Desta (2015) defines business networks as ties that businesses have with organisations that help them with their business development (value creation for a business), as well as the networks that business owners have with stakeholders such as lawyers and accountants. Business networks are made up of a collection of interconnected elements that include two or more businesses or actors in charge of business activities. Scholars (Humphrey *et al.*, 2020; Stephens, 2013) contend that business networks enable network participants to align their interests in joint activities, in which they exchange information and resources that benefit them. Business networks provide expert advice, while also providing critical information on business opportunities in the market environment. In addition, research suggests that business networks help a business build its reputation (Chittithaworn *et al.*, 2011).

Ethnic networks are links between people of the same ethnicity that aid in the flow of information regarding opportunities in their community (Desta, 2015). Research suggests that IEs resort to ethnic and co-ethnic networks in the host country due to their lack of necessary skills, as well as language and institutional barriers which prevent them from obtaining a well-paying job (Dana *et al.*, 2020). Ethnic identity is crucial in collective action, especially in developing countries (Larson and Lewis, 2017) as it allows the flow of information among people of the same ethnicity which enables business development. Patacchini and Zenou (2012) support this assertion; they report that ethnic networks create employment opportunities through ethnic social networks and word-of-mouth. According to Larson and Lewis (2017), information flows more freely between people of the same ethnic group (co-ethnic) than between people of different ethnic groups. This information is commonly reliable and less costly, compared to information from other sources (Patacchini and Zenou, 2012). Other research also highlights that ethnic (and co-ethnic) networks provide markets for ethnic products and access to critical ethnic resources (such as human capital and finance) to network participants (Chen and Redding, 2017; Guercini *et al.*, 2017).

Transnational networks enable IEs to obtain social and human capital resources from their country of origin, which they can use in their business operations in the host country (Kariv *et al.*, 2009; Li and Johansen, 2023). Prior research indicates that transnational networks can include social-, ethnic-, business- and family relationships that the IEs established in their home country before moving (Kariv *et al.*, 2009; Lassalle *et al.*, 2020; Li and Johansen, 2023). Thus, though operating business ventures in the host country, IEs remain part of these networks in the country of origin.

Based on the literature, it is evident that there are overlaps and linkages between the different network types. For instance, social networks include close relatives but also extend to include friends and members of social clubs. Similarly, social networks can include ethnic networks (individuals from the same ethnicity); business networks (different individuals who own businesses) and family members who are business owners but also part of the social network. Therefore, multiple overlaps could be interpreted differently depending on the context.

As per the literature, IEs rely on various networks for critical resources over which they have little or no control. For example, family members rely on friends (social networks) and other business acquaintances (business networks) for critical resources, whilst other migrant entrepreneurs might rely on their ethnic networks, family members and friends in their home country for critical resources. This resonates with the RDT, highlighting the interdependencies that exist between different networks regarding accessing critical

resources. Thus, being a member of several network types is likely to provide access to a diverse set of informational and entrepreneurial resources, which will have a positive impact on the outcomes of an IE's business venture.

### 2.3 Immigrant entrepreneurship in South Africa

In 2020, SA reportedly had the highest number of migrants in the African continent, hosting approximately 2.9 million international migrants (Statista, 2020). As it is the most developed country on the African continent, it is frequently regarded as a migration destination for most African nationals, particularly those from neighbouring countries such as Zimbabwe, Mozambique, Botswana and Swaziland. However, the SA entrepreneurial ecosystem is not very favourable to either locals or immigrants (Fubah and Moos, 2022a). Urban *et al.* (2022) add that there are few to no opportunities for migrants to access affordable finance from financial institutions for their business operations. In addition to this, most immigrants operate their businesses informally due to stringent rules and regulations which prevent them from registering their businesses with the statutory bodies guiding business operations in SA (Muchineripi *et al.*, 2019).

Research has also highlighted that the SA economy is hostile, particularly towards African immigrants operating their businesses in the country (Khosa and Kalitanyi, 2015). This hostility sometimes leads to the destruction of immigrant businesses, alongside those operated by SA nationals. Other challenges encountered by African IEs in the SA economy include language barriers, cultural diversity and lack of access to credit facilities (Khosa and Kalitanyi, 2014; Muchineripi *et al.*, 2019). Furthermore, research posits that SA citizens can be hostile towards African immigrants because they assume that these migrants "steal" their jobs (Kalitanyi and Visser, 2010). Despite this, much literature indicates that IEs are major role players in the SA economy as they employ locals, thus reducing the high unemployment rates in the country (Fubah and Moos, 2022b; Ngota *et al.*, 2019). Further research posits that IEs also transfer entrepreneurial skills to locals through employment (Kalitanyi and Visser, 2014).

While much research on immigrant entrepreneurship in the SA context has focused on immigrant entrepreneurial motivations (Khosa and Kalitanyi, 2015); obstacles (Khosa and Kalitanyi, 2014; Muchineripi *et al.*, 2019; Ngota *et al.*, 2018) and contributions (Ngota *et al.*, 2019) among others, less attention has been directed to understanding network typology in immigrant entrepreneurship in the same context. This is despite the important roles that networks play for IEs (Stoyanov *et al.*, 2018). Moreover, prior research in SA has posited that IEs limit themselves to co-ethnic networks and make no effort to move to other network types (Fatoki and Patswawairi, 2012). In addition, more recent studies have identified the lack of local IE networks in SA, which limits their business development (Muchineripi *et al.*, 2019). This is coupled with more calls for future research to explore different network types used by IEs in SA and the role which networks play in their business operations (Fubah and Moos, 2022b). This study therefore sets out to fill several of the gaps identified by prior research in SA.

### 3. Methodology

A generic qualitative methodology with an inductive approach was appropriate to use in the study because it could provide new insights into the research topic to answer the research questions. A generic qualitative design investigates people's perspectives, experiences and beliefs about a specific phenomenon under investigation (Bellamy *et al.*, 2016). As a result, it provided in-depth insights into the phenomenon being studied (Percy *et al.*, 2015), namely network types and role of networks in the business operations of IEs in SA.

Data for the study were collected from 25 IEs operating their business ventures in the Gauteng Province (GP) of SA. The IE had to be operating an established business - defined by the Global Entrepreneurship Monitor report as one that has paid wages and salaries for at least 42 months (Bosma *et al.*, 2021) to be included in the study. GP was chosen by the authors because several studies on immigrant entrepreneurship have been conducted in this province, attesting to the presence of IEs (Chidau *et al.*, 2022; Urban *et al.*, 2022). In addition, evidence highlights GP as having the highest entrepreneurial activity in SA (Chidau *et al.*, 2022), thus making it suitable for the study. All of the participants in the study were males, from two prominent races in SA (24 Black, one White). The researchers approached potential female IEs and invited them to participate in the study. Whilst some accepted the invitation but later changed their minds, others continued to postpone the date for the interview, thus only males could be included in the study.

The participants who took part in the study were from two continents, namely Africa (Cameroon, Congo, Malawi, Nigeria, Togo and Zimbabwe) and South America (Bolivia). The participants ranged in age from 26 to 80 years, with education qualifications extending from Grade Seven to MBA. They were involved in a wide range of business activities, including property management, real estate, information and communication technology (ICT), transport, construction, scrap recycling, clothing, welding, digital marketing, taverns, consulting, car sales and photography. The participants' length of stay in SA was between 5 and 48 years and they had been operating their businesses for 4–22 years. The demographic characteristics of the participants are summarised in Table 1 below.

These participants were selected using the purposive sampling method, which involves the selection of interview participants who can provide detailed and in-depth information on the topic under exploration based on their experiences, perceptions and beliefs (Sharma, 2017). Participants had to be an IE operating an established business in SA's GP and be involved in the day-to-day management of the business. Consequently, the businesses were the unit of analysis for the study, while the IEs were the unit of observation.

### 3.1 Data collection and analysis

Data for the study were collected through face-to-face interviews (21 participants) and online interviews via the Google Meet platform (four participants). Semi-structured interviews were chosen for the study as they allow flexibility during the interview process (Horton *et al.*, 2004; Rabionet, 2011). This enabled the researchers to gain satisfactory insights into the types of networks used by IEs in SA, as well as the importance of networks in their business operations. Data saturation was evident by the 15<sup>th</sup> interview, where no new/additional information emerged. Initially, a pilot study was conducted to confirm the suitability of the research questions and the time that could be taken to complete each interview session. Thereafter, the authors applied for ethical clearance with protocol number EMS046/22, which was approved in May 2022. Data for the study were collected over four months (June to September 2022).

Some of the questions asked during the interview included *Can you please tell me more about the types of networks you use for your business development?*, *Do you conduct business with friends and friends of friends and members of your social club?*, *Do you conduct business with other business owners, managers of other businesses and with government departments?*, *Please can you tell me if networks have assisted you in getting resources (e.g. physical, human and financial resources)?*, *Please can you tell me if networks have assisted you in getting opportunities?* and *Please can you tell me if networks have supported your business such as advice, coaching, emotional support, moral support and mentoring?* The authors probed on all questions asked to gain more insights from the research participants. The

Pseudonym	Age	Gender	Qualification	Ethnic background	Nationality	Type of business	Years in SA	Length of interview (in minutes)	Age of business (in years)
P1	42	Male	Hons degree	Black	Cameroonian	Property management	20	50	6
P2	33	Male	Hons degree	Black	Cameroonian	Real estate	13	55	4
P3	26	Male	Diploma	Black	Zimbabwean	ICT	7	35	4
P4	50	Male	Matric	Black	Zimbabwean	Transport	15	40	7
P5	38	Male	O. Level	Black	Zimbabwean	Construction	9	45	4
P6	35	Male	B.Sc.	Black	Nigerian	Property management	11	40	10
P7	45	Male	Matric	Black	Congolese	Transport	23	43	14
P8	36	Male	Matric	Black	Cameroonian	Scrap yard	5	45	4
P9	35	Male	O. Level	Black	Togolese	Welding	10	50	6
P10	33	Male	Matric	Black	Malawian	Clothing	6	40	4
P11	53	Male	MBA	Black	Cameroonian	Real estate	21	60	14
P12	52	Male	B.Sc.	Black	Nigerian	Construction	27	38	22
P13	26	Male	Matric	Black	Zimbabwean	Digital marketing	15	48	4
P14	40	Male	Matric	Black	Cameroonian	Car dealership	18	30	7
P15	43	Male	Form 2	Black	Zimbabwean	Transport	23	41	7
P16	46	Male	Grade 7	Black	Nigerian	Clothing	19	45	11
P17	56	Male	Matric	Black	Nigerian	Transport	30	35	20
P18	52	Male	Matric	Black	Cameroonian	Real estate	24	47	11
P19	38	Male	Matric	Black	Nigerian	Construction	9	51	8
P20	47	Male	Matric	Black	Nigerian	Tavern	11	42	4
P21	80	Male	M.Sc.	White	Bolivian	Consultancy	48	46	12
P22	42	Male	Matric	Black	Nigerian	Clothing	14	50	13
P23	30	Male	Matric	Black	Nigerian	Clothing	12	39	11
P24	47	Male	Matric	Black	Cameroonian	Photo studio	15	46	11
P25	28	Male	Grade 9	Black	Zimbabwean	Construction	7	51	6

Source: Authors' own work

**Table 1.**  
Profile of research  
participants

interviews lasted between 30 and 60 min (average of 44 min and 30 s). After data collection, the interview recordings were transcribed *verbatim*. To ensure that there were no discrepancies between the transcripts and recordings, the recordings were listened to while reading the transcripts. During this stage, all minor errors were identified and corrected.

The data for the study were analysed thematically, which involves searching data sets for repeated patterns and organising and reporting them (Clarke and Braun, 2017). As stated earlier, this study followed an inductive approach (data-driven), where identified themes were directly linked to the data sets (Clarke and Braun, 2017). The authors adhered to the six-step thematic analysis process proposed by Clarke and Braun (2017). Firstly, interview recordings were transcribed *verbatim* and perused several times to ensure familiarity with the data. Secondly, codes were developed from the data. This was done by reading the transcripts and important segments of data that related to the research questions were coded (for example, interactions with family members, interacting with friends and social clubs or referring to family and social networks). Some data were not coded as they did not relate to any of the research questions being explored in the study. In some instances, one code (“*family members and friends*”) was used several times, while other codes (“*businesses overseas*”) were used only once. Thirdly, the coded data were reviewed, and similar codes were categorised into groups to generate sub-themes, then themes. For instance, coded data such as “*those from my village/business owners from my clan/members in my cultural meeting*” were similar and were merged to form ethnic networks, a sub-theme which was then further categorised as a Personal Network (main theme).

Fourthly, the themes were reviewed and refined (the data set was re-read). This was done to ensure that the themes were linked to the data set and the data set linked to the themes. Fifthly, the codes, sub-themes and themes were further refined ensuring that the right codes, sub-themes and themes were identified from the data set. Finally, the findings of the study were presented, consisting of the themes and sub-themes, supported by anonymised quotes from the research participants. The data structure is presented in Figure 1 (Section 4).

## 4. Findings

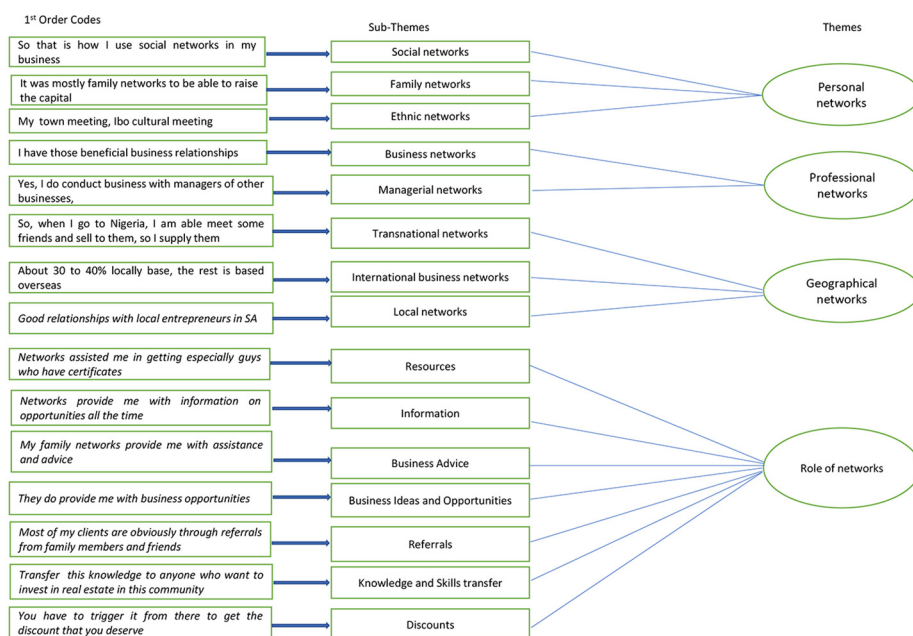
The study aimed to explore the types of networks used by IEs in SA, as well as the role that networks have in their business operations. The data analysis identified four main themes with several sub-themes (see the data structure in Figure 1). The theme and sub-themes are presented in this section with supportive quotes from interviewees.

### 4.1 Personal networks

Personal networks are relationships established by individuals for their benefit. The personal networks identified from the data analysis include social networks, family networks and ethnic networks. These sub-themes are presented hereafter.

**4.1.1 Social networks.** The findings of this study indicated that all 25 participants use social networks in their business operations in SA. Participant narratives unequivocally demonstrated that the importance of social networks in their business development cannot be understated. Participants also indicated that social networks are not just a social gathering but a fertile ground for discussing and generating lucrative business ideas:

You see, my philosophy is that you can never be knowledgeable in everything, and you cannot have all the eyes to see every business opportunity around you and that is where social networks come in as being very important. Just by sitting with friends and let them know what you are doing, they will spot a business idea out there which they may not be able to capitalise on and they bring the idea to me (P11).



**Figure 1.**  
Data structure

**Source:** Author's own work

**4.1.2 Family networks.** Family networks also emerged as another type of network used by IEs in operating their business ventures in SA. As research indicates, an entrepreneur's first port of call is their family before turning to friends and friends of friends for help. To support this, one participant said:

Uhm, family. My self and siblings are all in business; as a matter of fact, between myself and my siblings, we employ about 800 people, majority of whom are South Africans. All my siblings are entrepreneurs, so I use more of the family networks than anything else (P12).

Other participants either did not want their family members to be involved in their business operations or had an unpleasant experience when involving a family member. In line with this, one participant said:

No, they [family networks] do not play any role in my business. I once brought my nephew from Cameroon to come and work with me here in the shop, but I discovered after some time that he was not serious, and I sent him away to look for another job (P24).

Thus, though family networks are important for the IE, they may also harm the entrepreneurs in some instances.

**4.1.3 Ethnic networks.** Participants also stated that they use ethnic networks in running their business ventures in SA. The perspectives given by the participants indicated the ethnic networks were more like a cultural forum for people from the same cultural background in the host country to meet frequently and carry out beneficial activities, such as sharing ideas and raising capital through rotative contributions or stokvels (a savings or investment society):

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So, I can say [...] ethnic networks represent 80% of the people I have been networking and working with so far (P2).

The study also found that some participants chose not to belong to any ethnic networks, and some even received formal invitations to join the ethnic network but did not accept the invitation. A participant mentioned:

Not really, like I said. I am not really a social person in terms of interactions with the Yoruba people [an ethnic group in Nigeria] (P6).

#### 4.2 Professional networks

These are ties or relationships established with other professionals in a related field or with individuals who are considered professionals. These can be relationships with other businesses or relationships established with managers of businesses. The sub-themes are presented hereafter.

*4.2.1 Business networks.* Based on the data analysis, participants posited that they use established relationships and ties to other businesses within the SA economy in operating their business ventures:

Yes, Ok like now, we always use third parties in our services for example; I can have a business that I will outsource with DHL [Dalsey, Hillblom and Lynn], I can have a business that I will outsource with SAA [South African Airways], or a business that I will outsource with MSC shipping PLL; all those people; that is how the business goes, and that is the network that makes the business to stand because well are all agents of this and agents of that and we are all independent businesses; so I use business networks (P17).

*4.2.2 Managerial networks.* The study also found that IEs use managerial networks in their business operations in SA. These are ties or relationships established with managers of different businesses:

Yeah, I do. Mostly with the managers in hardware shops [...] So, when you get that type of job you have to buy steel, cement, brick force, bricks and many things in bulk, so the best thing to do is to go directly to the manager and talk to them. So, we do it frequently and before you know, you have a strong business relationship with that manager (P25).

However, while most participants were primarily concerned with the relationship between themselves and the manager of another business as a managerial network, one participant raised an intriguing point. To this participant, there was no need to distinguish between a business network and a managerial network. It can either just be a managerial network or a business network. The reason for this is that, in any business transaction involving two businesses, even if the managers were the ones to discuss the terms and conditions, they were not doing so on a personal level; rather, they were representing the businesses involved in the transaction:

The manager is representing the business and to have a business relationship, there has to be a champion in their business who then appoints you and represent you to their colleagues. So, it should either just be a business network or a managerial network, not both (P13).

As such, managerial networks and business networks can be used interchangeably, in some instances.

#### 4.3 Geographical networks

These networks are based on the geographical setting. For instance, transnational networks which extend to the home country; international business networks which include business

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relationships beyond national (host country) borders, and local networks which are limited to the host country operating environment. These networks are discussed hereafter.

*4.3.1 Transnational networks.* The findings indicated that some participants relied primarily on the contacts and relationships in their home country for critical support for their business operations in the host country. Other participants did not use family networks because they had no family members in SA; they did, however, have transnational family networks in their home country that had an impact on their business operations in the SA economy:

They [family networks back in their country of origin] do not manage anything; they do not even know where the business is because they are back in Cameroon. All they have to do is to collect the money and make sure that the money is there when needed [to invest in the business in the host country] (P2).

The study also found that participants had friends, individuals from *diverse cultural* backgrounds (in the home country) and other business acquaintances in their country of origin who played a critical role in their business operations. With regards to the friends (or the social networks) in the home country, a participant stated:

They also inform me and link me up with the person who has the job, and we talk. Sometimes, I may go to Togo to do the job, or I can take the job, but I will send some of the friends who are in the same job like me around Togo to go and do the job [making use of the social networks back in the country of origin] (P9).

Therefore, IEs in SA use transnational networks in their business operations and these can include transnational family-, social-, ethnic- and business networks.

*4.3.2 International business networks.* Some participants primarily relied on business networks in SA. However, other participants had business networks that extended beyond the borders of the host country (international business networks):

Actually, we have different customers [who are also major businesses], some are from Swaziland, we also have customers from Lesotho; in fact, I have people coming from five different countries to stock from me; Botswana, Swaziland, Lesotho, Mozambique also; I cannot remember the other country but all I know is that businesspeople from five different countries come to stock from me [the business located in SA] (P23).

These international relationships were considered to be *beneficial* to both parties; otherwise, businesses from various countries would not decide to stock their items from a single supplier based in SA. This highlights the importance and use of international business networks as well as the interdependencies which exist between different businesses across different countries.

*4.3.3 Local networks.* Local networks are the relationships or ties established by immigrants with the locals in the host country. Prior research in the SA context has found a lack of such relationships, which hinders the business development of IE in this context. The findings of this current study indicated that IEs use local networks in their business operations in SA:

In terms of local networks, you also have to understand that 95% of my employees are locals because of the culture that is around here (P6).

Yes, I have good networks with South African business owners (P8).

These participant perspectives show that an IE who is operating a business in SA, no matter the size, must network with local entrepreneurs to move the business forward. Interestingly, others stated that they do not have local networks with SA entrepreneurs, for example:

No, I do not have those networks with them; the reason I am saying no to that question is because they do not believe that other African brothers can run a business, so we have no common relationship with them (P17).

It is very difficult to have networks with local entrepreneurs; they are not cooperative as I can say (P18).

According to the quotes above, some IEs have different business patterns than local entrepreneurs. Networking with local entrepreneurs could thus be a channel for advice and information to flow from the local entrepreneur to the IE and vice versa.

#### *4.4 Role of networks*

The study identified distinct roles which networks play in the business development of IEs in the SA economy. These roles (sub-themes) are presented hereafter.

*4.4.1 Resources.* Research has shown that IEs operate in a resource-constrained environment; as a result, they rely on their networks for the exchange of resources to run their businesses. Participants identified three types of resources provided by networks, namely financial (cash and loans), physical (machinery, storage space and a business location) and human resources (labour force):

Yes, the networks do provide me with resources, which is because if the networks were not there, I will struggle. When I talk of resources, I believe the income [. . .] loans, the leads, and stuff (P7).

Also, sometimes when I need to source materials, I make use of those social networks because they are exposed out there (P11).

As such, those who have networks know where to seek assistance or obtain resources, while newcomers struggle because they do not yet have those networks.

*4.4.2 Information.* Respondents also stated that their networks provided them with most of the information they needed about the SA economy. This could include information about new rules governing business operations in a specific municipality, information about a potential business location for rent, information about pitching competitions or information about potential business deals:

So, there are times that we also share information, concerning prices, what is new, the latest products that are in demand. So, we share a lot of information about business in the ethnic networks and we also received information (P8).

*4.4.3 Business advice.* Business advice and support also emerged as vital network functions. Participants described how their networks, including those in their home country, provided them with advice and moral support, which they felt was critical to their business operations in the host country. These participants not only received advice; they also offered advice to those in need. This highlights the importance of reciprocity and interdependence in any networking relationship:

Networks provide me with advice as well as moral support because you need people to keep on encouraging you (P4).

Yes, I mean, I get advice here and there from my contacts and I also provide advice to my contacts when needed (P12).

Another participant described how they received advice from networks and later discovered that it was bad advice. However, in this case, the advice might not have been bad; the problem could have been that the participant did not rigorously evaluate or implement the advice.

*4.4.4 Business ideas and opportunities.* Respondents also mentioned how networks helped them find new business ideas and opportunities. Most IEs are unaware of the economy and which businesses will be beneficial or profitable when they arrive in the host country:

I also have networks established with estate agents. When there is a property to be advertised in the market or a deal comes up, they will pick up the phone and call me. Some of us, we even know about it before it is advertised and if I am interested in the deal, I put an offer and that property may not even reach the market, or go to auction anymore, so those relationships, they really help [with providing those business opportunities] (P11).

According to P11's narrative, networks provide information about potential opportunities before they become available to the public. As a result, those with established and reliable networks tend to benefit from such opportunities, while those without such networks struggle.

*4.4.5 Referrals.* Referrals, according to interviewees, were a significant role that networks played in their business operations in SA, particularly to new prospects who are interested in a specific product or service. Referrals occurred as a result of ongoing marketing efforts or the quality of the product or service offered by the IE:

Yes, they do referrals and they do bring customers to us. Like us also, when they come to buy something and we do not have, but we know someone who has it, we refer that our big customer to them [those who have the stock]. So, we do referrals for them, and they also do it for us (P23).

*4.4.6 Knowledge and skills transfer.* Research has indicated that entrepreneurs, including immigrants, lack some aspects of the knowledge and skills necessary to run their businesses smoothly. They must, therefore, rely on networks and other contacts to fill those gaps. IEs who have recently arrived in the host country may have some skills but will still need to network with incumbents to acquire the specific skills and knowledge to run the business in a specific context. Thus, networks provided them with access to knowledge and skills:

[. . .] so, he [referring to uncle—family networks] showed me the ropes, basically, he showed me the ropes and then uhm, that's where I developed interest and I worked for him for about five years to learn the ropes, to learn the trade basically as you see now, I have started my own company (P6).

*4.4.7 Discounts.* Another intriguing finding from the study was that networks provided IEs with access to discounts. Respondents were clear in this case that the managerial networks or networks that they had established with managers or other organisations helped them get discounts whenever they did business with that specific company:

Because I registered and became a member of that organisation [. . .] that organisation has a relationship with Tile Africa, so when a member of that network goes to buy from Tile Africa, he gets a discount, so I get tiles from there at a discount because of that network established by that organisation with Tile Africa (P11).

## 5. Discussion

This study set out to explore the types of networks used by IEs, as well as the role that networks have in their business operations with a focus on SA. Based on the interviews with 25 IEs, the study identified diverse types of networks and these networks were further categorised into personal (social-, family- and ethnic networks), professional (business- and managerial networks) and geographical (transnational-, international business- and local networks) networks. Although the authors grouped these networks into various categories, it is important to emphasise that some overlaps and linkages exist between the network types in each category. Family networks, for example, are part of social networks, and

family members may also be business owners, making family networks part of business networks. In addition, while ethnic networks may be a subset of social networks, they may also be business networks (where migrants of the same ethnicity are also business owners). Transnational networks that are part of geographical networks can also be social-, family- or business networks in nature. As a result, the various networks identified in this study are interconnected. However, it is critical to treat the networks as distinct, to provide entrepreneurs with insights into the distinct types of networks that they can use in their business operations.

Social networks, which form part of personal networks, emerged as the most used network type by IEs. This finding contradicts previous research – that IEs in SA limit themselves to co-ethnic networks and do not move to use other network types (Fatoki and Patswawairi, 2012). The study also revealed the use of family-, ethnic-, business- and transnational networks, as per prior findings in other contexts (Chen and Redding, 2017; Lassalle *et al.*, 2020; Li and Johansen, 2023). The findings suggest that some IEs do not make use of family networks due to bad experiences they had dealing with family in the past. In line with this, previous research identifies some negative effects of family networks on IEs, such as overreliance or involving a family member in the business while ignoring their lack of business skills (Wang and Altinay, 2012). In terms of ethnic networks, participants were clear that they rely primarily on other immigrants from their home country for capital and information (Chen and Redding, 2017; Guercini *et al.*, 2017).

Furthermore, IEs in SA use their transnational family-, social- and ethnic networks in their country of origin to mobilise critical resources for use in their business operations in SA. This finding is similar to previous findings in other contexts, which report the use of transnational networks for the mobilisation of resources for use by IEs in the host country (Kariv *et al.*, 2009; Lassalle *et al.*, 2020; Li and Johansen, 2023). This resonates with the RDT, which considers links and ties between firms as a means of acquiring critical resources to improve organisational performance (Pfeffer and Salancik, 1978; Ulrich and Barney, 1984). As such, in the SA context, dependence on resources extends beyond national boundaries, highlighting the interdependencies which exist between immigrant entrepreneurial firms. Moreover, the RDT also emphasises that firms cannot be completely self-sufficient in terms of invaluable resources for survival, necessitating their reliance on other firms (Ulrich and Barney, 1984). These firms, in the case of this study, include other ventures in the host and home country which provide resources to the IE through established ties.

It is important to note that the use of transnational networks by IEs in the SA economy is still limited, as only a few participants mentioned their use of this network type. However, managerial networks were identified by participants as having an impact on their business operations in SA. A participant's interesting observation raised some questions about whether a specific network should be labelled as a business network or a managerial network or whether the terms can be used interchangeably. If the business manager is acting on behalf of the business, it is argued that the business- and managerial networks should be used interchangeably, rather than as two distinct types. The study also found that IEs in SA did not only network within SA. The findings showed that IEs use local networks in their business operations in SA. These local networks were primarily SA nationals who are entrepreneurs and employees who are SA citizens. Finally, the findings also revealed that the use of different network types varies between participants from different nationalities. This is presented in Table 2.

Though international business networks were included in the table, it is important to emphasise that only two participants used them, namely one from Nigeria and one from Bolivia. Given that the majority of participants were from Zimbabwe (six), Cameroon (seven)

**Table 2.**  
Types of networks  
per country

Pseudonym	Nationality	Social network	Family networks	Business networks	Managerial networks	Ethnic networks	Local networks	Transnational networks	International business networks
P3	Zimbabwean	✓	✓	–	–	✓	–	–	–
P4	Zimbabwean	✓	✓	✓	✓	–	✓	–	–
P5	Zimbabwean	✓	–	✓	✓	–	✓	–	–
P13	Zimbabwean	✓	✓	✓	✓	–	✓	–	–
P15	Zimbabwean	✓	–	–	✓	✓	✓	–	–
P25	Zimbabwean	✓	✓	✓	✓	✓	✓	✓	–
P1	Cameroonian	✓	–	✓	✓	✓	–	–	–
P2	Cameroonian	✓	✓	✓	✓	✓	✓	✓	–
P8	Cameroonian	✓	–	✓	–	✓	✓	✓	–
P11	Cameroonian	✓	✓	✓	✓	✓	✓	–	–
P14	Cameroonian	✓	–	✓	✓	–	✓	–	–
P18	Cameroonian	✓	✓	✓	✓	✓	–	–	–
P24	Cameroonian	✓	–	✓	✓	✓	–	✓	–
P6	Nigerian	✓	✓	✓	✓	–	✓	–	–
P12	Nigerian	✓	✓	✓	✓	✓	–	–	–
P16	Nigerian	✓	✓	✓	–	✓	–	–	–
P17	Nigerian	✓	–	✓	✓	✓	–	–	–
P19	Nigerian	✓	–	✓	–	–	✓	–	–
P20	Nigerian	✓	✓	✓	–	✓	✓	–	–
P22	Nigerian	✓	✓	✓	–	–	✓	✓	–
P23	Nigerian	✓	✓	✓	–	–	✓	–	✓
P7	Congolese	✓	–	✓	✓	✓	✓	–	–
P9	Togolese	✓	✓	✓	✓	–	✓	✓	–
P10	Malawian	✓	✓	✓	–	–	✓	–	–
P21	Bolivian	✓	–	✓	–	–	✓	–	✓

Source: Authors' own work

and Nigeria (eight), only these three groups were considered for comparisons on the types of networks used in SA. All participants, regardless of country of origin, made use of social networks in operating their businesses in SA. Cameroonian and Nigerian IEs used business networks the most when compared to IEs from Zimbabwe. On the other hand, Zimbabwean IEs used local networks the most when compared to Cameroonian and Nigerian IEs in SA. This could be because Zimbabweans and SA citizens speak a similar language, which facilitates the development of networks among themselves.

Based on the data in Table 2, IEs from Nigeria used family networks the most. This could be because they have nuclear and extended family members in SA who are willing to support their business endeavours. Cameroonian IEs were the group in the study that used family networks the least in their business operations in SA. This could be because they have no family members in SA or because they purposefully exclude their family members from their business operations. It is also possible that they do not use family networks in their business operations in SA because the family members lack the necessary skills. In line with this point, prior studies contend that overreliance or involving a family member in the business, whilst ignoring their lack of business skills, may have negative consequences on the business (Wang and Altinay, 2012, p. 9).

IEs from Cameroon used managerial networks the most, followed by those from Zimbabwe and Nigeria. Nigerian IE's limited use of managerial networks could be because they have not developed networking relationships with business managers, or they are still planning to establish networking relationships with other managers. IEs from Cameroon

used ethnic networks the most (six out of the seven participants), followed by Nigeria (four out of eight participants) and Zimbabwe (three out of six participants). In terms of transnational networks, IEs from Cameroon primarily relied on their transnational family networks; this also explains why they make the least use of family networks for their business operations in SA.

The study identified several important roles which networks play for IEs in SA. The findings indicated that networks provide IEs with resources (financial, human and physical). This supports previous findings, namely that networks are an important source of resources for IEs in the host country (Chen and Fan, 2022; Skarpova and Grosova, 2015; Sullivan and Ford, 2014; Witt *et al.*, 2008). It is also worth noting that the main resource that networks provide, according to participant narratives, is finance. This is not to say that other resources are unimportant. However, finance is crucial because it is required in all aspects of the business, from planning to running the business, and it can also be used to acquire other resources for the business. As the findings indicated, networks are an important source of knowledge and skills transfer for IEs in SA. This finding aligned with prior research which highlights that networks in the host country enable skills and knowledge sharing between newcomers and incumbents (Stoyanov and Stoyanova, 2022). As such, those who do not have the necessary skills (such as critical thinking skills, financial skills, strategic thinking and planning skills, among others) have the opportunity to gain experience from those who do.

Furthermore, the findings indicated that networks are a source of business support, advice, ideas and opportunities, and a source of information for IEs in SA. This supports previous findings from other contexts, that IEs, especially newcomers, always turn to incumbents for support, advice and business ideas in the host country (Chen and Redding, 2017; Sullivan and Ford, 2014; Uzzi and Dunlap, 2005). Importantly, based on participant narratives, not all information or business advice should be considered. IEs must evaluate information or advice before acting on it because some information or advice from networks may lead entrepreneurs astray. Another key role which networks play for IEs in SA, according to the findings of this study, is providing them with access to referrals, discounts and feedback. These three important roles are less prevalent in prior literature on the role of networks.

These findings on network types and their role for IEs were consistent with the RDT (Johnson, 1995; Kholmuminov *et al.*, 2019; Pfeffer and Salancik, 1978). Moreover, IEs in SA face unique challenges due to the uncertainty and the hostile business environment in which they operate. This is in addition to their lack of access to critical resources such as finances, information and business management skills (Fatoki and Patswawairi, 2012; Muchineripi *et al.*, 2019); as such they turn to their networks for assistance. The RDT assumes that uncertainty clouds a firm's control over critical resources. As a result, as uncertainty and dependencies between firms grow, so does the need for links and ties with other firms to access critical resources (Johnson, 1995; Pfeffer and Salancik, 1978; Ulrich and Barney, 1984). In the context of network types and the role of networks in the business operations of IEs in SA, the RDT suggests that IEs depend on different networks (family-, social- and business networks, amongst others) to access vital resources such as financial capital, information, expertise and social support for their business operations. Therefore, a strong and diverse network type can provide access to valuable resources, information, mentorship and market opportunities, while also facilitating knowledge sharing and social support, all of which are critical to the business operations of IEs.

## 6. Conclusion

The findings of this study have some *theoretical implications*. First, the study extended the application of RDT to support and explain the interdependencies and exchange relationships

which exist between IEs operating their business ventures in the host country. The theory posits that firms, in this case IEs, depend on different network types for scarce resources over which they have limited control. This is because entrepreneurs, including immigrants, sometimes lack access to the critical resources needed for their business operations. As such, they tend to depend on other market players through established networks for such resources. Second, the study contributed by revealing the different network types used by IEs in their business operations in SA, as called for by prior research (Fubah and Moos, 2022b). Previous research posits that IEs in SA limit themselves to co-ethnic networks and fail to move to other network types (Fatoki and Patswawairi, 2012). Therefore, this study indicated that IEs in SA should not only limit themselves to co-ethnic networks but endeavour to use the other network types identified in the study. Thus, the study contributes significantly to network literature from the perspective of IEs in SA. Third, previous research on IEs indicates that the majority of literature on the topic has come from developed countries, with little focus on emerging markets (Aliaga-Isla and Rialp, 2013; Dabić *et al.*, 2020). As a result, this study added to the limited literature on immigrant entrepreneurship in emerging economies, particularly on the topic of networks and their role in immigrant entrepreneurship.

The study also has some *practical and policy implications*. First, the study identified different network types and their importance in business operations. As such, IEs in SA should endeavour to become members of these different network types, since they could also increase their ability to have access to multiple resources. Moreover, having access to multiple critical resources could reduce the chances of business failure for IEs. IEs in SA are also encouraged to move beyond their ethnic-, social-, family- and business networks to try transnational networks, since they could easily mobilise resources through these networks for use in business operations in SA. Furthermore, to acquire financial resources in SA, IEs can consider becoming members of formal local networks as these can increase their chances of being recognised by financial institutions, thus providing them with access to loans to keep their businesses afloat. Networking between immigrants and locals is encouraged since this could be an opportunity for both groups to exchange business ideas and skills which can in turn improve their entrepreneurial performances. Policymakers and academia in SA should consider creating study programs and short educational courses on networking in which entrepreneurs (including immigrants) could register and learn more about network types and their benefits as previously mentioned. Furthermore, the entrepreneurs should be taught how to identify and evaluate the network types that are currently at their disposal, which could positively contribute towards their business ventures. Networking events should be communicated to both locals and IEs via various social and digital platforms to create opportunities for practising active networking. This could also inspire and encourage entrepreneurs who are not current members to become members of different network types. In addition, entrepreneurs can learn from each other by sharing their testimonies and experiences of the role that networks have played in their business ventures. Practitioners of business support, in both the private and public sectors, should encourage networking as part of their interventions and initiatives to drive the sustainability of business ventures owned by both local entrepreneurs and IEs. Also, based on the findings of the cluster analysis, both start-up and established IEs from different countries should be made aware of which network types are considered most useful for their business ventures.

The study had some limitations. Firstly, the study was based on interviews with 25 IEs in one region in SA and, therefore, the findings were limited to the context of the study and cannot be generalised. Future research could investigate the same phenomenon using

different research methods to obtain robust findings. Future research could also investigate whether demographic factors such as age and level of education influence the types of networks used by an IE. Another limitation of the study was that specific roles could not be assigned to specific network types. Future research could, therefore, investigate the network types identified in this study and their specific role in the business operations of an IE. In addition, the study indicated a limited use of transnational and international networks by IEs in SA; this aspect can be investigated further. Finally, the research could explore the negative impacts of being a member of diverse network types.

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