

Migrant livelihoods and the power of social ties: evidence from Johannesburg's informal sector

Dishan Naicker^a, Alicia Fourie ^a and Carike Claassen^b

^aGordon Institute of Business Science, University of Pretoria, Johannesburg, South Africa; ^bDepartment of Accountancy, University of Johannesburg, Johannesburg, South Africa

ABSTRACT

This study investigates the characteristics of informal immigrant entrepreneurship within the city of Johannesburg, South Africa. It pays special attention to how social capital facilitates immigrant entrepreneurship success. Given the complex operational and economic environment, the study also sought to understand how immigrant entrepreneurs handle the challenges associated with access to resources, which they face daily. Drawing on twenty qualitative interviews, the findings show that social capital offers support mechanisms that compensate for structural exclusion from formal systems. In the context of growing tensions and competition in the informal economy, the research underscores the need for more inclusive network-building between immigrant and local entrepreneurs to foster social cohesion and shared economic benefit. The findings have implications for policy interventions targeting informal trade, migrant inclusion, and local development in South African urban economies

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1. Introduction

Traditionally, migration flows moved from developing to developed countries as people sought better lives (Crush & McCordic, 2017; Adepoju, 2019). However, an increasing number of migrants are now relocating to emerging economies (Urban et al., 2022). This shift has raised interest in the entrepreneurial behaviours of immigrants, as they navigate challenges to establish and maintain successful businesses. Though much of the existing research focuses on necessity entrepreneurship, some immigrants establish businesses to pursue perceived opportunities (Wood & Cooke, 2023). This article provides new insights into performance in the informal economy by examining how social capital, which is embedded in immigrant networks, supports opportunity-driven entrepreneurship. As such, we offer findings not only applicable to understanding immigrant entrepreneurship, but also ways in which cooperation and mutual learning, as well as competitiveness in the informal sector, can be strengthened for both local and immigrant businesses.

CONTACT Alicia Fourie  FourieA@gibs.co.za  Gordon Institute of Business Science, University of Pretoria, 26 Melville Rd, Illovo, Johannesburg 2196, South Africa

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Due to its impact on developing economies, entrepreneurship among immigrants in the informal sector has become well-researched (Etim & Daramola, 2020). As an emerging economy, the issue is pertinent to South Africa (Akintola & Akintola, 2015; Moyo, 2021; Fubah & Moos, 2023; Muchemwa & Batisai, 2024). StatsSA (2025) reports that this sector accounts for 19,5% of total employment and contributes 30% to 40% of total retail transactions (Piper & Yu, 2016; Nooy, 2024).

For migrants seeking to set up a formal business in South Africa, bureaucratic and institutional obstacles are significant primarily due to a lack of legal documentation, especially for asylum seekers (Gumede & Moyo, 2023a). Many experience difficulties in legitimising business operations due to an inability to open bank accounts or access formal business. Challenges in opening bank accounts and obtaining work permits, compounded by changing legislation (Department of Home Affairs, n.d.; Wood & Cooke, 2023), often compel them to turn to the informal sector for survival (Ngota et al., 2019; Chidau et al., 2022; Muchineripi et al., 2022). Some also enter this sector to seize perceived business opportunities (Wood & Cooke, 2023).

Immigrant informal entrepreneurship constitutes those who work on their own accounts, family businesses, and hired-on-demand workers (Fourie, Blaauw & De Villiers, 2024). Major activities range from tuck shops and roadside vendor stalls to make-shift eateries, waste recycling, small-scale manufacturing, arts and crafts, homemaking services, informal taxi services, and salons (Ekobi & Tanga, 2024). Opportunity-led entrepreneurs tend to open shops selling general household items, groceries, and fashion and beauty products (Chidau et al. 2022; Wood & Cooke, 2023). These are fast-moving consumer goods (FMCG) products with lower barriers to entry, making it relatively easy to start trading. Spaza shops¹ and street vendors in the informal FMCG sector ensure that affordable daily products, toiletries, and household items are available to low-income communities and those poorly served by established formal retail outlets. It also contributes to employment and entrepreneurship (Nooy, 2024). Moreover, they serve as places where people gather, exchange information, and nurture social contacts (Piper & Yu, 2016). Thus, while there is a common perception of small, survivalist enterprises run by immigrant entrepreneurs catering only to their fellow nationals, evidence suggests that the real situation is considerably more complex. Immigrant spaza shops make important contributions to the local economy (Chidau et al., 2022).

In South Africa, many immigrant spaza entrepreneurs have outcompeted locals (Collocott, 2019, Muchineripi et al. 2019, 2022). This is a source of tension with locals, who perceive immigrant businesses to be driven by opportunism and guile (Moyo, 2021; Chidau et al., 2022; Muchemwa & Batisai, 2024). Contrary to such perceptions, research suggests that immigrant entrepreneurs often outpace local-born entrepreneurs by providing value to customers (Fubah & Moos, 2023). This is achieved by diversifying merchandise, working long hours, effectively utilising social networks, and adopting a group purchase approach to achieve cost efficiencies (Piper & Yu, 2016; Gumede & Moyo, 2023b). Utilisation of social networks is notably important (Javadian et al., 2023), as these networks ensure that vital resources, information, and support are available to navigate the regulatory landscape and effectively compete in the informal sector (Wood & Cooke, 2023; Gumede & Moyo, 2023a).

¹Small, usually family-run stores prominent in informal settlements. These provide an important informal point-of-sale.

As much as the business strategies employed by immigrant entrepreneurs do provide value, their perceived dominance may leave locally born business owners feeling overwhelmed by changes in market dynamics. These dynamics are important to consider, as understanding the strategies of successful immigrant entrepreneurs can open a way for local entrepreneurs to adapt and effectively compete. Exploring how both immigrant and local traders can prosper in such an evolving business environment may go a long way in helping to ease tensions that simmer beneath the surface and occasionally boil over into xenophobic violence (Baratedi et al., 2024).

2. Theoretical framework and literature review

2.1. Theoretical framework

The theoretical framework for this study is social capital theory, which focuses on the resources and benefits that individuals or groups obtain through relationships. Though related, social network theory focuses more on understanding the configuration of social relations. We do not map the network structures of immigrant entrepreneurs in Johannesburg, but instead examine how they access resources, information, and support through their relationships. Therefore, social capital theory is an appropriate theoretical framework as it allows us to investigate how social connections impact entrepreneurial success in the informal economy (Crowley & Barlow, 2022; Gomez et al., 2015). While social network theory is briefly noted below for context, since it highlights how network structures may shape access to resources, our analysis in this article centres not on the structural configuration of social ties, but rather the value derived from those ties.

Social network theory focuses on the importance of the structure and quality of relationships within a network (Senik et al., 2022). Better-connected people tend to possess greater access to resources and opportunities (Gomez et al., 2020; Crowley & Barlow, 2022). This is an especially apt concept when considering immigrant entrepreneurship, as many of them rely on their networks for capital, labour, and access to markets (Gumede & Moyo, 2023b).

Furthermore, social networks facilitate resource sharing and problem-solving through the pooling of knowledge and experience (Lei & Salazar, 2022; Gumede & Moyo, 2023a). Advice and support for immigrant entrepreneurs may stem from networks of people with similar experiences who can offer insight on how to surmount problems. Often, social networks operate along mutual aid, where members share equipment, transportation, or storage space, which cuts operational costs and increases efficiency (Lei & Salazar, 2022; Wood & Cooke, 2023). Besides this, networks represent bridges to their homelands and allow transnational business opportunities, including the importation of goods. They also provide an informal means of dispute settlement and a way of enforcing contracts in contexts where the rule of law is limited (Collocott, 2019). Also, networks nurture feelings of community and belonging that are important for immigrant entrepreneurs' psychological well-being and motivation in a foreign environment.

The ties in these networks enable the flow of resources such as trust, information, and support. This is the essence of social capital. Social capital is not a physical or observable capital. Rather, it is functional and defined by what it does rather than what it is. It is multidimensional and can be understood cognitively (as shared values in a group),

structurally (the shape of the network through which capital is transmitted), and relationally (trust and reciprocity). Important forms of social capital are bonding, bridging, and relational capital. Bonding capital refers to the resources that are generated from within close-knit or homogenous groups (Westlund and Bolton 2003; Patulny and Svendsen 2007; Salehi et al. 2019). It serves to provide mutual aid. Bridging capital is resources that are generated through looser connections that link people across diverse groups, and it provides access to new opportunities, markets, and information (Hmieleski et al. 2015; Karayianni et al., 2023). Whereas these forms of social capital focus on who one is connected to, relational capital is defined as the resources emanating from the quality of those relationships (Nahapiet and Ghoshal 1998; Thomas and Gupta 2021). Relational capital reduces transaction costs and underpins the willingness to share resources within networks.

These definitions allude to an important assumption of social capital theory, which chiefly informs our analysis: Social ties fulfil more than just a social purpose – they also provide access to resources (Gomez et al., 2020; Crowley & Barlow, 2022). Additionally, norms and obligations underpin the extent to which resources can flow through social ties.

In the case of immigrant entrepreneurs, social capital could manifest in various forms, such as access to informal credit systems, sharing knowledge of business opportunities, collective purchasing power, or shared labour pools. It can also take the shape of providing mentorship or problem-solving mechanisms (Lei & Salazar, 2022). Our analysis adds to the theoretical understanding of social capital in the informal sector by bringing together bonding, bridging, and linking forms of social capital in order to uncover new dimensions in how the networks are used to attain entrepreneurial success (Lei & Salazar, 2022).

Given this theoretical context, a brief review of literature is reported next.

2.2. Literature review

Though literature on the informal sector abounds, less is available specifically on social capital as it relates to immigrant networks.

Rogerson (1997) was among the first to clarify the role of social networks in this regard, with findings in Johannesburg confirming that migrant entrepreneurs from non-SADC countries were integrated with and supported by wide international migrant networks. Compared to SADC entrepreneurs, these migrant businesses were therefore larger and better capitalised – pointing to the important role of social capital enabled by such networks. Later work in Cape Town (Rogerson, 2018) highlighted the need to better understand the contribution of migrant entrepreneurship to large cities in South Africa. Khosa and Kalitanyi (2015) confirm the contribution of these entrepreneurs, stating that, despite being mostly pushed rather than pulled toward entrepreneurship, migrant entrepreneurs in Cape Town overall are job creators.

In terms of social capital, various authors have confirmed that social capital in the informal sector allows for sources of information, financial resources, and support systems that are vital for the survival and success of businesses operating outside formal regulatory frameworks (Van der Walt & Whittaker, 2020; Nason et al., 2023; Chetty & Fourie, 2025). For instance, analyses of necessity entrepreneurs in Mandeni

Local Municipality conclude that these entrepreneurs are highly linked to social networks which, together with various other business strategies, have propelled growth for their enterprises (Gumede & Moyo, 2023b). Through social networks, they can share transport costs and market knowledge. Similarly, Muchineripi et al. (2022) find that immigrant entrepreneurs rely on established relationships to overcome challenges in the self-employment journey. Their analysis centred on survivalist enterprises and future research recommendations included the need to investigate immigrant entrepreneurs who were operating on a larger scale.

Gomez et al. (2020) find that immigrant entrepreneurs' motivations influence their use of social capital. Entrepreneurs make concessions to their ethnic community and make use of the resources provided through community depending on the potential contribution to business success. The contribution of social capital to business success was elucidated by Wood and Cooke (2023), who establish that Chinese entrepreneurs in small shops in South Africa use network ties to their country of origin to access cheap manufactured goods. They were also able to benefit from ties to other migrant Chinese through sharing of knowledge on trading spaces and navigating the local system in South Africa. These were sometimes also undercut by adversarial competition, and difficulty becoming embedded in local communities.

In Malaysia, Senik et al. (2022) look at how family and friends support entrepreneurial ventures. They find that shared objectives and commonalities in language, religion, culture and preference play important roles in successful entrepreneurial ventures. Peterson and Charman (2018) confirm that family-owned micro enterprises play an important role in township economies locally. Particularly, the benefits of family firms include social protection, employment provision and strategic use of family resources.

Against this background, the article's main contribution is in focusing on the role of social capital amongst opportunity-led successful immigrant entrepreneurs. While the literature has generally identified social networks as important for survivalist enterprises, less is understood about how growth-oriented entrepreneurs realise and sustain competitive advantages through the resources generated by those networks. By placing emphasis on opportunity-led entrepreneurs, sophisticated procurement pathways, social capital, and network dynamics in an extremely competitive urban setting like Johannesburg, this article responds to the call made by Muchineripi et al. (2022).

3. Materials and methods

3.1. Method

This study followed a qualitative cross-sectional case study design (Lei & Salazar, 2022; Urban et al., 2022) to explore how foreign traders in Johannesburg's informal FMCG market use social capital for competitive advantage. A semi-structured interview guide, developed from prior literature on informal entrepreneurship and migration, was refined through expert consultation and a pilot with three traders, after which wording and sequencing were adjusted (Creswell & Poth, 2018).

Using purposive and snowball sampling (Farrugia, 2019), 20 immigrant entrepreneurs from eight countries were interviewed between 1 August and 1 October 2024. Participants operated spaza shops or supermarkets across six areas: Hillbrow, Marshalltown,

Crown Mine, Booyens, Diepkloof Zone 6 and Pimville Zone 6 as shown in [Figure 1](#). Fieldworkers approached traders at Cash-and-Carry wholesalers, obtained consent, and conducted on-site interviews, which were audio-recorded, transcribed verbatim, and supplemented with fieldnotes.

Thematic analysis was employed based on Braun & Clarke's (2021) systematic approach. After familiarisation with the transcripts, initial inductive coding captured the core components of participants' experiences, challenges, and insights (Saldaña, 2021). Coding and theme generation were facilitated using Atlas.ti software. Thereafter, codes were sorted into broader categories that encapsulate larger patterns and concepts emerging from the data. Through comparisons across the responses of different participants, key themes emerged and were further refined and categorised based on cross-referencing them with the initial research questions and objectives.

Several limitations exist. Firstly, participant bias may lead individuals to provide overly favourable responses or avoid certain questions (Paulhus & Vazire, 2007). Secondly, the geographically limited data collection focuses on one group of immigrant entrepreneurs at a single point in time, restricting the generalizability of the findings. Lastly, qualitative studies must ensure consistency and objectivity to avoid subjective interpretation.

To address limitations, triangulation was employed to verify information from various sources and minimise biases in self-reported data (Patton, 2015). The sampling process ensured diverse representation of backgrounds and business entities for a thorough understanding of the phenomena (Patton, 2015). A standardised interview guide was

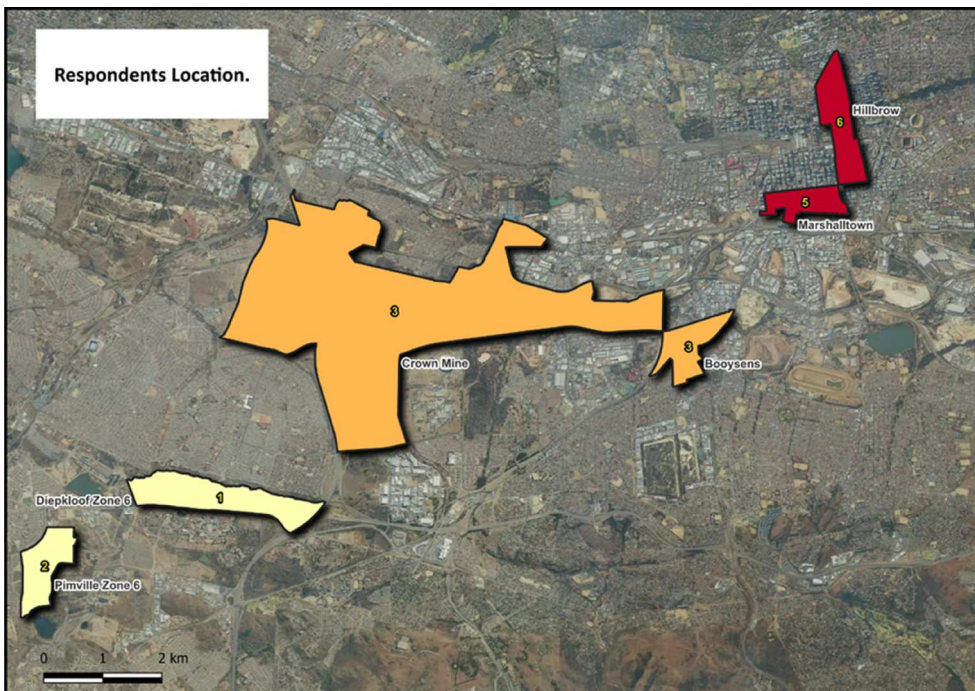


Figure 1. Participants' location. Source: Authors' own depiction using Quantum Geographic Information System (QGIS) software from data supplied by the South African Chief Directorate: National Geo-spatial Information.

used, and multiple coders helped reduce subjectivity (Braun & Clarke, 2021). Additionally, reflexivity and peer debriefing enhanced the study's rigour (Yegidis et al., 2018).

The necessary ethical considerations were adhered to during data collection. Informed consent was sought from participants (Beauchamp & Childress, 2019). Participants are protected from disclosure of identities and personal information through data storage safety and aggregate and anonymised reporting of results (Fisher, 2022). Interviews were scheduled at participants' worksites at their convenience so as not to disrupt work.

4. Results

4.1. Descriptive overview

Table 1 summarises the nationality, duration of business operation and stay in South Africa, type of business, products or services offered, and scale of operations of participants in the final sample.

Table 1. Sample description.

Participants	Nationality	Duration in SA (Number of years)	Prior Experience	Category	Business Size (Monthly turnover)
1	Nigeria	9	Previous business experience	Hair, Cosmetics	R80,000 – R120,000
2	Ethiopia	2	Worked with sister	Fashion, FMCG	R50,000 – R80,000
3	China	7	Family business experience	General	R80,000 – R120,000
4	Burundi	10	Worked for another business	Hair, Cosmetics	R30,000 – R50,000
5	Zimbabwe	7	Worked at his family grocery store	Everyday	R30,000 – R50,000
6	Nigeria	11	Wife's existing business	Hair, Cosmetics	R80,000 – R120,000
7	Bangladesh	15	Worked for another business	General	R80,000 – R120,000
8	Ethiopia	5	Similar business back home	Fashion, FMCG	R80,000 – R120,000
9	Zimbabwe	5	Worked for another business	Groceries, Cosmetics	R30,000 – R50,000
10	China	8	Previous business experience	General	R80,000 – R120,000
11	Burundi	6	Worked in agriculture	Everyday	R30,000 – R50,000
12	Nigeria	10	Worked for another business	Hair, Cosmetics	R80,000 – R120,000
13	Ethiopia	4	Family business experience	Fashion, FMCG	R50,000 – R80,000
14	Ethiopia	6	Worked for another business	Groceries, Electronics	R80,000 – R120,000
15	Nigeria	7	Previous business experience	Hair, Cosmetics	R80,000 – R120,000
16	Nigeria	9	Worked for another business	Groceries, Electronics	R80,000 – R120,000
17	Somalia	8	Previous business experience	Groceries, Cosmetics	R80,000 – R120,000
18	India	12	Family business experience	General	R200,000 – R250,000
19	India	5	Worked for another business	Groceries, Electronics	R80,000 – R120,000
20	Bangladesh	8	Worked for another business	Groceries, Cosmetics	R80,000 – R120,000

Source: Compiled by the authors

The sample includes diverse immigrant entrepreneurs from Johannesburg's informal sector, primarily from Nigeria and Ethiopia. Most participants have been in South Africa for over 5 years, with a range of 2–15 years. The longest-staying entrepreneur is a Bangladeshi individual who has resided in the country for 15 years, showcasing significant experience in the informal sector.

The participants exhibit diverse business backgrounds. Ten have prior experience in other businesses or family enterprises, suggesting they bring valuable knowledge to their current ventures. Seven participants have direct experience from previous businesses, contributing to their success, while three started without a business background, having worked in sectors like agriculture before joining the informal trade in South Africa.

The product offerings among informal businesses reflect significant diversity. Common products include groceries, cosmetics, hair and beauty items, electronics, and FMCG goods. Spaza shops primarily focus on groceries and personal care, while supermarkets offer a wider range, including ethnic goods like Asian products in Chinese-run stores. Participants engage in opportunity-led practices rather than just survivalist ones (Wood & Cooke, 2023). For example, Participant 6 recognised the untapped hairpiece market, showcasing innovation. Immigrants play a crucial role in identifying market gaps and creating unique offerings.

Business sizes vary among participants, with the smallest having a monthly turnover of R 30,000 to R 50,000 and the largest ranging from R 200,000 to R 250,000. Most responses fall between R 80,000 and R 120,000, indicating a prevalence of medium-scale informal businesses that face competition but may struggle to scale up due to financial or regulatory constraints. Only one participant exceeds R 200,000.

4.2. Thematic analysis

From the thematic analysis, six overall themes were identified. A summary of each theme is presented in Table 2 before a full discussion of results follows in Section 4.

4.2.1. Theme 1: The critical role of personal and community networks in business operations

Immigrant entrepreneurs have a unique advantage due to their extensive networks that often cross borders. This allows them to access various resources beyond the local marketplace, sustaining their competitive edge. Formal and informal networks play a crucial role in this dynamic, as highlighted by participants responses.

Table 2. Identified themes and theme frequency.

	Main Code Themes	Frequency	Percentage
Theme 1	The critical role of personal and community networks in business operations	63	48%
Theme 2	Product diversification and adaptation to competitive challenges	24	18%
Theme 3	Navigating the Complexities of Informal Retail	19	14%
Theme 4	Seeking better opportunities through entrepreneurship, Adapting to the market	16	12%
Theme 5	Business Resilience and Adaptation in a Challenging Market	6	5%
Theme 6	Locals Prefer Jobs, Immigrants Embrace Entrepreneurship	4	3%

Source: Compiled by authors

My family back home has been my most reliable source of financial support, along with introductions to financial institutions. Locally, businesses have helped me access new customer segments and opportunities.

My friends helped me. I have a lot of contacts that can help me. But I tell you they are powerful.

I heard about a micro-lender through my friend. They gave me a jumpstart when no banks would.

Some of us have access to money from home, and our family and friends back home can send money if we have difficulties. It, therefore, helps to fund our business.

This was reiterated by Participant 19:

Though I couldn't speak English well, my brother helped me translate on behalf of my customers.

The financial, network, and linguistic resources from friends and family exemplifies how bonding capital helps entrepreneurs overcome challenges. Participants often highlight the role of social groups and associations as enablers of business success as these networks offer access to financial resources, market information, and other key resources. Interactions with individuals beyond their immediate circles also facilitate access to bridging capital through social capital:

Yes, joining the traders' association helped me gain access to important market trends, regulatory updates and practical advice. I met people like Peter, who shared valuable business insights, such as adjusting pricing strategies.

Before coming I had a friend there then, yeah. He told me we can do business its moving then we started from small. He is not here anymore.

4.2.2. Theme 2: Product diversification and adaptation to competitive challenges

The main strategy for sustaining competitiveness is product diversification. Participants offer culturally relevant products, including hairpieces, ethnic foods, and imported goods not necessarily available from local competitors. They leverage bridging capital to facilitate access to resources that are hard to find, gaining an edge over local entrepreneurs with limited product ranges. Their flexibility regarding market demand, niche offerings, and longer operational hours further enhances their competitiveness, allowing them to target specialised markets within the South African informal sector. For example:

We sell unique products, different from others in the area. People usually sell clothes or shoes, but she makes everything and sells it.

Competition is fierce. Immigrant businesses thrive by offering diverse products and a sense of community, while local businesses excel with their deeper understanding of local consumer preferences and longstanding relationships. It's a balance between bringing unique offerings and adapting to local tastes.

Immigrant entrepreneurs know their client base and understand that a range of goods or services reduces risk and makes them resilient against competition. The effort to grasp customer needs and preferences reflects relational capital, supported by bonding capital. Illustrative quotes show how close connections helped them understand local preferences, enabling adaptation and diversification:

People who were already here for a long time gave me advice. They showed me price setting and customer treatment.

My friends who are from here taught me how to greet customers properly. It's all about respect.

When we have gatherings, we talk about our businesses and share tips. It helps to further understand one another and create a community.

4.2.3. Theme 3: Navigating the complexities of informal retail

Many participants face police harassment, reflecting the conflict between their informal status and formal regulations. Despite these challenges, they develop informal coping mechanisms to navigation relationships with authorities. For example, participants share:

I just speak to them nicely and do whatever they say, even giving them a Coke.

We sometimes give the police a cold drink, but it's hard because they target our customers.

When we have problems with the police or other local authorities, we pull our efforts together to try to resolve the problem. We speak as one voice, and that is our strength.

Their ability to handle these regulatory challenges indicates the resilience of immigrant entrepreneurs, who show resourcefulness as they handle the unpredictability of law enforcement. Crucially, it demonstrates that relational capital is operationalised to overcome these challenges, as maintaining quality relationships with local law enforcement is what is being discussed here.

Participants demonstrated proactive and adaptable strategies in navigating these and other complexities, ranging from community embeddedness to maintaining proper documentation. Adaptability is illustrated in this response from Participant 6:

I've adapted to trends like digital payments, which attract more customers, and I stock items that remind people of home. There's also growing demand for eco-friendly products, and I'm also starting to explore that market.

Importantly, fast uptake of digital and cashless payment forms indicates a flexibility that is not restricted to operational efficiency but also serves to reduce risks associated with cash handling in crime-prone environments. These kinds of business strategy mirror the ability to adapt and diversify identified in Theme 2.

4.2.4. Theme 4: Seeking better opportunities through entrepreneurship

Many participants moved from their home countries in pursuit of better opportunities. Participants 6 and 1 explain:

I've always had an interest in business because it offers freedom. Instead of working for someone else, I wanted to be my own boss.

I've been running the store for almost three years. I want to do business on my own, especially as a woman.

The entrepreneurial drive was caused primarily by an economic motivating factor, while a need for self-reliance and financial independence was stated. While most of the participants

took over existing businesses, some had to succeed at all costs for familial reasons. For first-generation entrepreneurs, especially, bonding capital is essential as the resources established and shared by the first-generation entrepreneur facilitate the migration and settlement process of others in their network. Such entrepreneurs advise not only family members, but others as well, on where to initiate businesses, or which sectors have potential. Here again, the importance of bonding and bridging capital is illustrated.

This theme is crosscutting to immigrant entrepreneurial comparative advantage. Social networks influence access to resources that constitute reflective knowledge, funding, and opportunities. These networks are especially important not only for the start-up of business ventures but also for sustaining and growing them in a challenging environment, such as the informal sector of Johannesburg.

4.2.5. Theme 5: Business resilience and adaptation in a challenging market

Limited finances affect and constrain most participants, hindering their ability to expand. Nonetheless, participants demonstrate resiliency by adapting to the market where possible. For example:

I've adapted to the market by responding to customer needs and reducing cash transactions.

I've added more products based on what customers ask for.

Their sensitivity to customer feedback gives them an advantage in continually refining their offerings and, simultaneously, being relevant in a highly competitive market. This responsiveness sustains their market resilience because they can answer the different needs of various customers. Relational capital is demonstrated here, with quality relationships with customers being valued. This links to Theme 2, in which it was found that the relational capital with customers is often enabled by bonding capital, wherein in-group members share insights regarding local preferences.

Immigrant entrepreneurs in South Africa navigate not only economic but also socio-political risks, such as xenophobia, which jeopardises personal as well as business safety. Their ability to navigate these risks is further indicative of strong resiliency and adaptability. Many participants have developed strategies that include keeping a low profile and maintaining a solid community, which provides access to information in overcoming these challenges. Other strategies, such as cashless modes of payment to reduce cases of theft, are exemplary of how immigrant entrepreneurs deploy innovative ways to ensure that businesses remain in operation. Evidently, the community networks supply bonding capital that informs these strategies.

4.2.6. Theme 6: Embracing the challenges of entrepreneurship

Many participants ascribe their success to the challenges they face from the mere fact of being in a foreign country: Navigating complex regulatory environments, cultural differences, and xenophobic sentiments forces them to become more driven and resourceful. This vibrancy attracts customers, with local South Africans constituting the main clientele base for immigrant-owned businesses. Conversely, local-run businesses may struggle to compete against efficiency, adaptability, and network-based advantages already possessed by immigrant entrepreneurs. We highlight this theme not as a direct form of social capital. Rather, it seems that the resilience immigrant entrepreneurs gain while

facing regulatory and other challenges, interacts with social capital by influencing the ways in which entrepreneurs utilise their networks.

4.2.7. Summary

These experiences suggest that immigrant entrepreneurs leverage social networks to overcome challenges, including language and cultural differences, market unfamiliarity, and competition. These networks provide mentorship, resources, and market insights that help the immigrant to adapt quickly in the informal economy. Where such advice and mentorship are obtained from within the group, bonding capital is embodied. Mentorship may be provided through outsiders though, in which bridging capital is operationalised. The thematic analysis reveals that product diversification, effective use of social and community networks, and resilient responses to market and regulatory barriers, are strategies used by immigrant informal entrepreneurs to gain a competitive advantage. These strategies are often informed by access to resources that are granted through bridging, bonding and relational capital.

5. Discussion

In all themes identified, social capital emerges as an important enabler. First, it is evident that social networks support immigrant entrepreneurs by providing market knowledge both from close groups and more extended groups. Bonding and bridging capital are essential. Second, through mentorship and advice on how to navigate uncertain market conditions, social networks provide business support – again, this happens through bonding and bridging capital. Third, social networks help immigrant entrepreneurs to overcome challenges by assisting them in navigating unfamiliar cultural and formal institutions to be able to shape relational capital with customers. These results are further unpacked here through the lens of social capital theory. Specifically, findings are discussed as they relate to important bonding, bridging and relational capital.

5.1. Bonding capital

Gomez et al. (2015) and Gumede & Moyo (2023a) find that social networks provide necessary market information to immigrant entrepreneurs. This information reduces business risks and uncertainty. Indeed, interviews in Johannesburg confirm that entrepreneurs draw from their communities to learn how to navigate their new environment effectively. This represents bonding capital (Senik et al., 2022), which is the close ties that hold individuals together within the same ethnic or community group.

Such peer-to-peer knowledge transfer supports immigrant entrepreneurs in adapting to local market dynamics and avoiding expensive mistakes. Petersen and Charman (2018) confirm that immigrant entrepreneurs often bypass formal business training and instead obtain market-specific knowledge through their network and community linkages. Bonding capital also brings on board immediate resources and avenues leading to problem-solving based on shared experiences – especially pertaining to bureaucratic procedures, permits, and finance. Several participants mentioned that community contacts were necessary for obtaining information and resources and accessing formal institutions.

This is corroborated by Muchineripi et al. (2022), who indicated that shared experiences in immigrant communities provide opportunities for immigrants to adapt more satisfactorily to challenges encountered in business.

5.2. Bridging capital

This is particularly important at the nascent stage of the enterprise. It enables immigrant entrepreneurs to expand beyond the immediate networks that may connect them to wider supplies and customers (Muchineripi et al., 2022). Immigrant entrepreneurs have successfully utilised their social networks to surmount the many challenges of language disparities, cultural difficulties, and limited access to formal institutions.

Wood and Cooke (2023) confirm that bridging social capital is necessary for enabling immigrant entrepreneurs to adapt and survive in new cultural and enterprise environments. Social connections provide sources of informal advice about legal and regulatory issues that are seldom obtained through formal sources (Muchineripi et al., 2019).

As Gomez et al. (2015) and Gumede and Moyo (2023b) argue, leveraging relationships with both local traders and fellow immigrants helps entrepreneurs overcome barriers like language and cultural unfamiliarity. Participants repeatedly discussed that their social networks supplied them with the necessary advice to overcome these kinds of barriers.

The use of bilingual brokers serves as a point of contact that enables entrepreneurs to better convey messages and establish relationships with customers in the host economy. Through these interactions, social networks provide opportunities for building experience-based trust and rapport, which are also critical in business. Indeed, Senik et al. (2022) give credence to this finding when remarking that social linkages are basic in engendering customer loyalty, particularly where there is an additional language handicap to compound the problem.

Conversely, language barriers can also facilitate bridging capital by enabling networking across cultural and linguistic boundaries. This demonstrates that bridging can be bi-directional for social networks.

Petersen and Charman (2018) find that immigrant entrepreneurs strongly rely on their social networks to meet regulatory requirements and avoid legal sanctions within a complex and often xenophobic business environment. This is echoed in our interviews. Participants reported that community members act as translators for them or explain how local business regulations work.

Several of the participants pointed out the role their network plays in dealing with xenophobic tensions and, sometimes, the relations with the local business associations or community leaders.

Social networks also help access sources of formal finance. This suggests that immigrant entrepreneurs are not only drawing on close networks but also widening their networks beyond close circles to pursue more extensive opportunities.

5.3. Relational capital

Relational capital, where the elements of trust and reciprocity within community networks are substituted for formal credit systems, enabled access to financial means for many traders.

It shows that social ties serve as conduits for financial resources, a finding that supports Gomez et al.'s (2020) argument relating to relational capital in accessing credit from informal sources. In short, such resourceful practices highlight immigrant entrepreneurs' adaptability as they deploy financial networks at the community level to circumvent formal barriers to credit. This finding is consistent with Khosa and Kalitanyi (2015), who note that most immigrant entrepreneurs rely on transnational networks to access capital from their country of origin. Wood and Cooke (2023) confirm that informal financial systems based on trust, act as lifeline for businesses excluded from formal financial services. These informal financial channels include borrowing from relatives or involvement in rotating savings arrangements like stokvels, which offer much-needed capital for business expansion.

Relational capital is also displayed through mentorship. Most participants consider experienced business owners who come from their ethnic community as mentors or coaches who can help them navigate through complex and hostile business environments.

This agrees with the argument by Senik et al. (2022) and Muchineripi et al. (2022) that mentorship provides an important form of relational social capital, whereby established entrepreneurs provide business advice and guidance through culturally relevant means to assist in adapting to local markets.

Additionally, social networks provide informal avenues for the exchange of culture and learning. Entrepreneurial communities host events where people share experiences and expertise. This community aspect brings about an atmosphere of mutual learning, enabling cultural barriers to slowly be torn down. This example shows how social links improve cultural integration, which in turn enhances an immigrant entrepreneur's business environment. The usage of informal gatherings for knowledge sharing confirms Gumede and Moyo (2023b), who argue that community gatherings act as a source of collective learning for enhanced business performance, cooperation, and mutual help.

Relational capital can also be expressed through collective action by immigrant entrepreneurs. This corroborates Wood and Cooke's (2023) findings on collective leverage among immigrant communities, which provides an enhanced bargaining position in their interaction with local governance and management of xenophobic tensions.

5.3.1. Summary

Our findings confirm the importance of social capital in providing resources that enable opportunity-led immigrant entrepreneurs to establish and maintain a competitive edge in the informal economy. Bonding and bridging capital allow for access to diverse product ranges as well as insight into customer preferences, through which unique relational capital is expressed. These well-established and successful opportunity-led entrepreneurs therefore enjoy an advantage in growing their livelihoods. These findings can also serve to strengthen cooperation and competitiveness for local informal entrepreneurs – we elaborate on practical contributions in the conclusion.

6. Conclusion and recommendation

This article explored the complexities of informal immigrant entrepreneurship within the FMGC sector of Johannesburg. Qualitative interviews and thematic analysis indicate that

social networks significantly impact immigrant entrepreneurs' access to resources such as market knowledge, formal and informal finance, and business support. These networks are multi-dimensional, with family ties, friendships, and community associations all combining into a supportive environment necessary to survive the informal economy.

Participants confirmed that tapping into tightly bonded networks has sometimes acted as an insurance against hard times or personal tragedies. Equally, immigrant entrepreneurs who actively engaged themselves with diversity in the community reported an increased sense of being able to widen their customer base and collaborate with local businesses. The reliance of informal immigrant entrepreneurs on social networks for mentorship further exemplifies how key these relationships are. Participants repeatedly noted that knowledge acquired from peers and mentors provided them with the tactics to manoeuvre through relatively unexplored business environments.

The competitive pressure generated by the wider variety of products, lower prices, and good customer service that these networks enable immigrant entrepreneurs to offer, will likely force local businesses to reassess their business strategies. The scenario demands that local entrepreneurs find ways of effectively incorporating the use of social networks into their own operations. This adaptation may be achieved by strengthening ties with the community, collaborating with immigrant entrepreneurs, and improving customer relationships.

The practical contribution of this article relates to implications for various interventions and support initiatives in the informal sector. We found that immigrant entrepreneurs accessed mentorship primarily as bonding social capital, suggesting that formalised mentorship interventions can build on these existing networks to broaden access to mentorship beyond co-ethnic circles. Business associations and policymakers can therefore further foster mutual respect and support legitimacy by creating inclusive platforms for collaboration. Finally, as the focus here was on opportunity-driven firms, the value of targeted incubation support to enhance innovation in the informal sector is highlighted. These findings, taken together, point to practical starting points for community organisations and policymakers who wish to leverage immigrant entrepreneurship for sustainable local development.

Future research should consider mixed methods and longitudinal studies to examine how factors like immigration policy and consumer demand influence the career paths of immigrant entrepreneurs. By combining qualitative interviews with quantitative surveys, researchers can gain deeper insights into how social networks contribute to business success and identify competitive factors. Additionally, collecting data from locally born entrepreneurs for comparative analysis could shed light on their perceptions of immigrant businesses, enhancing understanding of the entrepreneurial ecosystem and promoting collaboration in informal markets.

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ORCID

Alicia Fourie  <http://orcid.org/0000-0002-4997-2447>

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