

The Role of the Private Sector in Promoting Migration Entrepreneurship in South Africa

By Paul Kariuki and Tawanda Matema

Private sector plays a critical role in many aspects of migration. Globally, the development and adoption of the Global Compact for Safe, Orderly and Regular Migration (GCM) in 2018 which provides a comprehensive approach to migration is a key example that demonstrates the importance of the private sector's contribution in migration policy development including migration management.

At the local level, the private sector has been at the fore front of processes aimed at creating employment and business growth, in the midst of challenging circumstances as a result of COVID-19. The sector has been influential in advocating for better migration policies that facilitate mobility of labour, especially attracting critical skills needed in our economy. As corporates, they have an obligation to ensure their business interests are protected whilst at the same time complementing government efforts towards employment creation, and poverty reduction. It is therefore an imperative that the sector supports conducive migration friendly policies that are inclusive and sensitive to the plight of migrants.

But what other roles does the private sector in South Africa play to promote migrant entrepreneurship beyond influencing migration policy?

To begin with, it should be appreciated that migrants are part and parcel of the 'private sector' in South Africa because of their apparent operations in both formal and informal sectors. According to the [Institute for Security Studies](#), the Quarterly Labour Force Survey of 2017 showed that 47% of migrants are employed in precarious and unregulated environments, and of these, nearly 39% are employed in the informal economy.

Additionally, a 2020 research report by [Amanda Bisong and Anna Knoll](#) titled Mapping Private Sector Engagement found that the private sector has traditionally been and continues to be engaged by public sector actors on the basis of resource mobilization and funding. One of the major challenges faced by migrant entrepreneurs in South Africa is the lack of capital in their business ventures due to a lack of credit history, documentation and other requirements for obtaining loans from financial institutions. To compensate, migrant entrepreneurs establish stokvels or informal financial associations (IFAs) to generate and consolidate capital. These IFAs come in many forms ranging from rotating savings and credit programs; and social welfare strategies operated and provided by employers to name a few.

Furthermore, the focus of the private sector on business oriented interests in the promotion of better migrant policies has also spilled over into the support of skills that are designed not only to improve business operations and boost productivity but also to support the South African economy in achieving sustainable development goals (SDG) such as employment creation.

[A 2017 research by Sally Peberdy](#) investigating the relationship between South African and migrant entrepreneurs in Johannesburg found that, about 47% of South Africans relied on immigrant businesses for supplies, around 51% had gained important skills from immigrant businesses while about 53% rented their business premises to immigrant businesses. Overall,

over 50% of South Africans asserted their relationship with immigrant businesses were on good terms.

Additionally, the South African economy is so diverse that it offers opportunities for growth and expansion of both micro- and macro-economic activities which migrant entrepreneurs are more than willing to take up. As a result, migrants end up as owners of these small, medium and micro enterprises (SMMEs) establishments, contributing to the growth of the South African Economy through [tax payment](#), service provision and employment creation.

The benefits of the promotion of migrant entrepreneurship by the private sector have been many but the most important include social cohesion, employment creation and skills development and sharing. The establishment of stokvels acts as a mechanism for social cohesion not only among migrants but also between migrant entrepreneurs and South African hosts through the constant exchange of money, goods, services and business knowledge. Promoting the establishment of these businesses and entrepreneurial enterprises by migrants creates employment not just for migrants but also South African local hosts. Skills such as employment creation are aligned with the country and feed into the South African economy's growth.

Furthermore, the private sector acts as a bridge that can facilitate the relationship between the government and migrant entrepreneurs. A government department such as the Department of Home Affairs (DHA) and private sector can work together in streamlining migration policies that facilitate attraction and retention of skilled migrants to complete local human resource in building South African economy.

It is therefore prudent for the South African government to identify, develop and implement mechanisms that incorporate, encourage and sustain partnerships with the private sector in migration programs and policies to ensure the development migrant entrepreneurs specifically but also migration in general. According to the Organisation for Economic Co-operation and Development ([OECD](#)), private sector engagement is central in reaching development goals and it can help to strengthen the link between 'displacement, migration and sustainable development'. The sustained operation of micro-economic establishments by both South African and migrant entrepreneurs is one of the key economic activities that feeds into sustainable development. This further reiterates the importance of joint solutions.

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