

THEORIES OF IMMIGRANT ENTREPRENEURSHIP IN THE SOUTH AFRICAN CONTEXT

Samson Nambei Asoba, Walter sisulu University
Nteboheng Patricia Mefi, Walter sisulu University

ABSTRACT

Craft-making has always been central to the African way of life and various forms of craft have been observed in many parts of Africa. Cape Town is a well-known destination for many immigrants who have adopted craft-making as a business and a form of employment. Most of these immigrants run survivalist and micro craft enterprises with very few of them having grown to reach the small to medium-sized business threshold. Even though numerous studies have attempted to explain immigrant entrepreneurship in general, few of them focussed on understanding the theories of immigrant entrepreneurship in the South African context. The present article was formulated to explore and explain theories of immigrant entrepreneurship in South Africa. The methodology involved a systematic review of literature, which aimed to identify the theories that best explained immigrant entrepreneurship in South Africa.

Keywords: Framework, Growth, Immigrant-Owned Enterprises, Micro Craft Enterprises.

INTRODUCTION

The discourse on immigrant entrepreneurship has attracted a growing number of scholars and economists alike, who have attempted to explain the causal factors or the why and how an individual becomes an entrepreneur. Understanding the phenomenon of immigrant entrepreneurship is important for understanding the microeconomic sector of most advanced countries. Migrant economies have grown significantly over the past decades. Kerr and Kerr (2016) report that the “general rates of business ownership are higher among the foreign-born than natives in many developed countries, including the United States, United Kingdom, Canada and Australia”. This means that immigrant entrepreneurship is no longer a marginal economic sector. This paper aims to explore the scholarly debates on the theoretical foundations of immigrant entrepreneurship in South Africa and provide a synoptic overview of some of the key theories of immigrant entrepreneurship. Such an overview is important in introducing the reader to and deepening the understanding of the key concepts and theoretical explanations of the factors affecting immigrant entrepreneurship.

Immigrant entrepreneurship is self-employment or the ownership of businesses by immigrants or persons originating from foreign countries (Chaudhary, 2015). Scholars remain divided over how migrants become entrepreneurs. According to Nieman and Nieuwenhuizen (2009), an individual is driven by two essential factors opportunity (pull factor) or necessity (push factor) to become an entrepreneur. Though widely accepted, the challenge with the pull and push factors hypothesis is that it tends to box everything into a two dimensional perspective, which poses difficulties for explaining complex factors. As a result, scholars have tried to explain it differently. Some economists have explained the phenomenon of migrant entrepreneurship largely as a factor of migrants’ socio-cultural and ethnic background (Sahin,

Nijkam & Baycan-Levent, 2006). This hypothesis holds that migrants from a certain cultural or ethnic background are more likely to become entrepreneurs because it is the dominant activity of the migrant community. The Somali community in South Africa, for example, fits this profile. In addition, in America and Europe, most street vendors and small-scale entrepreneurs are largely Africans and people from Middle Eastern and Asian countries (Nigerians, Cameroonians, Senegalese, Malians, Moroccans, Jordanians, Turks, Lebanese, Pakistanis and Indians).

Chaudhary (2015) holds the view that migrant self-employment or entrepreneurship is an option when migrants are not able to find employment in their host countries. A similar conclusion is drawn by Sahin et al. (2006) who claim that a large number of African immigrants rely on entrepreneurship to deal with unemployment in the host nation. Tengeh (2011) supports this view and details that *“Many models have been developed to clarify the reasons why immigrants settle on entrepreneurship. In addition to many other theories, the block opportunity or push factor theory, ethnic market niche or pull factor theory, and ethnic enclave theory have gained prominence.”* The Chrysostome and Arcand theoretical model (2009) could be included in these theoretical paradigms of immigrant entrepreneurship. In assessing these theories, it is crucial to emphasise that factors influencing immigrant entrepreneurship vary significantly with host countries and migrants’ backgrounds. Rauchle (2018), for example, indicates that migrant economies vary from city to city in Germany. Rauchle discusses five key factors that influence migrant economies’ local opportunity structures and their capability for urban advancement in different city types in Germany history, economy, positioning, migrants’ infrastructure and perceptions.

LITERATURE REVIEW

Theories of Immigrant Entrepreneurship

Block opportunity or push factor theory

One of the most popular explanations of immigrant entrepreneurship is through the prism of certain endemic structural issues in which immigrants find themselves in host countries. The block opportunity or push factor theory postulates that segregation is one of the key causes of immigrant entrepreneurship in the host labour market (Clark & Drinkwater, 2000; Basu & Altinay, 2002; Sahin et al., 2006; Volery, 2007). This conclusion is also reached by Basu and Goswami (1999), who found that the incapability to get salaried employment or the ability to find only underpaid salaried employment is due to segregation in the labour market. Redundancy was noted as the major reason why 118 foreign entrepreneurs in the United Kingdom had to launch businesses. Discrimination against immigrants in the job market leaves them with very few options to survive and self-employment is a last resort for immigrants to make ends meet. To illustrate this point further, van Tubergen (2005) notes that in nations or economies with a high jobless rate (such as South Africa), immigrants are pushed out of the labour market.

This phenomenon is particularly prevalent with the rise of far-right governments such as in the United States of America, which makes indigenous populations the focus of their economic agenda. During periods of economic crisis or depression, when local populations (especially the vast majority of unemployed youth) increase pressure on governments to provide jobs and remedies for poverty, discrimination against immigrants limits their access to job opportunities, leaving them to fend for themselves. Tengeh, Ballard and Slabbert (2011) found that 67.4% of

African immigrants confirmed that few employment opportunities pushed them to self-employment. Future research needs to ascertain whether immigrant entrepreneurship is higher during periods of economic hardship and when anti-immigration tendencies are prevalent.

To date, empirical research has established that unemployment is the main reason for the growth of immigrant entrepreneurship. In a comparative study of 10 small ventures in France and Britain, Phizacklea and Ram (1995) concluded that the high jobless rate was the main cause for starting a business among immigrants. An analysis of literature trends, including Phizacklea and Ram (1995), Clark and Drinkwater (2000), Basu and Altinay (2002) and van Tubergen (2005), confirms Peberdy and Crush's (1998) opinion that local entrepreneurs are given first preference for employment, over immigrants. It is apparent from the literature that the degree to which immigrants are discriminated against in the labour market is an important variable that affects the rate or intensity of immigrant entrepreneurship.

This notion of preferential treatment for natives seems to be universal and is well documented by regional and national studies. For example, Salaff, Greve and Wong (2006) agree that the Canadian authorities are ignorant of Chinese credentials. Similarly, Aaltonen and Akola (2012) note that in Finland, immigrants are in very uncomfortable position in contrast to native entrepreneurs, because they do not have network of schoolmates or relatives and friends, which is a critical element when seeking employment. This is further supported by Statistics Finland (2008: online), which argues that the labour market is fragmented and irrespective of the level of educational attainment of immigrants, local job seekers are given preference.

Immigrants do not often have the financial resources to pay for education in host countries and even those that have high educational qualifications often lack the means to validate their certificates. Landau (2010) confirms the opinion that in South Africa a notable number of immigrants lack monetary resources for their educational qualifications to be validated by the South Africa Qualifications Authority (SAQA). Without the SAQA qualification, these immigrants are sidelined by possible employers and their only viable option is self-employment. Language is another contributing factor to employment discrimination and difficulty of immigrants to access employment opportunities. In Durban, South Africa, for example, a significant number of Ethiopian immigrants reported that their inability to speak fluent English or Zulu was a deterrent when looking for job opportunities (Gebre, et al., 2011). The major role that language plays is further placed in focus by Khosa and Kalitanyi (2014) who established that 59.1% of African immigrants confirmed that their inability to communicate in the local languages (Afrikaans, Zulu and Xhosa) was a notable hindrance to their hopes for employment in Cape Town.

Racism is a further impediment to immigrants' access to job markets. Immigrants are often subjected to racism, driven by several clichés, which foster the feeling of 'us' and 'them'. In their study, Ishaq, Hussain and Whittam (2010) found that most of the ethnic minorities in Britain face racism. This is confirmed by MacPherson (1999: online), who described the British police as "*Incompetent and racist*". He opines that racism is a majorly problematic issue and defiance of peaceful race interconnection in an increasingly multi-cultural UK society. The occurrence of racism in British society has been identified as the major reason for the notable increase in stress, depression, heart problems and fear for their safety suffered by immigrants and their inability to access job opportunities.

Ethnic Market Niche or Pull Factor Theory

The ethnic pull factor theory suggests that some ethnic groups have established a niche in a specific market sector, which attracts immigrants to set up businesses. In the view of Garg and Phayane (2014), the ethnic or immigrant market theory posits that immigrants are drawn to form ventures in market niches arising from opportunities in society and features of The Immigrant Group. Garg And Phayane (2014) Further Contend That Immigrants Find opportunities in niche markets in areas that do not attract native entrepreneurs. To corroborate this view, Halkias, Abadir, Akrivos, Harkiolakis, Thurman and Caracatsanis (2007) conclude that "*Immigrants enter abandoned markets.*" The craft and curio markets in Cape Town and Johannesburg are good examples of abandoned markets in South Africa. In the Western Cape, natives lack craft skills (Kaiser & Associates 2003). A significant number of craft entrepreneurs in the Western Cape are non-South African citizens (immigrants) from the SADC group of countries and other parts of Africa, who seek to exploit the tourist market. This is confirmed by Peberdy (1997) and Peberdy and Crush (1998), who report that "*Immigrants are pulled to craft and curio trades because South Africa does not have strong indigenous or local curio-producing expertise.*" In their empirical study, in which curio craft traders were interviewed, Peberdy (1997) found that when traders were asked why they chose the handcraft or curio trade, 27% stated that it was because of a strong tourist industry market, 19% indicated that they entered this market because of the strength of the South African economy and 5% said it was due to the strength of the Rand, the South African currency.

Educated Migrant Pull Factor Theory

While most studies explain how ordinary immigrants become entrepreneurs, only a few have explained the reasons why educated immigrants choose entrepreneurship. In their study conducted in Finland, Aaltonen and Akola (2012) point out that the motivations for foreign PhD and Master's students to launch businesses were pull factors of independence, to make profit and creativity. This is an interesting perspective because until now, immigrant entrepreneurship has been seen and presented as a desperate choice for immigrants who have no other option due to rejection or discrimination in the labour market. The educated immigrant pull factor theory suggests that educated migrants do have choices and that some of them choose entrepreneurship because of certain pull factors. To further corroborate this hypothesis, Basu and Altinay (2002) in their study of Turkish and Cypriot entrepreneurs in Britain, observed that money, a need to be one's own boss and to acquire experience were some of the motivational factors for educated immigrants' self-employment in Britain. Bonacich (1973) concluded that... "*sojourners are pulled to make money, not spend it and they select an occupation which does not tie them down for long periods*".

In reality, the educated immigrant pull theory has implications on the perception of immigrant entrepreneurship. Firstly, it suggests that education influences immigrants' choices of whether to gain employment or to become an entrepreneur. Secondly, the theory seems to ignore or overlook the role of the host country, particularly the influence of far-right governments, high unemployment and general economic hardship, which may make jobs scarce and/or contribute to labour discrimination against immigrants, irrespective of their educational level or background. Thirdly, the theory relies heavily on factors within the individual to explain the choices that immigrants make. Future research needs to investigate the type of education or the field of

studies that influence immigrants' choices of entrepreneurship. For example, it is more likely that immigrants with business or similar degrees will become entrepreneurs, irrespective of the political system and the economic situation, as opposed to immigrants who majored in political and social sciences. Future research also needs to compare the business models, quality and longevity established by ordinary immigrants and those by educated immigrants with MA and PhD degrees.

Ethnic Enclave Theory

The above ethnic market niche pull theory rests on the hypothesis that migrants from certain ethnic groups demonstrate a proclivity for entrepreneurship due to some existing pull factors. The ethnic enclave theory examines the nature and characteristics of diaspora communities in host countries and how they influence immigrants' entrepreneurial choices, for example, China Town (Chinese communities abroad), Somali communities, Turkish, Moroccan and many other foreign communities. The contours of this theory are well summarised by Halkias, Harkiolakis, Thurman, Rishi, Ekonomou, Caracatsanis and Akrivos (2009), who suggest that the ethnic enclave theory reveals how foreign entrepreneurs characteristically commence ventures in suitable conditions within two neighbourhoods, namely migrant communities and unsatisfied business segments in the wider economy. There is no unanimity among scholars on the key constituent elements of the ethnic enclave theory and studies from different regions have highlighted different factors as the pillars of this theory.

Some scholars have emphasized cost as a major determinant of immigrant entrepreneurship. Proponents of this view argue that migrants will choose only business options or ventures that require little capital and are easy to set up. As Tengeh (2011) observes, African immigrant entrepreneurs initiate businesses mostly in sectors associated with low start-up costs, few competitors, are less capital-intensive and have minimum assets to cash conversion challenges. While this may sound plausible for the African context, scholars from other regions espouse a different view.

According to Zhou (2004), for instance, the ethnic enclave theory considers immigrant entrepreneurship from a different view. Zhou propounds the view that "*The ethnic enclave theory emanates from a labour market perspective, and to this end, argues that immigrants and natives encounter two types of markets, namely primary and secondary markets.*"

According to Zhou, a primary market consists of highly paid jobs that require high qualifications, including appropriate educational levels, sound credentials and experience. The market is characterised by career advancement and unlimited economic opportunities. Such markets tend to favour mostly natives, while foreigners are highly discriminated against.

Secondary markets are characterised by low earning jobs with limited opportunities and restricted job progression.

These may include domestic labour, sales and other odd jobs that do not usually attract natives. The majority of immigrants are willing to work in secondary markets for various reasons including lack of proficiency in the language of the host country, and a general and burning desire for quick cash for daily subsistence and for remittance back home. Therefore, because primary markets are not accessible to immigrants and there is limited economic opportunities for immigrants in secondary markets, immigrants tend to establish ethnic enclaves as an alternative (Zhou, 2004).

Push/Pull Factors Affecting Immigrant Entrepreneurship in South Africa

Contextualisation

Theories of immigrant entrepreneurship, as discussed above, have identified several factors that either push or pull immigrants towards entrepreneurship. This section seeks to contextualise the debate in South Africa to highlight some of the key factors and shed more light in terms of their contribution to shaping immigrants' decision-making in favour of or against entrepreneurship in South Africa.

Keyfactors

High Unemployment

Unemployment has been highlighted in many of the theories on immigrant entrepreneurship as one of the key factors influencing discrimination and immigrants' decisions to become entrepreneurs. The unemployment rate in South Africa is 29.1%, an increase of about 4% from the 2014 rate (Statistics South Africa [SSA], 2019: online). This means that unemployment in South Africa is very high. Van Tubergen (2005) asserts that in nations with a high unemployment rate like South Africa, immigrants are forced out of the labour market and governments give priority to natives, forcing immigrants to look for alternative employment. Clark and Drinkwater (1998) put it more directly in their explanation, that their inability to find primary employment, underpaid salaries in the secondary sector and widespread discrimination in the labour market constitute reasons why foreign nationals are squeezed into becoming sole proprietors or independent contractors and work for themselves. This seems to be a point of convergence of scholars (Bogan & Darity, 2008:2010; Tengeh et al. 2011; Tengeh, 2011; Fatoki 2014). In their study, Tengeh et al. (2011) observe that 67.4% of foreigners are forced into sole proprietorships because of the high unemployment rate in South Africa.

The role of unemployment as a push factor for immigrant entrepreneurship is corroborated by other studies in different countries. Phizacklea and Ram (1995), for example, in their comparative study of 10 ethnic small businesses in France and Britain illustrate that unemployment constituted the main reason to start a business. Similarly, Peberdy (1997) found that 42% of African immigrants interviewed indicated that unemployment was the main reason to become entrepreneurs. The craft industry is one of the common sectors for immigrant entrepreneurship because it is easy to set up and requires little capital. Rogerson (2010) stresses this point in his contention that the craft market was established for the purposes of aiding the unemployed, job creation and improving marginalised groups in rural and peri-urban regions in South Africa. Chikamhi (2011) makes a similar observation, that a significant number of foreign entrepreneurs trading at Greenmarket Square in Johannesburg, South Africa, identified lack of employment as the main reason to start a craft business.

Discrimination

As already stated in the preceding sections, discrimination against immigrants is a key feature of far-right governments and countries experiencing high unemployment and economic crisis. The block opportunity or push factor theory explains the tendencies and circumstances under which immigrants suffer discrimination in the host labour market (Clark & Drinkwater,

2000; Basu & Altinay, 2002; Sahin et al., 2006; Bogan & Darity, 2008:2010; Fatoki, 2014). The prevalence of discrimination is highlighted by Landau and Jacobsen (2004), who point out that immigrants face discrimination on a daily basis. In most cases, this discrimination is institutionalised. Rankin (2006), for example, notes that “*Numerous requirements prevent firms from hiring immigrants even if they possess the requisite skills.*” Born South Africans are given first predilection when job opportunities arise, rather than immigrants (Peberdy & Crush, 1998), even in contexts where the latter may be more qualified than the native. In the same vein, Basu and Goswami (1999) found in their study that 188 immigrants established businesses in Britain because they could only find underpaid jobs. They also cited redundancy and discrimination in the labour market against immigrants.

Abandoned Markets

Natives tend to pursue their dreams in the primary sector where there are high-paying jobs and neglect or overlook opportunities in other sectors. Halkias et al. (2007) point out that these “*Abandoned markets, as economists refer to these neglected opportunities, are grabbed by immigrants, who enter the markets to create employment for themselves.*” Kaiser and Associates (2003) further contextualise this perception in the South African context, in their assertion that “*Craft traders from the SADC and the rest of Africa dominate the Western Cape craft markets in the absence of a strong indigenous curio and craft-producing sector.*”

Alien Status

The immigration status of an immigrant is also a factor that influences immigrant entrepreneurship or self-employment. Steiner (1994) puts this in perspective in his claim that “*A trader status is a precondition for participation in African art trade. African art traders are members of an alien community...*”. This categorization or status hinders integration with the natives and makes it difficult for immigrants to have successful economic exchange. However, the alien status does help to unite or bring together African immigrants to form communities. These communities exchange information, share a broad spectrum of craft knowledge and are able to create and agree on common standards, quality and prices of their products. The foreign status allows them to sell curios and crafts from their country of origin or from other African countries.

Experience and Prior Knowledge

Scholars contend that the personal attributes of immigrants also play a role in determining whether an immigrant becomes entrepreneur or not. This point is illustrated by Shinnar and Young (2008), who argue that training gained by foreign entrepreneurs in certain activities is critical to starting their own new venture. Werbner (1990, cited by Altinay & Altinay, 2008) also asserts that knowledge acquired by immigrants helps them to detect business opportunities and gaps in the market. This is corroborated by Levent, Masurel and Nijkamp (2003), who employ the case of an immigrant who worked in a restaurant owned by other members of his/her ethnic group or community and later established his/her own restaurant, to illustrate how experience and prior knowledge influence an immigrant to become an entrepreneur in a certain sector. Following a similar line of thought, Kalitanyi and Visser (2010) demonstrate that in South

Africa, African immigrant entrepreneurs are prevalent in the retail and services sectors, including curios and craft, clothes, food, motor cars, restaurants, music and the import business.

Case Study: The Craft Industry in South Africa

Defining Craft

There is no generally accepted definition of what constitutes a craft. The Merriam-Webster Online Dictionary (2020) defines craft from the perspective of dexterity as:

... (1) skill in planning, making, or executing; (2) an occupation or trade requiring manual dexterity or artistic skill; (3) skill in deceiving to gain an end; (4) the members of a trade or trade association....

As a verb, the same dictionary defines craft as “to make or produce with care, skill or ingenuity”. This suggests that the word craft is often convoluted and may mean different things to different people. A consensual definition has eluded South Africans and many simply refer to it as ‘craft is craft’.

However, the verb form of the definition is important as it suggests the notion of producing or creation. Most importantly, the definition includes the concept of ingenuity, which denotes innovation, imagination, creativity and originality. With this in mind and for the purpose of this paper, by craft, we mean all economic activities or works that involve the creative or innovative manufacture or production of certain materials, goods or articles for commercial purposes. For Hay (2008), the general position is that the items should be handmade. This is further strengthened by Cultural Industry Growth Strategy [CIGS] (1998), who define craft as the “*Use of hands for the production of useful and decorative items on a small scale*”.

The Contribution of the Craft Industry

Globally, craft is a huge industry that generates billions of dollars annually (Holder, 1989). In some cases, it is the biggest employment sector. It is an industry that is present in one form or another in all the countries of the world, as every country today has some form of crafts. Over the past decade, China has been a global competitor due to its mass production, cheap labour force and large export (Kaiser & Associates, 2003; South Africa. Department of Trade and Industry [DTI], 2005). In India, the craft industry employs an estimated 23 million craft people and this industry generated an annual earnings of US\$1.65 billion in 1999/2000 (Kaiser & Associates, 2005; Dash, 2011). According to the Home Industries Association (HIA) in the USA, cited by CIGS (1998), the craft industry generated US\$10.85 billion in 1995. In the United Kingdom, the craft industry generated 122 million Great British Pound (GBP) Sterling in 1981 (CIGS, 1998). The craft industry also contributes US\$1 billion per annum to the economy of Mexico (CIGS, 1998). The African continent is seen as a single source in the global craft industry although there are 55 countries that are members of the African Union. In Africa, the industry constitutes a significant part of the GDP of many countries. For example, in Morocco the craft industry represents 15% of GDP (CIGS, 1998), and in 2002, Ghana craft exports contributed US\$11.3 million (Kaiser & Associates, 2005). In the Democratic Republic of Congo, there exists a very strong wood carving sector, many of which find their way into South African craft markets. In countries like Zambia, Malawi, Mozambique, Kenya, Tanzania and Uganda,

basketware and woodcarvings are a major business that targets the South African tourist shops, craft markets and curio outlets (Joffe & Newton, 2007).

When the situation in South Africa is considered, craft is one initial forms of trade for immigrants into the South African economy (CIGS, 1998:3). The craft industry contributes an estimated R3.5 billion in income yearly and employs an approximated 1.2 million individuals (Hay, 2008:5), representing a significant contribution to national employment statistics. As reviewed in Hay (2008), a number of craft developments have been associated with the South African economy. As early as 1997, the government launched the Cultural Industry Growth Strategy (CIGS) with the aim of overseeing the South African Craft Industry Report to propel the sector. An inquiry into four provinces, Western Cape, Eastern Cape, Northern Cape and KwaZulu Natal, reported that craft production is notably high in Kwazulu Natal, Mpumalanga, Northern Province and Eastern Cape Province since these areas are still characterised by rural lifestyles. Gauteng and the Western Cape Provinces also have notable craft production since they have complex cultural influences and are key tourist attraction provinces of South Africa.

Heathcock (2000) observes that craft production is prevalent mostly in the Cape Metropolitan area, the Winelands and Garden Route, the Hermanus region in the Overberg, southern West Coast region and Knysna and Plettenberg Bay in the Western Cape. The craft industry has been associated with between R100 and R200 million per year and employs from 15 000 to 30 000 people (Heathcock, 2000).

In a similar study, Kaiser and Associates (2003) state that the Western Cape Province has 45 craft markets, 250 retail outlets and 53 galleries. The region is believed to have the highest number of craft markets in South Africa, which are often dominated by African immigrant entrepreneurs from SADC countries and the other parts of Africa (Kaiser & Associates, 2003). The immigrant entrepreneurs from SADC countries contribute about 78% of the wooden crafts in the Western Cape Province, in contrast to the rest of African countries' contribution of only 22% (Mikolo, 2007).

Craft Products

Craft products vary significantly from place to place, at all geographic levels. This rich diversity is essentially because craft is a representation of the cultural, social, political and economic life of a people. In the observation of Adu-Gyamfi and Boahinn (2013), "*There are several types of craft products, such as carved figurines and sculpture, painted calabashes, leather products, beads and fabrics. Other products include costumes used in initiation rites, basket devices and African clothes such as a bou-bou (a wide-sleeved robe similar to a caftan).*"

These products further confirm the use of craft as a representation of the cultural and social life of a people. In the same vein, Ndlovu (2011) states that examples of craft objects include beaded eggs, wooden drums carved from tree trunks, wire baobab trees, windmills made of wire and metal, clay pots, woven grass baskets and wooden vessels.

CONCLUSION

In conclusion, this paper highlighted the key theories of immigrant entrepreneurs and contextualised the debate in South Africa to raise knowledge and understanding of the sector and its importance to the South African economy. In this context, the paper has highlighted the major factors that influence immigrant entrepreneurship, drawing lessons from other countries to

enhance understanding of the factors shaping immigrant entrepreneurship in South Africa. The key objective here is to dissipate or assuage fears, discrimination and xenophobic tendencies in South Africa, which adversely affect the expansion and growth of the tourist industry in which immigrants play a strong role.

To put the theories in a practical context in South Africa, the case study of the craft industry in South Africa, is discussed, which Holder (1989) sees as an integral part of our life and a big business worldwide. The discussion has also highlighted the significance of the craft industry in economic powers like the United States, India and China, where the industry is a major employer. In India, for example, the handicraft industry is surpassed only by agriculture in terms of employment (Dash, 2011). In the western part of North Carolina in the USA, the total contribution of the craft industry to the state economy is approximately US\$122 million (Dave & Evans, 1998, cited by Paige & Littrel, 2002). The importance of the craft industry in southern Africa is acknowledged by Rogerson and Rogerson (2011), who intimate that craft is an important source of income in southern Africa.

In South Africa, as Makhitha (2013) has rightly observed, there are many retailers selling craft products, including curio shops, craft markets, departmental stores, supermarkets, hypermarkets, furniture stores, galleries and museums (Liebl & Roy, 2003). The majority of craft businesses in South Africa fall into the DTI definition of SMMEs (DTI, 1995). This suggests that more investment to improve and expand the sector could dramatically boost the South African economy. As discussed, even in the most advanced economies, craft constitutes a major industry. This underscores the need for the South African government to consider the sector as part of efforts to reinvigorate the South African economy.

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