Drivers for the Formation of Informal Financial Associations by Immigrant Entrepreneurs in South Africa: the Case of Cameroonians

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Abstract: The sometimes, selective exclusion by the legislation and the financial houses of the host country, force immigrants of African origin to setup stokvels to sustain their businesses and livelihood in South Africa. **Aim:** To provide the basis for inclusive policy initiatives, this paper investigated the drivers for the formation of business support stokvels by Cameroonians in South Africa. **Method:** The paper adopted a mix research paradigm with the survey questionnaire and personal interviews as the tools of choice. The purposive sampling technique was implored to reach the 132 respondents. **Results:** It was apparent that the participants form stokvels to compensate for the lack of access to finance from formal financial intermediaries. The dire need for startup and later expansion capital drove them to form stokvels and even to belong to multiple stokvels as they strive to improve their chances. Beyond this, stokvels provide the platform for the mobilization of savings and the opportunity to run their own bank on their own terms. **Implications:** while aligned to the Cameroonian community, other minority groups can draw vital lessons. Beyond this, the paper informs the inclusive finance debate and may therefore be relevant to policy makers and academics.

Keywords: Stokvels; informal financial institutions; immigrant-owned businesses; Cameroonians; Cape Town.

JEL Classification: E21; O13; G31

1. Introduction and Background

There is an upsurge for the startup and sustainability of new businesses today than ever before. Particularly premised on the fact that the start-up and growth of such entities will curtail poverty through job creation, present day South African is one of the many supporters of this argument. Given the thin spread of factors of production, some countries and groups tend to be particularly disadvantaged with regards to mobilizing resources for business startup and growth (Tengeh, Slabbert, & Ballard, 2012).

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As one of the most essential factors of production, financial intervention through the provision of financial services takes central stage in the promotion of economic growth and development (Tengeh et al., 2012; ILO, 2016). Reasonable access to savings and credit would promote household sustainability besides, enterprise creation and accompanying spillover for the economy as a whole (Porteous, 2003). In South Africa where the financial resources are already stretched and skewed, it becomes even more difficult for small businesses, let alone for immigrant-owned to gain access to the much-needed financial resources.

Like other African immigrants in South Africa, Cameroonians residing in the Cape Metropole, encounter a number of difficulties in obtaining loans from formal financial institutions. Against this backdrop Cameroons have setup informal financial associations popularly known as Njangis or Stokvels in South Africa to meet their burning desire for capital for business purposes. Having been pushed to engage in entrepreneurial activity by limited job opportunities and with limited support, the number of immigrant-owned businesses that take off the ground let alone grow is curtailed significantly. Amidst the hype and the perceived competitive advantage accorded to immigrant owned-businesses vis-à-vis their Native counterparts, it is still not clear what role stokvels play towards their success.

Given that lack of finance is a renowned factor that hinders the start-up and operation of a business in South Africa, and the fact the amount as well as the sources of finance indirectly influence the survival of a business, this study sought to ascertain the drivers for formation of immigrant run stokvels, using Cameroonian entrepreneurs as the lens.

2.2. Literature Review

2.1. Immigrant Entrepreneurship in South Africa

Post 1994, many immigrants and particularly those of African origin have made South Africa their new home away from home (Rogerson, 1997). Regardless of their reasons for immigration, the current literature notes their inability to gain meaningful employment in the South African labour market and hence their preponderance in entrepreneurial activities (Kalitanyi & Visser, 2010; Tengeh et al 2011; Tengeh, 2013).

Although most immigrants go into developing their own business because of the limited job opportunities in South Africa (Tengeh, 2013), it is evident that most of the challenges faced by immigrant business owners are similar to those faced by small businesses in general. Some of the possible challenges that immigrant (African foreign) entrepreneurs go through in South Africa are outlined below.

2.2. Small Business Start-up

Pivotal in the drive to ensure full employment and substantial economic growth by governments around the world today is the need to promote the startup and sustainability of small businesses (Van Praag, 2010; Lose & Tengeh, 2015). It is believed that the start-up and growth of small businesses will alleviate poverty through employment creation. The process of creating and sustaining business would be much more easier if the necessary resources (factors of production) were readily available and accessible to all (Tengeh, 2013). Besides, the dependence on availability of entrepreneurs, land, and labour, access to capital continue to be critical and is in short supply for disadvantage communities.

2.2.1. Typical Challenges to Business Start-ups in South Africa

It has been documented that there are typical challenges that business overcome to start a business and immigrants may even endure more (Tengeh, et al., 2011). While some of these problems can be overcome with minimal and collective efforts from the entrepreneurs, others cannot. Cumbersome registration and taxation requirements (Chikamhi, 2011), high rental (Khosa & Kalitanyi, 2014); limited business space (Fatoki & Garwe, 2010) and limited access to bank loans (Chikamhi, 2011; Fatoki & Garwe, 2010; Tengeh, 2011; ILO, 2016) and so forth continue to dominate the current literature on the challenges that small businesses have to contend with.

While limited access to finance from formal organizations is a problem faced by most prospective entrepreneurs and small business owners, immigrant entrepreneurs tend to be affected most. The most important reason why people borrow money as noted by The National Credit Regulator (NCR) is to start or buy a business in South Africa. Unfortunately, just about 2% of SMMEs are able to access bank loans in South Africa and this is perhaps due to their limited credit history and lack of collaterals (Fatoki & Garwe, 2010). Tengeh (2011) and ILO (2016) note that finance is a major hindrance to the startup and growth of a business in both developed and developing countries.

2.3. Overview of Informal Financial Institutions in South Africa

Informal financial associations are popularly referred to as stokvels in South Africa. Believed to be first associated with English-speaking settler farmers in South Africa, the term “stokvel” is a combination of the words “stock “and “fairs” (NASASA, 2015). Hence, the local farmers pool resources together (latter known as stokvel) to trade livestock at fairs. Believed to have started began in the early 19th century in the Eastern Cape province of South Africa, stokvels in South Africa had an estimated worth of about 25 billion Rand by 2014, with an estimated 8.6 million members in about 421,0000 stokvels (African response, 2014). Having been excluded from fully participating and benefiting from mainstream economy and formal financial activities, black South Africans relied on stokvels for savings

and credit, (NASASA, 2015). This notwithstanding, informal financial associations in South Africa are well organized compared to those of other African countries. In fact, the National Stokvel Association of South Africa (NASASA) coordinates and regulates the activities of stokvels in South Africa.

2.3.1. Types of Stokvels in South Africa

It is believed that one can distinguish stokvels based on the motives for participations. According to NASASA (2015), there exist different types of stokvels in South Africa performing both economic and social functions.

2.3.1.1. Rational Stokvels

The main characteristic of this group is that members contribute a fixed amount of money during their regular meetings. At every assembly, one of the members would benefit a lump sum, which they then have the right to use the way they wish. In such a group, a fixed sum of money is paid out every meeting session either weekly or monthly depending on the interval that members agree upon.

2.3.1.2. Savings Stokvels

Saving stokvels are informal financial associations where members contribute a fixed amount and it is either paid to a member or used by the group for a specific purpose or event. Such a group`s intention is always set up a target and collectively save to achieve it. In such a group, money is not paid out to any members or used at any meeting but saved until it is needed.

2.3.1.3. Burial Stokvels

Burial stokvels otherwise known as burial societies are formed in order for members to gain financial assistant in an event of a death in their family. It is almost like an insurance policy. Members contribute a fixed amount when they meet, and pay out a pre-determined amount to a member in their time of need.

2.3.1.4. Grocery Stokvels

Grocery stokvels are groups, which have as purpose to save money for bulk groceries purchases. Most groups save for regular bulk purchase, where each member will receive an equal share of the groceries bought. These bulk purchases may occur annually or more frequently.

2.3.1.5. Investment Groups

These are groups, which do not come together only to save money, but also to generate more revenue. They either collect a lump sum from each member or take monthly contribution from each. The money may be invested through a financial institution in order to gain interest or used to start or buy into a business.

2.3.1.6. Party Stokvels

Party stokvels refer to groups that have entertainment as their main objective. These types of groups often organise parties that are open to the public, would charge an entrance fee as well as sell food and drinks. Profits are then shared amongst members, saved by the group or paid to the hosting member if the event rotates from house to house.

2.3.1.7. Borrowing Stokvels

The main objective of such groups is to pool funds together in order to provide loans to group members. These types of groups require a fixed contribution from each member. Members are able to apply for loans from the group and the loans are often paid out at a very high interest rate.

2.3.1.8. Multi-purpose Stokvels

These are groups that exist for more than one of the above-mentioned reasons. They are usually large groups that have evolved over several years.

2.3.1.9. Business Support Stokvels

Also known as business groups are associations that consist of business owners, usually in the same line of business. Just like traditional stokvels, members are required to make a fixed contribution to the group. Such group often exists with the aim of making bulk purchases to be shared amongst their businesses and for collective bargaining.

2.4. The Importance of Stokvels

Maluku and Kaseke (2014) in their article "*The role of stokvels in improving people`s lives: The case of Orange farm Johannesburg-South Africa"* came out with a number of reasons that members participate in stokvels otherwise known as benefits of participating in stokvels. The following were brought forth by these authors as reasons identified by their participants for belonging to such groups:

2.4.1. Ability to Meet Basic Needs

Participating in stokvels enables participants to meet up with their basic needs. According to them, their participants acknowledged that since joining stokvel, they have been able to overcome basic needs such as food insecurity. This therefore confirms Chikadzi and Lusenga`s (2013) observation that stokvels enable women to achieve what they would not be able to achieve on their own.

2.4.2. Platform to Save and Invest

Stokvels create an opportunity for members to save and as a result, they tend to engage in huge projects like building houses (Matuku & Kaseke, 2014). Stokvels also give participants the opportunity to invest in household property. Chikadzi and

Lusenga (2013) rightly pointed out that women participation in stokvels give them that chance to break the cycle of poverty.

2.4.3. Easy Access to Credit and Mini-Loans

Another important benefit that participants derive from stokvels is easy access to credit and mini-loans. Chikadzi and Lusenga (2014) noted that borrowers from stokvels are always charged a reasonable interest, which helps to increase savings. Members' contribution and interest charged combine together to enable the stokvel to have a reasonable sum which is given out in the form of loans to both members and non-members, thus creating the impression that many stokvels operate as credit institutions where people can lend money at affordable interest rates compared to formal financial institutions.

2.4.4. Women Empowerment

Chikadzi and Lusenga (2014) also pointed out that stokvels act as a source of strength to women. Hence, participants view stokvels that promote savings as a tool for women empowerment. Most of participants (women) often depend on their partners for initial contribution but as time goes, they are able to break that culture of over dependence on men by standing up for themselves. Mashigo and Schoeman (2010) initially observed that stokvels contribute to social empowerment because they promote income generation, responsible behaviour and economic independence.

2.4.5. Moral Support/Mutual Assistance

Matuku and Kaseke (2014) revealed in their study that moral support and/or mutual assistance is one of the benefits of belonging to a stokvel. Members are there for each other and support one another in times of difficulties such as the death of a loved one thus confirming the fact that stokvels embody the notion of "*ubuntu"* which comes along with the spirit of unity or togetherness (Verhoef, 2001).

2.5. Access to Start-Up Capital for Immigrant Entrepreneurs

Enough capital is needed by immigrant entrepreneurs to achieve success. To highlight the significance of capital, Bates (1997) posits that there is a relationship between the size of the start-up capital and the survival and/or growth of immigrant-owned businesses. Though a vital component of business startup, most often, the capital is not within the reach of immigrants in most host economies. As such they tend to depend on personal savings and family members. It was observed in India, and Vietnam that dependence on family members and friends as sources capital inhibits the size of startups and growth thereafter of immigrant owned businesses (Bates, 1997). On the contrary, the reverse is true of Natives. The implication is that entrepreneurs who rely on formal financial institutions for business start-up are likely to survive. However, this conclusion is of less

importance to the immigrant entrepreneur because in general, immigrant entrepreneurs do not rely on formal financial institutions of mainstream society for financial support. This is because the profile of an immigrant entrepreneur does not permit him/her to have easy access to loans from financial institutions of mainstream society (Tengeh et al, 2012). They are ethnic minorities and are often victims of ethno-racial discrimination. They are poor and lack that convincing credit history or asset to serve as collaterals for their loan applications- hence they must rely on informal sources for financial support. Hence, this classic discriminations forces ethnic minorities to depend on informal financial association for finance.

Light and Bonacich (1988) noted the role of Rotating Credit Association (RCA), particularly in some Asian communities in the United States. The degree of access to financial resources will depend on the quality of the ties that were developed in their ethnic social networks and in particular the trustworthiness that they have created in it. If the profile of the immigrant entrepreneur forces them to rely on their ethnic social network for their financial needs, this financial source provides them with various advantages. This is somehow suitable, as they can avoid the high interest rates as well as the cumbersome process of applying for a bank loan. In a South African study, Tengeh et al, (2012) highlighted the increase use of informal sources of finance by African immigrants in recent years.

3. Research Design

Research methodology is a framework that defines the procedures and methods to be used when collecting and analysing data collected. Zikmund (2003) concurs that there are typically three research methods: qualitative, quantitative and mixed method that is a combination of qualitative and quantitative methods.

Following Tengeh et al., (2011), the current study has adopted this mixed position by combining questionnaires and personal interviews as methods within the quantitative and qualitative research paradigms. It is believed that these methods complement each other and by so doing compensates for the weakness of one (Tengeh et al., 2011).

3.1. Target Population

Population as defined by Dorsten and Hotchkiss (2005) is understood to mean a defined collection of all individuals or other units such as families, corporations, videos, textbooks from which data can be collected. The targeted population for this study was Cameroonian immigrant business owners who carry out their business activities within the Cape Metropolitan area.

It is believed that the unit of analysis of a study refers to what or who should provide the data and at what level of aggregation (Zikmund, 2003). In this study,

Cameroonian immigrant business owners operating within the Cape Metropole were the unit of analysis because the researcher relied on them to provide relevant responses that are required.

3.2. Research Site and Sampling Technique

The research was carried out in the Cape Metropolitan area in the Western Cape of South Africa. The sampling method used in this work was judgment, or purposive sampling. Purposive sampling is a type of non-probability sampling method in which an experience individual selects his or her sample depending on his or her judgment about some appropriate characteristics required of the sample members. The researcher selects the sample to serve a specific purpose, even if this makes a sample less than fully representative (Zikmund, 2003).

For the purpose of this study, purposive sampling was used because the researcher was able to identify Cameroonian Immigrants stokvels in the Cape Town area. However, it was discovered that not all the members were involved in economic activities. This therefore gave the researcher the option to choose his sample only within those members who carry out entrepreneurial activities.

3.4. Sample Size

The sample size reflects a representation of the unit of analysis. Due to a number of restrictions including time, money and limited access, it was not possible to either collect or analyse data from the entire population. Drawing from Saunders (2009), who noted that 8-12 interviews should be deemed as sufficient to study a fairly homogenous group, ten interviews were deemed suitable for the qualitative component of this study.

Determining the sample size for the quantitative component of the study was more challenging given that there is no official database of immigrant-owned-businesses in South Africa (Tengeh et al, 2011). This highlights the challenge to obtaining a reliable estimate of the population and sample size of studies of this nature. To bridge this gap, the current study relied on other empirical studies on immigrant entrepreneurship in South Africa in general and Cape Town in particular (Khosa, 2014; Tengeh et. al, 2011; Rogerson, 1997), on which an average sample of 118 was met. Following this pattern, this researcher therefore decided to concentrate on a sample size of 123 respondents.

The researcher was able to identify 22 njangi groups belonging to Cameroonian immigrants in the Cape Metropole with an average membership of about 16 members per group. Having observed that some members of these groups are not actively involved in entrepreneurial activities, the researcher utilised the purposive sampling technique to reach those involved.

3.5. Data Collection and Analysis

The survey questionnaire was the major tool utilized because it provides a quicker, cheaper but efficient, and accurate means of assessing information about a population.

4. Results and Discussions

4.1. Results of the Quantitative Tool

4.1.1. Problems Faced During Business Start-Up in South Africa

According to the results, it can be concluded that the two most serious challenges confronting Cameroonian immigrant entrepreneurs during business start-up are the lack of finance and the lack of customers. The lack of skilled employees and language barriers are also key issues of concern. The result showed the following:

- An overwhelming 88.6% indicated limited finance as an obstacle;
- 22.0% noted lack of expertise in business area as an obstacle;
- 30.1% acknowledged the lack of skilled employees as a challenge;
- 64.2% point to the lack of customers as an obstacle faced during start-up;
- 12.2% complained that lack of information was a hindrance to them;
- Only 6.5% indicated the lack of proper documentation as a problem;
- 39% reported language barrier as one of the problems they faced when they started their businesses.

Table 1. Problems faced during start-up

	Number of responses	Percent of responses	Percent of cases
Lack of finance/credit	109	33.7%	88.6%
Lack of expertise in business area	27	8.4%	22%
Lack of skilled employees	37	11.5%	30.1%
Lack of customers	79	24.5%	64.2%
Lack of information	15	4.6%	12.2%
Lack of proper documentation	8	2.5%	6.5%
Language barrier	48	15%	39%
Total	323	100%	262.6%

4.2. Number of stokvels in which respondents belong to

According to the survey results, a vast percentage of the respondents (83.7%) belong to just one stokvel group. A further 14.6% of them belong to two different

stokvel groups while just 1.6% of the respondents belong to more than two different groups. These results are reflected in table 2.

Table 2. Number of stokvel groups that respondents belong to

	Frequency	Percent	Valid Percent	Cumulative Percent
Only one	103	83.7	83.7	83.7
Two groups	18	14.6	14.6	98.4
More than two	2	1.6	1.6	100.0
Total	123	100.0	100.0	

4.3. Reasons for Belonging to more than one Stokvel Group

Analysis of this data (Table 3) indicates that 51.5% of those respondents who belong to more than one stokvel group do so because they want to improve their chances of getting required funds for their business while 12% do so because they want to spread their risk in case of default by members or collapse of the group. Just 4% of them do so because their funding needs grow as the business expands.

Table 3. Respondents` reasons for belonging to more than one stokvel

	Number of responses	Percentage of responses	Percentage of cases
To improve my chances of getting the required funding	17	51.5%	13.8%
Because my funding needs grow as the business grows	4	12%	3.3%
Spreading my risk in case of default by members or collapse of the group	12	36.5%	9.8%
Total	33	100.0	26.9%

4.4. Stokvels Provides Capital for Business Start-Up

The results (Table 4) on this data show that an overwhelming majority of respondents (65%) agree that stokvels provide capital as far as start-up is concerned. 27.6% of them strongly agree to this while only 7% disagree. Only 2% of them were undecided.

Table 4. Stokvel provides start-up or seed capital for business

	Frequency	Percent	Cumulative Percent
Disagree	7	5.7	5.7
Undecided	2	1.6	7.3
Agree	80	65.0	72.4
Strongly agree	34	27.6	100.0
Total	123	100.0	

4.5. Stokvel Serves as a Saving Scheme to Members

According to the results of the analysis, all the respondents agree that stokvel serves as a saving scheme to member. In fact, 43.9 percent of them strongly agree to this. None of them disagree or doubt this fact which is therefore an indication that stokvel is really a place to serve money. See table 5 below for details.

Table 5. Stokvel as a saving scheme to members

	Frequency	Percent	Cumulative Percent
Agree	69	56.1	56.1
Strongly agree	54	43.9	100.0
Total	123	100.0	

4.6. Stokvel as a Platform to Discuss Business Ideas

While the results show that a majority of respondents (52.8%) view stokvel as a place to discuss business ideas, 20.3 percent of them disagree while a sizeable proportion of 25% were undecided as presented in table 6.

Table 6. Stokvel as a platform to discuss business ideas

	Frequency	Percent	Cumulative Percent
Disagree	25	20.3	20.3
Undecided	31	25.2	45.5
Agree	65	52.8	98.4
Strongly agree	2	1.6	100.0
Total	123	100.0	

4.7. Stokvel Grants Interest-Free Loans to Members

Table 7 notes that a total of 73.2% and an additional 8.1% of respondents agree and strongly agree that stokvels grant interest free loans to its members. These results reaffirm the importance of stokvels in the life cycles of immigrants businesses. This result also falls in line with the main research question, which tries to find out the role that stokvels play in Cameroonian immigrants` own business. 17.1% of the respondents however disagree that stokvels provide interest free loans to members. The point here might be that since not every member benefits at an earlier stage, some of those members who only become beneficiaries towards the end might not necessarily see it as interest free loan, hence their reason for disagreeing.

Table 7. Stokvel grants interest-free loans to members

	Frequency	Percent	Cumulative Percent
Strongly disagree	1	.8	.8
Disagree	21	17.1	17.9
Undecided	1	.8	18.7
Agree	90	73.2	91.9
Strongly agree	10	8.1	100.0
Total	123	100.0	

4.8. It is Relatively easy to Obtain Start-Up Loan from Stokvels

According to the results presented in table 8, an overwhelming majority of 88.6% and a further 10.6% of the respondents agree and strongly agree that it is relatively easy to obtain business start-up loan from stokvel. This again further confirms the importance of stokvels in Cameroonian immigrants businesses.

Table 8. The ease to obtain start-up loan from stokvel

	Frequency	Percent	Cumulative Percent
Strongly disagree	1	.8	.8
Agree	109	88.6	89.4
Strongly agree	13	10.6	100.0
Total	123	100.0	

4.9. It is Relatively Easy to Obtain Loan for Business Growth or Expansion

Almost all the respondents, giving a combined 99.2% agree and strongly agree that it is relatively easy to obtain loan from stokvel for business growth or expansion. The results are presented in table 9.

Table 9. The ease to obtain loan for business growth or expansion from stokvel

	Frequency	Percent	Cumulative Percent
Undecided	1	.8	.8
Agree	110	89.4	90.2
Strongly agree	12	9.8	100.0
Total	123	100.0	

4.10. Stokvel members must present business plans to obtain loans

Most of the respondents (49.6% disagree and 2.4% strongly disagree) do not support the idea that member should present business plans before obtaining loans. This in other words may mean that they want the loan granting process to be as

simple as possible. Only 21% of them support the fact that business plans should be provided before loans can be granted. See detailed results in table 10.

Table 10. Members must present a business plan to get loan

	Frequency	Percent	Cumulative Percent
Strongly disagree	3	2.4	2.4
Disagree	61	49.6	52.0
Undecided	30	24.4	76.4
Agree	26	21.1	97.6
Strongly agree	3	2.4	100.0
Total	123	100.0	

4.11. Need for Reasonable Explanation for Loan Applications

Table 11 presents the results as to whether stokvel members should give reasonable explanations why they need loans. Most of the respondents (48 %) agree that at least members should provide reasons as to why they need loans. This might be because of security reasons. Another 1.6% of the respondents strongly agree to this. However, 35.8% of the respondents do not agree with this idea while 14.6% choose to be undecided.

Table 11. Members must present a reasonable explanation for why they need a loan

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	1	.8	.8	.8
Disagree	43	35.0	35.0	35.8
Undecided	18	14.6	14.6	50.4
Agree	59	48.0	48.0	98.4
Strongly agree	2	1.6	1.6	100.0
Total	123	100.0	100.0	

4.12. Need For Collaterals Or Sureties To Get Loans

The results (Table 12) show that 53.7% of the respondents disagree that collaterals or sureties should be provided and only 30.1% really support this point with another 1.6% strongly in support.

Table 12. Members must present collateral or surety to get a loan

	Frequency	Percent	Cumulative Percent
Strongly disagree	1	.8	.8
Disagree	66	53.7	54.5
Undecided	17	13.8	68.3
Agree	37	30.1	98.4
Strongly agree	2	1.6	100.0
Total	123	100.0	

4.5. Selected Results of the Qualitative Instrument

4.5.1. Motivations for the Formation of Stokvels

Question: *What can you say was the motivation behind the formation of your stokvel group?*

One of the objectives of the interview exercise was to establish the motivation for the realization immigrant-run stokvels. Though in different sittings, all the participants interviewed concurred the formation of stokvels was premised on their limited access to banking services. Hence, the best option was to pull their resources together so that they can help one another just as it is done back home (their country of origin). For instance, one of the participants **(Respondent A)** had this to say:

"Being a stranger in another country means your financial choices are limited and so we had to cooperate amongst ourselves by forming this njangi so that we could easily afford the needed finances since almost all of us are businessmen and women"

Similarly, **Respondent C said this**:

"*Because we are in a foreign land and since we understand that we have no voice, we decided to form this group in order to get mutual support. The group helps us to grow our businesses and also to save our money. Remember it is not easy for a foreigner to open a bank account in South Africa. A majority of us foreigners do not possess the type of documents that the banks need so the only option left for us is to form our njangis after all, we don`t need any documents to form them".*

5. Conclusions

Generally, limited access to finance is a recurring theme in most studies on entrepreneurship development in South Africa and this is particularly acute for immigrants. It has been noted that discrimination in the labour market of the host economy pushes immigrants into entrepreneurial activities. The sometimes, selective exclusion by the legislation and the financial houses of the host country, force immigrants of African origin to setup stokvels to sustain their businesses and livelihood in South Africa. To provide the basis for inclusive policy initiatives, this paper investigated the drivers for the formation of business support stokvels by Cameroonians in South Africa. It is generally believed that one can distinguish stokvels based on the motives for participations. The results support this assertion as those who join financial support association tend to the common objective of supporting their businesses. Hence, these types of stokvels tend to fill the void resulting from exclusion in the financial market and business support systems of the host economy.

Even members that acknowledged having bank accounts (87.3%) concede that they cannot obtain loans from banks due to a number of structure and legislative issues. This not withstanding the vast majority (92.6%) proclaimed that stokvels provide start-up capital for their businesses while almost all of them (99.2%) testified that stokvels provide business growth loans to them. Besides this, they concurred that stokvels served as a saving scheme. These views were clearly articulated by one of the participants as follows:

*"Because we are in a foreign land and since we understand that we have no voice, we decided to form this group in order to get mutual support. The group helps us to grow our businesses and also to save our money. Remember it is not easy for a foreigner to open a bank account in South Africa. A majority of us foreigners do not possess the type of documents that the banks need so the only option left for us is to form our stokvel after all, we don`t need any documents to form them"***.**

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