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## RESPONSIBLE ENTREPRENEURSHIP: IS THERE SCOPE FOR ITS ADOPTION BY IMMIGRANT-OWNED BUSINESSES IN SOUTH AFRICAN TOWNSHIPS?

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**Abstract.** Concerns about their business practices have precipitated the recent wave of attacks on immigrants in South African Townships. Besides claims that they take away jobs, business opportunities, the locals accuse the immigrants of unfair and irresponsible business practices. All this speaks powerfully to the issue of social legitimacy. Against this backdrop, this paper gauged the business practices of immigrant-owned spaza shops in the hope that the adoption of responsible business practices could act as an intervention strategy for easing the tension between natives and foreign immigrants. The paper followed a quantitative research approach that made use of questionnaires to solicit data from subjects that were purposively selected. The study suggests that immigrant entrepreneurs are treating CSR programmes selectively as issues like training and education, donating to the local communities and employment of natives failed to gain a significant acknowledgement. This, further proves that the CSR ideology has been partially received by the immigrant entrepreneur in the local Townships and thus making it challenging to manage multi-dimensional stakeholder relationships, as issues around credence remain pending. Leaning on the stakeholders and legitimacy theories, this paper advances the case for adoption of CSR by informal businesses and particularly as a possible antidote to the xenophobia that is driven by unfair competitive advantage and unfair business practices by South African township entrepreneurs.

**Keywords:** township economy; immigrant entrepreneurship; corporate social responsibility; stakeholders; immigrants; xenophobia; spaza shops

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**JEL Classifications:** M10, M14, M38

### 1. Introduction and background

The narrative of migration in Africa remains a trending theme in the sustainable development discourses and particularly regarding poverty eradication. In Africa, most of the immigrants leave their countries, mainly due to economic, social and political problems in the hope of a better life in the host country. Amongst the countries that have become a destination for refugees, South Africa remains the most preferred by refugees from Africa and Asia. Perhaps this can be attributed to its liberal approach to the settlement of refugees (Tengeh, 2019). In fact,

South Africa has adopted a coherent open-for-business approach that encourages people from all walks of life to start small businesses (Tengeh, Ballard & Slabbert, 2011; Asoba & Tengeh, 2016). The approach opened economic opportunities for foreign nationals who have been pushed by political and economic challenges in their mother countries to start businesses. Today, immigrants seem to dominate most of the traditional trading outlets such as street vending (Lapah & Tengeh, 2013), malls, grocery shops (Mukwarami & Tengeh, 2017; Charman, Petersen & Piper, 2012), craft shops (Asoba & Tengeh, 2016) in both urban and townships. The positive approach to immigrant-settlement has come under attack in recent years from locals in the Townships as exhibited by xenophobia and targeted crime (Mukwarami, Mukwarami & Tengeh, 2018).

While there have been some positive spinoffs associated with the entrance of immigrants into markets that were traditionally enjoyed by locals, it has become clear that their dominance of the market has not been taken lightly (Mukwarami & Tengeh, 2017; Mukwarami et al., 2018). Perhaps this may be attributed to the fact that the foreign-owned business operations have gradually pushed out those of locals and the sustainability of native-owned business operations has become a cause for concern (Mukwarami & Tengeh, 2017).

While the literature attributes the growth of immigrant-owned businesses to strategic purchasing, clan-based business network, convenient operating times and sound financial management practices (Liedeman et al., 2013; Mukwarami et al., 2018), the locals associate it to an unfair advantage resulting from dishonest business practices. It is perceptions such as these that continue to fuel attacks on the businesses owned by African immigrants in the last couple of years (Vromans, Schweitzer, Knoetze & Kagee, 2011; Tengeh, 2016; Ndinda & Ndhlovu, 2016). Regardless of the negative narratives, spaza shops owned by foreigners, contribute to addressing social-economic problems such as poverty and unemployment (Mutetyoka & Madzivhandila, 2014; Edwards & Jenkins, 2015).

Even though the issues around the challenges that immigrant-owned businesses face have received reasonable consideration from scholars in South Africa (see Kalitanyi & Visser, 2010; Tengeh et al 2011; Lapah & Tengeh, 2013; Fatoki & Patswairi, 2012; Khosa & Kalitanyi, 2014; Mkwanazi & Mbohwa, 2016; Asoba & Tengeh, 2016; Mukwarami & Tengeh, 2017; Mukwarami et al., 2018), the future of foreign operations in South Africa remains in the balance with the emergence of new challenges as xenophobia.

Fuelling xenophobia today is the perceived irresponsible business practice of immigrant-owned businesses, and one would look in the direction of CSR for a possible solution. There is ample literature that suggests that CSR is an essential tool for managing stakeholder relationships and the associated risks that seem to characterise the problem articulated in this paper (Mukwarami, Nyirenda & Fakoya, 2017; Isanzu & Fengju, 2016). Despite this empirical support, CSR is grossly perceived to be practised by and suitable for big businesses (Chazireni, 2017).

The involvement of small business in CSR is slowly gaining the attention of scholars in South Africa (Hlatywayo, 2015; Masarira, 2014; Turyakira, Venter, Smith, 2012). Apart from Fatoki (2018), CSR studies with a specific focus on South Africa are still limited, and this is particularly relevant in the cases of small businesses owned by immigrants operating in the South African Townships. This paper hopes to stretch the literature on CSR with particular emphasis on immigrant-own firms in the hope that the adoption of responsible business practices could circumvent the tension between natives and foreign immigrants.

## **2. Literature review**

### **2.1 Immigrant entrepreneurs in South Africa**

The engagement of foreign nationals in entrepreneurial activities that include the startup and operation of enterprises in their host country is referred to as immigrant entrepreneurship (Tengeh *et al.*, 2011; Khosa & Kalitanyi, 2014). South Africa has seen an influx of foreign nationals who are either political or economic refugees since its return to democracy in 1994. That has since seen immigrants from all over the world converging in South Africa with African immigrants showing a particular interest in South Africa as their country of destination.

The presence of immigrants in the South African informal economy has been significantly manifested through the emergence of various business activities such as cell phone repairs, mechanics, craft, shoe repair and trading which include Spaza shops. Immigrants tend to dominate the spaza sub-sector, and this has to some extent resulted in some form of competition between natives and immigrant entrepreneurs (Ligthelm, 2011). Hence, resulting in the emergence of multidimensional challenges within the informal sectors.

### **2.2 Overview of Spaza shops**

The spaza shop is a popular grocery entity that provides the community with essential grocery items, and they are typical of South African townships. Some scholars have acknowledged the vital role that spaza shops play in creating employment, reduction of poverty and as a source of household income (Mukwarami *et al.*, 2018; Basardien *et al.*, 2014; Tengeh *et al.*, 2012; Ligthelm, 2011).

Spaza shops are part of the informal sector and benefit from the fewer formalities that are involved in their formation and operation. Partly attracted by the ease of entry and pushed by unemployment in the formal sector, foreign nationals have since moved into this segment of the informal market that was traditionally reserved for Natives (Tengeh *et al.*, 2012). The sheer number of the immigrant-owned spaza shops and the strategies that they implore have attracted attention to their activities in these townships (Mukwarami *et al.*, 2017). Liedeman, *et al.*, (2013) assert that close to 70% of indigenous spaza shops have closed down their operations in the Delft, township as the result of competition from their foreign counterparts. The resultant imbalance in the ownership demographics of spaza shops has triggered hostile confrontations which target foreign immigrants. This raises the narrative of the social contract as the community members who are supposed to protect the businesses find themselves on the forefront during the attacks on spaza shops. One may, therefore, argue that legitimacy issues in the context of spaza shop businesses should receive a top priority in the discourses relating to the survival of small businesses.

### **2.3 Organisational legitimacy in the context of foreign-owned Spaza shop operations**

Businesses do not exist in isolation from the communities in which they operate. Hence it is given that the long-term success of the business would be influenced by the level of approval of most of those who are affected by its activities (Tengeh & Mukwarami, 2017). Going by this, it is critically important that businesses eliminate all threats to organisational legitimacy by ensuring that congruence between business value, norms and behaviour matches that of the host environment (Dowling & Pfeffer, 1975).

Regardless of the size, a business tackles social, economic, and environmental challenges, and it is customary that they gain the social license to operate (SLO) depending on how well it meets the need of the community in which they serve. SLO arises from having a good reputation in the community and solving societal issues. As such, it is widely accepted that organisational legitimacy can be potentially gained through CSR strategies (Hlatywayo,

2015; Randrianasolo, 2018) which coherently provides a linkage between stakeholder management, corporate governance and sustainable development (Thulo, 2015). The current state of the spaza shops business environment suggests that there are issues of legitimacy that have undermined the contribution of foreign businesses in certain sections of host communities. By embarking on CSR, the foreign business has the potential to increase their impact in the local communities as well as regain social legitimacy.

#### **2.4 CSR and small business in South Africa**

Corporate social responsibility (CSR) is a multi-dimensional concept and has no universally accepted definition (Diale, 2014; Turyakira et al., 2012). CSR has become a strategic tool that the small business can use to enhance its market positioning and financial gains (Chazireni, 2017). According to Mukwarami (2017), CSR is a portfolio of actions which are taken to address social, economic and environmental sustainability challenges. The commitment of the businesses to ethically address sustainable development issues is expected to ensure that all the stakeholders benefit from the achievement of sustainable development issues. CSR has become a need across the whole business spectrum, and this is particularly true in South African, where communities face a myriad of socio-economic challenges (Diale, 2013).

The concept of CSR is mostly associated with big businesses in South Africa (Chazireni, 2017), particularly listed companies who are required by law to provide reports on their CSR activities (Solomon & Maroon, 2012). Even though CSR is a familiar concept across the SMEs spectrum, efforts to indulge in CSR activities are undermined by many factors such as inadequacy of funds, human capital with limited capacity and information gap (Hlatywayo, 2015). Some authors have noted that SMEs in the Gauteng province are far away from practising and learning CSR as issues to do with reporting to internal and external stakeholders are a challenge to many of them (Chiloane-Tsoka & Rasivetshela, 2014; Masarira, 2014). Concurring, Chazireni (2017) noted that the small retail and wholesale businesses in the EThekweni metropolitan area are reluctant to commit themselves to CSR practices because of the cost involved. Furthermore, they believe that only big firms should indulge in CSR and that SMEs have a lesser impact on the environment.

#### **2.5 Rationale for CSR engagement by small businesses**

The literature suggests that the motives for engaging in CSR vary from business to business, depending on the nature of activities. In most of the cases in developing countries, CSR initiatives are mostly guided by the legislative frameworks (Diale, 2014). In new South Africa, after independence, emphasis on accountability and transparency by the various agencies has influenced most of the reputable businesses to maximise their CSR engagements (Mukwarami et al., 2017). However, over and above, the rationale for CSR involvement, particularly by small businesses is not clear as most of their SMEs operators lack CSR understanding (Chiloane-Tsoka & Rasivetshela, 2014).

For the small business to be legitimately and socially accepted by the communities, the CSR concept has been seen as the most important factor which brings together all sustainable development dimensions (Mukwarami et al., 2017). According to the European Commission (2005) CSR categories for SMEs, include market-oriented CSR activities, workforce-oriented CSR activities, environment-oriented CSR activities and society-oriented CSR activities. However, it is up to the business to initiate various CSR activities based on what they want to achieve at that particular time. The apparent rationale of CSR engagement by various firms are the benefits which accrue from their practices. While CSR benefits are multifaceted, it is fundamentally vital to explore if organisational legitimacy can be gained through engaging in CSR practices.

## **2.6 CSR categories and their benefits to SMEs**

Although CSR is regarded as a cost to the company as per neo-classical economists' propositions (Jensen, 2001; Friedman, 1970), the opposing opinions are suggesting that by engaging in CSR programmes, countless benefits accrue to the business which would eventually result in a better firm performance (Mukwarami et al., 2017; Harper 2014). Beyond this, firms today use CSR to respond to various social, economic and environmental needs of their host communities as demanded by other government institutions (Diale, 2014). Since CSR plays a mediating role between firms and other groups of stakeholders, it can address a variety of concerns simultaneously. Given, the multifaceted CSR programmes which firms have been undertaking, the literature notes that every CSR category is associated with particular benefits, including value creation, managing stakeholders, creating a good business relationship, improving firm performance, attracting customers, and building a good reputation (Mukwarami, 2017; Harper, 2014).

### **2.6.1 Employee oriented CSR**

Employees are an outstanding group of stakeholders who work towards achieving organisational goals. Employee-oriented CSR activities include training and skills, occupational health and safety, grievances resolutions, equal participation, financial support to employee, diversity and inclusivity in workplaces (Global Reporting Initiatives, 2013; Turyakira *et al.*, 2012). The available evidence confirms that CSR impacts positively on an employee's job satisfaction, motivation, commitment and productivity (Alshar, 2016). Looking at the skills gap in South Africa, particularly in the sector of small businesses continued efforts to ensure that entrepreneurs and their employees are equipped is critical to the sustenance of their businesses. Hence CSR is seen as a contributing factor to attracting and retaining skilled employees (Harper, 2014; Mukwarami, 2017).

### **2.6.2 Society-oriented CSR**

Despite society being a secondary stakeholder, businesses have moral and, in some cases, the legal obligation to carry out CSR programmes that promote social solidarity. According to the Global Reporting Initiatives (2013), society-oriented CSR is not limited to fostering anti-corruption practices, anti-competitive behaviour, compliance with societal norms and values, resolving community grievances and building local infrastructure. Through implementing CSR activities, businesses can address social contract and legitimacy issues (Prno & Slocombe, 2012) which are expected to eliminate interruptions on businesses' operations (Brown & Geegan, 1998). In the same token, society-oriented CSR can prevent future litigations, which are associated with irresponsible behaviour and uncalled for mistakes (Isanzu & Fengju, 2016). Going by the preceding, one would expect that by engaging in societal orientated activities, foreigners may earn the social license to operate the townships.

### **2.6.3 Environment-oriented CSR**

The environment is an essential aspect of sustainable development, and responsible entrepreneurship should focus on preserving it. Environmental monitors such as governments, non-governmental organisations, and society urge businesses to act responsibly by addressing the triple bottom issues. It is therefore expected that businesses should take care of the environment by ensuring that matters to do with water disposal, pollution, energy efficiency, the production of environmentally unfriendly products, water usage, and compliance receive not only maximum attention but considerable pro-active environmental responsiveness (European Commission, 2005; Global Reporting Initiatives, 2013). Besides compliance, environmental-oriented CSR brings many benefits, including counteracting other stakeholders' negative views and redressing the spoiled pictures (Diale, 2013), earning legitimacy and minimising risks (Mukwarami et al., 2017), improving access to financial assistance (Zeller, 2010) and building brand reputations and strengthening relationship with stakeholders (Ama-njoku 2012). From an

organisational legitimacy point of view, one may assume that small businesses in the local township stand to benefit more if they take care of the environment.

#### **2.6.4 Market-oriented CSR**

A business's stakeholders typically include the community, employees and competition. Market-orientated CSR would suggest adherence to the responsible behaviour, which includes: responsible competitive strategies, the safety of the products, products and service labelling, avoid corrupt collusion strategies (European Commission, 2005; Global Reporting Initiatives, 2013). These forms of social responsibility enable the businesses to earn a good reputation, which results in earning employee and customer loyalty (Harper, 2014) that will subsequently translate into organisational legitimacy. Given that foreign-owned businesses are often blamed for unfair pricing that has to lead to the demise of local businesses, adopting a market-oriented CSR agenda may provide a possible solution to their legitimacy problems.

#### **2.7 Theoretical perspectives**

The role of CSR in the success of a business today is clearly articulated by the growing need to balance the views of the primary and secondary stakeholders. The stakeholder alludes to anyone who is directly or indirectly affected by the activities of a business (Freeman, 2010). As such, the stakeholders can act as control agents in the business environment by punishing and rewarding the businesses for their actions. Even though one of the overarching objectives of conducting business is to increase the wealth of the equity holders (Friedman, 1970), there has been growing concern on the negative impact of business activities on the resources and the society resulting from an unrestrained quest for profitability. With the understanding that society has the potential to influence demand, most proactive businesses have adopted CSR practices in an attempt to remain relevant in the communities in which they operate.

Turning to South Africa, the sporadic attacks on immigrant-owned spaza shops paint a clear case of the disengagement of the business from their primary stakeholders who are its customers and native business people (Asoba & Tengeh, 2016; Mukwarami & Tengeh, 2017; Mukwarami *et al.*, 2018). Hence, the stakeholder theory is imperative in this discourse as it proposes ways of diffusing tension among the stakeholders.

Complementing the stakeholder theory, the legitimacy theory advocates that gaining a social licence to operate by the businesses is a prerequisite in running a successful business (Burlea & Popa, 2013). Because stakeholders have the power to influence the business activities, acting contrary to stakeholders' wishes and expectations are like acting against the objective of doing business. Given the uncertainties in the environment in which spaza shops operate, gaining a social licence to operate is critical in bringing peace, and adopting CSR is one of the ways of addressing the stakeholder expectations as indicated in the literature (Mukwarami *et al.*, 2017, Isanzu & Fengju, 2016).

### **3. Research design and methodology**

#### **3.1 Methodology**

A descriptive research design was adopted to determine the various forms of CSR which have the potential to assist immigrant business owners in gaining the much-needed social legitimacy from the significant stakeholders like community member and native business owners. As an approach within the quantitative research paradigm, a cross-sectional questionnaire survey was utilised to collect the data that addresses the primary research objective. To Saunders, Lewis and Thornhill (2009) the quantitative approach involves data collection that generates and uses numerical data. A well-designed questionnaire containing questions framed along the 5-point Likert-scale (1

= strongly disagree to 5 = strongly agree) was utilised. Besides, the most popular dimensions of CSR, namely: social, labour, product responsibility, and environmental management practices were made the central themes of the questionnaire. The questionnaire was thoroughly piloted to test its relevance and adequacy in terms of its ability to record primary data from the participants (School learners, community members and immigrants business owners). The Statistical Package for Social Sciences (SPSS version 25) software was used to analyse the data, which were later on presented in the form of figures and interpreted as such.

### **3.2. Target population, sample size and sampling method**

The population comprised of school learners, community members and spaza shop owners. The selection of these groups was informed by the perceived role that they play in the value chain and as stakeholders. Learners at High School X were selected as the school's catchment area covers Gugulethu, Nyanga and Phillippi, which are amongst the oldest Townships in Cape Town. Supplementing this, were community members selected from the surrounding areas and of particular interest were the parents who are selling in and around the school premises. Completing the sample frame were Spaza shop owners operating in these three areas. The diverse composition of the sample frame was informed by the need to represent the opinions of the majority of the primary stakeholders.

The purposive and snowball sampling techniques were utilised to reach the study's subjects. Adopting the stratified sampling approach, thirty-eighty participants drawn from the three groups (school learners, community members, and immigrant business owners) made up the sample size of 114 respondents.

### **3.3 Data collection and analysis**

The researcher distributed and administered the questionnaires to school learners, community members and spaza shop owners. The Statistical Package for Social Science (SPSS) version 25, was utilised to analyse the data that was recorded on the 113 fully completed questionnaires. With descriptive statistics as the preferred output, the findings were clustered around social practices, labour practices, environmental management practices and product responsibility.

## **4 Findings and discussion**

In line with the primary objective of the study, the results are presented in the form of graphs, with each figure representing each CSR category.

### **4.1 Environmental Management Practices (EMPs)**

Ensuring that the environment is well taken care of is a civic responsibility. As an essential component of CSR, customers are always willing to establish how businesses relate their operations to the ecological environment to improve the liveability and sustainability of the communities.

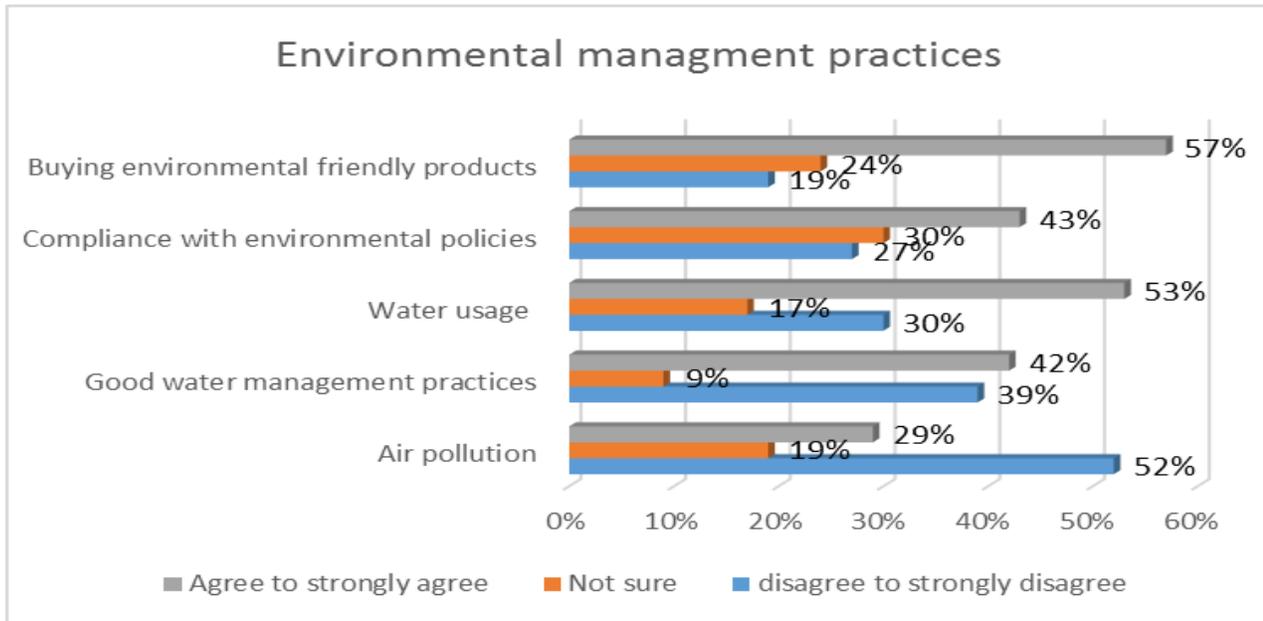


Figure 1. Environment- based CSR practices

The results (Figure 1) confirm that a majority of respondents agreed that spaza shops sell environmentally friendly products (57%), comply with environmental policies (43%) and water usage (53%). This notwithstanding, air pollution was regarded as a significant challenge among the spaza shop owners as 52% of the respondents disagreed. In sum, the findings reveal that small businesses operating in the local Townships have indeed made great strides in addressing environment-based CSR within their host communities.

The CSR behaviour of small businesses is consistent with the views of Mukwarami (2017) and Ama-njoku (2012), who stressed that CSR initiatives are critical in managing stakeholder relationships and improving their reputation. The level of environment-based CSR among the small business is contrary to Chazireni (2017) who found out that small firms exert a lesser impact on the environment.

#### 4.2 Society-based CSR

Business and society are interlinked, thus suggesting that no business can progress while development in society is regressing. Businesses that embrace CSR ensure the existence of a sustainable relationship with their surrounding communities.

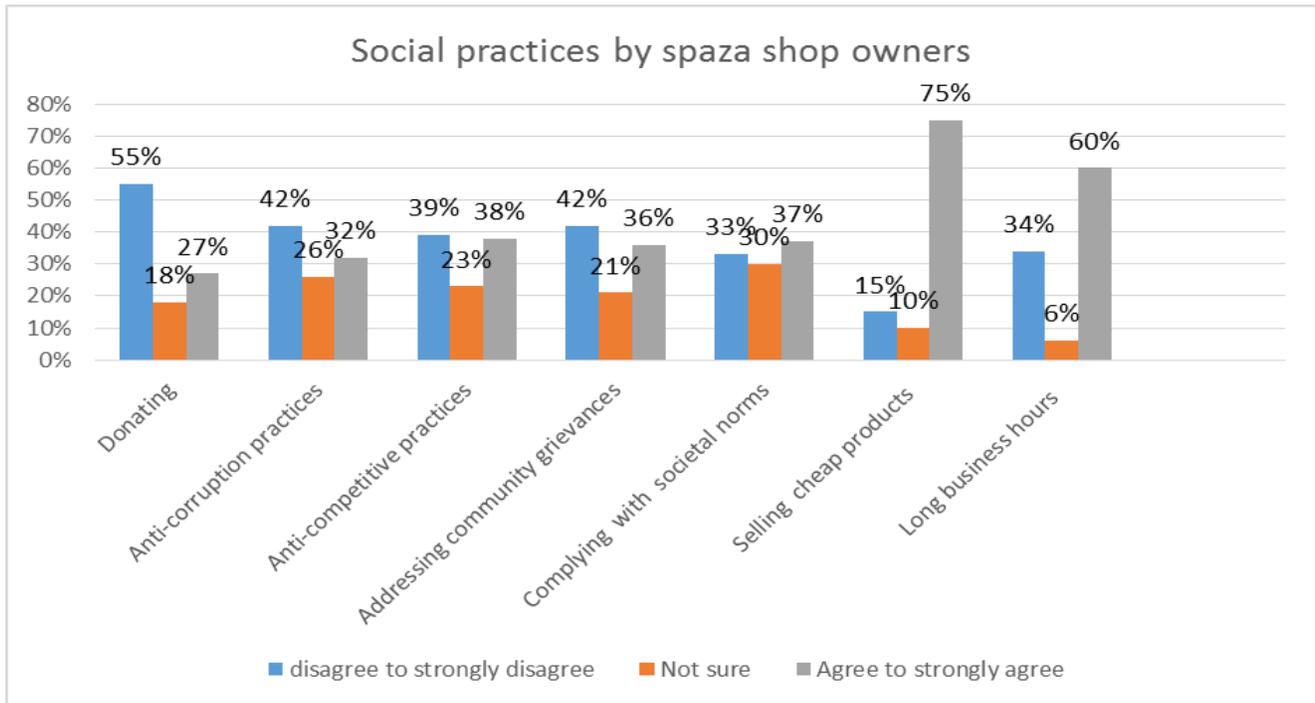


Figure 2. Society-based CSR by small businesses

Social practices provide a link between business and society. Concerning social practices, 75% and 60% of the respondents agreed that immigrants sell similar cheap products and are open for extended business hours which is good for the community (see Figure 2). These form of society-based CSR is consistent with the findings of Liedeman et al. (2013) and Mukwarami *et al.* (2018) who pointed that immigrants sell cheap products to customers and business hours are convenient to the members of the communities as they open for an extended period. However, about donating to the local communities, the findings show that a majority of the respondents disagreed as demonstrated by 55%. Small businesses can only improve their image through honouring social practices such as giving back to the community in the form of donations (Masarira, 2014).

However, insignificant donation coming from small businesses might be due to limited financial resources as indicated in the literature (Hlatywayo, 2015). Failure to address community concerns by the small business is exhibited by 42% of the respondents who disagreed. This, however, proves the existence of a void in terms of understanding between the business and the society as claimed in the literature (Chiloane-Tsoka & Rasivethsela, 2014). Furthermore, the results suggest that immigrant's shop owners (39%) are involved in practices, which promote competitive behaviour, which native businesspeople complain against (Mukwarami & Tengeh, 2017; Mukwarami et al., 2018). Moreover, issues like anti-corruption, anti-competitive behaviour and addressing community grievances are proving to be a daunting task for small businesses. Society-based CSR is one aspect which deals with legitimacy matters. With a particular reference to the results shown in Figure 2, the society-based CSR by the small businesses is not in line with the views of Prno and Slocombe (2012) who posit that businesses can address social contract and legitimacy issues. Additionally, Brown and Deegan (1998) stress that responsible CSR behaviour eliminates interruptions on businesses' operations.

#### 4.4 Labour practices

Employment of the Natives is one of the areas of concern in the discussions around the effectiveness of local economic development. Hence, small businesses are expected to practice good labour relations.

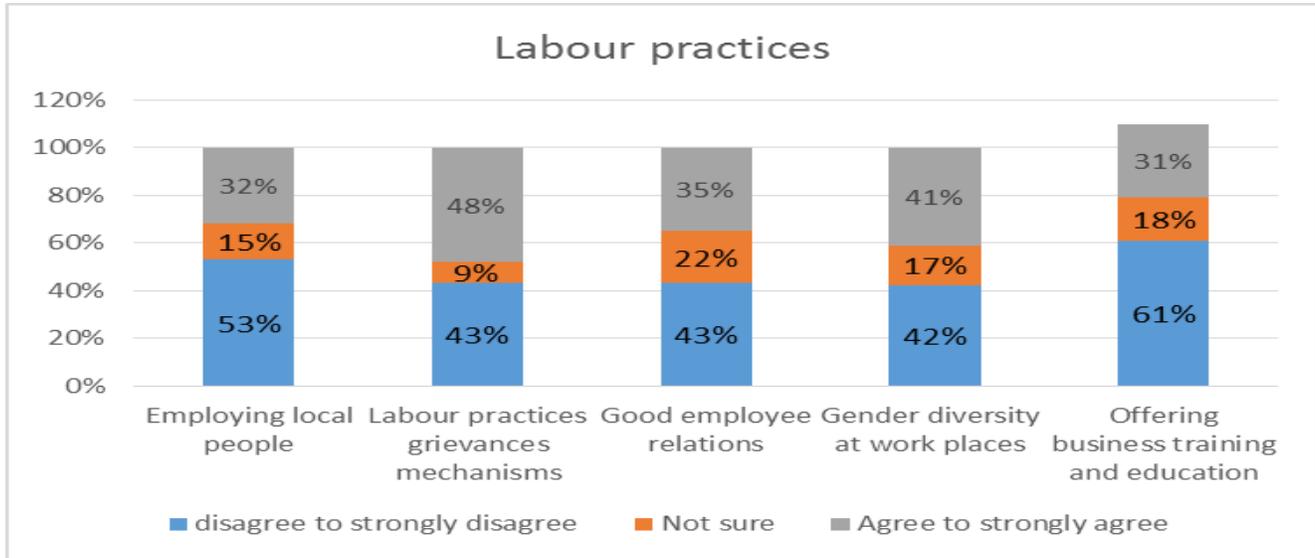


Figure 3. Employee-based CSR by small businesses

As pointed in Figure 3, 61% and 53% of the respondents dissented that immigrants offer business training to locals and employed locals, respectively. This confirms that immigrants are not ready to transfer business skills to the local, thus finding themselves in a compromising position in terms of co-existing peacefully with local people. While failure to employ local people show some form of mistrust by the locals. Whereas 48% and 41% of the participants conceded that immigrants are useful in resolving labour grievances and promoting gender diversity, only 35% of the participants agreed to the statement.

Maintaining good labour relations assist in fostering good relationships with the employees. Overall, in terms of employee-based CSR, immigrants are still far from complying with the labours issues in South Africa. Their CSR behaviour is in contrast to many studies, which advocate for the employee-based CSR as a tool for attracting and maintaining skilled employees (Alshar, 2016; Mukwarami, 2017).

#### 4.5 Product responsibility practices

Most of the small businesses in the local townships trade in goods. It has been noted with great concern that product responsibility among the immigrant shop owners is far from being accomplished as specific quotas of the society complain about the selling of expired products.

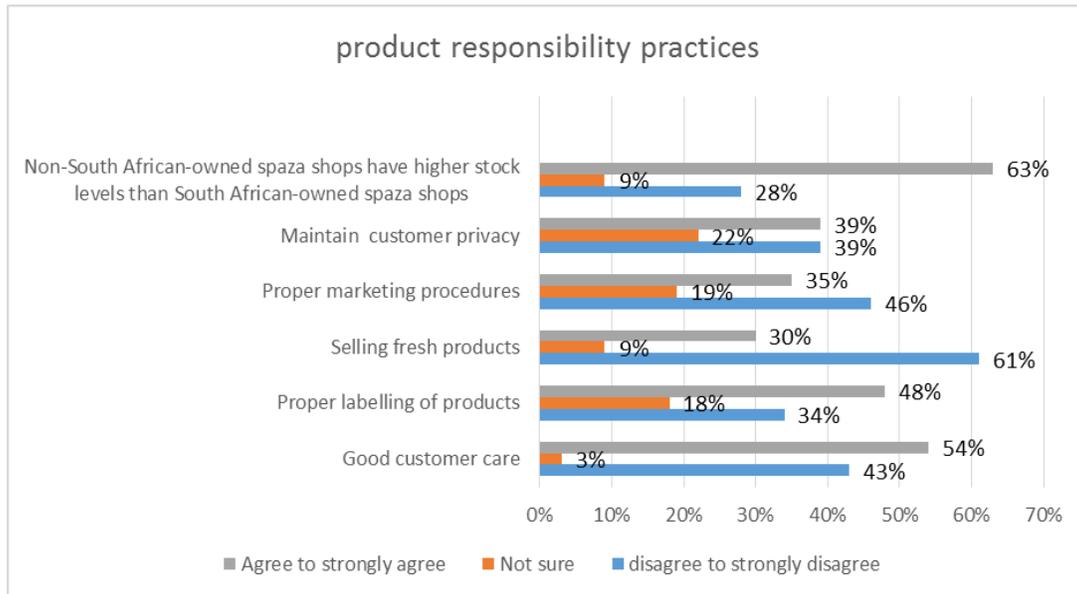


Figure 4. Product responsibility practices by spaza shops

The findings shown in Figure 3 casts some suspicious in terms of whether spaza shops in Townships deal in fresh products or not as 61% of the respondents disagreed to the point of selling fresh products. On the same note, immigrants operating in Townships do not follow proper marketing procedures as evidenced by 46% (Figure 4) of the participants alluding to the fact. Concurring, the findings in Figure 2 indicated that small business owners are involved in anti-competitive behaviour and corrupt dealings. Furthermore, most of the respondents (63%) noted that spaza shops rarely run out of stock as they keep very high levels of stock. This finding is in line with that of Liedeman *et al.* (2013) who acknowledged that immigrant spaza owners buy a variety of items in bulk and therefore able to sell cheaply to their customers. Customer care and proper labelling of the products are some of the product responsibility practices, which respondents acknowledged. In sum, product responsibility practices by spaza shop owners vary, with the issue of selling fresh products and following marketing procedures requiring more attention.

### 5. Conclusion and recommendations

Notwithstanding the contributions that immigrant entrepreneurs make to the growth of the township’s informal economy, native business operators in South Africa have come to blame them for methodically taking away business opportunities from them through unfair business practices, while other sections of the community regard immigrant grocery shop owners as being socially irresponsible. Against this backdrop, this paper gauged the business practices of African immigrant spaza shop owners in the hope that the adoption of responsible business practices could ease the tension between both parties. Contrary to the view that associates environment-based CSR with big businesses, the results indicate that the immigrant entrepreneur studied are very conscious of the environment and have adopted environmental management practices, particularly in the area of water usage and dealing with environmentally friendly products. In terms of social practices, it was found that immigrant-owned businesses are not doing enough in terms of donating to the communities, promoting anti-competitive and condoning corrupt practices. More importantly, CSR practices which are based on labour practices remain questionable as issues to do with; employment of local people and offering business education, and training received the highest level of condemnation as the majority of the participants disagreed. Contrary to other results under product responsibility, immigrant shop owners are perceived to be selling cheaper products than their native

counterparts. On the same note, the participants projected some anger as they asserted that immigrant-owned businesses sell expired products.

From the results, it is clear that small businesses are yet to embrace the concept of stakeholder theory in that the most critical CSR variables (Such as employment of local people, anti-corruption, anti-competitive behaviour, training and education, selling fresh products, donating to the local communities) require attention as these have the potential to bridge the gap between local and immigrants.

This paper contends that CSR initiatives are essential in ensuring that immigrant-owned businesses manage their stakeholders effectively and enable them to gain some form of social legitimacy within the township environment. However, there are concerns that small businesses are still grappling to understand the concept of CSR let alone overcoming the myriad of obstacles surrounding their engagement in CSR programmes. This, notwithstanding, this paper extends the idea of CSR, which is predominantly associated with big businesses to informal businesses owned by immigrants. In what we term responsible or accountable entrepreneurship, this article argues that doing well does not preclude doing good. In particular, we acknowledged that conscientious entrepreneurship requires that they make a positive contribution to society while minimising the adverse impact on people and the environment; showing concern about the well-being of employees and consumers; treating customers and competitors fairly; serving as good citizens in the local community and preserving natural resources and the environment. Conversely, attacks on immigrant entrepreneurs' grocery shops signal a pending social contract that, if approved, the disengagement between natives and immigrants operating businesses in the townships is likely to be resolved. As such, the study recommends that immigrants operating businesses in the local townships should consider deepening and broadening their CSR practices to counter the rising tensions.

## **6. Limitations of the study and suggestions for future studies**

Although the area that has been covered by the study is quite extensive in terms of coverage, perceptions of the participants cannot be generalised across all the townships in South Africa. Even so, the participation was limited to 114 participants comprising of leaners, community members and the immigrants that operated businesses in the selected local Township. However, future studies may consider involving policymakers in local government and other political leaders, as this will provide a holistic picture of the state CSR in the local townships.

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