

Coping Ability and Employment Growth in African Immigrant-Owned Small Businesses in Southern Africa

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Abstract: Despite the plethora of challenges faced by immigrant-owned businesses, there are still some that are performing well and contributing to employment growth in their respective host nations. Unfortunately, research tends to be skewed towards the examination of these challenges, while scant attention is paid to critical antecedents of the coping ability of immigrant entrepreneurs and employment growth in their businesses.

This empirical quantitative study, is a cross-country survey spanning South Africa, Mozambique and Swaziland. It aims to establish the extent to which the independent variables of financial bootstrapping, access to business services and business location play contributory roles in the coping ability of African immigrant entrepreneurs. It also explores the possibility of a relationship between these independent variables and employment growth.

The findings reveal that all of the independent variables were considered as important contributors to the coping ability of African immigrant entrepreneurs though financial bootstrapping was ranked highest. However, regression analysis results indicate that a statistically significant relationship was only evident for the hypothesized relationship between access to business services and employment growth. This finding has important practical implications for stakeholders who are committed to supporting African immigrant entrepreneurship endeavours in the Southern Africa region.

Keywords: Employment, African-Immigrant business, Coping ability, bootstrapping.

INTRODUCTION

Immigrant businesses have become an important socio-economic phenomenon, as they play a critical role in economic development of different nations (Radipere, 2012:109). This role may even be more critical in emerging economies particularly in the African continent. The importance of immigrants is linked to their entrepreneurial inclination which is deemed as important to economic growth and innovation (Fairly and Lofstrom, 2013:1). Generally, immigrant entrepreneurs tend to operate in diverse areas of business including retail, real estate, media, service and manufacturing (Collins, 2008:51) among others. Evidence suggests that 90% of all immigrant entrepreneurs are small scale businesses (Azmat and Zutshi 2012:66) and they play a major role in job creation (Collins and Shin 2012:19). The role of job creation is quite instructive for countries in Africa, albeit, the Southern Africa region faced with relatively high unemployment rates.

Despite the acknowledgement of the important role that immigrant-owned businesses can play in emerging economies, their growth continues to be hindered. The obstacles are related to a number of factors unlimited to stiff legal and regulatory provisions, unfavourable business environments, poor access to market,

inaccessibility to finance, high tax burdens, lack of business management skills, lack of proper education, cultural differences, high rental expenses, language challenges, crime and xenophobia (Fatoki, 2013a; Hunter and Skinner, 2001; Rogerson, 1997). Notwithstanding these challenges, some immigrant entrepreneurs are able to make the best of their business environment and even look towards the possibilities of expanding their business enterprises (Rogerson, 1997:14).

Specifically, South Africa has experienced an influx of immigrants in the post-apartheid era. These immigrants come from all over the world with different reasons for their choice of a host country. Notably though, a large percentage of the immigrants to South Africa come from the African continent (Sibanda, 2008:1). It would seem that South Africa is seen as a preferred destination due to the perception that it is rich in minerals and can offer better business opportunities and living standards. Majority of these immigrants especially from African countries hope for better lives once in South Africa (Landau and Jacobsen, 2004:44). According to Kalitanyi (2007:3), this is primarily responsible for the migration of people to South Africa from their home countries. Unfortunately, on arrival in South Africa, despite their education and experience, immigrants find it difficult to secure formal employment (Kalitanyi and Visser, 2010:382). In principle, the reality leaves them with the option of remaining unemployed or creating jobs for themselves. Confronted with this and driven by the intent to become seamlessly

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integrated into the host society, they turn to entrepreneurship, sometimes targeting the protected niche markets in the ethnic enclaves (Salaff, Greve, Siu-Lun and Ping, 2003:78).

The gains of the emergence of entrepreneurial immigrants cannot be over-emphasized, as they can become a significant driving force in the creation of new businesses (Fatoki, 2013b:209). Studies by Gebre, Maharaj and Pillay (2011), Tengeh, Ballard and Slabbert (2012) show that immigrant entrepreneurship can create good opportunities that have far reaching effects on the host nations and this is bound to be beneficial for emerging economies. For instance, Timberg (2005:3) argues that in South Africa, immigrants with businesses actually create employment not only for themselves but also for locals.

These benefits are likely to crystallise in an environment where the immigrant entrepreneur can access the relevant capital required for business operations. Mandviwalla and Watson (2014:98) argue that a business normally begins with a mixture of capital including economic capital. A similar sentiment is shared by Fatoki (2011:193) who contends that economic capital is part of the basic categories of capital resources that contribute to the success of an entrepreneurial venture. Rather unfortunately, Davidson and Honig, (2003:304) note that not much is known of these basic capital combinations that contribute to the ability of entrepreneurs to recognize or exploit entrepreneurial opportunities.

This paucity of knowledge in the role of different capitals leaves a gap in literature and consequently provides necessary impetus for the current study. Against this backdrop, the study elects to investigate the role of the variables of financial bootstrapping, access to business support services and the location of a business in the coping ability of African immigrant entrepreneurs in the Southern Africa region and how they relate with the all-important issue of employment creation. Global research on immigrant entrepreneurship has mainly taken a negative (problems, failures, obstacles, inhibitors and challenges) approach towards immigrant businesses (Fatoki, 2013a; Aaltonen and Akola 2012; Fatoki and Garwe, 2010.). They have largely neglected the positive attributes of immigrant entrepreneurship and have not followed a cross-country approach to studying immigrant entrepreneurship in the Southern Africa region. Further, studies of the kaleidoscope of factors that enable immigrant entrepreneurs cope with their

businesses remain largely, an unexplored terrain. This reality is even more the case as it relates to the Southern Africa region.

This study's significance is therefore not only justified by the literature gap that it aims to fill but also by the projection that its findings would be useful to policy-makers in emerging economies that aim to bolster immigrant entrepreneurship. In addition, it would equip potential immigrant entrepreneurs with the knowledge of the role of the studied economic capital variables in the equation of coping ability of African immigrant entrepreneurs and employment growth in their businesses. In effect, this study aims to:

1. Determine if financial bootstrapping, access to business support and business location aid the coping ability of African immigrant entrepreneurs.
2. Ascertain the nature of the relationship, if any, between the independent variables of financial bootstrapping, access to business support and business location and the dependent variable of employment growth in African immigrant-owned small businesses.

LITERATURE REVIEW

According to Van Praag (2003:1), it is increasingly acknowledged that an effective policy to decrease unemployment is to stimulate the emergence or growth of businesses. Consequently, many Governments are engaged in promoting small businesses, assumedly inclusive of those that are immigrant-owned, as they can become veritable vehicles of job creation and improved productivity in emerging economies. In Australia, immigrants have influenced the social, cultural and demographic make-up of the country and are deeply involved in a range of entrepreneurial activities that play a vital part in the economic growth of the country (Collins, 2003:138). Similarly, immigrant entrepreneurs are helping to develop small businesses in the United States of America and are therefore playing a major role in developing the economy especially by creating jobs for the locals (Jennings, 2013:2).

The South African government has prioritised the small business sector, in a bid to increase business opportunities and reduce the high unemployment rate which is currently estimated at 27.7% (Statistics South Africa, 2017). However, despite the touted importance of the small business sector, the failure rate of small businesses in South Africa is estimated to be between



70% and 80%, and this is arguably high (Fatoki, 2013b:209). Of the larger cohort of all small businesses, those that are owned by immigrants are specifically more prone to failure within their first 3 years of existence (Tengeh, 2013:248). To stem the tide, amongst other plausible considerations, the role of economic capital cannot be over-looked.

In broad terms, economic capital describes the amount of capital that can be set aside by a business to help cushion the effects of losses and help sustain its operations without going out of business (Al Janabi, 2011:2220). Mollegaard and Jaeger, (2015:12) describe economic capital as monetary assets such as income, wealth, property and other material possessions, that may be used to finance direct or indirect costs. Vershinina, Barrett and Meyer (2011:103) describe economic capital as a profitable asset sometimes inherited or in some other cases acquired and can be stored and converted into monetary form whenever the need arises. While economic capital is often associated with finances, it is instructive to note, according to Pret, Shaw and Dodd (2016:1006) that they also include other tangible and intangible business assets. The study's independent variables of financial bootstrapping (FB), access to business support (BS) and business location (BL) clearly fall within the economic capital category of intangible business assets. The need for leveraging off these components of economic capital and others is amplified by the fact that immigrants, according to Smallbone *et al.* (2003:304), find it difficult to access finance from the mainstream lending institutions.

The difficulties with accessing finance have meant that personal finances according to Ndofor and Priem (2011:794) have become the main source of funds for the immigrant entrepreneur. In situations where this source is insufficient, as is often the case, recourse to other creative means of economic capital becomes necessary. In essence, immigrant entrepreneurs then try to seek out other cost-saving methods of financing and operations in a bid for business survival and growth. These cost-saving methods may include the employment of financial bootstrapping methods, the utilisation of a business location that attracts minimal costs or obtaining different forms of business support from established organisations. To be sure, the adoption of these methods may save scarce resources and enable performance of the business venture (Winborg and Landstrom, 2000:238). However, the extent to which this projection applies, if indeed it does, in the unique context of African immigrant

entrepreneurs operating in the Southern African region remains to be seen.

Financial Bootstrapping (FB)

There is no gainsaying the fact that financial resources of most nations are usually over-stretched and this makes it difficult for small businesses including immigrant businesses to gain access to the much-needed financial resources (Tengeh, Ballard, and Slabbert, 2011:2). This has been repeatedly identified as a major obstacle for starting new businesses (Rogerson 2008:62; Beyene 2002:143), arguably more so for immigrant entrepreneurs (Fatoki, 2013b:211). In the light of this, immigrant entrepreneurs are pressed to seek out alternative means of raising capital for their businesses and financial bootstrapping is sometimes an option

Ebben and Johnson (2006:853) define financial bootstrapping as the use of resourceful and innovative methods that minimize the amount of finance a firm need to raise with formal institutional lenders. Winborg (2015:199) argues that bootstrapping enables the acquisition of necessary resources at relatively low costs or indeed no costs whatsoever. According to Winborg and Landstrom (2000:236), there are essentially six common financial bootstrapping methods and these include, delaying payments, minimizing accounts receivables, minimizing investments, private owner financing, sharing resources with other businesses and the use of government subsidies. A similar opinion is expressed by Fatoki, (2013a:93), whose study showed that immigrant entrepreneurs in South Africa specifically utilised the bootstrapping methods of co-sharing of business premises, withholding of owner's salaries, raising loans from family and friends, employing relatives and friends at non-market salary rates and trade credit from suppliers.

Rational thinking would suggest that the immigrant entrepreneur that employs one or a combination of these financial bootstrapping methods might be able to cope with the challenges associated with operating a small business better. Indeed, in a study of business founders in Sweden, Winborg (2015:202), found that bootstrapping correlated negatively with liability problems in the studied businesses. If this is the case, then financial bootstrapping which enables business operations, may likewise be associated with employment growth in businesses owned by African immigrant entrepreneurs in the Southern Africa region and so, it is hypothesized that:



H₁: There is a relationship between the use of financial bootstrapping methods (FB) and employment growth in African immigrant-owned small businesses

Access to Business Support Services (BS)

Businesses need a wide range of services, some of which are provided by the public and private supporting institutions such as Banks, Non-bank financial institutions, Non-Government Organizations (NGOs), Corporations and others (Islam, 2013:54). This opinion is shared by Cravo and Piza (2018:1) who contend that development agencies also provide support services to small businesses in developing economies. These services include non-financial services like management training, consultancy, mentoring, counselling, information and incubation services. Guzy (2006:40) asserts that business advisors as well as immigrant entrepreneurs confirm the need and importance of business support, even though they may differ in their views on what specific type of support may be appropriate.

The growth of small enterprises including immigrant enterprises depends almost on business development services. An entrepreneur with requisite financial support may fail to improve business performance if business development services like training and counselling are lacking (Islam, 2013:55). The finding that immigrant entrepreneurs mostly start up their businesses without using prior business advice and training (Guzy 2006:50) may in fact partly be responsible for the high failure rate generally associated with immigrant-owned businesses. The challenge associated with the provision of the training is that typical beneficiaries are only those that are able to present good business plans and not the most vulnerable of the immigrant population who may actually need fundamental business service support (Vigil and Navarro, 2007:104). In essence, access to the business support services rather than their availability may be the crux of the matter. This position finds an ally in Guzy (2006:40) who argues that the immigrant-owned businesses are generally unable to access business support services. This is a crucial point as Tengeh (2013:352) contends that small businesses require such support in order to effectively contribute to economic and social development although the level of awareness of the existence of such services among immigrants is very low. The issues of inaccessibility and poor awareness of these support services may not be uncommon in developing

economies, such as those in the Southern Africa region as Desiderio (2014:8) argues that they exist in some Organisation for Economic Co-operation and Development (OECD) countries that have developed support programmes specifically targeted at immigrant entrepreneurs.

These business support programmes are usually aimed at helping immigrants overcome specific challenges that they may face when setting up and expanding their business. According to Desiderio (2014:6) the programmes may include;

- Knowledge-based services to help develop country-specific business skills
- Mentoring and network - building initiatives
- Tailored counselling and assistance
- Targeted measures to facilitate access to credit

The thinking that informs the development of these business support programmes is clearly that the ability of the programmes to address specific needs of the immigrant entrepreneurs will enhance the chances of business survival and performance. In the case of the current study, the immigrant-owned businesses that are of interest fall within the small business sector and perhaps the government policies aimed at promoting small businesses in the countries in the SADC is applicable to the immigrant-owned businesses. While this may be the case, Tengeh (2011:148) has observed, rather unfortunately, that immigrant-owned businesses (directly or indirectly) are discriminated against and this may be a contributory factor to the failure rates experienced by such businesses.

To stem the tide of failure amongst immigrant - owned businesses, it is necessary to adopt pro-active strategies, which may include creating information brochures and dedicated websites for immigrants and the organisations they work with as well as being present in areas with a high concentration of immigrants (Tengeh, 2011:151). In the light of a conviction that business support services extended to immigrants could assist the African immigrant entrepreneur cope with his/her business more effectively and create employment in their new environment, this study hypothesises that:

H₂: There is a relationship between access to business support services (BS) and employment growth in African immigrant-owned small businesses



Business Location (BL)

Location has an impact on market potential and growth opportunities of a new firm (Fatoki and Garwe 2010:731). According to Mariotti and Glackin (2012:491), the selection of a business location can be the difference between success and failure. This position seems to suggest that the survival of businesses, irrespective of size, is hinged on the volume of its customers and so it may be beneficial to immigrant-owned businesses to be located in places that permit ease of access to their customers. In agreement with this, Dahl and Sorenson, (2007:3) contend that entrepreneurs recognise the importance of locations and this is why they often situate their businesses in places where they are known, because it aids business success.

Most small businesses tend to struggle with securing business premises such as offices, warehouses and factories (Mugobo and Ukpere, 2012:832), perhaps for cost-related reasons and this can have far reaching consequences for the establishment and continued operation of their businesses. It is imperative to note that the main considerations for choosing a location are often dependent on the nature of the business and customers, as traditionally, the location of a business is attributed to the availability of resources and customers (Dahl and Sorenson, 2007:1). Given that immigrants choose the locations to set up their own markets (Gebre, Maharaj and Pillay, 2011:25), in developing economies in the African continent where spatial restrictions are problematic to enforce, there may be a bunching of immigrant businesses in specific locations believed to be favourable for particular types of businesses owing to the fact that such places have become recognised for the offered product/service by the target market.

South Africa's official crime statistics for 2013/2014 reports that business burglary recorded 73,600 incidents. This means that each day, on average, 202 businesses were burgled and it would appear that small businesses, lacking the sophistication of anti-theft systems or security company protection can be more susceptible to such business robberies. An investigation by Isaacs and Friedrich (2007:7) on the impact of crime on performance of small businesses in South Africa, found that crime negatively affects their performance. Clearly the high level of crime deflates the potential of small business owners to aggressively explore virgin avenues to grow their market share

(Fatoki and Garwe, 2010:732), possibly given their heightened concern about issues of safety. These observations could very easily apply to immigrant-owned small businesses given that they are usually new to the communities in which they operate their businesses and are consequently likely to be more vulnerable to crime. The import of this is that their business location choices would be influenced by safety considerations.

Although it may not be easy to identify a suitable location, the need for prospective entrepreneurs to consider factors like power supply, accessibility to both suppliers and customers and cost of rent before settling for a location are very necessary. In essence, it would appear that the business location can be an important strategic factor that could enable or disable the performance of an immigrant entrepreneur. The business location could therefore affect the African immigrant entrepreneur's coping ability and the ability of job creation that is thought to be characteristic of small businesses. It is against this background, buoyed by Mariotti and Glackin's (2012), confirmation that a business location can be the difference between success and failure, that this study elects to hypothesise that:

H₃: There is a relationship between business location (BL) and employment growth in African immigrant-owned small businesses

Research Methodology

This quantitative study used a two-way research design strategy that includes an exploratory study and a formal study, and according to Cooper and Schindler (2008:150), the exploratory formal study dichotomy is less precise than some other classifications as all studies have elements of exploration in them, and few studies are completely uncharted. This research executed following the tenets of a positivist paradigm which according to Mack (2010:132) generally places some emphasis on proving or disproving a hypothesis with the use of scientific methods. The research approach aligned itself with a deductive reasoning process. Cooper & Schindler (2011:72) aver that deductive reasoning purports to be conclusive, leveraging off precursory reasons provided. This description fits the pathway that the current study has followed. The study's hypotheses were formulated on the basis of the review of extant literature related to the study's three independent variables.



The population of the study comprised African immigrant entrepreneurs operating in the small business sector in Johannesburg or Pretoria (South Africa), Mbabane or Manzini (Swaziland) and Maputo or Boane (Mozambique). These cities were selected because they are arguably recognised commercial centres in their respective countries. In the absence of a comprehensive compendium of immigrant-owned businesses operating in any of the three countries in which the study was conducted, it was impracticable to have a sampling frame or indeed a reliable estimation of the universe of African immigrant entrepreneurs. Consequently, a non-random sampling technique was utilised to select respondents for the study. It is acknowledged that the use of the non-random sampling technique means that the findings of the study are not necessarily generalizable across the population of African immigrant entrepreneurs.

Primary data was collected, in a cross-sectional manner for the study with the use of self-administered questionnaires. The questionnaire was predominantly made up of statements accompanied by five-point Likert scale answer options ranging from 'strongly disagree' to 'strongly agree'. There were 5 items for the measurement of access to business support services and 6 items each for the variables of business location and financial bootstrapping. In all, a total of 2 500 questionnaires were distributed and 976 questionnaires were returned, which is indicative of a 39% response rate. However, for purposes of statistical analysis, a

conscious decision was made to exclude questionnaires with missing values or data-errors. Due to this, 147 questionnaires were eliminated, leaving a total of 829 valid questionnaires. This translates to an effective response rate of 33% which can be considered as acceptable particularly in the light of Curran and Blackburn's (2001) argument that small business research is typically characterised by low response rates.

Research Findings

The distribution for grouped age by country, gender and highest level of education of the African immigrant entrepreneurs is presented in Table 1. The data show a higher number of immigrant entrepreneurs within the age group of 30-39 years. This finding is in line with the age distribution of early entrepreneurial activity that according to GEM (2015:26) takes place among individuals in the age bracket of 25-44 years. This age group is considered to be in their early and mid-career stages. A total of 400 immigrant entrepreneurs belonged in the 30-39 age group.

Of the 313 immigrant entrepreneurs in South Africa, 47.6% were from this group, 42.2% of the 218 respondents from Swaziland were from the same group and 53.4% of 298 immigrant entrepreneurs who responded in Mozambique also fall into the same group. The results also showed that the grouped age of

Table 1: Grouped Age of African Immigrant Entrepreneurs (n = 829)

Descriptive variables		Grouped age			
		18-29	30-39	40-49	50+
Total sample	n	191	400	197	41
	%	23.0%	49.3%	23.8%	4.9%
Country	South Africa 313	29.1%	47.6%	19.1%	4.2%
	Swaziland 218	35.3%	42.2%	18.3%	4.1%
	Mozambique 298	7.7%	53.4%	32.6%	6.4%
Gender	Male	20.4%	46.3%	27.5%	5.8%
	Female	27.5%	51.5%	17.5%	3.6%
Highest level of formal education	Some schooling	41.4%	46.0%	8.0%	4.6%
	Completed secondary school	26.5%	53.3%	16.7%	3.5%
	Vocational certificate: Diploma	22.5%	48.8%	25.6%	3.1%
	Vocational certificate: Certificate	23.2%	47.8%	26.1%	2.9%
	Vocational certificate: Artisan	20.9%	34.9%	37.2%	7.0%
	Degree	14.2%	47.2%	31.0%	7.7%
	Postgraduate	10.6%	40.4%	40.4%	8.5%



30-39 had more female immigrant entrepreneurs at 51.5%, while the balance of 46.3% were males.

The descriptive statistics based on the workforce numbers when the business commenced operations are shown in Table 2. The specific number of workers that the immigrant entrepreneurs started their businesses with ranged from 1 to 5 or more. The data show that out of the total immigrant businesses that participated in the study, 426 (51.4%) started their business with one worker, 243 (29.3%) started with two workers, 111 (13.4%) started with three to four workers, while 49 (5.9%) started with five or more workers. The predominance of the businesses that started with one worker could be reflective of the reality of scant financial resources available to the immigrant entrepreneur which makes the hiring of employees at start-up, a difficulty.

Table 2 also shows that 68.1% of immigrant entrepreneurs in South Africa, 53.7% in Swaziland and 32.2% in Mozambique started their businesses with one worker. From the industry profile of the businesses, it is evident that the percentage of immigrant entrepreneur businesses decreased as the number of employees at start-up increased. The breakdown according to industry shows that in the manufacturing sector, 15.1% of immigrant entrepreneurs started their operation with five or more workers as opposed to 36.6% that started with one

worker. In the service industry, 46.9% of immigrant entrepreneurs started with one worker, as opposed to only 6.2% that started with five or more workers. In the retail industry, 60% started with one worker, as opposed to 3.1% that started with five or more workers.

The data also show that of all the immigrant entrepreneurs that started with one worker, 89.8% of them still had one worker at the time of this research, 8.4% of them have increased to two workers, while only 1.8% of them have increased to three or four workers, and none have increased to five or more workers. According to Table 2, 76.6% of immigrant entrepreneurs that started with one worker recorded a monthly turnover of less than R8 000, however 25.0% of the immigrant entrepreneurs that started with one worker and 18.3% of the businesses that started with five or more workers recorded a monthly turnover of R75 001 or more. It can therefore be deduced from the results that more businesses that made a monthly turnover of R8 000 or less are found in the group that started with one worker, as is the case with all turnover categories except for the R75 000 or more category, where the highest percentage relates to immigrant businesses that started with two workers.

As a prelude to the statistical analysis, the measurement scale for the variables of interest contained in the questionnaire were evaluated. The study assessed the fit of the data against the

Table 2: Descriptive Statistics Based on Number of Workers at the Commencement of the Business (n = 829)

Descriptive variables		Workforce at start-up			
		1	2	3 – 4	5+
Total sample	N	426	243	111	49
	%	51.4%	29.3%	13.4%	5.9%
Country (no. of respondents)	South Africa (313)	68.1%	18.8%	9.3%	3.8%
	Swaziland (218)	53.7%	23.4%	11.9%	11.0%
	Mozambique (298)	32.2%	44.6%	18.8%	4.4%
Industry	Manufacturing	36.6%	32.3%	16.1%	15.1%
	Services	46.9%	31.9%	15.0%	6.2%
	Retail	60.3%	25.7%	10.9%	3.1%
Age of business	Start-up business (<42 months)	55.5%	27.5%	11.5%	5.4%
	Established business (>42 months)	47.0%	31.2%	15.3%	6.4%
Monthly business Turnover	<R8000	76.6%	16.5%	5.2%	1.7%
	R8001-R25000	43.6%	37.6%	15.1%	3.7%
	R25001-R75000	43.2%	27.1%	16.8%	12.9%
	>R75000	25.0%	27.7%	25.0%	18.3%



Table 3: Model Fit Statistics and Thresholds

Model fit indicators	Recommended Thresholds	Initial measurements	Post-modification measurements
CMIN/df (normed Chi-Squared/df)	<3.00	4.946	2.608
GFI (Goodness-of-fit Index)	>0.90	0.722	0.921
AGFI (Adjusted Goodness-of-fit Index)	>0.80	0.691	0.902
TLI (Tucker-Lewis Index)	>0.90	0.710	0.919
CFI (Comparative Fit Index)	>0.90	0.729	0.930
RMSEA (Root Mean Square Error of Approximation)	<0.05	0.069	0.044
SRMR (Standardised Root Mean square Residual)	<0.08	0.0831	0.039

hypothesised measurement model using confirmatory factor analysis (CFA). There are different tests that can be used in the process of CFA and these along with the recommended thresholds by Hair *et al.* (2010) are shown in Table 3.

When assessed, the initial measurement model returned results of CMIN/df = 4.946; GFI = 0.722; AGFI = 0.691; TLI = 0.710; CFI = 0.729; RMSEA = 0.069; SRMR = 0.0831. Compared against the thresholds recommended in Table 3, it was evident that the fit statistics did not meet the minimum threshold criteria. Convergent validity was judged based on the correlation between the scores of different items measuring the same construct while discriminant validity was by comparing the correlation scores of items measuring different constructs. The convergent

validity of items measuring a variable were generally satisfactory but the correlation scores across the variables were 0.36 (FB-BL), 0.54 (BS-BL) and 0.27 (FB-BS) and these results did not conform to a reasonable level of discriminant validity. The poor model fit and low discriminant validity results necessitated a modification of the measurement model. The modification entailed the elimination of questionnaire items with factor loadings less than 0.5. This resulted in the retention of 3 questionnaire items each for the FB and BS variables and the retention of 2 items for the BL variable. The composite reliability (CR) and Cronbach alpha (CA) values subsequently ranged from 0.56 to 0.74 and the overall model fit statistics (post modification) as shown in Table 3, were all within the prescribed thresholds implying an acceptable measurement model fit.

Table 4: Perceptions of the Contributory Role of Financial Bootstrapping, Access to Business Support Services and Business Location to Coping Ability

Variable	Items	Item Mean (SD)*	Variable Mean (SD)
FB	Negotiating best payment terms with suppliers helps immigrant entrepreneurs cope with their businesses	3.98 (0.760)	4.17 (0.535)
	Maintaining a track record of business transactions helps immigrants cope with my business	4.27 (0.711)	
	Co-buying stock in bulk with other immigrant businesses reduce costs and helps an owner cope with running the business	4.25 (0.717)	
BS	Business support groups can help immigrant entrepreneurs get mentorship services and cope with running the business	3.84 (1.727)	3.68 (1.043)
	Business skills training can easily be accessed through business support groups and this helps coping ability of the immigrant entrepreneur	3.69 (0.963)	
	Business support services assist immigrant entrepreneurs access loans from financial institutions	3.51 (1.193)	
BL	It is not an absolute necessity for an immigrant entrepreneur to rent business premises	3.11 (1.144)	3.25 (1.063)
	Using a free open space for business can help an immigrant entrepreneur save money	3.39 (1.368)	



Table 5: Results of Hypothesis Tests

Hypothesized relationship	Coefficient(s) (p-value)	Decision
<i>H₁: There is a relationship between use of financial bootstrapping methods and employment growth in African immigrant-owned small businesses</i>	0.06 (p=0.787)	Rejected
<i>H₂: There is a relationship between access to business support services and employment growth in African immigrant-owned small businesses</i>	0.31 (p=0.012)	Supported
<i>H₃: There is a relationship between business location and employment growth in African immigrant-owned small businesses</i>	-0.14 (p=0.231)	Rejected

The mean scores for the independent variables of FB, BS and BL were calculated by averaging the individual item means of the statements associated with each variable. This was to enable the study determine the aggregate perception of the African immigrant entrepreneurs as it relates to the extent to which they considered each variable to be instrumental to their coping ability. The results are shown in Table 4.

Variable mean scores exceeding the 3.0 mark on a scale of 1-5 are indicative of an acknowledgment by African immigrant entrepreneurs of the importance of the variable to their coping ability. All the variable mean averages of 4.17 (for FB), 3.68 (for BS) and 3.25 (for BL) were above the mid-point of the 5-point scale. This suggests that the immigrant entrepreneurs consider the three variables of FB, BS and BL to be instrumental to their coping ability. In terms of ranking though, the results show that FB is perceived to be most instrumental to coping ability while BL is considered to contribute the least to the coping ability of African immigrant entrepreneurs.

The study sought to establish the existence of any relationships between the independent variables of access to business support, business location and financial bootstrapping and the dependent variable of employment growth in the business owned by the African immigrant entrepreneur. For this, a regression analysis was executed and the consequent results are presented in Table 5.

As shown in Table 5, of the three independent variables considered by the study, only BS showed a statistically significant relationship with employment growth ($r = 0.31$, $p = 0.012$). The determined relationship is positive indicating that as the access to business support services increases, so does the coping ability of the studied African immigrant entrepreneurs. While the strength of the relationship may be weak, it nonetheless bears important practical implications for stakeholders who have an intention to

catalyse employment creation by immigrant-owned businesses. The logic appears quite straightforward in that effective business support received by immigrant entrepreneurs can enhance their chances of successful business performance and consequently engender employment growth. This result resonates with the thoughts of Desiderio (2014) as well as Vigil and Navarro (2007) who stated that business support programmes that include consultancy, mentoring, counselling and information services are aimed at helping immigrants overcome specific challenges they may face when setting up and expanding their business. Beyond this, the findings of the study are also in symmetry with those of Cravo and Piza (2018), whose study showed that small business support programmes had positive impacts on firm performance indicators.

CONCLUSION

This study contributes to the body of knowledge in the field of entrepreneurship and adds to the on-going research about immigrant entrepreneurs. This study's contribution is unique in that it blazes the trail of cross-country studies focused on examining the coping ability of immigrant entrepreneurs of African descent operating in the Southern Africa region.

The study highlighted the fact that respondents considered the variables of financial bootstrapping, access to business support and business location as instrumental to their coping ability. The fact that financial bootstrapping is considered as the variable that contributes the most to immigrant coping ability relative to the other two underlines the reality that the issue of start-up or business growth finance difficulties still ranks high on the ladder of challenges faced by immigrant-owned businesses. The acceptance of the endemic nature of the finance challenge increases the importance of the use of more creative methods of financing, like financial bootstrapping, by the African immigrant entrepreneur.



MANAGERIAL IMPLICATION

The study's results emphasise the need for emerging or current African immigrant entrepreneurs to attempt to overcome the difficulties associated with obtaining lines of credit from formal financial institutions by exploring the option of financial bootstrapping to keep their businesses functional.

The finding of a statistically significant positive relationship, albeit, a weak one between access to business support services and employment growth is clearly instructive. As part of the mechanism to address the scourge of rising unemployment in the Southern Africa region, governments and other stakeholders, are encouraged to invest efforts not only in creating business support services but also ensuring that they are accessible to African immigrant entrepreneurs. This is because like the typical small business, the potential for employment creation by the African immigrant-owned business increases with the entrepreneur's access to business support services. The reason is simple. Support services help to provide the necessary guidance and expertise that African immigrant entrepreneurs require to perform better.

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