

FORMS OF CAPITAL AND THE CREATION OF JOBS BY IMMIGRANT-OWNED BUSINESSES IN SOUTHERN AFRICA

By

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Abstract

This quantitative study explores the relationships that human, economic and social capital construct variables may have with the creation of employment in small businesses that belong to African immigrants. Based on a cross-country approach, the study utilised self-administered questionnaires to collect data in a cross-sectional manner from 829 respondents in some states of the Southern African Development Community (SADC). Results obtained from the analysis of the data revealed that certain variables in the triumvirate of human, economic and social capitals displayed statistically significant relationships with employment creation. Specifically, among the studied variables, only management skills, educational achievement, business support services and language proficiency correlated positively with employment creation. Consequently, Governments, African-immigrant entrepreneurs and other interested stakeholders may need to invest in the improvement of these specific components of human, economic and social capital bases of entrepreneurs for the touted benefit of employment creation to materialise.

Keywords

Human Capital, Economic Capital, Social Capital, African Immigrants, Employment Creation, Entrepreneurship, Small Business

Introduction

Small businesses have repeatedly been touted as critical players in the economic development of many countries (Acs, Estin, Mickiewicz & Szerb, 2018) largely because they are veritable engines for job creation that supports economic growth and industrial renewal (Ayandibu & Houghton, 2017). What seems immaterial in these positions is the specific sector in the economy in which they operate or indeed whether they are owned by locals or immigrants. In the specific case of immigrant entrepreneurs, Palalic, Dana and Ramadani (2019), contend that they can function as enablers of social integration between locals and immigrants.

According to Azmat and Zutshi (2012), evidence abounds that almost all businesses owned by immigrants operate in the small business sector. Certainly, this is not likely to be any different for African immigrants who have businesses in some of the states in the Southern Africa Development community (SADC), where the unemployment rate is as high as 50 per cent (Motastsi, 2019). African immigrants often arrive to confront the reality of limited job opportunities in these economies, which drives them to start small businesses. This is not unexpected as it could be a fallout of an innate inclination of humans to find the means for continued survival, but more accurately, the creation of small businesses, in the opinion of Fairly and Lofstrom (2015) can be attributed to the fact that immigrants are typically, entrepreneurial in nature. It is in recognition of this, that many states across the globe have created special visa and entry schemes to attract immigrant entrepreneurs to their countries (Lofstrom, 2014; Mahuteau, Piracha, Tani, & Vaira Lucero, 2013), convinced that it would be beneficial to society.

As part of the benefits that crystallise from this disposition of countries to make room for immigrant entrepreneurs, immigrants bring with them, skills that may be lacking in their host

communities and doing so, invariably enhances the efficiency of local economies. In harmony with this observation, Hajro, Caprar, Zikic and Stahl (2018) aver that globally, migrant businesses contribute to sustainable economic growth for host communities by filling critical labour shortages and creating jobs as entrepreneurs. Concurrent with this opinion, Lo and Teixeira (2015) also assert that immigrant-owned businesses form part of the engine of economic growth and regional development in many countries.

Given that immigrant-owned businesses are often small, they are not in anyway – simply due to their ownership - immune from the challenges that are characteristic of establishments operating in the small business sector. Rather unfortunately, these challenges have a negative impact on small businesses, the consequence of which, in the context of Southern Africa, is high business failure rates (Bruwer & Van Den Berg, 2017). With specific reference to small businesses owned by immigrants, Tengeh, (2013) declares that they are likely to fail within three years of being established. Regardless of the high propensity for failure in immigrant-owned businesses, some of them, interestingly, continue to survive in the SADC region, as is the case in other parts of the world.

This reality that sprouts from survival in a hostile business environment serves as an indication that immigrant small business owners have the requisite entrepreneurial attribute of determination (Kalitanyi & Visser, 2010) that enables them grow and create employment opportunities in the local economy. Instructively, this attribute cannot be the exclusive endowment that immigrants with businesses leverage to overcome what Oliveria (2008) recognises as profound challenges that encumber performance and inevitably, employment creation in their small businesses. This notwithstanding, despite the contributions of immigrant-owned businesses to society at large, extant literature on immigrant

entrepreneurship appears to be predominated by studies with a negative slant that explicate the problems, failures, obstacles, inhibitors and challenges (Aaltonen & Akola, 2012) that impede immigrant-owned businesses.

This skewed approach to research with regard to coverage, according to Eresia-Eke and Okerue (2018) implies that much of the success stories of immigrant entrepreneurs are unarticulated in scholarly works. In addition, studies on immigrant entrepreneurship, more so in the African context have not followed a cross-country approach and significantly, the spectrum of factors that equip African immigrant entrepreneurs to successfully steer their businesses and create employment opportunities, in the process, remain largely, an unexplored scholarly terrain. These gaps and the conviction that a revelation of the combination of factors that enable African immigrants create employment opportunities in their businesses, as they operate across countries in the SADC region, provide impetus for the current study.

Instructively, employment creation like small business performance is likely to be associated with a cocktail of factors. In the case of small business performance, scholars (Momanyi & Moronge, 2017; Lateh, Hussain, Abdullah & Halim, 2018) note that it is not only affected by social capital factors but also by human-related factors that are unlimited to managerial skills, networking skills, technological abilities and education levels. Leaning on this, the core question that the study seeks to answer is: ‘what are the specific variables in the triumvirate of human, economic and social capitals that are associated with employment creation in immigrant-owned businesses?’. Essentially, within the context of small businesses established by African immigrants, the study seeks to explore the specific variables in the

human capital, economic capital and social capital constructs that may be associated with employment creation.

Notably, in order to decrease unemployment, it is imperative for states to stimulate the emergence of new businesses in their economies (Van Praag (2003). Given the central place of unemployment amongst the challenges in the Southern African region, perhaps the performance and sustenance of small businesses, regardless of whether they are immigrant-owned or not, should be considered as equally important as the issue of emergence of such businesses. Indeed, as it relates to the reliance on small businesses as creators of employment, it really should be immaterial whether a local or an immigrant owns the business. Since immigrant-owned small businesses are considered to be of value in the post-modern era (Asah & Louw, 2021) and Acs *et al.* (2018) affirm that they create employment opportunities, small businesses established by African immigrants in the SADC region should embody this same employment creation potential. Admittedly though, much of this potential may be linked to the capitals that such immigrant entrepreneurs can leverage off.

The aim of this study is therefore underpinned by the resource-based view (RBV) that asserts that businesses have a combination of distinctive resources and skills that they can exploit to secure a viable competitive advantage (Laosirihongthong, Prajogo & Adebajo, 2014). This opinion is shared by Klyver and Schenkel (2013) who declare that a business' competitive advantage sprouts from the optimal use of available resources at the disposal of the entrepreneur, rather than a product-market position. In the context of African immigrant-owned small business, these thoughts seem to emphasise the importance of business endowments that may be categorised either as human, economic or social capital.

Literature review

Human capital

Human capital is a stock of personal attributes which according to Budiarti (2017) includes skills, knowledge, experience, competencies and attitudes that an individual possesses. In fact, Unger, Rauch, Frese, and Rosenbusch (2011) describe human capital as skills and knowledge that an individual acquires through investment in schooling, internships/apprenticeships and other types of training. Proclaiming the value of human capital, Isa and Muafi (2022) declare that it generally fertilises performance. Unsurprisingly, human capital as observed by Nkongolo-Bakenda and Chrysostome (2020) influences entrepreneurship motivation in immigrant groups. Duan, Sandhu and Kotey (2021) also contend that human capital aids the integration of socioeconomic and technical capabilities with entrepreneurial strategies which results in entrepreneurial success. This is convincing because Tata and Prasad (2015) insist that human capital facilitates productive activity and the attainment of business goals. Consequently, human capital is considered as a veritable predictor of business success (Nguyen, 2020).

In the mix of several endowments that could qualify as human capital, Rauch, Frese and Utsch (2005), identified an individual's education, experiences and skills as being critical for business tasks. Within an entrepreneurship frame, Florin, Lubatkin and Schulze (2003), as well as Martin, McNally and Kay (2013), suggest that human capital components such as experience, education, work experience, family business background, knowledge, skills and a medley of life experiences are critical resources for business success. Contributing to the discourse, Duan, Sandhu and Kotey (2021), suggest that in the context of immigrant-owned businesses, human capital helps to bring together personal capabilities with the market, social and institutional capital thereby enlarging the immigrant's entrepreneurial resources.

Arguably, this could in turn, foster business performance and collaterally, employment creation.

For the specific purpose of this study, management skills, educational achievement, work experience and propensity for risk-taking are the components of human capital that are considered. Broadly, management skills relate to the ability to plan, organize, lead and control functions in the business. The opinion of Ahmad and Ahmad (2021) is that management skills encompass marketing skills, financial skills, legal skills and administrative skills. The possession of competent management skills lends itself to the creation of a competitive advantage (Tonidandel, Braddy & Fleenor, 2012) in businesses. This is partially because the management skills of entrepreneurs may affect their ability to acquire critical resources for business operations. For instance, Nguyen and Ramachandran (2006) specifically argue that management skills are considered by banks in the loan application appraisal process, possibly as a leading indicator for business performance. So, besides having an individual entrepreneurial orientation, entrepreneurs require good management skills in order to catalyse business performance (Purwati, Budiyanto, Suhermin & Hamzah, 2021) and this may also be the case with employment creation. Strangely, Sandberg and Hoffer's (1987) study could not find a significant association between management skills and business performance. Eresia-Eke (2016) observes that studies that have found that management skills correlate negatively with business success are rare. These scholarly positions are not necessarily congruent and do not expound on the association, or lack of it, between management skills and employment creation in African immigrant-owned small businesses, particularly in the SADC region. They therefore simply provide a veritable scholarly premise for this study to infer that:

H₁: In the small businesses of African immigrants, the owner's management skills (MS) will be associated with employment creation (EMC)

With respect to an entrepreneur's educational achievement, the study by Wanigasekara and Surangi (2011) found that it has a strong impact on business success. Cooper, Gimeno-Gascon and Woo (1994), examined previous studies and distilled that most of them revealed that educational achievements are positively associated with business performance, while fewer studies failed to identify any statistical correlation between both variables. In a sense, this is reflective of some disharmony in findings in extant literature, making it difficult to project, with assurance, what the case may be, in terms of the possible association between an entrepreneur's educational achievement and employment creation, in the cohort of small businesses in the SADC region owned by African immigrants. In spite of this, Diabate, Allate, Wei and Yu (2019), argue that people with a good education are able to manage knowledge more effectively and this lends itself to improved performance and growth of their businesses. Against this background and considerate of the opinion of Hunter and Skinner, (2001) that in the SADC region, the educational levels of African immigrant entrepreneurs tend to be higher than those of their local contemporaries, it is expected that they will deploy their educational achievements to better manage their businesses and consequently create employment opportunities. In addition, a higher level of education may be reflective of a more developed cognitive and innovative ability, which predisposes entrepreneurial action. It is on this premise that the study contends that:

H₂: In the small businesses of African immigrants, the owner's educational achievement (EA) will be associated with employment creation (EMC)

Kanas, Tubergen and Van der Lippe (2009), contend that immigrants with work experience from their countries of origin are more likely to become small business owners. Work experience could include the experience gained from working in a similar industry as the one in which a business established by an entrepreneur operates or it might be related to experience gained from repeatedly establishing businesses, amongst others (Toohey, 2009). According to Shepherd, Douglas and Shanley (2000), regardless of its specific form, work experience remains an important factor of business survival and performance. Indeed, studies undertaken by Marvel and Lumpkin (2007) as well as Chiliya and Roberts-Lombard (2012) found that the previous work experiences of entrepreneurs positively correlate with the performance of businesses that they have established. This could be because, as observed by Othman, Pazil, Attaullah, mZaib, Jin and Mahadi (2016) prior experience enables the acquisition of relevant knowledge that would improve task execution and performance. Similarly, Rahaman, Luna, Ping, Islam and Karim (2021) declare with certainty that work experience positively affects business performance.

These assertions are supported by Bird (1988), who contends that the previous work experience of an entrepreneur will significantly influence a business' ability to grow which could imply an increase in the number of employees retained by the business. Curiously, however, Khan and Butt (2002) found that a negative relationship existed between entrepreneurs' previous work experiences and the performance of their businesses. The positions in extant literature with respect to the role of work experience in business performance are certainly different and at best, they present only tangential grounds to infer, albeit inconclusively, what might be the exact nature of the relationship between the work experiences of immigrants of African descent and employment creation in the small businesses that they have established. Duly cognisant of the findings of other studies that are however

predominantly focused on the issues of business survival and performance, the study opts to hypothesise that:

H₃: In the small businesses of African immigrants, the owner's work experience (WE) will be associated with employment creation (EMC)

Risk typically relates to the possibility that realised outcomes may vary from anticipated outcomes concomitant with a business endeavour. Risks are therefore linked with situations where the outcomes of decisions have known probabilities of occurrence (Hsu, Wiklund & Cotton, 2017). Generally, entrepreneurs are willing to take risks (Rauch & Frese, 2007) because as observed by Games and Rendi ((2019), it can engender business growth. Consequently, Caliendo, Fossen and Kritikos (2009), opine that risk-averse individuals are less likely to become entrepreneurs, as a person's risk attitude is an important consideration in the choice between starting-up a business and taking-up paid-employment. In other words, individuals that have a higher propensity for risk-taking are more likely to establish their own businesses as opposed to taking up formal employment (Cramer, Hartog, Jonker & Van Praag, 2002). Rahaman, Luna, Ping, Islam and Karim (2021) argue that risk-taking enables exploration of business opportunities, which can lead to progress. Since risk-taking propensity is recognised as part of the prototypical entrepreneurial behaviour (Ozaralli & Rivenburgh, 2016), it would seem logical that it would lend itself to business performance that may be reflected in employment creation. Consequently, the study postulates that:

H₄: In the small businesses of African immigrants, the owner's propensity for risk-taking (PRT) will be associated with employment creation (EMC)

Economic capital

Economic capital encompasses the capital that a business leverages to ameliorate unexpected losses, so that it can continue to operate (Al Janabi, 2011). More specifically, economic capital, as a subset of all the capitals at the disposal of a business, typically relates to resources to which some monetary value can be ascribed (Jabbari, Amirahamdi & Khoshfar, 2021). According to Mollegaard and Jaeger (2015), monetary assets, typically employed to offset business-related costs, make up the economic capital of a business. For the immigrant entrepreneur, an important source of economic capital is personal wealth or finance that they can obtain from their networks, as finance from formal lenders is generally not accessible to immigrant-entrepreneurs (Ndofor & Prien, 2011). This study recognises the recurrent challenge of inaccessibility to finance but given that the issue has attracted substantial scholarly attention (Manwari, Ngare & Kipsang, 2017; Taiwo, Falohun & Agwu, 2016), the issue of access to finance that belongs under the economic capital construct is not covered by the study. Rather, the study focusses on cost-saving methods that essentially release more finance for business operations. These methods are employed in the bid to save scarce resources that would subsequently be utilised to support the new venture (Winborg & Landstrom, 2000) and these may be related to the utilisation of business support services, strategic choice of a business location and recourse to financial bootstrapping.

Business support services include a wide range of non-financial aids that entrepreneurs may access in order to enable better business performance. Moos and Sambo (2018) aver that these aids are unlimited to coaching and mentoring services, business-consulting services and information services. While there is agreement between business advisors and immigrant entrepreneurs with respect to the relevance of such business support services, the two parties disagree on the types of support that are most needed (Guzy, 2006). It would seem appealing

though to imagine that when there are provisions for proper business support, it may increase the performance potential of immigrant-owned small businesses. Strangely, while governments have put in place, general business support schemes for small businesses, Tengeh (2011) argues that immigrant-owned businesses rarely benefit from such schemes as the managers of these schemes discriminate against them. However, the existence of a need for business support services and the creation of different schemes to address it, feeds into the narrative that the utilisation of such support services could augur well for business performance. Based on this conviction, the study proposes that:

H5: In the small businesses of African immigrants, access to business support services (BS) will be associated with employment creation (EMC)

The location of a business is predominantly informed by considerations of the issue of access. It may be access to raw materials, access to customers, access to facilities, access to desirable human resources etc. Business location typically affects the size and type of market that a business can access and this could have some ramifications for business growth. Almost undoubtedly, the choice of a business location is an important contributory factor to the success or failure of a business (Mariotti & Glackin, 2012). Though the location decisions of a business are based on different considerations, according to the ethnic enclave theory as expounded by Simarasl, Moghaddam and Williams (2021), immigrants are likely to live and work in ethnic enclaves because it gives them better access to a variety of resources including financial and human resources as well as customers. Invariably, the relative volume of customers that can easily access small businesses like the ones owned by African immigrants, dictates overall business success. Dahl and Sorenson (2007) agree with this opinion and suggest that entrepreneurs often open small businesses in areas where they are relatively

well-known as customers potentially fall within their close social networks. In addition, Gebre, Maharaj and Pillay (2011), observe that the choice of a business location is therefore crucial for the performance of businesses established by immigrants. It is against this background, that it becomes appealing to hypothesise that:

H₆: In the small businesses of African immigrants, business location (BL) will be associated with employment creation (EMC)

The inaccessibility to finance issue has been a recurring challenge to small businesses and certainly, African immigrant-owned small businesses are unlikely to be immune to this challenge. Tengeh, Ballard and Slabbert (2011), argue that it is extremely difficult for small businesses owned by immigrants to access critical financial resources. Faced with such a daunting financial challenge, it becomes imperative for immigrant-entrepreneurs to explore different ways to access some form of capital in order to continue to operate their businesses. One of these ways is that of financial bootstrapping. In the specific South African case, Fatoki (2013) notes that the use of financial bootstrapping, in different shades, is popular among immigrant-owned businesses. This popularity can be attributed to the belief that it aids business performance. In effect, recourse to financial bootstrapping by African immigrant entrepreneurs may enhance business performance and result in employment creation. This is the thought that has motivated the study to propose that:

H₇: In the small businesses of African immigrants, the use of financial bootstrapping (FB) is associated with employment creation (EMC)

Social capital

A kaleidoscope of definitions, a plurality of theoretical perspectives as well as inconsistent operationalisations have plagued the social capital concept (Payne, Moore, Griffis & Autry, 2011). Indeed, Gedajlovic, Honig, Moore, Payne and Wright (2013) assert that the social capital notion continues to pose empirical challenges especially as it is not exactly amenable to independent measurements.

Hasan, Qing and Lu (2020) observe that social capital is the ability of actors to secure benefits by virtue of membership in social networks. Ferris, Javakhadze and Rajkovic (2017) suggest that the social network of owners/managers of a business provides an indication of the extent of high social capital at the disposal of the business. Uzzi (1997) argues that an individual's social capital improves when the individual has strong ties to and within a community. In the case of immigrants, the social capital that they acquire typically stems from the goodwill in their host communities and this enables better information exchanges, promotes healthier personal relationships and eases access to vital resources (Ndofor & Prien, 2011) for the business. Recognising this, Salfiya Ummah, Choy and Sulaiha Beevi (2021) assert that social capital significantly contributes to business performance.

There is no gainsaying that language differences in the operating environment of the immigrant entrepreneur's small businesses is a major challenge (Hack-Polay, Ogbaburu, Rahman & Mahmoud, 2020). This according to Doole, Lowe and Kenyon (2016), is because language is a critical socio-cultural factor that affects marketing communications and so poor language competencies typically hinder business expansion. In the SADC region, for a country like Mozambique, though Portuguese is the official language, Lopes (1998) observes that there are several indigenous languages in the Bantu group and this group constitutes the major language stratum in the country as a large part of the population speak it. In South

Africa, though eleven languages are officially recognised, Setati and Adler (2000) aver that English remains the language of economic exchange. Though Siswati and English are the two official languages spoken in Swaziland, the latter is the predominant business language (Kamwangamalu, 2013). These observations may be correct at a national level, but they certainly do not discount the fact that proficiency in a language spoken by the people who inhabit the locality, in which an immigrant-owned small business is situated, could be an invaluable tool for transactions that would aid business performance and engender employment creation.

Bolino, Turnley and Bloodgood (2002), believe that the use of a common language enhances social capital and helps the business, its employees and customers to understand narratives germane to the social milieu. Against this backdrop, proficiency in the main language spoken by the target group of customers could therefore be an important determinant of the patronage of immigrant businesses in local communities. This is the case, as good communication skills are extremely valuable in modern economies, which have increasingly become service and knowledge based. Evidence provided by a study that included different countries, which was conducted by Dustmann and van Soest (2001) on the importance of language skills for immigrants, shows that the ability to fluently speak the local language has a positive and significant effect on the performance of small businesses owned by immigrants. Encouraged by this, the study projects that:

H₈: In the small businesses of African immigrants, the owner's language proficiency (LP) will be associated with employment creation (EMC)

Networking is concerned with the establishment of relationships that can benefit individuals/businesses and in a foreign land where the immigrant is new, acquisition of any resource whatsoever, may be possible through such networks. Generally, networks, as identified by Le and Nguyen (2009), may take the form of official networks (government, regulatory institutions, corporate acquaintances), business networks (suppliers, customers and similar immediate business associates) and social networks (relatives, friends, social clubs). Irrespective of their form, Anthias (2007), observed that networks may be of different values for different individuals at different times and for different purposes, depending on their social location in the mainstream hierarchical order. Bolibar (2020) posits that the social valuation of population categories (such as ‘women’ or ‘migrants’) and composition (e.g., ‘migrant women’) can affect the value of their relational resources as well as their ability to use them to create economic capital.

Sequeira and Rasheed (2006) opine that the immigrants who own businesses acquire much-needed resources primarily from own-families and other members of their social networks, especially within their ethnic enclaves. In essence, besides their families, the prevalent trend amongst immigrant entrepreneurs is the acquisition of resources through social networks. Convinced that business performance will improve and catalyse employment if African immigrants that own businesses in the SADC region maintain good social networks, this study proposes that:

H₉: In the small businesses of African immigrants, the owner’s networking ability (NA) will be associated with employment creation (EMC)

Conceptual framework

The conceptual framework of the study is hinged on the rationale that employment creation in a small business owned by an African immigrant would be associated with the owner's stock of human capital, economic capital and social capital (see Bosma, Van Praag, Thurik & De Wit, 2004; Bosma, Acs, Autio, Coduras & Levie, 2009; Mandviwalla & Watson, 2014) that similarly lend themselves to business performance. The study's conceptual framework as shown in Figure 1, illustrates the components of the human, economic and social capital constructs that have been deductively derived from extant literature which are considered as the independent variables of the study and the hypothesised relationships they have with the dependent variable of employment creation.

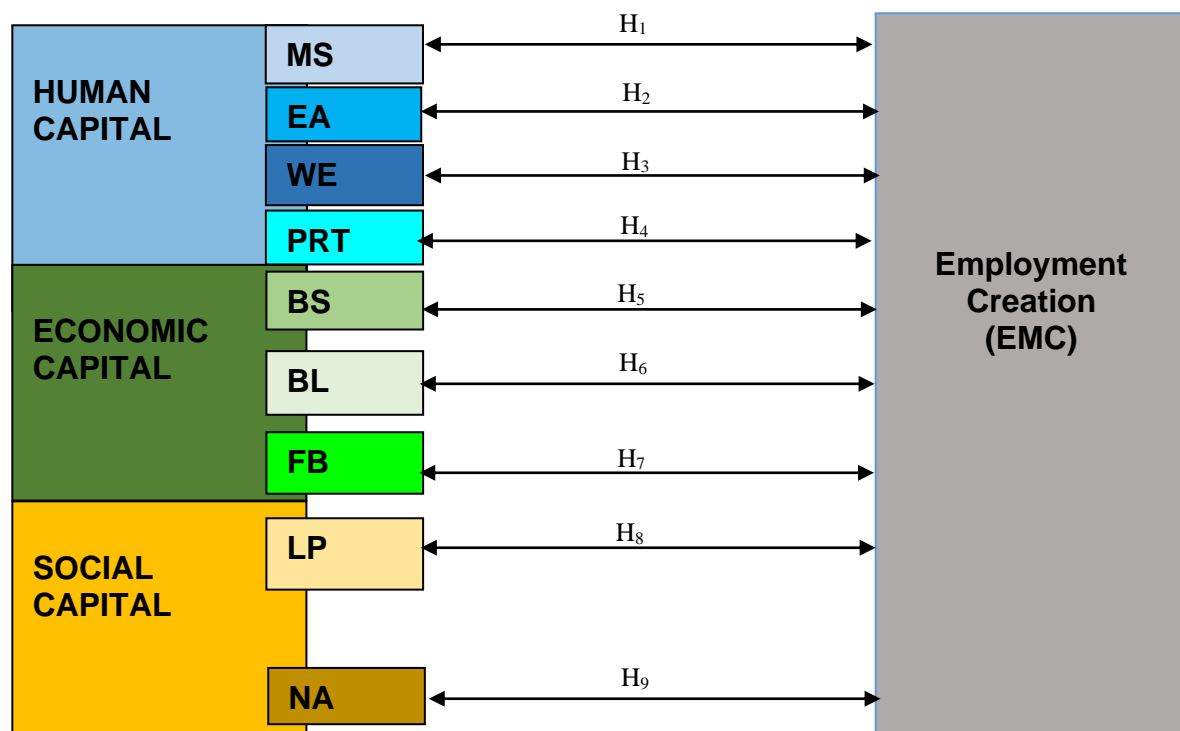


Figure 1. Conceptual framework of the study

For the human capital construct, the variables include management skills (MS) (Tonidandel *et al.*, 2012), educational achievement (EA) (Chrysostome, 2010), work experience (WE) (Vinogradov & Elam, 2010) and propensity for risk-taking (PRT) (Berger & Gabriel, 1991). For the economic capital construct, the study focuses on the variables of utilisation of business support services (BS) (Desiderio, 2014), choice of business location (LO) (Gebre et

al. 2011), and financial bootstrapping (FB) (Winborg & Landstrom, 2000), while the social capital construct includes language proficiency (LP) (Habiyakare, Owusu, Mbare & Landy, 2009), and networking ability (NA) (Sequeira & Rasheed, 2006).

Research methodology

The study population of this empirical study is made up of African immigrants with small businesses in any one of the cities of Johannesburg (JHB), Pretoria (PTA) in South Africa, Mbabane (MBA), Manzini (MZN in Swaziland, Maputo (MPT) and Boane (BOA) in Mozambique. Many African immigrants reside in each of the identified cities and that was a principal consideration for their choice as locations for this study. This is therefore a cross-country study covering three different countries in the SADC region, and its novelty is emphasised by the fact that such a span has never been explored in immigrant entrepreneurship studies within this region. Due to the absence of an accurate population size and a sampling frame, convenience and snowball sampling which are non-probability sampling techniques were utilised for the identification and selection of potential study respondents.

As shown in Table 1, 2500 self-administered questionnaires were sent out to potential respondents. However, 976 were returned and in this lot, 147 returned questionnaires were excluded from the study due to errors and incompleteness. So, 829 questionnaires were deemed valid and used for data analysis. This is adequate as an examination of some other immigrant entrepreneurship studies conducted in the context of the African continent (see Kalitanyi & Visser, 2010; Khosa & Kalitanyi, 2016), revealed that an average sample size hovering around the 100-respondents level was utilised.

The questionnaire used for the purpose of data collection contained items for the measurement of each of the study’s variables associated with the constructs of human capital, economic capital, social capital and employment creation. Measurement items in the instrument were accompanied by 5-point Likert scale options (‘Strongly disagree’ to ‘Strongly agree’). Numerical scores of 1-5 linked to each response reflected the degree of attitudinal favourableness of the provided response. The independent variables of MS, EA and WE and PRT linked to the HC construct were measured with six, five, five and four items, respectively as contained in the questionnaire. The variables of BS, BL and FB that made up the EC construct were measured with five, six and six questionnaire items respectively. Similarly, eight and seven items were used to measure LP and NA that were component variables of the SC construct.

Table 1. Data collection statistics

| | Swaziland | | | South Africa | | | Mozambique | | | |
|------------------------------------|-----------|-----|------------|--------------|-----|-------------|------------|-----|------------|---------------------|
| | MZN | MBA | Total (1) | PTA | JHB | Total (2) | MPT | BOA | Total (3) | Grand Total (1+2+3) |
| Distributed | 300 | 300 | 600 | 600 | 400 | 1000 | 600 | 300 | 900 | 2500 |
| Unreturned | 188 | 163 | 351 | 347 | 272 | 619 | 357 | 197 | 554 | 1324 |
| Returned | 112 | 137 | 249 | 253 | 128 | 381 | 243 | 103 | 346 | 976 |
| Missing data | 13 | 18 | 31 | 41 | 27 | 68 | 26 | 22 | 48 | 147 |
| Complete | 99 | 119 | 218 | 212 | 101 | 313 | 217 | 81 | 298 | 829 |
| Percentage of valid questionnaires | 33 | 40 | 36 | 36 | 25 | 31 | 36 | 27 | 33 | 100 |

Data Analysis and results

As shown in Table 2, 313, 218 and 298 respondents were drawn from South Africa, Swaziland and Mozambique, respectively. The diversity of the respondent population of

African immigrants surveyed in the study is reflected in their demographic profiles. In the cohort of respondents, 62.7% were male and 37.3% were female. These results show that across the countries, more responses were obtained from males relative to females. This may serve as an indication that most African-immigrants that own businesses are males and the occurrence can be explained by the patriarchal nature of African communities.

Table 2. Demographic profile of respondents (n = 829)

| | | Gender | |
|-------------------------------------|---------------------------------|--------------|--------------|
| | | Male | Female |
| Total Sample | N | 829 | |
| | % | 520 62.7% | 309 37.3% |
| Country | South Africa | 313 | 55.0% |
| | Swaziland | 218 | 55.0% |
| | Mozambique | 298 | 76.5% |
| Grouped age | 18 – 29 | | 55.5% |
| | 30 – 39 | | 44.5% |
| | 40 – 49 | | 60.3% |
| | 50+ | | 39.8% |
| Highest level of formal education | 18 – 29 | | 72.6% |
| | 30 – 39 | | 27.4% |
| | 40 – 49 | | 73.2% |
| | 50+ | | 26.8% |
| | Some schooling | | 65.5% |
| | Completed secondary school | | 34.5% |
| | Vocational Certificate: Diploma | | 68.9% |
| Vocational Certificate: Certificate | | 31.1% | |
| Vocational Certificate: Artisan | | 57.4% | |
| Degree | | 42.6% | |
| Postgraduate | | 37.7% | |
| | | 76.7% | |
| | | 23.3% | |
| | | 61.9% | |
| | | 38.1% | |
| | | 66.0% | |
| | | 34.0% | |

In order to determine the validity of the scale measures utilised in the study, confirmatory factor analysis (CFA) was employed. According to Garson (2015), the purpose of CFA is to validate or confirm the measurement of the latent variables in the model as well as the convergent and discriminant validity in the proposed model. The initial measurement model comprised 52 items and when the test results obtained (as shown in Table 3) were compared with the recommended values for each measure as stipulated by Hair, Black, Barbin, Anderson and Tatham (2010) as well as Kline (2010), the model-fit statistics were originally

dissatisfactory. Convergent validity analysis indicated that correlation scores for the items measuring the variables for the EC construct (BS, BL and FB) were in the 0.01 to 0.84 range, which do not support a reasonable level of convergent validity. Discriminant validity was also assessed and the correlation scores for the items measuring the variables for the EC construct (BS, BL and FB) and the correlation scores for the items measuring the variables for the SC construct (LP and NA) range from 0.36 to 0.54, which do not conform to a reasonable level of discriminant validity. Consequently, modifications to the original model became imperative.

Table 3: Goodness of fit indicators for initial measurement model

| Measures | Results | Measures | Results | Measures | Results |
|-----------------|-------------------------------|----------|---------|----------|---------|
| Chi-square (df) | 6 123.094 (1 238), p<0,000 | CMIN/df | 4.946 | GFI | 0.722 |
| TLI | 0.710 | CFI | 0.729 | AGFI | 0.691 |
| RMSEA | 0.069 | SRMR | 0.0831 | | |

Common method variance analysis was also undertaken. According to Podsakoff, MacKenzie, Lee and Podsakoff (2003), common method variance in the independent and dependent variables amplify the statistical relationship that exists between variables. Specifically, the Harman’s single-factor test was utilised to assess the measures used in the original scale for common method variances. Instructively, 26.49% of the total variance in the HC construct was accounted for by a single factor solution. Additionally, a single-factor solution also accounted for 18.68% of the total variance in the EC construct and 35.52% in the total variance of the SC construct. These are all less than the 50% threshold and lends credence to the projection that multiple sub-factors underlie the three constructs. Invariably, this justified the retention of all the measurement items in the study.

Improvement to the model was done in two phases. First, modification indices produced, were examined and item errors correlated. Subsequently, an assessment of the standardised residual covariances was undertaken and loadings below 0.5 were considered dissatisfactory. These low loadings were associated with 20 items in the questionnaire and so all such items were subsequently removed from the final measurement model. Table 4 presents the final overall model fit statistics showing retained items with loadings in excess of 0.5. After this, the lowest value obtained for composite reliability (CR) and Cronbach alpha (CA) was 0.6 and the highest was 0.9. From a statistical perspective, the CA results were deemed as satisfactory as they fall within the moderate reliability and high reliability categories (see Perry, Charlotte, Isabella & Bob, 2004; Taber, 2018). In the light of Pallant's (2011) prescription of a lower threshold of 0.6. for CR which is a measure of scale reliability, the results obtained in the study are considered acceptable.

Table4. Final measurement model statistics

| Construct | Items | Item Mean (Standard deviation) | Construct Mean (Standard deviation) | Inter Total Correlation | Cronbach Alpha | Composite Reliability | Average Variance Extracted | Maximum Shared Variance | Factor Loading |
|-----------|-------|-----------------------------------|--|-------------------------|----------------|-----------------------|----------------------------|-------------------------|----------------|
| MS | Q2.2 | 4.11 (0.704) | 4.07 (0.563) | 0.562 | 0.754 | 0.727 | 0.405 | 0.258 | 0.534 |
| | Q2.3 | 4.09 (0.788) | | 0.555 | | | | | 0.530 |
| | Q2.5 | 3.96 (0.768) | | 0.513 | | | | | 0.727 |
| | Q2.6 | 4.12 (0.706) | | 0.579 | | | | | 0.721 |
| EA | Q2.7 | 3.54 (1.061) | 3.45 (0.914) | 0.629 | 0.857 | 0.849 | 0.586 | 0.362 | 0.737 |
| | Q2.8 | 3.54 (1.063) | | 0.767 | | | | | 0.889 |
| | Q2.10 | 3.34 (1.123) | | 0.693 | | | | | 0.691 |
| | Q2.11 | 3.38 (1.123) | | 0.718 | | | | | 0.728 |
| WE | Q2.12 | 3.85 (0.915) | 3.97 (0.746) | 0.540 | 0.650 | 0.771 | 0.422 | 0.246 | 0.743 |

| | | | | | | | | | |
|-----|-------|-----------------|-----------------|-------|-------|-------|--------|-------|-------|
| | Q2.13 | 3.83 (0.919) | | 0.551 | | | | | 0.747 |
| | Q2.14 | 4.00 (0.819) | | 0.577 | | | | | 0.752 |
| | Q2.15 | 4.15 (1.915) | | 0.261 | | | | | 0.290 |
| | Q2.16 | 4.02 (0.810) | | 0.453 | | | | | 0.589 |
| PRT | Q2.18 | 3.95 (0.728) | 3.94 (0.633) | 0.620 | 0.786 | 0.788 | 0.554. | 0.206 | 0.734 |
| | Q2.19 | 3.94 (0.763) | | 0.655 | | | | | 0.788 |
| | Q2.20 | 3.93 (0.777) | | 0.604 | | | | | 0.708 |
| BS | Q3.1 | 3.84 (1.727) | 3.68 (1.043) | 0.446 | 0.683 | 0.741 | 0.503 | 0.362 | 0.493 |
| | Q3.2 | 3.69 (0.963) | | 0.613 | | | | | 0.755 |
| | Q3.3 | 3.51 (1.193) | | 0.547 | | | | | 0.838 |
| BL | Q3.7 | 3.11 (1.144) | 3.25 (1.063) | 0.429 | 0.594 | 0.601 | 0.430 | 0.346 | 0.625 |
| | Q3.8 | 3.39 (1.368) | | 0.429 | | | | | 0.687 |
| FB | Q3.13 | 3.98 (0.760) | 4.17 (0.535) | 0.322 | 0.569 | 0.590 | 0.331 | 0.312 | 0.455 |
| | Q3.16 | 4.27 (0.711) | | 0.465 | | | | | 0.679 |
| | Q3.17 | 4.25 (0.717) | | 0.356 | | | | | 0.562 |
| LP | Q4.1 | 4.15 (0.820) | 4.08 (0.659) | 0.686 | 0.835 | 0.824 | 0.542 | 0.294 | 0.720 |
| | Q4.2 | 4.10 (0.802) | | 0.718 | | | | | 0.748 |
| | Q4.3 | 4.00 (0.830) | | 0.686 | | | | | 0.820 |
| | Q4.5 | 4.09 (0.770) | | 0.571 | | | | | 0.643 |
| NA | Q4.12 | 4.12 (0.632) | 4.11 (0.529) | 0.633 | 0.816 | 0.819 | 0.532 | 0.312 | 0.733 |
| | Q4.13 | 4.12 (0.661) | | 0.668 | | | | | 0.766 |
| | Q4.14 | 4.09 (0.626) | | 0.659 | | | | | 0.746 |
| | Q4.15 | 4.11 (0.714) | | 0.590 | | | | | 0.667 |

The overall model fit statistics of the final measurement model are $Cmin/df < 3$ (2.608); $GFI > 0.9$ (0.921); $AGFI = > 0.08$ (0.902); $TLI > 0.09$ (0.919); $CFI > 0.09$ (0.930); $RMSEA < 0.05$ (0.044); $SRMR < 0.08$ (0.039). All these figures meet the minimum threshold values and this is indicative of an acceptable model fit. The final measurement model comprises of 32 items but the nine independent variables are retained. After the model modification, the new correlation scores of the measurement items for the constructs showed a high level of convergent validity as well as discriminant validity. Since the reliability and validity of the overall construct has been established, the construct mean values can then be interpreted.

For the HC construct, the means for the MS, EA, WE and PRT were 4.07 (SD = 0.563), 3.45 (SD = 0.914), 3.97 (SD= 0.746). and 3.94 (SD= 0.633) respectively. All of these, considered on a five-point Likert scale, are above the mid-point of 3 and signal that the African immigrant entrepreneurs generally perceive, to different extents, that these variables lend themselves to employment creation in their businesses. This position is not different from those associated with variables in the other two constructs of EC and SC. While mean scores of 3.68 (SD = 1.043), 3.25 (SD = 1.063) and 4.17 (SD = 0.535) are linked to BS, BL and FB, the mean scores associated with the SC variables of LP and NA were 4.08 (SD = 0.659) and 4.11 (SD = 0.529), respectively. Notably, there were mean scores above 4.0 linked to variables in each of the HC, EC and SC triumvirate of constructs. The mean scores above 4.0 are linked to the variables MS, LP, NA and FB, arranged in an increasing order. In other words, while just about all the study's variables are considered to be useful for purposes of employment creation by respondents in the cohort of African immigrants that owned small businesses, the association is more pronounced for the variables of managerial skills, local language proficiency, networking ability and the use of financial bootstrapping.

A regression analysis was employed to determine which of the variables in the HC, EC and SC constructs, are statistically associated with and have an effect on the dependent variable of employment creation when all of the effects of the independent variables on the dependent variables are concurrently considered. The results are presented in Table 5.

As shown in Table 5, the values of $r = 0.52$ ($p = 0.022$) show that the MS variable in the HC construct has a positive relationship with EMC, that is statistically significant. This study projected that a relationship exists between management skills and employment creation in African immigrant-owned small businesses operating in the SADC region and the hypothesis is statistically supported by the regression results. Similarly, in the light of the results of $r = 0.54$ ($p = 0.000$), the EA variable in the HC construct demonstrates a positive relationship with EMC that is statistically significant. Instructively, this was not the case with the other

Table 5: Regression analysis results

| Hypothesised relationship | Hypothesis | Coefficients (r) (p-value) | Rejected/Supported |
|---------------------------|----------------|-------------------------------|--------------------|
| HC_MS↔EMC | H ₁ | 0.52* (p=0.022) | Supported |
| HC_EA↔EMC | H ₂ | 0.54* (p=0.000) | Supported |
| HC_WE↔EMC | H ₃ | -0.30 (p=0.075) | Rejected |
| HC_PRT↔EMC | H ₄ | 0.07 (p=0.715) | Rejected |
| EC_BS↔EMC | H ₅ | 0.31* (p=0.012) | Supported |
| EC_BL↔EMC | H ₆ | -0.14 (p=0.231) | Rejected |
| EC_FB↔EMC | H ₇ | 0.06 (p=0.787) | Rejected |
| SC_LP↔EMC | | -0.47* | Supported |

| | | | |
|-----------|----------------|-------------------|----------|
| | H ₈ | (p=0.015) | |
| SC_NA↔EMC | H ₉ | 0.22 (p=0.379) | Rejected |

Significant at *p<0.05

two variables (WE and PRT) in the HC construct. The results obtained for the test of correlation between EMC and the variables of WE and PRT were $r = -0.30$ ($p = 0.075$) and $r = 0.07$ ($p = 0.715$) respectively. These results imply that the variables of WE and PRT did not show any statistically significant correlation with EMC which means that hypotheses H₃ and H₄ are therefore not supported. For the EC construct, there is statistical evidence that BS ($r = 0.31$, $p = 0.012$) has a significant positive relationship with EMC while BL ($r = -0.14$, $p = 0.231$) and FB ($r = 0.06$, $p = 0.787$) did not display any statistically significant association with EMC. Consequently, H₅ is accepted while H₆ and H₇ are rejected. The regression analysis undertaken with respect to variables in the SC construct and EMC revealed that a statistically significant but negative correlation exists when LP ($r = -0.47$, $p = 0.015$) and EMC are examined. Conversely, the association between NA ($r = 0.22$, $p = 0.232$) and EMC was not statistically significant. This means that hypothesis H₈ is accepted and hypothesis H₉ is rejected.

Conclusion

The empirical study sought to determine how a set of independent variables (MS, EA, WE, PRT, BS, BL, FB, LP and NA) that make up the human capital, economic capital and social capital constructs may be related to employment creation in small businesses owned by African immigrants in the SADC region. This study empirically established that the management skills of African immigrant that own small businesses correlate positively and statistically with employment creation in their business. Research evidence supports the

existence of a link between improved managerial practice and business performance (Siepel, Camerani & Masucci, 2021) which may include employment creation. Similarly, this study's finding resonates with the conclusion drawn by Bamata, Govender and Fields (2019) that the performance of small businesses is inhibited by the dearth of management skills among their immigrant-owners and this would in turn adversely affect employment creation.

On another note, the study by Habiyakere *et al.*, (2009) on African immigrants in Finland found that the educational achievements of African immigrants are not significantly related to the performance of immigrant-owned businesses. This finding is rather curious as the results of the current study point to the fact that the educational achievements of African immigrant are significantly and positively linked to employment creation in their businesses. This result aligns with Rattanapongpinyo's (2018) observation that poor qualifications was a prime contributor to poor performance and ultimately, business failure. In the Southern Africa region, a competitive advantage derived by immigrant entrepreneurs from their level of education is amplified because they operate in the bottom-of-the-pyramid markets where their local counterparts are typically less educated.

In the context of economic capital, a study undertaken in Bangladesh by Islam (2013) found that business support services have a significant positive impact on the growth of small businesses. This finding is in harmony with the results of this study that show that access to business support services by African immigrant entrepreneurs is statistically associated with employment creation in small business owned by these immigrants. A study on immigrant entrepreneurs in Spain by Rueda-Armengot and Peris-Ortiz (2012) found a significant relationship between language proficiency and the competitive strategy adopted by immigrant entrepreneurs. This finding synchronises with that of the current study's results that affirm

that in the SADC region, proficiency in a local language is linked to employment creation in the small businesses that are owned by African immigrants, albeit, negatively. This negative association may be because the immigrant business owner may have no pressing need to employ locals, given that he/she can communicate fluently and relate effectively with customers from the local community.

This study is unique as it is the first known study that attempted to investigate the employment creation potential of small businesses established by African immigrants in the SADC region by utilising a cross-country approach. The study makes a worthy contribution to the academic discourse in the immigrant entrepreneurship domain by revealing the fact that employment creation in small businesses owned by immigrants of African descent is related to a mix of variables in the triumvirate of human, economic and social capitals. In a sense, this triangle of capitals correlates with employment creation potential in the studied African immigrant-owned businesses. Though there is no intent to generalise the findings of this study, knowing that management skills, educational achievement, business support services and local language proficiency are associated with employment creation could prove invaluable for the performance of emerging or current African immigrant entrepreneurs. The import of this is that African immigrant small business owners may need to accord substantial premium to the variables in the HC, EC and SC constructs that demonstrated statistical relationships with employment creation. This way, the touted benefit of employment creation that small businesses embody, even if African immigrants own them, are more likely to materialise.

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