

# Effects of successful business practices on business performance: Evidence from immigrant entrepreneurs in Ekurhuleni, South Africa



#### Authors:

Tatenda Chidau<sup>1</sup> Risimati M. Khosa<sup>1</sup> Magaret Phillips<sup>1</sup> **(b)** 

#### Affiliations:

<sup>1</sup>Department of Applied Management, College of **Economic and Management** Sciences, University of South Africa, Pretoria, South Africa

### Corresponding author:

Tatenda Chidau. tlchidau@live.com

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**Background:** The success stories of immigrant entrepreneurs are well documented worldwide. In South Africa, that success created mixed feelings among the locals as immigrant entrepreneurs are often perceived as being opportunistic and cunning in business. There is not much research on the business practices that are applied and how they influence business performance.

Aim: This research study aimed to explore and sought an in-depth understanding of the business practices that immigrant entrepreneurs put into practice and how they affect business performance.

Setting: The research was carried out in Germiston and Kempton Park in the Ekurhuleni metropolitan, in Gauteng province. Moreover, the study focused on legally operated businesses by immigrant entrepreneurs.

Methods: To enable the exploration of personal experiences, a qualitative research approach was used. Twelve in-depth face-to-face interviews using semi-structured questions were conducted to collect data.

Results: The study established that immigrant entrepreneurs in South Africa indeed implemented business practices, and advertising was used by all 12 participants. Word of mouth, which created loyalty, came out as the most trusted and valued business practice that all immigrant entrepreneurs relied on.

Conclusion: The study deduces a strong positive relationship between implementing business practices and improved business performance. This study revealed that entrepreneurs applied different business practices (such as advertising, transportation and pricing) simultaneously to promote and improve business performance.

Keywords: business performance; business practices; immigrant entrepreneurs; immigrant entrepreneurship; SME; South Africa.

#### Introduction

The success of immigrant entrepreneurs has been attributed to the growth and development of many developed and developing countries, and South Africa is no exception. The contribution of immigrant entrepreneurs in the industrialisation of South Africa is well documented (Gastrow & Amit 2013:16; Kalitanyi 2007:100; Ngwenya 2017:26). South Africa is regarded as one of the most advanced economies on the African continent, and its cities are gateways to African immigrants (Ngwenya 2017:1). This implies that immigrants have a higher prospect of having a better life in South Africa. Moreover, such immigrants are propelled into opening businesses due to the lack of employment opportunities and the need for survival. Scholars (Afewerki 2015:68; Chrysostome 2010:138; Dheer 2018:560) refer to these kinds of entrepreneurs as a necessity (push) immigrant entrepreneurs. For this research, necessity (push) immigrant entrepreneurs are the unit of analysis.

In South Africa, immigrant entrepreneurs are regarded as opportunistic and conquering certain business sectors. Newspapers reported that immigrants did not add value to the economy; instead, they came to invade and exploit South African resources, thereby negatively influencing the perception of locals towards immigrant entrepreneurs (Moyo 2015:30–31). This misconception created resentment among the locals, which led to the hotly debated topic of the business conduct of immigrant entrepreneurs. According to Crush and Tawodzera (2017:26), the debatable questions are centred on the perceived views that immigrant entrepreneurs' success is due to the exploitation of opportunities earmarked for South Africans.

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The perceived prominence was affiliated to the view that immigrant entrepreneurs were monopolistic (Charman, Petersen & Piper 2012:49). Various researchers such as Charman et al. (2012) and Radipere (2012) noted that immigrant entrepreneurs ran successful businesses. In Delft Township in the City of Cape Town, Somali entrepreneurs outdid local operators and drove them out of business (Charman et al. 2012:47). Somali migrants tend to be the most researched immigrant entrepreneurs in South Africa. This is acknowledged by Ngwenya (2017), Ibrahim (2016) and Charman et al. (2012) who studied the transformation of the spaza shops by Somalis. According to Khosa and Kalitanyi (2015:142), in Cape Town, Somali immigrants were the most visible group of immigrant entrepreneurs. Therefore, there is a gap in the literature when considering that South Africa accommodates different immigrant entrepreneurs as substantiated by Garg and Phayane (2014:65) and Kalitanyi and Visser (2010:381). Furthermore, the researchers identified another gap in the literature, which only emphasised the high success rate of immigrant entrepreneurs without clearly identifying the business tools that were applied to achieve that success. This is endorsed by Khosa and Kalitanyi (2015:132) and Ladzani and Van Vuuren (2002:159) who claimed that very few studies have previously been carried out on immigrant entrepreneurs' business practices in South Africa.

Therefore, this research sought to identify the business practices immigrants implement and how they affected business performance. This study contributes to the literature by addressing the debatable questions linked to the reasons behind immigrant entrepreneurs' success.

# **Research questions**

The study ought to answer the following questions:

- 1. What business practices do immigrant entrepreneurs implement?
- 2. How does the implementation of business practices affect the performance of businesses owned by immigrant entrepreneurs?

#### Literature review

In South Africa, the number of immigrant entrepreneurs is rapidly increasing, which could indicate the availability of a lot of unexplored opportunities and high profitability (Radipere 2012:123–124). Various businesses in South Africa operated by immigrant entrepreneurs are classified as small-and medium-sized enterprises (SMEs) (Olawale & Garwe 2010:729). SMEs are noted as being a catalyst to stimulating a country's economic growth and a way to eradicate poverty (eds. Opoku & Sandberg 2017:179).

According to Najib (2015:9) and Khosa and Kalitanyi (2015:134), immigrant entrepreneurs are people who leave their country of residence and settle in another country and start entrepreneurial enterprises. Chrysostome (2010:138) explained that there are two types of immigrant entrepreneurs:

necessity and opportunity immigrant entrepreneurs. Necessity immigrant entrepreneurs are driven into entrepreneurship because of a lack of job opportunities and the need for survival (Dheer 2018:560). Moreover, immigrant entrepreneurs are often regarded as refugees. As previously mentioned, this study is solely based on necessity immigrant entrepreneurs.

Necessity immigrant entrepreneurs in South Africa operate different businesses. The West African immigrants dominate the nightclubs, traditional clothing, wedding dresses and food retailing, whereas those from Mozambique and Zimbabwe are specialised in selling curios and repairing vehicles (Kalitanyi & Visser 2010:379). The researchers established that most entrepreneurs operated in the retail and service sectors, which corroborate the findings of Rogerson (1997:11) about the business clusters of immigrant entrepreneurs. This could be attributed to the low capital investment and fewer barriers in the registration process. Along the same theme, Ngwenya (2017:4) put forward that various researches focused on spaza shops, as the sector of retail business is dominated mainly by immigrant entrepreneurs in South Africa. Moreover, this indicates the possibility of low capital investment influencing immigrants as spaza shops would not require a huge financial investment.

#### The theoretical guide

This research adopted a mixed embeddedness theory, which is better suited to exploration and explaining research subjects. Mixed embeddedness is a combination of theories that focus on immigrant entrepreneurs' inclusion in the socio-economic, cultural and political environment in the host country (Akın, Bostanci & Akyol 2017:502; Marchand & Siegel 2015:7). Embeddedness has been a significant approach in elucidating the success of entrepreneurs and specifically that of immigrant entrepreneurs (Bagwell 2018:105; Kloosterman, Van Der Leun & Rath 1999). Furthermore, Najib (2016:145) explained how the theory illuminates the correlation between immigrant entrepreneurs and business practices such as social networks. Along the same conduit, Bagwell (2018:105) writes that immigrant entrepreneurs are strongly socially and culturally embedded in their co-ethnic and family networks, thus affording them access to crucial forms of social capital that is not largely available to the mainstream. More so, the theory is ideal because of being collaborative as outlined in the findings.

# Business practices implemented by immigrant entrepreneurs

Business practice is the method of how to achieve a competitive advantage (Hesterly & Barney 2019:19). More so, this definition was adopted in this study as it outlines how businesses attain a competitive advantage and implement it to outdo other competitors. Businesses, which can sustain a competitive advantage and are successful, all attributed that to business practices (Agwu 2018:1). A business without a business practice is prone to failure (Abosede, Obasan & Alese 2016:328). In South Africa, various researchers (such as

Charman et al. 2012; Gastrow & Amit 2013; Ngwenya 2017) paid particular attention to Somali immigrant entrepreneurs while rarely covering the other nationalities. Therefore, the various business practices identified are biased towards the Somali immigrants who were singled out as the most visible immigrant entrepreneurs (Khosa & Kalitanyi 2015:142).

In Delft, Cape Town and Cosmo City, Johannesburg, Somali immigrant entrepreneurs were noted as possessing the similarity of using intermediaries to broker deals for them (Charman et al. 2012:71; Ngwenya 2017:80). Good social relations were highlighted as one of the major business practices in running a business in townships, whereby the core was always seeking peace and avoiding conflict (Ngwenya 2017:81). This contradicts previous researchers (such as Crush & Tawodzera 2017; Field 2017), who documented Somali immigrant entrepreneurs as being victims of violent xenophobia in townships; areas that have a high concentration of the poor and disempowered.

Immigrant entrepreneurs are famed for making use of networks in their communities as a business practice (Cobbinah & Chinyamurindi 2018:7). Furthermore, networking is equated to a family structure that consists of the elders guiding members. This was alluded to by Ngwenya (2017:52), who stated that Muslim as a religion was used as a business practice by immigrant entrepreneurs. Moreover, networking among members is attributed to the acquiring of business skills, start-up capital and sharing ideas on the business expansion (Muchineripi, Chinyamurindi & Chimucheka 2019:10).

Gastrow and Amit (2013:31) opposed the notion that Somali entrepreneurs made use of a cooperative supply structure to buy goods, but instead indicated how they purchased goods individually but shared transportation costs. Furthermore, Somalis revealed themselves as specialists in bargain hunting, using different wholesalers with specials and low prices. This indicates that Somalis invest a lot of time and resources in researching places with better pricing.

The issue that is contrary to the views of Somalis who do not own the shops, but are merely workers, is addressed. According to Gastrow and Amit (2013:25), shops are established through co-investment whereby established shop owners give employees shares in the shop; moreover, employees pull together savings to establish their own shops. Immigrant entrepreneurs strategically locate their businesses in residential areas with high human traffic (Ibrahim 2016:87). This assents the study by Ngwenya (2017), which heeded that immigrant entrepreneurs were mainly located in townships.

Ngwenya (2017:88) singled out how Somalis used pricing as a business practice by only adding a 5% mark up. Pricing is a factor usually considered by customers when making purchasing decisions (Borchardt et al. 2018:85). Therefore, the price-conscious customer is likely to be drawn towards Somali shops. Working long operational hours and closing shops late were noted as ways to improve customer convenience and was a business practice that immigrant

shop owners applied (Ibrahim 2016:58). Conventional shops all have restricted shopping hours usually controlled by mall regulations. The flexibility in operation and proximity to the communities' work as an advantage. The achievement of customer loyalty is essential in a business, and immigrant entrepreneurs offered credit lines and constantly improved on local language proficiency to attain it (Ngwenya 2017:89). Credit was offered to customers in Cosmo City, based on trust and honesty (Ngwenya 2017:89).

#### **Business performance**

According to Dalrymple (2004:7), the field of researching business performance of SMEs can be considered young and growing - particularly in South Africa. This is supported by Maziriri and Chivandi (2020:3) who argue that there is a lot of research on SMEs but very limited studies that focus on business performance. Mashavira and Chipunza (2021:5) acknowledged that business performance was a good indicator to reveal the success rate of an organisation. Business performance is regarded as multidimensional as it can be assessed using different measures such as organisational profitability, sales growth, innovation, return on assets, customer satisfaction and growth in the number of employees (Garg, Joubert & Pellissier 2004:13; Radipere 2012:254). In this study, a definition by Zulkiffli and Perera (2011:1) was adapted, which focuses on assessing the profitability of a business and its ability to sustain itself.

#### Measuring business performance

Measuring business performance is very complex, intricate and still in the developing stages (Dalrymple 2004:7; Garg et al. 2004:7). According to Buttenberg (2017:448) and Rai, Patnayakuni and Patnayakuni (1997:89), there are two types of tools used to measure business performance: financial and non-financial

- Financial tools measure performance using the monetary results of a business, known as tangible assets, using elements such as financial ratios.
- Non-financial tools entail evaluation of business performance using business products or services, known as intangible assets, such as human capital, goodwill and customer loyalty (Buttenberg 2017:448; Garg et al. 2004:7; Rai et al. 1997:89).

Traditionally, financial ratios were used to measure business performance; however, they were prepared by experts and came at a huge cost (Kirsten, Vermaak & Wolmarans 2015:14). Furthermore, Van Zyl (2020:70) explained that financial measures are still regarded as popular and dominant because of the statutory requirements and credit providers. Despite the popularity, Kotane and Kurzimina-Merlino (2017:190) argued that it was impossible to make precise predictions of a business's financial stability exclusively using financial records.

In the modern era, there are various business performance measuring tools such as the balanced scorecard (BSC), which uses both financial and non-financial elements. However, in South Africa, it is not applied in SMEs but rather by large companies (Kirsten et al. 2015:15). The main reason is that large companies are regulated and use BSC to indicate to financial institutions that they can service a future debt, which could be very beneficial if adopted by SMEs prospecting for funding. Unfortunately for SMEs, without proof of performance, various financial institutions tend to value the profitability of a business (Kotane & Kurzimina-Merlino 2017:186; Van Zyl 2020:70).

According to Garg et al. (2004:7), profitability is the main indicator of business performance. However, this has drawbacks because of its inability to properly depict the nonfinancial parameters such as goodwill and customer loyalty, which can be essential. Maziriri and Chivandi (2020:3), in contrast, explain that business performance can be evaluated using the number of new employees. Nonetheless, the views of Maziriri and Chivandi (2020) are not applicable to this study, as immigrant entrepreneurs who participated did not have many employees. Furthermore, Khosa and Kalitanyi (2016:52) concluded that longevity and employment creation are defining factors of success to African immigrant-owned small businesses in Cape Town.

In this study, researchers interviewed the participants on whether market share, sales, investments or income had increased or decreased to determine business performance. The approach is inclusive of both financial and non-financial measuring tools. The decision was influenced by Kotane and Kurzimina-Merlino (2017:190) who emphasised that the future of business performance measurement will be equally inclusive of the financial and non-financial performance perspectives.

#### Challenges in determining business performance

As previously stated by Olawale and Garwe (2010:729) that immigrant entrepreneurs operated businesses that are mainly classified as SMEs, these two terms (immigrant entrepreneurs and SMEs) are interchangeably in this research. South Africa has a low SME business growth rate averaging 50% failure (Sitharam & Hoque 2016:277). The high failure rate could be the reason why the operations of SMEs tend to be shrouded in secrecy. According to Zulkiffli and Perera (2011:2), immigrant entrepreneurs are not willing to divulge their financial documents. Pertaining to education, South Africa has financial literacy challenges; as a result, financial reports might end up being prepared by unqualified people or not being prepared at all (Kirsten et al. 2015:18). In view of the above, it can be argued that poorly prepared financial reports are illusory and difficult when used to interpret business performance. An example will be financial ratios that indicate a financial loss, which is misleading as that could be the result of extensive investment in machinery or business premises (Zulkiffli & Perera 2011:3). In contrast, Mashavira and Chipunza (2021:9) disputed that there was no conclusive evidence to indicate that education levels had any bearing on SMEs

performance but alluded that SMEs were marred by poor record-keeping. The trend of poor recording-keeping and the unwillingness to divulge records could be associated with resistance to business evolution.

According to Van Zyl (2020:66), SME owners are unfamiliar with the performance management systems (PMS) used to measure the performance of their businesses. The findings are aligned with Kirsten et al. (2015:32), who confirmed that accountants who mainly work as advisors and consultants to SMEs were not familiar with popular PMS systems such as BSC. In conclusion, therefore, accountants could not advise SME owners on systems they do not know. Clearly, PMS models are not structured for SMEs, as they require consultants who are experts in the field for them to be implemented properly. Van Zyl (2020:67) reiterated that PMS is costly, time-consuming and very difficult, while SMEs function with limited or scarce resources. It is evident that the huge cost would deter a lot of SMEs from preparing financial records. The assumption, however, is that SMEs would not invest in anything that will cost them a lot of money. On the other end, SMEs are mainly self-funding businesses; they rarely need to convince any institutions of their financial standing (Radipere 2012:121). It is evident that the lack of huge financial reserves puts SMEs at risk against large corporations (Muchineripi et al. 2019:7).

#### Research methodology

According to Kothari (2004:8), research methodology is a precise procedure that yields answers to research questions using chosen research approaches. A qualitative research method was applied in this study because of its focus on achieving an in-depth understanding of a situation. Creswell (2009:193) highlighted that qualitative research is investigative and occurs in a natural setting. The researchers sought to unearth the limited personal information on immigrant entrepreneurs.

Therefore, researchers adopted the exploratory research method in this article as it discovers in-depth information, gains deep insights and has a thorough understanding of phenomena (Cooper & Schindler 2014:129). Scholars, such as Leedy and Ormrod (2015:24) and Cooper and Schindler (2014:146), expound on exploratory research as appropriate when investigating a subject with limited knowledge. Hence the decision on exploratory research, as the information on the experiences of immigrant entrepreneurs is meagre in South Africa.

According to Leedy and Ormrod (2015:92) and Cooper and Schindler (2014:124), the research design is the plenary plan that leads to the provision of answers to the research objectives. It provides a template for collecting, measuring and how to analyse data. The researchers made use of inductive reasoning, which emanates from the theoretical perspective of epistemology. Epistemology is centred on the face-to-face interaction to accumulate knowledge between the participant and researcher (Walliman 2011:17).

#### Population and sampling

There are 687 867 SMEs operating in Gauteng (Small Enterprise Development Agency (SEDA) 2018:16). Furthermore, these SMEs are inclusive of those that are owned by immigrants and non-immigrants. The targeted population for the research was all the immigrant entrepreneurs operating in Ekurhuleni, Gauteng. Because of the difficulty in securing participants, the researchers opted for two sampling methods. Convenience sampling and snowball sampling were used in the research. This coheres with Marchand and Siegel (2015:5) who discovered that in South Africa, data on immigrant entrepreneurs is very limited compared to the USA where data is readily available at a city level.

The researchers agreed on a sample size of 15 participants. As stated by Salkind (2013:235) and Dworkin (2012:1320), not more than 30 participants are the ideal number when conducting in-depth interviews. In the end, 12 participants were interviewed to curb the possibility of new information emerging after the saturation point was reached during the tenth interview. Those who did not meet inclusion criteria as set out were excluded from the research:

- The participants should be immigrant entrepreneurs operating in the Ekurhuleni Municipality of South Africa.
- Immigrant entrepreneurs should be documented in South Africa and operating legally registered businesses.
- The participants should be the owners of the business.
- The participants must be between the ages of 18 and 65 at the time of the interview.

#### Research instrument

In this study, individual in-depth interviews (conducted in English) ranging between 30 and 111 min were used to collect data by the researchers from 01 June to 03 August 2020. The researchers firstly compiled an interview guide with various questions that were adapted from previous studies such as Ngwenya (2017), Sami (2016), Moyo (2015) and Radipere (2012). The interview guide consisted of two sections of semistructured questions, which provided guidelines during the interviews. The first part was the participant's demographics. The last part focused on the business profile and business details. The questions were compiled using the interview protocol and 12 interview guidelines as specified by Leedy and Ormrod (2015:166), which are meant to improve efficiency. The researchers conducted two interviews as a pilot test prior to the actual interviews. According to Leedy and Ormrod (2015:388), a pilot test is a short probe that indicates weaknesses that require altering and rectification.

#### Data analysis

The interview field notes and audio recordings were transcribed using Microsoft Word and analysed using ATLAS, ti Version 8. Thereafter, the transcribed document was coded and categorised. Six categories known as classes were thereby generated from the 29 codes.

# Measures for establishing trustworthiness in the research

To ensure that the research is trustworthy, various frameworks were applied. These frameworks guaranteed the quality and ethicality of the research results. Credibility was ensured as the participants were verified and described accurately with pseudonyms. These consisted of names like B1, B2, until B12 for all 12 participants. B1 represented Bag 1; researchers used a different zipper bag for each interview session. Dependability was achieved by ensuring that coding was accurate. The researchers repeatedly checked transcripts and stored them securely in a lockable home office for interested parties when requested.

Confirmability was maintained by describing the interview results verbatim and rechecking that all field notes and audio recordings were accurate. Authenticity was upheld by ensuring original transcripts, and audio recordings were stored accordingly and are readily available in case requested for verification. Confidentiality was maintained by guaranteeing the anonymity and assurance of participants of privacy after the research, as there are no records of participants' names.

#### **Ethical considerations**

An application for full ethical approval was made to the UNISA Department of Ethics Review (DAM-RERC), and ethics consent was received on 18 May 2020. The ethics approval number is 2020\_CEMS\_DAM\_005.

#### Results

This section outlines and analyses the findings of the research based on the responses of the 12 participants interviewed. The participants were answering questions on the business practices they used and whether any advantages or disadvantages were derived. This information is provided verbatim in quotes. The participants in the research all agreed that they had made use of different business practices to enhance business. The researchers, therefore, had to adopt the definition by Agwu (2018:1), who noted that business practices were a prerequisite for a business to be successful and to be able to sustain a competitive advantage. Various participants acknowledged having made use of more than one business practice concurrently. In the research, all the participants did use a business practice, and therefore there was no opportunity for comparison. Word of mouth was the widely implemented business practice to advertise a business. Newspapers were the least used because of the high cost, and online advertising emerged as very efficient and reaching a large sector of prospective customers. The findings reveal that both generic and non-generic business practices were implemented.

#### Advertising

Modes of advertising used in the study include print media, banners, social media and billboards. The popular and affordable means were pamphlets, social media, banners and business cards. Only two of the 12 participants did not use paid advertising; they instead made use of only free modes such as word of mouth and social media. When asked if they used advertising in their businesses, participants provided the following responses:

'No, because my shop has been here for a long time.' (B3, 40 years old, male)

'No, I did not do it, and then I think the people do it first, they come with another one or the send some another.' (B4, 41 years old, female)

Biz 3 claimed that there was no reason to advertise as his shop has been operating for many years, and it is well known. Biz 4 also shared similar sentiments but relied mainly on his customers to advertise the business. Various participants acknowledge that advertising had a positive effect on the sales, profit and customer base. Placing adverts in newspapers was widely regarded as very expensive by various participants. They noted that:

Yes, why not. I make material for others to advertise their businesses. I have banners, business cards, active social media presence. We are on every popular platform. We also do newspapers once in a while.' (B11, 48 years old, male)

'Newspapers we did a few times a few years ago. We have a website that my grandsons operate for me. It does have all our social media details. So, it is pretty easy to get hold of us. On the website, they can book a table, when and what time, the type of food.' (B12, 61 years old, female)

The participants' B5, B7, B9, B10 and B11 all indicated how advertising positively influenced the business sales, profit and customer base continuously. This supports Mishra and Mahalik (2017:1935) who noted that advertising is the most important form of communication in business that promotes the products and services.

#### Word of mouth

The findings revealed that word of mouth was the most widely used and popular means to spread information about a business, and it created loyalty. Good customer service was emphasised as the basis for creating goodwill among customers. As customers appreciate the good service, they become loyal and attached; therefore, subconsciously, they market and advertise the business. The participants indicated that:

'People see the signs out there, others are told by their friends.' (B7, 39 years old, male)

'Mostly it is word of mouth.' (B8, 44 years old, female)

'Word of mouth. I mean is the greatest form of advertising.' (B10, 45 years old, male)

'The most efficient is word of mouth by customers who are impressed and satisfied with our service.' (B11, 48 years old, male)

The participants outlined how word of mouth was the most valued way to disseminate information about the business, as there were no costs involved.

#### **Customer and supplier relationships**

Various participants admitted to and regarded personal relations as vital to business performance. Participants highlighted how having a strong relationship was beneficial as they received information about promotions and discounts from the suppliers before most of the public. In the event of facing business challenges, suppliers are willing to assist with restocking if there are good relationships. The participants provided these responses:

'I now have established connections, so I can order online then make the payment.' (B4, 41 years old, female)

'With my suppliers we are okay, you see they trust me, I trust them. I order online pay online and they deliver everything in good condition with no problems.' (B5, 46 years old, male)

The findings are aligned with Sekatane (2018:107–111) and Kademaunga (2017:111) who stated that relationships between a business and the customer are essential and lead to success.

#### Transportation and bulk buying

Various participants noted buying in bulk and were incentivised by receiving discounts and free transportation. The interaction with suppliers was essential in determining the discount and transportation. Business owners revealed how collaborating was used to ensure that they get favourable prices from wholesalers. Saving on transportation costs was noted as a valuable cost-saving mechanism. Immigrant entrepreneurs engage in co-investment rather than the misconception of bulk buying (Gastrow & Amit 2013:25). However, the results reveal that various participants engaged in bulk buying, especially when importing goods. Co-investment was particularly utilised by those in the retail sectors dealing with baby commodities, disposable nappies and hair products. In response to transportation and bulk buying, the participants explained:

'Everything that we order is either they charge us for delivery, or we go collect ourselves.' (B2, 34 years old, male)

'Yeah, we share transport.' (B3, 40 years old, male)

'They provide free delivery if you order more than 15 boxes. If it is less, then you have to pay a small delivery fee.' (B8, 44 years old, female)

'The ones we import we use couriers mostly, locally sourced material usually my husband and I get them from the fresh food market. We have a few suppliers with farms around Johannesburg they deliver themselves. If you buy in bulk, you most likely to get a discount.' (B12, 61 years old, female)

These findings are in line with assertions by Ngwenya (2017:80), Ibrahim (2016:88) and Moyo (2014:263), who indicated that suppliers provided free transportation when bulk purchases were made and when fewer goods were bought customers arranged private transportation.

#### **Pricing and payment methods**

According to Ngwenya (2017:89), credit was only offered based on trust and honesty garnered over a long period of

interaction between immigrant entrepreneurs and customers. Offering credit was viewed as essential in increasing sales in a business. Various business owners provided credit to create relationships with customers, which is deemed a catalyst in boosting business performance. Those who did not offer credit had other options like offering lay-byes to the customers.

There was a trend of setting a very low mark up on goods and services in various businesses.

The idea behind this was to offer affordable products to customers. Cash was the most widely used mode of payment. Savings derived from economies of scale enabled immigrant entrepreneurs to charge lower prices and provide credit. Lower prices were attributed to drawing price-conscious customers, which, in turn, increased sales and profitability. Regarding pricing and payment methods, the participants pointed out the following:

'I display my prices. So, if you afford, you just buy. If you cannot afford you just look and move on.' (B5, 46 years old, male)

'We really put a low margin because we have a lot of competition when it comes to that side of the business. So, prices have to be in line with our competitors or else you will not have clients.' (B7, 39 years old, male)

'We have very flexible prices.' (B9, 36 years old, female)

The following findings can be comparable to assertions by Adendorff and Halkias (2014:13) who are of the view that trust is essential for a business to operate successfully.

'No, and Yes, I have people I trust, my good customers, I give credit but if you have a new customer no.' (B5, 46 years old, male)

'Unfortunately, we do not offer credit unless in certain special circumstances when maybe a regular customer does have an urgent matter and they are not able to pay. We make exceptions, but it is only for those people who have been doing business with us for a long time.' (B9, 36 years old, female)

'Some of the times I have done credit, or you can do a lay-bye of at least 50% you know, you leave the product with me and when you complete it, then, you can get your product.' (B10, 45 years old, male)

'Yes definitely, we have people whom we give credit, we prepare food for them and they pay at a later stage but, it is trustworthy people. If for example, it is a wedding, we usually offer lay-byes.' (B12, 61 years old, female)

The findings are in accordance with Ngwenya (2017:89) and Ibrahim (2016:88), who accentuated that credit lines are determined by trust and honesty.

#### **Operational hours**

Long operational hours and working during the weekends and public holidays are a business practice used by immigrant entrepreneurs (Ibrahim 2016:58). There was an overall agreement that opening longer hours and working during public holidays gave them a competitive advantage and

increased the market share. Various participants noted how they were not bound by certain operational rules like closing shops at a specific time as required especially in shopping malls. Various participants also outlined how they could partially operate a business after hours:

'Yeah, seven days a week.' (B3, 40 years old, male)

'We are very hard workers; you see even Sundays we work. We open from morning until at very late.' (B5, 46 years old, male)

The participants agreed with previous studies that immigrant entrepreneurs benefitted immensely from long operational hours as customer demands are always met (Gastrow & Amit 2013:31; Moyo 2014:263; Ngwenya 2017:80). Nonetheless, an early study by Min (1990:440) reported that while long hours of work assist immigrant entrepreneurs to survive in labour-intensive small businesses, it deprives them of leisure activities and thus frequently causes health problems.

#### Language and business location

The participants all acknowledged how essential it was to infuse communication using a local language as beneficial to the business. All immigrant entrepreneur strategically located their business in areas with high numbers of human traffic. According to Khosa (2014:89), the determinant for the choice of business premises for immigrant entrepreneurs is access to customers. Various participants agreed that operating in the same location for a long time was advantageous as it automatically creates goodwill, and the place becomes engraved in the minds of the community. Parking and security were major factors for a business location among the participants, especially those who operated within shopping malls. The participants explained:

'I have seen that a lot of our local people here they like to use the local language. So basically, it would help out I would say to use those local languages.' (B2, 34 years old, male)

'Yes, and No my brother you see most of my customers are these young generations those working probably not married, so they communicate in English.' (B5, 46 years old, male)

'Yes, definitely I do, I have learnt a couple of local languages.' (B9, 36 years old, female)

'Yes, of course, you become one with the people, it is easier to communicate, and your customers also feel comfortable around you. I mastered the local languages very well.' (B12, 61 years old, female)

'It is in the mall, and I am renting.' (B4, 41 years old, female)

'You see this place the rent was reasonable plus there were no other shops close to me. I looked for a few places and I wanted one whereby my customers could see me easily.' (B5, 46 years old, male)

'So actually, the business is like this, it moves like this. It depends with the site you are and what you have.' (B6, 48 years old, male)

'You see we are in a busy area full of young people, so they see the signs out there.' (B7, 39 years old, male)

'Mostly I can say young people, you see those doing job applications or school children. We are close to two colleges, a police station, and

Home Affairs office. So, we have a lot of traffic in here. You see being in the CBD alone is a selling point.' (B8, 44 years old, female)

'For us, we had to be in a place which is safe, close to a lot of businesses and easily accessible. As you see parking is plenty and we can be easily located.' (B9, 36 years old, female)

These findings are in line with Ngota, Mang'unyi and Rajkaran (2018:6), Ngwenya (2017:81) and Moyo (2014:263) who explained how immigrant entrepreneurs made use of local languages and business locations as business practices. In support, Khosa (2014:89) reported that an overwhelming majority (73.1%) of his respondents recounted that there are some benefits derived from the knowledge of local languages.

#### Social networking

Participants benefitted immensely from being part of a community whereby elders provided guidance and taught business skills. Those faced with challenges and had conflict resorted to social networks for remedies. Mentorship and provision of finances were the main benefits of social networking. Various participants acknowledge being part of a social network and noted how their businesses benefitted immensely from the association. Another participant (Biz 12) claimed being a mentor to upcoming business owners in the community. The participants clarified that:

'Business is all about saving costs, so we are always on the lookout for that. So, we constantly engage each other. Since we cannot get bank assistance, we have to help each other as a community.' (B8, 44 years old, female)

'Yes, we do with other Zimbabwean business owners we share ideas on how to run a business.' (B9, 36 years old, female)

It is important to stay in touch and abreast, we have friends who are economist and others with the insurance industry. They share their views on how we should look after our business. Especially planning when it is right to take a risk and when not to. You see as a business you can never know everything, so you learn a lot from interacting with others. Even sourcing of raw materials, you get leads from other fellow businesspeople.' (B11, 48 years old, male)

'Now I am actually like a mentor to the young ones starting businesses. So, we teach each other, share ideas, and sometimes help young people with finances.' (B12, 61 years old, female)

The results have similarities to Tengeh and Nkem (2017:2) who indicated that networking is a business hub that provides knowledge on running a business and support. Social networks provide financial resources, employees who are willing and flexible to work long hours for low pay, information and the trust needed by the immigrant entrepreneur (Chrysostome 2010; Dana & Morris 2011; Khosa & Kalitanyi (2016). A seminal study by Aldrich and Waldinger (1990) reported that information about permits, reliable suppliers, management practices and promising business lines is usuallys obtained through an owner's personal networks.

#### **Business performance**

The findings unearthed that small businesses in terms of infrastructure ascertained business performance using sales volumes and profit. Various participants admitted to having been affected by COVID-19, which strained business performance for the financial year-ends 2020 and 2021. According to Karunanayake (2020:1), COVID-19 was a global pandemic that devastated business performance globally; the findings highlighted the impact of COVID-19 on businesses. The participants explained how they evaluate business performance:

I would say I use both profit and sales to gauge business performance. The current situation it is quite bad, but before this COVID-19 thing, it was okay. I would say it was well, it was doing well.' (B2, 34 years old, male)

'Since I started, I have managed to grow a lot. My sales are way higher, and we are performing very well. I will still have to judge this year because Corona grounded everyone.' (B5, 46 years old, male)

'Business is good, we are doing very well. On my side I have to look at profit. We also check the people who open new accounts monthly on the café side and Laundromat side.' (B7, 39 years old, male)

'Mostly we look at our sales, then we consider the profit and investments we did to the business. You see one year my profit might be low but on the other side, I added new machinery in the business to make it function better.' (B8, 44 years old, female)

'We have different ways, like anyone else first thing is profit and sales, and then we consider other things like equity and assets we acquired. We have been doing very well, only the first year was tough because we invested heavily in machinery, but now it is growth every year. All the cars we have it is the business, the building and the expansion happening it is all returns of the business.' (B11, 48 years old, male)

'We consider a lot of factors like profit, sales volumes and also our investments. With profit, you compare with previous years or on a monthly basis, same as sales volumes, then with the investment, we tally up what we managed to acquire as a business over a certain period. All that is considered after removing all the expenses incurred by the business like the salaries and inputs.' (B12, 61 years old, female)

Immigrant entrepreneurs were not forthcoming with their financial records; therefore, the assessment was done through observing physical assets and oral evidence on sales and profit. The same notion was raised by Zulkiffli and Perera (2011:2) who illustrated how entrepreneurs conceal information that pertains to business performance.

# Discussion per research question

As previously indicated, this study is guided by two research questions, and forthcoming is a discussion of the findings:

1. What business practices do immigrant entrepreneurs implement?

The study revealed that the following are the business practices used by immigrant entrepreneurs:

- Social networking
- Business location
- Relationships with suppliers and customers
- Bulk buying and transportation
- Operational hours
- Pricing and payment methods
- · Provision of credit lines and discounts
- Advertising

There was a consensus among the various participants that pamphlets, social media, banners and business cards were the cheapest and most effective modes of advertising. Among all participants, word of mouth was regarded as the widely used practice that did yield returns. The findings outline that the implementation of business practice was not necessarily as outlined by Porter's business-level model; various participants indicated how multiple business practices were implemented simultaneously complementing each other in the creation and maintaining of a competitive advantage. As such, the findings are aligned with previous studies by Ngwenya (2017), Ibrahim (2016) and Moyo (2015).

The study reflects a strong indication that the application of business practices was beneficial to the performance of a business. In this study, every participant acknowledged making use of business practices in business. The researchers discovered that immigrant entrepreneurs were not opportunistic as indicated in other studies. As necessity immigrant entrepreneurs, they rarely have an option besides making the business succeed, thereby working tirelessly to ensure the success of the business:

2. How does the implementation of business practices affect the performance of businesses owned by immigrant entrepreneurs?

In this study, various participants explained how advertising continuously enhanced their sales, profit and customer base. Bulk buying was highlighted for lowering costs through economies of scale, which contributed to positive business growth. This study advances our understanding of business practices such as combining hard-working employees and long working hours, which led to positive business performance and expansion.

Various scholars such as Muchineripi et al. (2019:7), Sekatane (2018:105) and Opoku and Sandberg (eds. 2017:192) indicated that financial barriers faced by immigrant entrepreneurs in South Africa were detrimental to their business prospects. Furthermore, the lack of assets (collateral) and a good credit record were highlighted as impending immigrant entrepreneurs from accessing financial aid. This aligns with participant Biz 8 who acknowledged resorting to social networking because of the inability to access bank financing. Despite the drawbacks of lack of finances and COVID-19, there was a clear indication that the participants' businesses were performing positively. There was a strong attestation that the projected prospects would only yield positive

performance and growth. The study revealed that immigrant entrepreneurs employed family members to save costs and mentor them. The research outcome contributes insights and valuable hints to prospective researchers.

#### Conclusion

The findings exhibit that combining business practices improved business as new customers bring with them increased sales and market share, which lead to a positive influence on business performance. Participants acknowledged being profit driven and that business practices enabled business success. The researchers suggest that there is propinquity between advertising a business and increased sales in a shop, which thereby result in realising more profit. In this study, various participants indicated how profitability derived from the implementation of business practices enabled them to expand by investing in new machinery, vehicles and buildings.

All businesses had a clear expansion plan and noted that business practices were integrated either as combined or implemented concurrently. Word of mouth came out as the most prominent option for promoting a business and retaining customers. Saving on expenses by employing family members was vital in improving business performance. According to the study, there is an interconnected between implementing business practices and improved business performance.

# Limitations of the study

The research focused on a particular economic area with only 12 participants, and the results, therefore, might turn out differently if applied in another town or country. Generalisation is impossible as each area possesses its own characteristics and traits. Personal experiences, which form the core of this study, can be influenced by various factors and vary according to location.

#### Future research

Despite the contributions, this study factors in some limitations. Therefore, regarding future research opportunities, there is a need to look further into how much are the costs incurred to implement business practices and if the results are justifiable. Furthermore, exploring another gap in the research is the lack of indication on how long it takes immigrant entrepreneurs to notice a change after implementing a business practice. Finally, not much is known about how the financial assistance obtained from relatives and the community is managed and repaid.

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#### **Competing interests**

The authors have declared that no competing interest exists.

#### **Authors' contributions**

All authors contributed equally to this work. T.C. conducted the initial research as part of his master's dissertation under the supervision of R.M.K. and M.P.

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#### Data availability

The data that support the findings of this study are available from the corresponding author, T.C., upon reasonable request.

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