

Entrepreneurship as a strategy for refugees in South Africa

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ABSTRACT

Objective: The purpose of this study is to investigate how factors affecting refugee entrepreneurship influence the refugee entrepreneurship performance.

Research Design & Methods: The positivism paradigm and quantitative descriptive research design were used to operationalise this study. Data were collected, using a self-completion structured questionnaire, from 355 refugees involved in entrepreneurial operations within the City of Tshwane, South Africa. Statistical Package for Social Sciences (SPSS) Version 25 was used to carry out descriptive and multiple linear regression analysis were used to determine the relationships between variables.

Findings: Results indicated that factors affecting refugee entrepreneurship have a statistically significant influence on refugee entrepreneurial performance.

Implications & Recommendations: To increase overall refugee entrepreneurial performance, strategic interventions involving five areas (societal factors, financial and business practices, legislation, infrastructure, and market opportunities) in this study may be initiated and utilized. It may be necessary to revise or create new policies to address the demands of refugee entrepreneurs. For example, in South Africa, proper regulations governing how refugee businesses should function is critical.

Contribution & Value Added: Refugees' entrepreneurship is a profound strategy that can be adapted to deal with refugee-related problems in receiving countries. Failure to adopt an appropriate strategy towards the influx of refugees has negative consequences towards the host country. Therefore, this study makes important contributions to theory and policy within the context of refugee entrepreneurship in receiving countries.

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INTRODUCTION

An increase in the number of refugees and asylum seekers into South Africa has led to serious socio-economic problems, for example, economic pressure, unemployment, crime, and xenophobia (Gastrow, 2011; Omeje & Mwangi, 2014). South Africa attracts refugees and asylum seekers across Africa and many other parts of the world such as Asia and South America (Foley, 2010). Jurgens and Donaldson (2012) argue that the influx of refugees and asylum seekers in South Africa has contributed to socioeconomic problems. Studies in immigrant entrepreneurship by Raijman and Barak-Bianco (2015) and Wauters and Lambrecht (2008) have shown that refugee entrepreneurship is a prominent strategy that can be adopted to reduce socioeconomic problems facing refugee receiving countries. The failure to adopt an appropriate entrepreneurial coping strategy when receiving refugees and asylum seekers cascades to a socioeconomic catastrophe that can escalate into disastrous events such as xenophobia (Kloosterman, 2010). Encouraging refugee entrepreneurship is one of the solutions that can be used to create economic independence among refugees while alleviating the country from socioeconomic problems (Nell, 2015; Raijman & Barak-Bianco, 2015). It is upon this background that the current study aims to understand

factors affecting refugee entrepreneurship and the impact they have on refugee entrepreneurship performance. Extant literature shows that extensive research was conducted to understand immigration and entrepreneurship separately (Gastrow, 2011; Marieke, 2007; Omeje & Mwangi, 2014; Wauters & Lambrecht, 2008). This study combines the two concepts to develop refugee entrepreneurship strategies that are critical in a country that is susceptible to xenophobic attacks. Given the scarcity of studies that attempt to find solutions towards creating successful entrepreneurs among refugees, it was an opportunity to carry out the current study. The next section presents the problem statement.

As previously noted, an increase in the number of refugees and asylum seekers into South Africa has led to socioeconomic problems that include the rise in unemployment, crime and xenophobia (Gastrow, 2011; Omeje & Mwangi, 2014). Studies in this subject, especially by Rajman and Barak-Bianco (2015) and Wauters and Lambrecht (2008) have shown that assisting refugees into entrepreneurship is a strategy that can be adopted in dealing with refugee-related problems in receiving countries. The failure to adopt an appropriate coping strategy has negative consequences to the host country.

In view of the above, it is imperative that the previous scholars on refugee entrepreneurship have performed their research in different contexts within the South African environment by concentrating on the literacy matters in sustainable livelihood development among refugee adults in South Africa.

(Quan-Baffour & Johnson, 2022); examining the critical interrelationships between economic, cultural and religious affiliations in the lives of Somali refugees in Johannesburg (Sadouni, 2009); comparing refugee and South African migrant enterprise in the urban informal sector (Crush & McCordic, 2017); Economic refugees in post-apartheid South Africa-Assets or liabilities (Maharaj, 2002) and risky business and geographies of refugee capitalism in the Somali migrant economy of Gauteng, South Africa (Thompson, 2016).

While these studies are informative, they did not examine how factors influencing refugee entrepreneurship affect the performance of refugee entrepreneurship. This article therefore helps to tackle the gap by using a sample of refugee entrepreneurs. Also, a study of this nature in a geographically distinct area, such as South Africa, could yield interesting results. Prior studies have been largely conducted in developed countries (Alkhaled, 2019; Harima *et al.*, 2021; Refai *et al.*, 2018). Therefore, little is known on the same from the developing parts of the world such as African countries-South Africa in particular. Hence, this lacuna deserves empirical inspection in the case of a neglected context of refugee entrepreneurs in the developing countries.

Hence, the focal purpose of the current research is to establish the extent to which factors influencing refugee entrepreneurship affect the performance of refugee entrepreneurship among refugees in South Africa. The specific research objectives of the study's aim can be formulated as follows:

- To determine the impact of societal factors on the performance of refugee entrepreneurship.
- To examine the impact of financial and business practices on the performance of refugee entrepreneurship.
- To access the impact of legislation on the performance of refugee entrepreneurship.
- To determine the impact of infrastructure on the performance of refugee entrepreneurship.
- To examine the impact of market opportunities on the performance of refugee entrepreneurship.

The refugee act, definition of asylum seeker and refugee in South Africa

The Refugee Act number 130 of 1998 of the Republic of South Africa legalise the incorporation of asylum seekers and refugees in the country (Department of Home Affairs (DHA), 2020). Thus, the South African State under its parliament became a signatory of the 1951 United Nations refugee convention which permits and welcomes asylum seekers in the signatory states. According to Business Tech (2016), South Africa is hosting about one million asylum seekers. It is reported that South Africa hosted more asylum seekers than any other country in the world by the end of 2015 amidst its high unemployment rate (Business Tech, 2016). An asylum seeker is an individual who has involuntarily fled his or her place of origin on the bases of fear of persecution due to his race, political affiliation, religion and many other motives related to oppression to seek a refugee in the host State (DHA, 2020). Most Asylum seekers in South Africa come from across Africa and Southern Asia (i.e. Somalia, Pakistan, Democratic Republic of Congo,

and Ethiopia). According to DHA (2020), a refugee is an individual who has left his or her country and has obtained asylum status in the host country for fear of oppression from the home country on the bases of religion, race, political ideology, nationality and membership of a social group.

LITERATURE REVIEW

As already mentioned, the embeddedness approach model (MEA) model assists in understanding factors that are crucial in ensuring the success of refugee entrepreneurship. According to Raijman and Barak-Bianco (2015), factors influencing the operations of businesses owned by refugees are categorised into three groupings. These include: (i) the individual and group, (ii) opportunity structures and (iii) institutional political framework (Kloosterman, 2010; Wauters & Lambrecht, 2008). Raijman and Barak-Bianco (2015) stipulate that individual and group factors include issues such as financial, human, social, and cultural. Opportunity structures describe aspects related to market conditions and access to ownership while institutional political framework dwells on laws, regulations, institutions and practices that are crucial in determining how the market operates (Kloosterman, 2010:22). The next section explores specific factors in determining the success of refugee entrepreneurship.

Societal issues

The societal issues of the hosting country are important in determining the success of refugee entrepreneurship (Callaghan & Venter, 2011). Authors such as Omeje and Mwangi (2014) and Katz and Steyaert (2004) argue that societal issues include the intimidation of refugees at the hands of local nationals. Foley (2010) alludes to the point that disgruntled local nationals in hosting countries tend to engage in stereotyping and stigmatization of refugee entrepreneurs. Reports are suggesting that law enforcement authorities, for example, the police and home affairs officers in South Africa were involved in intimidator behaviour that undermines the liberty and freedom of refugee entrepreneurs (DHA, 2020).

Financial aspects

Financial aspects are identified by various entrepreneurship authorities as important in stimulating entrepreneurial ventures (Raijman & Barak-Bianco, 2015; Rolfe *et al.*, 2010). In addition, Rolfe *et al.* (2010) posit that financial aspects include the use of business plan, budget and cash flow statements. Jurgens and Donaldson (2012) found that most entrepreneurial ventures fail in their first 24 months due to ineffective financial processes. It is also highlighted in Rolfe *et al.* (2010) seminar's work that gaining access to financial services such as bank accounts and loans is critical to entrepreneurial success.

Business practice

Another important component raised towards the success of refugee entrepreneurship includes implementation of business practice (Chebelyon-Dalizu *et al.*, 2011). Business practice refers to aspects such as record keeping facilitated through the cash book and the inventory management system (Basardien *et al.*, 2014). According to Chebelyon *et al.* (2011) and Frese (2007), essential business practices such as cash books assist in keep track of financial transactions while inventory management system tracks inventory of the system determines operational requirements (Frese, 2007).

Language

Official and ethnic languages within the hosting countries were found to be crucial towards the success of refugee entrepreneurial activities (Omeje & Mwangi, 2014). Callaghan and Venter (2011) state that the ability to speak languages used in the hosting country is an important aspect for entrepreneurship. Thus, language assists in communicating with customers who are local nationals. The inability of refugee entrepreneurs to speak the local language can be a barrier towards successful interaction with customers.

Support network

The success of entrepreneurial ventures relies on the strength of support network presented to refugee entrepreneurs (Omeje & Mwangi, 2014). Callaghan and Venter (2011) stipulate that support net-

works presented through the government and non-government institutions are critical in determining the success and longevity of refugee entrepreneurship. Consequently, these government and non-governmental institutions should provide monetary and non-monetary support to refugee entrepreneurs in the country (Omeje & Mwangi, 2014). Providing monetary and non-monetary support should be encouraged to guarantee the success of refugee entrepreneurship (Chebelyon-Dalizu *et al.*, 2011; Rajjman & Barak-Bianco, 2015).

Infrastructure

Appropriate infrastructure is required to ensure successful operations within refugee entrepreneurial ventures (Chebelyon-Dalizu *et al.*, 2011). The infrastructure needed for successful entrepreneurial ventures includes an effective road network system, the presence of well-established marketplaces, electricity, sewer, and water system (Jurgens & Donalson, 2012). Previous studies have shown that the shortage of infrastructure is detrimental to the effectiveness and efficiency of refugee entrepreneurial operations (Nel, 2005; Richards & Mutsonziwa, 2007).

Government regulations

The presence of transparent government regulations is important in refugee entrepreneurship. (Rajjman & Barak-Bianco, 2015; Williams, 2010). Wauters and Lambrecht (2008) posit that regulations related to business operations need to be transparent so that refugee entrepreneurs understand requirements. Government regulations include the required registrations and accreditations that should be in place such that it becomes easy for refugee entrepreneurs to access and comply with requirements.

Market opportunities

Market opportunities refer to the favourable conditions that exist within the marketplace of refugee entrepreneurial operations. According to Kloosterman (2010) and Wauters and Lambrecht (2008), market opportunities are important for successful refugee entrepreneurship operations. It includes income levels of people staying within the area of refugee operations, the taste of the market and the number of customers within an area.

Human capital

An important aspect considered critical is the skills possessed by refugee entrepreneurs. Rajjman and Barak-Bianco (2015) and Wauters and Lambrecht (2008) posit that the importance of human capital skills within refugee operations. These skills complement business practice that has been mentioned in the previous section. Callaghan and Venter (2011) recommend four aspects as important in human capital for refugee entrepreneurship ventures, these include innovativeness, risk-taking, pro-activeness and aggressive competitiveness. The absence of these factors can result in challenges causing failure of refugee entrepreneurship. It is therefore important for this current study to understand factors influencing refugee entrepreneurship as a coping a strategy.

Empirical literature

Despite the ability to provide important insights into specific factors in determining the success of refugee entrepreneurship. It is essential to note that there is still a shortage of empirical evidence showing how societal factors, financial and business practices, legislation, infrastructure, and market opportunities would influence refugee entrepreneurial performance. Consequently, further scholarly introspections are considered necessary. Much of what is written on the subject is based on samples from developed countries such as Turkey, United Kingdom (UK), Belgium, Germany, Sweden and the Netherlands. For instance, Cetin *et al.* (2022) examined the entrepreneurial motives, entrepreneurial success and life satisfaction of refugees venturing in tourism and hospitality in Turkey and the UK. In addition, Wauters and Lambrecht (2008) investigated the barriers to refugee entrepreneurship in Belgium. Embiricos (2020) also examined the Challenges to refugee self-reliance in Berlin, Germany. Furthermore, Sandberg *et al.* (2019) conducted a study that focused on taking a social network view on immigrants with refugee backgrounds starting transnational businesses in

Sweden. Moreover, Nijhoff (2021) investigated the experiences of barriers and needs of refugees in starting a business in the Netherlands.

Deriving from the aforementioned studies, there is a dearth of studies on similar topics in the context of refugee entrepreneurs, particularly in Africa. It would be naïve to assume a priori that findings from developed countries in Europe, or even from the newly developed countries in Asia, apply in Africa. Perhaps, research on societal factors, financial and business practices, legislation, infrastructure, and market opportunities as precursors of refugee entrepreneurial performance in the African context might yield different results from other parts of the world. Thus, in order to confirm or disconfirm the findings of previous studies, this kind of research related to refugee entrepreneurs in Africa is evidently long overdue. Hence, what this current investigation examines, by means of a proposed conceptual model, is the effect that societal factors, financial and business practices, legislation, infrastructure, and market opportunities has on refugee entrepreneurial performance operating in the City of Tshwane, South Africa.

The conceptual theoretical model

The conceptual theoretical model given in Figure 1 is grounded in the mixed embeddedness approach theory. It is conceptualised that there is a statistically significant relationship between factors affecting refugee entrepreneurship and performance of refugee entrepreneurship. Factors affecting refugee entrepreneurship are represented by five sub-constructs that include: (i) societal factors, (ii) financial and business practice, (iii) legislation, (iv) infrastructure, and (v) market opportunities. The conceptualised relationship between factors affecting refugee entrepreneurship and performance of refugee entrepreneurship is presented in Figure 1 as follows:

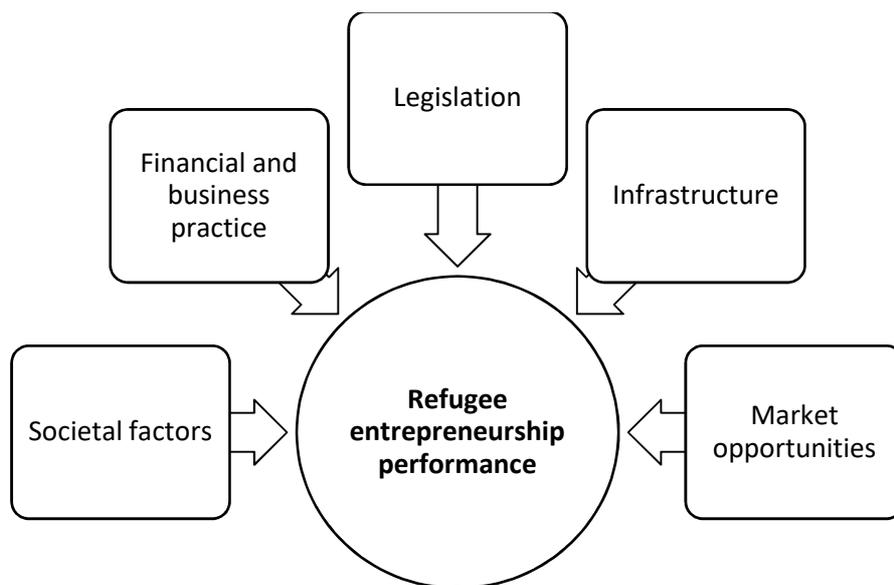


Figure 1. The conceptual theoretical model

Source: own elaboration.

Research hypotheses

Based on the conceptual theoretical model presented in Figure 1, the five research hypotheses are constructed as follows:

- H1:** There is a statistically significant positive relationship between societal factors and refugee entrepreneurship performance.
- H2:** There is a statistically significant positive relationship between financial and business practice aspects and refugee entrepreneurship performance.
- H3:** There is a statistically significant positive relationship between legislative aspects and refugee entrepreneurship performance.

- H4:** There is a statistically significant positive relationship between infrastructure and refugee entrepreneurship performance.
- H5:** There is a statistically significant positive relationship between market opportunities and refugee entrepreneurship performance.

RESEARCH METHODOLOGY

Grounded in the mixed embedded approach theory, this research followed a positivism research paradigm and the quantitative descriptive research design methodology (Omege & Mwangi, 2014). A self-completion questionnaire developed from literature (Omege & Mwangi, 2014; Raijman & Barak-Bianco, 2015) was administered to a sample of refugee entrepreneurs in the City of Tshwane, South Africa. As a standard measure to ensure that the data collection instrument is clear and understandable, a pilot study was carried out from 10 refugee entrepreneurs. Research assistants assisted in the distribution of the research questionnaires at the refugees' place of business. Collection boxes were placed at the administration area of the refugees' businesses so that respondents can deposit the completed questionnaires. The City of Tshwane had approximately 4 650 refugees conducting business at the time of data collection.

Using the Raosoft sample size calculator, 355 refugees were a suitable sample size for this study while maintaining at least 95 per cent confidence level and five per cent margin of error (Industrial Research Institute, 2010; Raosoft, 2020). Following a recommendation from similar previous refugee entrepreneurship studies (e.g. Omege & Mwangi, 2014; Raijman & Barak-Bianco, 2015), the snowball and convenience sampling method envisaged were deemed not to compromise the quality of research (Calder *et al.*, 1981). The Statistical Package for the Social Sciences version 25 was used to conduct descriptive and multivariate analyses including factor analysis, correlations, and regression analyses to assess how factors affecting entrepreneurship and influence refugee entrepreneurship performance. Precisely, multiple regression analysis was employed as a means of testing if societal factors, financial and business practices, legislation, infrastructure, and market opportunities have an impact on refugee entrepreneurial performance. Using the enter method of multiple regression, societal factors, financial and business practices, legislation, infrastructure, and market opportunities were entered into the regression model as the independent variables and regressed against the dependent variable (refugee entrepreneurship performance).

Although an instrument developed from literature (Omege & Mwangi, 2014; Raijman & Barak-Bianco, 2015;) was used, further tests of validity and reliability were conducted using Cronbach's alpha and factor analysis, respectively (Evanschitzky *et al.*, 2007).

Descriptive statistics on factors affecting refugee entrepreneurship

Table 1 presents findings on refugees' perception of factors affecting refugee entrepreneurship on each of the 29 items, each of the five sub-constructs, and the refugee entrepreneurial performance. A five-point Likert scale (1 = 'Strongly agree' and 5 = 'Strongly disagree') was used to measure each item relating to refugee entrepreneurs' perception of the factors affecting refugee entrepreneurship. Perceptions on each of the five sub-constructs were calculated as a summated average of the items used under each sub-construct. Refugees' perception of refugee entrepreneurial performance was calculated as a summated average of all its items.

Results indicate that refugees had negative perceptions on factors affecting refugee entrepreneurship that include societal factors (SF) with a mean value (2.6), legislative (L) with (3.13) and infrastructure (INF) with (2.94). On the other side, it was noted that refugees had positive perceptions on factors that include market opportunities (MO) that had a mean value (2.34) and financial and business aspects (FB) with (2.56). In terms of the items tested in this study, major issues that came up include: (L3) unfriendliness and unhelpfulness of authorities in assisting refugees to obtain legal status in the country with mean value (3.83), (INF2) poor road network making it difficult for logical organisations to reach the refugee businesses (3.33), (L4) difficulty in processing business registration (3.24), (INF5)

failure of local authorities to provide sanitary services around the business environment (2.91), (SF5) intimidation and harassment of refugee entrepreneurs (2.88), (FB5) inability of refugee entrepreneurs to make use of skills such as inventory management (2.86), (INF3) dilapidated of business facilities used by refugees for business (2.77) and (SF1) unfriendly society on refugees with mean value (2.64).

Table 1. Perceptions of factors affecting refugee entrepreneurship and performance on all respondents – descriptive (n = 355)

Code	Dimensions and items	Mean	Standard deviation
Societal factors		2.60	1.08
SF1	Local society is supportive of my business	2.64	1.02
SF2	Local society does not create feelings of insecurity towards my business	2.54	1.08
SF3	Often, I feel disliked and looked down up by local on my business	2.50	1.04
SF4	I do not find the local language a problem when communicating with customers	2.58	1.05
SF5	Police do not intimidate and harass me on my business	2.88	1.23
Financial and business practice aspects		2.56	1.25
FB1	I do not find opening a bank account difficult	2.33	1.34
FB2	Accessing financial services (i.e. loans, bank account) is not easy.	2.36	1.29
FB3	I understand what a cash book	2.50	1.33
FB4	I do make use of a cash book in my operations	2.55	1.36
FB5	I understand what inventory management is	2.86	1.06
FB6	I make use of inventory management	2.77	1.12
Legislation		3.13	1.18
L1	I find the process of obtaining refugee status easy and friendly	2.81	1.23
L2	The process of obtaining refugee status did not badly influence starting my business	2.77	1.15
L3	I find authorities assisting with obtaining refugee status friendly and helpful	3.83	1.11
L4	I find the process of registration of business easy and friendly	3.24	1.20
L5	I feel authorities for business registration are friendly and helpful	3.02	1.21
Infrastructure and support		2.94	1.10
INF1	Road network is favourable to my business operations	3.03	1.18
INF2	The conditions of roads make it easy to obtain business supplies	3.33	1.09
INF3	I find the facility that I use for business to be in the right condition	2.77	0.99
INF4	The facility that I utilise attract customers to my business	2.67	1.09
INF5	The local municipality ensures that the area for the business area is clean	2.91	1.15
Market opportunities		2.34	1.19
MO1	I experience a good number of customers buying from my business	2.35	1.36
MO2	Customers seem in the products and services that I provide	2.36	1.06
MO3	I have a good relationship with my customers	2.27	1.12
MO4	The area that I operate in does not have many competitors	2.41	1.23
Refugee entrepreneurial performance		3.21	1.16
EP1	Support from local society has contributed to the performance of my business	2.77	1.15
EP2	Financial services that are provided have assisted my business performance	3.83	1.11
EP3	The conditions of infrastructure are supportive of business performance	3.24	1.20
EP4	Generally, my business is doing well	3.02	1.21

Source: own study.

This is an indication that the state of refugee entrepreneurship conditions was not favourable at the time of this study. The conditions found with refugee entrepreneurship within this study are complementary to Raijman and Barak-Bianco (2015), Omeje and Mwanji (2014), Ligthelm (2008) and Katz and Steyaert (2004) whose studies point out to the limitations in conditions favourable to refugee entrepreneurship. In their findings, Omeje and Mwangi (2014) and Callaghan and Venter (2011) found that entrepreneurial ventures fail due to inadequacy supportive legislation, shortage of infrastructure and unfa-

avourable societal factors, for example, low-income levels within the society. However, in contrast to the findings in the current study, Raijman and Barak-Bianco (2015) and Rolfe *et al.* (2010) found that most entrepreneurial activities have failed due to lack of market opportunities and financial shortage.

Validity and reliability analysis

The assessment of the validity of the measuring instrument was achieved employing confirmatory factor analysis. The 29 items of refugee entrepreneurship sub-constructs were factor analysed to test for construct validity. All 29 items had factor scores higher than 0.40, which demonstrates significant evidence about the correlation among constructs used for this study (Stangor, 2011). Table 2 presents results for validity and reliability analysis.

Table 2. Results of validity and reliability analysis on 29 items representing factors affecting refugee entrepreneurship and performance

Code	1	2	3	4	5	6
SF1	0.58					
SF2	0.54					
SF3	0.51					
SF4	0.58					
SF5	0.56					
FB1		0.36				
FB2		0.42				
FB3		0.40				
FB4		0.53				
FB5		0.74				
FB6		0.75				
L1			0.73			
L2			0.75			
L3			0.60			
L4			0.73			
L5			0.70			
INF1				0.53		
INF2				0.54		
INF3				0.64		
INF4				0.52		
INF5				0.62		
MO1					0.53	
MO2					0.74	
MO3					0.75	
MO4					0.73	
EP1						0.75
EP2						0.68
EP3						0.73
EP4						0.70
α	0.82	0.86	0.84	0.80	0.78	0.81

Source: own study.

After establishing the validity of the instrument, it was important to assess the reliability of each of the six sub-constructs. Reliability tests were carried using the Cronbach's alpha coefficient. Following standard practice, the minimum threshold of 0.7 recommended by Field (2009) and Walliman (2006) was used. In all the six subscales, the Cronbach's alpha met this threshold. Acceptable validity and reliability results provided leeway to proceed to correlation analysis in the next section.

Correlation analyses

The underlying assumptions for conducting correlation and regression analysis were well met in this study. Correlation and regression are most suitable for a study which seeks to test a relationship between variables (Pallant, 2010). They are also appropriate for large sample size, for example, 355 respondents used in this research. Response scale used in the questionnaire for this study was continuous in the form of a five-point Likert scale. Correlation analysis was used to measure the strength and direction of relationships between constructs of the study the Pearson coefficient (*r*-value) and the probability coefficient (*p*-value) (Blumberg *et al.*, 2011). It should be noted that *r*-value depicts the strength and direction (negative or positive) of the relationship between constructs, while *p*-value indicates the statistical significance of the observed relationship. In this study, a statistically significant relationship is indicated by *p*-value that is equal to 0.05 or less (Malhotra, 2010). Table 3 illustrates the results of the correlation analysis.

Table 3. Correlation analysis

Variables	Refugee entrepreneurial performance
Societal factors	0.48*
Financial and business practice	0.52*
Legislation	0.65*
Infrastructure	0.42*
Market opportunities	0.53*

Source: own study.

Table 3 indicates that there is an existing moderate to a strong positive relationship among factors affecting refugee entrepreneurship. It was also found that there is a statistically significant relationship between factors affecting refugee entrepreneurship and refugee entrepreneurial performance. The next section presents the regression analysis results.

Regression analysis and hypotheses test

In this study multiple linear regression analysis was performed to identify the variables that predicted or provided the best explanation for the portion of the total variance in the scores of the dependent variables (Malhotra, 2010). The results obtained in the regression analysis of the data collected from the City of Tshwane are reported in Table 4. In the Regression Model (Table 4), model fit was measured using the R-square, which is also known as the coefficient of determination. According to Friedman (2012) as well as Mafini and Meyer (2016) R-squared is a statistical measure of how close the data are to the fitted regression model and this is indicated by the percentage of variance. The higher the percentage of variance accounted for by the regression model, the closer it is to a perfect model fit of 100% (Mafini & Meyer, 2016). The adjusted R-square value was 0.650, which denotes that the factors (societal factors, financial and business practices, legislation, infrastructure, and market opportunities) considered in this study explained approximately 65% of the variance on refugee entrepreneurial performance. In other words, the remaining 35% is accounted for by other extraneous factors that were not part of this study.

Table 4. Regression analysis

Independent variables	Dependent variable: Refugee entrepreneurial performance			Hypothesis Decision
	Standardised Beta β	T values	Sig. P value	
Societal factors	0.52	6.950	0.000*	Accepted
Financial and business practice	0.34	3.941	0.000*	Accepted
Legislation	0.89	9.234	0.000*	Accepted
Infrastructure	0.65	7.523	0.000*	Accepted
Market opportunities	0.63	7.091	0.000*	Accepted

Note: * $p < 0.001$; $R=0.412$; Adjusted $R^2=0.650$

Source: own study.

EMPIRICAL RESULTS AND DISCUSSION

Moreover, in this study, testing of hypotheses was conducted by path coefficient values β , as well as the t-values for the tested regression model. According to Beneke and Blampied (2012), t-values indicate whether a significant relationship exists between variables in the model and path coefficients β , demonstrating the strength of the relationships in the model. Figure 2 and Table 4 show the standardised path coefficients and their corresponding t-values. A statistically significant relationship is expected to have a t-value that exceeds 1.96 at a 5% level of significance (Chin, 1998). The empirical results are discussed in the next sections.

Hypothesis 1

Based on regression analysis results ($p < 0.001$, $\beta = 0.52$; $t=6.950$), hypothesis H1 which states that there is a statistically significant positive relationship between societal factors and refugee entrepreneurship performance can be accepted at $p < 0.001$ significant level. From this finding, it can be noted that increase in societal factors would increase refugee entrepreneurship performance. This outcome proposes that the higher the level of societal factors, the higher the level of refugee entrepreneurship performance. Along these lines, this examination fails to dismiss H1. This finding is consistent with Rajiman and Barak-Bianco (2015) and Omeje and Mwangi (2014) studies that confirm the importance of societal factors in determining refugee entrepreneurship performance.

Hypothesis 2

Based on results ($p < 0.001$, $\beta = 0.34$; $t=3.941$), hypothesis H2 which states that there is a statistically significant positive relationship between financial and business practice aspects and refugee entrepreneurship performance can be accepted at $p < 0.001$ significant level. Hence, it can be confirmed that financial and business practice has a relationship with refugee entrepreneurship performance. This outcome proposes that the higher the level financial and business practices, the higher the level of refugee entrepreneurship performance. Along these lines, this examination fails to dismiss H2. This is in line with Rajiman and Barak-Bianco (2015), Wauters and Lambrecht (2008) and Masurel (2002)'s findings that showed that financial and business practices are statistically significantly related to refugee entrepreneurship performance.

Hypothesis 3

Based on results ($p < 0.001$, $\beta = 0.89$; $t=9.234$), hypothesis H3 which states that there is a statistically significant positive relationship between legislative aspects and refugee entrepreneurship performance is accepted at $p < 0.001$ significant level. There it can be stated that the legislative environment is positively related to refugee entrepreneurship. This outcome proposes that the higher the level of legislative aspects, the higher the level of refugee entrepreneurship performance. Along these lines, this examination fails to dismiss H3. This is consistent with Basardien *et al.* (2014), Foley (2010) and Hadebe (2010) whose findings indicate that the legislative environment is related to refugee entrepreneurship performance.

Hypothesis 4

Based on results ($p < 0.001$, $\beta = 0.65$; $t=7.523$), hypothesis H4 which states that there is a statistically significant positive relationship between infrastructure and refugee entrepreneurship performance can be accepted at $p < 0.001$ significant level. This outcome proposes that the higher the level of good infrastructure, the higher the level of refugee entrepreneurship performance. Along these lines, this examination fails to dismiss H2. This means that an increase in infrastructural development leads to an increase in refugee entrepreneurship performance which is consistent with the findings in a study by Jurgens and Donaldson (2012), Richards and Mutsonziwa (2007) and Nel (2005) who found that infrastructural development is significantly related to refugee entrepreneurship performance.

Hypothesis 5

Based on results ($p < 0.001$, $\beta = 0.63$; $t=7.091$), hypothesis H5 stating that there is a statistically significant positive relationship between market opportunities and refugee entrepreneurship performance is accepted at $p < 0.001$ significant level. An increase in marketing opportunities will increase the overall refugee entrepreneurship. This confirms Rajijman and Barak-Bianco (2015) and Wauters and Lambrecht (2008) results that found that aspects related to market opportunities are important in determining refugee entrepreneurship performance.

CONCLUSIONS

The objective of this study was to investigate how factors affecting refugee entrepreneurship influence the refugee entrepreneurship performance. It is concluded that factors such as societal, financial and business practice, legislation, infrastructure and market opportunities had a statistically significant positive relationship with refugee entrepreneurship performance.

Recommendations

The local community must be encouraged to live in harmony with refugees within the community. Creation of a good relationship between the community and asylum seekers is important in boosting refugee entrepreneurship. Thus, a good market base is also created following a good relationship between the community and refugees. Hence, it is important for policymakers especially the local authority to intervene through programmes that lead to unity.

The South African Home Affairs Department should ensure that the process of acquiring refugee status is made easy and friendly. Thus, officials responsible in the process need to be provided with training on how to handle refugees in a sensitive and humanitarian way. The processes involved also need to be streamlined towards refugee value creation.

Local authorities, for example, the municipality need to ensure that there is continuous infrastructural development. Infrastructure is important in successful business operations. Authorities need to look at areas such as public building renovation and improvement of the road network system.

It is also important that refugees are assisted with company registration. Assisting refugees with the registration of their company will help to reduce illegal refugee business operations. Thus, registered refugee entrepreneurial activities are also crucial in boosting the national income level through taxes.

Provision of business mentorship towards refugees is an important aspect of refugee entrepreneurship. Both governmental and non-governmental organisations must sponsor business mentorship programmes towards refugees. Thus, such mentorship programmes will improve refugee business operations.

Limitations of the study

It must be noted that this study was limited to a sample of refugee entrepreneurs in the City of Tshwane, South Africa. Hence, its findings cannot be generalised to all refugee entrepreneurs in South Africa. Secondly, the data used in this study was collected over a short duration of time. Data were collected within a single month making the study cross-sectional. Collecting data within a single month excludes the capturing of data on the change of opinions that could take place over a prolonged period. Thirdly, the study was conducted using quantitative research methods. The questionnaire used could not offer respondents an opportunity to respond in their own words due to the closed-ended questions used in this study. Fourthly, only five factors (societal, financial and business practice, legislation, infrastructure and market opportunities) were only used as factors affecting the performance of refugee entrepreneurship. Factors used in this study are not exhaustive of all factors that affect refugee entrepreneurship.

Direction for future research

Future research could replicate the study by gathering data from refugee entrepreneurs in different towns and provinces across South Africa and other nations. Non-refugee entrepreneurs should also be studied to see whether there are any differences in elements that affect entrepreneurship perfor-

mance. A research comparing refugee and non-refugee entrepreneurs, on the other hand, could be advantageous and is encouraged. Future research should be conducted over a longer length of time, such as six months (longitudinal study), to identify any trends in refugee entrepreneurs' perceptions over time. It is also critical that future study employ qualitative research methodologies so that respondents can reply to their own words.

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Conflict of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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