“The Impact of Social Capital and Cultural Knowledge on Setting-Up and Operating a Transnational Business in Australia”

Key Words

Migrant entrepreneurs
Transnational entrepreneurship
Social capital
Cultural knowledge
Qualitative research
Abstract

Topic

It is widely acknowledged that migrants find themselves barred entry to the labour market due to language and work skills not being recognised by their adopted country (Azmat, & Fujimoto, 2016; Model, & Lapido, 1996). As a result, it is not unusual for migrants to be pushed/pulled into self-employment and entrepreneurship (Andrejuk, 2016; Azmat, 2009; Colic-Peisker and Tilbury 2006; Hulten, & Ahmed, 2013).

One area of entrepreneurship that is attractive to migrants is to become transnational entrepreneurs and supply their fellow migrants with the products and services that meet the cultural and social needs they miss from their home country. This is because there is a demand for these products and services as migrants often retain a strong desire to recreate their own culture in their adopted country (Guarnizo 2003; Santamaria-Alvarez, & Śliwa, 2016).

Undertaking the development of a business opportunity that extends across the border of the home country and adopted country is recognised as transnational entrepreneurship (Drori, Honig et al, 2006; Santamaria-Alvarez, & Śliwa, 2016; Lin, and Tao, 2012). To achieve this, the transnational entrepreneur needs to utilise the connections between the two countries to access resources, and the connections are seen as a type of social capital (Bagwell, 2015). However, there is the notion that there is a degree of homogeny between entrepreneurship and social capital that does not stand up in practice. Social capital is widely accepted as being a contributing factor to the success of small business and entrepreneurship, including transnational entrepreneurship (Beuving, 2006a; Bagwell, 2015; Jansen, Curscu, et al 2013; Westlund and Bolton 2003). Furthermore, social capital may build strong cohesion within a group that shares social and cultural mores, but this often comes with the price of exclusion to outsiders (Fukuyama, 2001, Gedajlovic, Honig, et al, 2013). While there is no doubt the transnational entrepreneurship and social capital are linked, what is not widely researched is the how they are linked and what are the consequences for the entrepreneurs (Gedajlovic, et al, 2013) particularly transnational entrepreneurs.

Aim

This study looks at how a small group of African women in Australia were pushed/pulled into entrepreneurship because of not being able to find appropriate work due to either language or work experience skills not being recognised; and how they used their connections to set up and develop their businesses. The aim of this study is to identify the subtle social and cultural differences between the women, and look at how they influence each participant’s business.

Methodology

What makes this paper unusual is that the data used was not collected in a traditional research context. The data was collected as part of a process that was targeting a specific migrant community with the aim of providing business support services. Essentially, we were looking to understand the participant’s businesses and how they arrived at their position at the time of the interviews. Approximately 50 businesses were approached and offered a free consultation. Our data collection process is strongly reflected in Smith and McElwee’s (2015) framework for qualitative research. We want our participants to tell us what life as an entrepreneur is like (Cope, 2005). We need to know all the twists and turns, plots and sub-plots that influence the way they do business (Galloway, Kapasi, et al, 2015). The accuracy of the data collected can be demonstrated by the fact that if we misunderstand the participants’ needs, it could be catastrophic for them.

Contribution

In the process of understanding the businesses, it emerged that 13 of the businesses were transnational entrepreneurs (Guarnizo 2003; Light, 2010; Portes, Guarnizo et al. 2002); they were pushed/pulled into entrepreneurship as a result of not finding appropriate employment and the businesses focused on a specific cultural need within their community. Their stories about their businesses caused us to rethink our approach as it was clear that the idea that there is consistency between entrepreneurship and social capital was
questionable. In order to support this particular group of people we felt we need to understand the influences of social capital, both in their home country and their adopted country.

This is very much a practioner paper. Although we have worked with other migrant business owners, the discovery of how social capital plays out amongst this group was something profound. By understanding the various networks and liaisons became a decisive factor when working with the participants, and has since led to a change in the way we collect data about potential and current clients and how we work with them. It highlights how in practical terms social capital can both open and close doors to business opportunities. From a research perspective, it highlights some subtle issues that affect the value or lack of value that social capital brings to a business.
Introduction

Australia with its active migration programme has one of the highest net migration rates in the developed world (Hultan, and Ahmed, 2013), leading to one of the widest ranges of cultural diversity within a single country. This makes Australia an interesting case for any research into migration and its consequences.

It is generally accepted that many migrants, particularly from developing countries, find that employers do not recognise their qualifications and work experiences; making it difficult to find employment (Anh, 2000; Aydemir, & Skuterud, 2005; Kahanec, & Zaiceva, 2009; Koopmans, R., 2016), and Australia, it is no different (Correa-Velez, Barnett, et al, 2015). They are faced with a choice of either upgrading their qualifications, or seeking alternative employment (Samaratunge, Barrett, et al, 2015). A solution for many is to set up businesses (Andrejuk, 2016; Azmat, 2009), particularly in supplying services and products that meet the social and cultural needs of their fellow migrants.

The idea that there is a degree of homogeneity between entrepreneurship, social capital and cultural knowledge does not stand up in practice. While there is no doubt that transnational entrepreneurship and social capital are linked (Dimitratos, Buck, et al, 2016), what is not widely researched is the how they are linked and what are the consequences for the entrepreneurs (Gedajlovic, Honig, et al, 2013). Alongside this, there is a scarcity of quality qualitative research, particularly in the field of entrepreneurship (Hlady-Rispal, and Joubison-Laffitte, 2014; Smith and McElwee, 2015). Furthermore, with growing demand for research that has impact, as well as demonstrating the application of theory in practice.

This study contributes to the literature on transnational entrepreneurship, social capital, and cultural knowledge by exploring how some migrants who have set up transnational businesses in Brisbane, Australia are using their social capital and cultural knowledge. Transnational connections are seen as a type of social capital that enables access to resources and business opportunities (Bagwell, 2015).

This paper is drawn from an attempt to recruit clients from a specific ethnic group for a small consultancy that supported micro and small businesses. Over a period of four weeks several African business owners in the Brisbane area were interviewed about their business activities. What emerged was how individual business owners used or do not use their social capital and cultural knowledge links both in Australia and in their country of origin, to initiate and sustain their business. The results implied that there are subtle social and cultural knowledge issues that profoundly affect each participant’s business. This indicated that there were issues other than market forces that would influences how they might respond to advice and what that advice might be. It was this discovery that led to the small consultancy changing their practices.

National Context and Literature

Australia is one of the few developed countries that actively enact a net migration programme (Khoo, Hugo et al, 2011). It is the government’s policy to recruit migrants who intend to remain in Australia permanently (Judd, 2014; Khoo, Hugo et al, 2011; Khoo, McDonald et al. 2007; Opeskin, 2012; Wright, 2015). Consequently, Australia has several visa categories based primarily on skills to enable the migration of people Australia feels it needs (Hugo, 2014; Judd, 2014). There is also a substantial humanitarian programme that focuses on aiding refugees to migrate permanently to Australia (Judd, 2014). A result of this migration programme is that Australia has one of the most ethnically diverse societies in the world (Chavan 2005; Forrest, Elias, et al, 2016). It is estimated that more than a quarter of the population was not born in Australia (Forrest, Elias, et al, 2016; Le, 2000; Wright, 2015). However, it is widely documented that many migrants do not integrate as easily as they expect to (Benier, & Wickes, 2016).

Migrants often lack English language skills (critical in Australia), relevant work skills and social status to meet the employment requirements in Australia (Beckers and Blumberg, 2013; Cervantes-Rodgruez 2006; Le 2000; Rynderman, & Flynn, 2016; Sana 2005). Most skills and qualifications that migrants bring to Australia are not easily transferable (Chiswick, Lee et al. 2005; Samaratunge, Barrett, et al, 2015). Overall migrants find themselves disadvantaged in the labour market, frequently working in occupations where their skills are above those of the occupation they eventually accept (Levie 2007; Sana 2005; Samaratunge, Barrett, et al, 2015). Furthermore, it has been widely reported that migrants are often not the first preference for employment...
forcing them to seek alternatively opportunities (Azmat, & Fujimoto, 2016; Model, & Lapido, 1996). Partly, because of these difficulties, and partly due to the reluctance to integrate, some migrants are pushed/pulled towards self-employment and entrepreneurship as a means of surviving (Andrejuk, 2016; Azmat, 2009; Colic-Peisker and Tilbury 2006; Hulten, & Ahmed, 2013). The move towards self-employment amongst migrants is well documented and in Australia it is a prominent feature in the field of small business research (Chavan 2005; Bhaskaran 2006; Samarutunge, Barrett, et al, 2015). While not all migrants engage in entrepreneurial business activities many do; and some could be termed as transnational entrepreneurs (Urbano, Toledano, et al, 2011). Transnational entrepreneurship is defined as behaviours around the development of business opportunities that span the home country and the adopted country of the entrepreneur (Drori, Honig et al, 2006; Santamaria-Alvarez, & Śliwa, 2016; Lin, and Tao, 2012; Zhao 2002).

Despite moving into a new country, migrants tend to retain a strong desire to recreate their own culture in their adopted country (Guarnizo 2003; Santamaria-Alvarez, & Śliwa, 2016) and so tend to form inclusive ethnic communities. These ethnic communities are a source of support for migrants retaining links with the migrant’s country origin and therefore with some of the customs, culture, products, and artefacts (Itzigsohn and Saucedo 2002; Colic-Peisker and Tilbury 2006). These cultural mores cover things such as food, drink, music, clothing, cosmetics, and artefacts. By being an active member of an ethnic community thorough cultural knowledge, the opportunity arises to provide many of the products and services that the migrants need to recreate their own culture through transnational entrepreneurship (Le 2000; Romero and Yu, 2015). By establishing businesses that takes advantage of the social contacts and cultural knowledge they have retained in their country of origin and created in their new home country they aim to meet the demand for the products and services that migrants miss (Le 2000; Guarnizo 2003).

Entrepreneurship, and transnational entrepreneurship is a social activity with economic outcomes (Vuković, Kedmenec, et al, 2017) and so is entrenched within social actions (Bagwell, 2015; Lin, & Tao, 2012; Mustafa, and Chen, 2010). This means that transnational entrepreneurship is dependent to some degree on enhanced levels of social capital (Bagwell, 2015; Mustafa, and Chen, 2010) and cultural capital or knowledge (Light and Dana, 2013). The notion of social capital is the total sum of resources that constitute an individual’s social network (Bourdieu, 1983). These resources are utilised to complement an individual’s own experiences through the withdrawal of benefits (Davidsson and Honig, 2003; Groenewald, and Niehof, 2015). The impact of social capital on small businesses is wide accepted as being influential (Beuving, 2006a; Bagwell, 2015; Jansen, Curşeu, et al 2013; Westlund and Bolton 2003). However, this influence is tempered by the level of social interactions that result in reciprocity and so as it builds trust, there are also some costs (Gedajlovic, Honig, et al, 2013). Reciprocity may build strong cohesion within groups, but often does so at the expense of outsiders in a way that could create a negative impact on the outsiders as well as the insiders (Fukuyama, 2001).

This raises an interesting question; if the migrants are turning to self-employment as entrepreneurs, then it is important to understand whether and how are they are using social capital to become business owners and sustain their business activities.

One factor is clear, a market exists as migrant’s demand products and services from their country of origin to retain some aspects of their home culture. Yet these demands can easily be satisfied by any potential entrepreneur. However, transnational entrepreneurs do have one advantage in that they have some social link and cultural knowledge to and of their market. This social link exists through relationships with family, friends, and associates both in the country of origin and Australia, and the cultural knowledge comes from being a member of that ethnic group. Both play a critical role in starting and operating a transnational business (Beuving 2006 b).

Methodology

This is not a traditional research paper. The original intention of the questions asked to the participants was to develop a connection that would lead to a business relationship. However, what Webb, Campbell, et al (1966) suggested is that data collected should be used more imaginatively to identify other factors. As we collected the data for one purpose we became aware of the profound impact the data would have on how we supported businesses, hence this paper.
Sample selection

In the process of trying to recruit clients for a small business consultancy, explicit target markets were identified and approached. This was the first time we as a consultancy, had specifically focused on migrant business owners. We decided to target the African community as potential clients because we had just recruited a new member of staff who had links into the African community and therefore had established a degree of social capital with the community.

Our procedure for recruiting clients is comparable to the process of purposeful sampling (Jahani, Abedi, et al., 2016). We would invite one or two businesses within the targeted market to a free consultancy session. In those sessions, we interview the participants extensively about their businesses and strategies they use to maintain their businesses. The participants were then encouraged to introduce others within the target market for a similar session.

As the data was initially collected to understand individual business processes, the sample needed to be filtered for this paper. It is not unusual for many migrants to undertake some sort of transnational business activity on a casual basis, such as carrying goods or money back and forth between their adopted and home country (Portes, Haller et al. 2002). This type of activity cannot be considered transnational entrepreneurship due to its occasional nature and the fact that it does not constitute the major source of income for the participants (Portes, Haller et al. 2002). Of the 29 participants, we chose 13 were transnational entrepreneurs in that they engaged in business activities that spanned two or more countries, including Australia, and that these activities constituted the participants livelihood (Guarnizo 2003; Light, 2010; Portes, Haller et al. 2002). Of the 13 interviewees, nine were females and four were males.

Each of the remaining 13 participants came from a different African country and none of the participants had any previous business experience before their current business activity. The reasons for migrating varied from refugee to spouse to skilled visas. They shared a common reason for going into business, one that is familiar with many migrants to Australia: all had experienced difficulties in the workforce. Furthermore, each participant chose their specific business because of an opportunity to take advantage of a need within their ethnic community (Chavan 2005).

When we realised that our data had an interesting story about transnational entrepreneurship, social capital, and cultural knowledge, we contacted the participants and asked if they agree for us to use some of the information we collected and details of some of their activities for research purposes. We assured the clients that their proprietary and personal information will not be disclosed and that we will do everything to ensure they and their specific business is not identifiable through the research. They were told they had the right to withdraw any of the research data that they feel compromises their businesses or themselves. Of the 13 that met the criteria of being transnational entrepreneurs, six decided to withdraw their agreement for us to use their information for research purposes. Unintentionally, the seven remaining were all female.

Data collection

Our data collection process is strongly reflected in Smith and McElwee’s (2015) framework for qualitative research. Many of their presented influences are replicated in our approach. These influences include the need to obtain insider knowledge, build up thick descriptions of what is going on, allow theories to present themselves and a narrative that tells us what is happening (Smith and McElwee, 2015). Essentially, we want the participants to tell us as it is; what their lived-in world is like (Cope, 2005). In other words, a story about their real lives that has a plot, that twists and turns, and finally defines the phenomenon being examined for the participants (Galloway, Kapasi, et al., 2015). It allows us to present the participants as the creators and implementers of their own experiences of their circumstances (Hannabuss, 2000) as well as proving us with an inside view of the business activities (Smith and McElwee, 2015).

To get an as realistic version of the participant’s stories, we undertook unstructured conversations, with the participants frequently being asked to explain their experiences and how they make sense of those experiences, and what value those experiences gave them (Cope, 2005). We wanted to know the client’s story about their business. Only an accurate story would enable us to provide specific and appropriate support and advice. Intervention was solely to encourage the participants to dig deeper with their explanations (Touzani, Fatma, et al, 2015).
Data analysis
The data we collect is initially used to build a picture of the business we are looking to support. As with the data collection, the methods of analysis are similar to the traditional standards of qualitative data analysis. We begin to analyse the data as the conversations took place (Lathlean, 2010). As we progressed we built frameworks looking for patterns that are linked to our existing knowledge of theories of entrepreneurship and small business development (Holloway and Todres 2010). These frameworks are used to identify ways of supporting our clients.

In analysing the data, we identified a pattern around the use and influence of social capital and cultural knowledge and its impact on how the businesses was structured and operated. It is these patterns that are presented here.

Data presentation
The data has been presented as a narrative constructed from the notes taken during the conversations with the participants. Yet, evidence of scientific rigour can be applied to the data. Accuracy in the collection of the data can be demonstrated by the fact that the data forms a critical component of our ability to understand the client in a way that enables us to provide appropriate support and advice. Any misunderstanding on our part could lead to catastrophic outcomes for the client. Therefore, elements of Lincoln and Guba’s (1985) test of trustworthiness can be applied in that there is credibility in the research findings; the findings can be transferred to other settings; the findings are consistent and repeatable and the findings have developed from the participant’s stories.

Although a wide range of information was collected from the participants only a certain amount pertained to the use of transnational entrepreneurial behaviour, social capital, and cultural knowledge in terms of how the participants started and operated their businesses. From the literature on transnational entrepreneurship and social capital we drew eight factors that would explain the participants behaviours.

One factor was to ascertain the degree of transnational activities. The data was reviewed to identify how often the participants travelled back to their country of origin and engaged in business activities. This factor ensured that the participants were transnational in their activities. The levels of travel were graded from low – one trip a year, medium – two to three trips a year and high – more than four trips per year or extended stays of at least 3 months in country of origin. Only trips where the participant engaged in some business activity were considered.

Social capital was considered by looking at the levels of social and family contacts. The data was examined to see whether the participants used social and family contacts in their country of origin, countries other than their country of origin and Australia and in Australia. This helped determined where and to what extent the participants used social capital and cultural knowledge in terms of networks and contacts and how important this was to their businesses. This provided three of the eight factors

Cultural knowledge addressed through two factors related to the language spoken by the participants and the data was explored to consider to what extend was their own language was an advantage or disadvantage in Australia. Being able to use one’s own language can be advantageous given that many African migrants are refugees and have extremely limited English language skills. It can become a disadvantage in that although Africans tend to be push together as a single ethic group, they are of course extremely diverse with a multitude of languages.

Another factor related to the depth of the market their businesses served. This factor is important as it ascertains the degree to which social capital and cultural knowledge is utilised. This factor was quite complex in terms of defining the market. It was obvious that in all cases the types of products or services offered culturally connected to the business owner, at least initially. So, to fit into this study a simple categorisation of broad - customer range of more than 10 different nationalities including country of origin and non-Africans and narrow - customer range of less than 10 different nationalities including country of origin or only African has been used. This provides within the scope of this paper some idea of how social capital and cultural knowledge is used to attract customers.
The last factor considered was whether the participants only employed people from their country of origin. This is an important factor as it would influence the ability for the participant to broaden their network and so increase their social capital and cultural knowledge, as well as the range of customers.

Findings

As we analysed the data to ascertain potential clients we noticed a pattern emerging around the use of social capital and cultural knowledge by transnational entrepreneurs. The findings are in two parts. First there is a narrative that presents the key factors drawn from the participants regarding the transnational business activities and social capital for each individual participant. The second part contrasts and compares the data across the different participants.

Business A: Grocer(supermarket); Customers are mainly: African, South Pacific Islanders, and Afro-Indian

Business A purchased an existing grocery store five years ago, as the owner saw a rapidly growing population of Africans moving into the area and the previous owner did not recognise the opportunity this presented. The owner already had a strong network within the African community due to their spouse’s occupation\(^1\) and used this network to develop the business. Initially purchasing stock from a supplier in Sydney, Australia, the owner was very quick to contact friends and family in their country of origin to arrange the purchase of products at prices considerably lower than those from Sydney. After two years Business A set up a relative in their country of origin to source and co-ordinate supplies to Australia from a number of different African countries in proximity to the participants’ home country. This allowed Business A to start importing products from countries other than their country of origin.

Business A became quite proactive in developing business relationships through their network. The owner encouraged and supported the family member who was set up as a wholesaler to travel to neighbouring countries to take advantage of the contacts that the family member had. Their own language was both an advantage and disadvantage in running the business. The advantage came in being able to connect with customers from their country or origin. The disadvantage came from the fact that while the African community is often seen as homogenous, it is extremely diverse. Business A indicated that sometimes potential customers from other countries have not shopped at their business because of language issues.

Business A travels twice a year to their country of origin, and neighbouring countries to develop and expand business contacts. These trips usually last around 20 days. Business A has quite a broad market base. By obtaining products from neighbouring countries at a lower price than using the Australian suppliers, the owner has managed to collect and retain customers from other African countries. Furthermore, Business A identified some similarities between foods eaten by many Africans and South Pacific Islanders. Consequently, the owner developed relationships with this community to encourage them to shop at the owner’s business. Around the same time the owner also started to attract customers from the Afro-Indian community as well.

This diverse customer base is reflected in the owner’s staff. The owner employs people from countries other than her own including one South Pacific Islander. Recently, a person from a different country opened a store nearby focusing solely on products from their particular country that Business A did not stock. Business A lost a few customers. However, the owner has responded by seeking contacts in this country to purchase products for their shop and by employing a person from this country.

Business B: Grocer (small store); Customers are almost entirely African from a single country

Business B started about seven years ago, when a group of friends from the same country found it impossible to obtain food items in Brisbane, Australia, specific to their country of origin. One of them had a relative in Sydney who could purchase these particular food items and arranged to supply the rest of the group. Within 6 months the person was operating what amounted to a market stall in their house. She moved in to a small shop nearby, and later moved into a larger shop within a large African community.

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1 We were asked to not to disclose the partner’s occupation.
When Business B moved into the first shop they began to source products directly from their country of origin. Businesses B like Business A arranged for a family member to source and arrange to export products only from their country of origin. The reason for this is that the owner feels that they could not trust anyone outside of their family. In fact, when it was suggested that Business B considers other countries, she showed substantial resistance to the idea of expanding their import base through other countries.

This lack of trust is reflected in the market base. Business B has focused on trying to service primarily those from the same country as the owner. However, Business B does have customers from other African countries, but they are very limited. Furthermore, there are virtually no customers from outside of the African community.

As Business B focused on customers from their own country of origin their native language was an advantage. However, Business B felt strongly that their native language had been a serious disadvantage as well. Business B claimed that in the shop they had been speaking to friends in their own language and had people come in and then walk straight out on hearing them speak their language.

Business B travels back to their country of origin only once a year maintaining business relationships with suppliers. Business B also reported having some difficulties in that they did not fully trust their family to act in their best interests. Business B has two employees both from the same country and ethnic group as the owner. The owner felt that they could only trust these people.

**Business C: Gifts and curios; Customers are almost exclusively non-African**

Business C did not start their business based on perceived shortage or gaps in the African community market. It started when relatives in the owner’s country of origin encouraged them to import and sell artefacts that they were producing. The artefacts sell well within the tourist industry of the owner’s country of origin and the relatives believed that such a market would exist in Australia. Business C primarily, sells their products in tourist markets around South East Queensland, having up to three stalls at any one time. Focusing on those markets where they can sell their products at higher price.

Business C is totally reliant on their contacts in their country of origin. These contacts were initially family relatives, but have now expanded to include non-family suppliers. They do not rely on any contacts in any other country and have very little reliance on contacts within Australia. This is because their market base is entirely non-African. Business C does not have an outlet within the African enclave and says that they cannot recall ever having an African customer.

It is no surprise that speaking their own language was neither an advantage nor a disadvantage to Business C given that they focus on a non-African market. Business C engages in the greatest amount of travel, returning to the owner’s country of origin for periods of up to three months. However, their travel is limited to their country of origin. Business C employs a family member only. This makes sense as there is no need to address cultural or language differences that arise as part of the diversity of the African community.

**Business D: Internet café; Customers are predominantly African**

Business D’s foray into entrepreneurship was linked to the owners’ activities within the African community. As a volunteer assisting recent migrants to find work, the owner saw the opportunity to start an internet café. They made extensive use of their social contacts in Australia in developing the business. Business D is unique in that rather than bring products to Australia they have exported a service in terms of providing capital to family members to set up internet cafes in their country of origin. There are no links to any other countries beyond the owner’s country of origin and Australia.

The owner’s native language was an advantage to some degree in Australia in that they could communicate with refugees from their country of origin. However, there was no disadvantage with their language, as English is the language they use in the internet cafe.

Business D travels rarely to their country of origin. When they do, the main reason is to check on the internet café they part own with family members. The market base is probably the broadest of all the participants in
that it is the only place with public internet access within the African community within this area. Furthermore, the owner provides some assistance with job search, housing, and other welfare support. They employ several people from a variety of African countries to assist with those who do not have adequate English.

Business E\textsuperscript{2}: Remitting money home; Customers are from owner’s country of origin only

This business started when migrants from a specific country discovered that a person was successfully remitting money back to their country of origin they asked for help to do the same. While there are many alternatives such as banks and Western Union, people from this country preferred to use this business due to the low cost as small amounts of money are remitted. The business only remits money back to the owner’s country of origin. They had been approached to remit money to another country, but had refused on the basis that they had no contacts or knowledge of that country. The owners made use of their social contacts in their country of origin and with fellow countrymen in Australia to develop a business and kept it going for two years. This was the youngest of the businesses that provided information for this study.

The owners indicated that a critical success factor was that they spoke the language and were part of the same ethnic grouping as their customers. Dealing only with customers from their own country of origin there was no disadvantage with language, even to the point where English was not necessary to undertake business transactions. This business also had the narrowest market base as it was used exclusively by people from a single country and most of the customers were from a single ethnic group from that country. They also employ only people from their country of origin. Travel back to their country of origin is occasional, usually twice a year.

Business F: Hairdresser; Customers are mostly African

Business F primarily started because of a gap in the services provided to African women about four years ago. It initially started in similar circumstance to Business B in providing services to a few friends. This expanded into a shop within the African community in the local area. It relied heavily on word of mouth through friends and relatives within the African community.

Business F looked at their country of origin for products they used or sold as they were unobtainable in Australia. They used mainly family to source the products and forward them to Australia. They do not source any products from any other country, even though their customers come from a variety of African countries. The reason for this is that the products they use are fairly generic across many African countries and ethnic groups.

They felt that their language had some advantages and disadvantages along the lines of being able to effectively communicate with those from the same country, but they felt some African clients were uncomfortable if they spoke to each other in the shop in their language. They tried to address this by speaking English as much as possible, even with fellow compatriots.

Travel back to the country of origin was rare and solely to maintain family connections to keep supplies coming to Australia without too many difficulties. Initially the shop employed only people from the owner’s country of origin, but after a while this changed through a natural progression rather than deliberate policy. They have been some benefits in employing people from other countries in that their market base while still narrow has broaden to include several different African nationalities as well as a few non-African customers.

Business G: Hairdresser; Customers are almost exclusively non-African

Business G started providing services to the African community six years ago. Initially they focused on friends and relatives, as well as fellow compatriots. As with Business F, Business G could not source products her customers wanted within Australia getting them from their country of origin to use and re-sell in their business. As with other participants Business G relied on family contacts to source and purchase their products before exporting them to Australia. Business G was the only business with contacts in a country other than their own at the start of the business. This owner had relatives in a non-African country that they were able to use to supply products. This gave Business G a wider range of products.

\textsuperscript{2} Due to the nature of this business the owner was very reluctant to disclose too much about processes.
Although Business G had originally started providing services to the African community, they had ceased to do so for a few years and consequently had little to do with the African community. A growing interest from non-Africans in hair braiding and extensions gave the business an opportunity to broaden their market and move into a different and more ethnically diverse location. Consequently, they now make little use of their connections within the African community in Australia, but still connect to their contacts in their country of origin.

It is no surprise that currently speaking their own language was neither advantageous nor disadvantageous to Business G given that they now focus on a non-African market. They also employ several non-Africans as well as a few African employees.

The table below summarises the application of the eight factors across the seven participants.

<table>
<thead>
<tr>
<th>Summary of Participants Answers</th>
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<tbody>
<tr>
<td><strong>BUSINESS</strong></td>
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<td><strong>ISSUE</strong></td>
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<tr>
<td>Uses social/family contacts in country of origin</td>
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<tr>
<td>Uses social/family contacts in countries other than their own, and excluding Australia</td>
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<tr>
<td>Uses social/family contacts in Australia</td>
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<tr>
<td>Own language is an advantage in Australia</td>
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<tr>
<td>Own language is a disadvantage in Australia</td>
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<tr>
<td>Only uses employees from same country of origin</td>
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<tr>
<td>Depth of market base</td>
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<tr>
<td>Travels to country of origin regularly for business</td>
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</tbody>
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Table One: Summary of findings

Looking at the table above, all the businesses utilised their family or social contacts in their country of origin. However, the use of family and social contacts in either Australia or countries other than the business owner varies across the sample, so much so that no conclusions can be drawn other than it is highly circumstantial. In other words, it depends very much on the nature of the business and its target market. For example, those businesses that focus on a market that is narrowly defined as being the business owners own country of origin do not make use of family or social contacts outside of their own country excluding Australia. Those businesses that target the African community either exclusively or mostly, make use of the family and social

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3 With limited success
4 English is the language used on the internet
5 This is a family member
contacts within Australia. The two businesses, C, and G, that have virtually no African customers do not make use of family and social contacts within Australia, other than perhaps employees.

The advantage of one’s own language in Australia, not surprisingly, is much less relevant for those two businesses (Businesses C and G) that do not service the African community. Nor is it a disadvantage for the same two businesses, and the internet café (Business D).

Discussion

In Australia, skilled migrants and those on spouse visas are most left to their own devices to find employment with little government support (O’Dwyer, and Colic-Peisker, 2016), while those who come as refugees are afforded some support. Those participants that migrated as Skilled Migrants had every intention of working in their chosen field and were expecting to find work quickly and easily. This belief was because they had been invited to come to Australia on the foundation that their skills were needed (O’Dwyer, and Colic-Peisker, 2016). In fact, one of the participants, the owner of Business B, had a PhD in agriculture and was expecting to find work within a government department or a university. Other participants in this study who arrived on skill visas tell similar stories of not finding work, or finding work that did not meet their aspirations and was demeaning (Levie 2007; Sana 2005; Samaratunge, Barrett, et al, 2015). The participants who arrived in Australia as refugees or spouses anticipated working, although they had little idea exactly what work they would do before or just after they arrived. However, like those on skilled visas they found it difficult to find meaningful and rewarding work. There was no doubt that that each of the participants felt that self-employment was the only solution to generating income sufficient to meet their own and their family’s needs (Andrejuk, 2016; Azmat, 2009; Colic-Peisker and Tilbury 2006; Hulten, & Ahmed, 2013).

Choosing what businesses to start or buy can be as problematic as finding a job. Ethnic businesses appear where there is a fit between the ethnic needs of a community and the ability of those within that community to draw on their resources to fulfil those needs, and the local market cannot meet those needs (Chavan 2005). Since 1997 the number of migrants in Australia from Sub- Sahara Africa has increased steadily (Anonymous, 2015; Flahaux, & De Haas, 2016; Hugo, 2010; Linacre 2007). This has created a market with specific needs built around the community cultural desires (Liargovas, and Skandalis, 2012). As a result, the opportunity for businesses supplying products and services to that community emerge. All the participants’ businesses respond to the market that occurs around cultural desires.

It is widely acknowledged that taking advantage of these opportunities requires a degree of entrepreneurial behaviour. Except for Business C, the evidence of entrepreneurial behaviour (Jebarajakirthy, and Thaichon, 2015; Kirkley, 2016) amongst the participants is that they all either purchased an existing business which they developed, or they set up a new business that responded to the community needs for culturally specific products or services. The evidence of entrepreneurial behaviour in Business C can be found in their response to the desire to open new markets for culturally specific products that could be sold into a broader market. By capitalising on their language, cultural knowledge, and social contacts each of the businesses were able to gain a foothold in their markets (Chavan 2005). In other words, to get started, all the participants needed to utilise their social capital and cultural knowledge, as well as links with their country of origin.

As transnational entrepreneurs, as opposed to other African migrants who have started businesses, the demand for culturally significant goods and services has allowed the African suppliers to expand their customer base beyond their countries borders (Guarnizo 2003). In other words, transnationalism actually goes both ways. This is particularly significant with Businesses A, C, and D. In setting up a business in their country of origin to export products to Australia, Business A has created two businesses, one in Australia and another in their country of origin. In the case of Business C, a new market has been developed that contributes to the growth of two businesses, one in the country of origin and the other in Australia. Both Businesses A and C have contributed to a significant growth in exports from their country of origin for the businesses involved, while Business D has expanded into their country of origin, by creating a new business.

A key component in being transnational is to be able to behave actively in Australia as well as in their country of origin (Dori, Honig et al, 2006; Light, Zhou et al. 2002; Santamaria-Alvarez, & Śliwa, 2016). Being able to switch between the cultural identities is an integral part of a transnational entrepreneur (Sana 2005) as is the
ability to utilise connections through social capital (Davidsson and Honig, 2003; Groenewald, and Niehof, 2015). All the participants are active both in Australia and their country of origin, albeit to varying degrees. Furthermore, some are active in countries other than they own country of origin. There are variations between the use of social connections. While all participants utilise their social connections in their country of origin, not all utilise social connections in countries other than their own and Australia. Nor do they all use employees from their country of origin. This suggests that the use of social capital is circumstantial. The nature of the business and the targeted market clearly influences how social capital is withdrawn from the relationships invested in through the individuals’ social network (Davidsson and Honig, 2003; Groenewald, and Niehof, 2015).

The circumstantial influence of social capital on transnational entrepreneurs can have a significant impact on the business’s ability to sustain its self. Businesses A and G both utilised a wider social network both within Australia and outside. Both these businesses had a significant number of customers who are non-Africans and consequently are not quite so dependent on their fellow nationals. A lack of diversity has already presented problems for Business B and is likely to present problems for Business E soon, particularly if a competitor emerges. Business C is also at risk even though they have a diverse market. They are totally dependent on their contacts in their country of origin as it resells products produced by their contacts, and has no other source of supply.

There are two sides to social capital and cultural knowledge. On one hand, it can facilitate positive interaction that enables people to achieve more than they could without social capital; equally it can restrict achievement by building unity within the group in a way that excludes others (Fukuyama, 2001; Gedajlovic, Honig, et al, 2013). This can be seen in the way language is both an advantage and disadvantage. For all the businesses that served their own communities the participants own language was an advantage in Australia. It was not an advantage to the two businesses (C and G) whose businesses did not serve their compatriots. Nor was language a disadvantage to these two businesses along with businesses D and E. Yet for businesses A, B, and F their own language could be a disadvantage as it tended to exclude those who could not speak that language. This was demonstrated when Business B complain how customers would leave their shop if they overheard her speaking her own language.

Within a business setting, being over dependent on a restricted circle of relationships can be counterproductive by limiting market opportunities (Westlund and Bolton 2003). Business B demonstrates this by their refusal to explore and develop the business much beyond their own social group. Furthermore, transnationalism can become highly localised as it seems to be the case with some of the participants in this study (Kelly 2003). Except for two of the participants all are located within the African enclave. This causes significant upheavals when competitors move in. Business F has this problem, where African girls are trying to win customers from this business as the customers go to enter the shop, by telling the customers that they can braid their hair for a fraction of the cost charged by Business F. This along with the diversity of African cultures means that few of the businesses are sustainable if they remain focused on their own cultural group.

**Implications**

The notion of competition within a market generally centres around the influences of market forces. The market forces are often presented as a homogenous framework where one might choose what is an appropriate response to competition. To increase sales, you might expand your market as Business A did, or move to a new location as Business G has done. Increasing profitability might involve locating their outlet in places where higher prices can be charged, as Business C did.

However, the success and sustainability of these businesses extend beyond traditional market forces. This study has shown that there are some subtle social and cultural issues that profoundly affect each interviewee business. The nuances of relationships built around social capital and cultural knowledge have a significant impact on how the business functions. For example, despite the consultancy running for 12 years, it never occurred to us that language could be the difference between a sale and a lost customer. Social capital and cultural knowledge has both a positive and negative effect on the participant’s business activities. It seems that for some businesses the market does not just frame the boundaries. To us the subtleties of social capital and cultural knowledge have profound influence on what one can and cannot do.
This changes how one might look at the overall structure of the businesses. Boundaries and barriers pop-up that are not based on traditional factors such as the nature of the product, or the buying power of the customer, but on the social capital built and level of cultural knowledge within and beyond one’s own cultural boundaries. This tends to complicate matters. Understanding the nature of social capital and cultural knowledge generally is not enough. One needs to understand how this is individualised and how that impacts on the business owner’s opportunities to develop and grow or sustain their business.

What this meant to the consultancy was that providing support and advice would require a thorough understanding of the liaisons and networks that exist, and how these interacted. For example, in guiding Business B that they need to broaden their market base would be extremely difficult as the main obstacles are a lack of knowledge of other African cultures and a reluctance to acquire that knowledge, as well as a lack of social capital built amongst the other African communities, and an unwillingness to build it.

A few changes in the way the consultancy interacted with clients were enacted. Rather than collect information about the business we realised we needed to look deeper. Exploring the depth of cultural knowledge became part of the initial interview. Understanding the clients’ social capital and how this is linked to strong or weak community ties became an important aspect of the overall picture of clients (Liñán and Santos 2007; Shanshan, & Chao, 2016).

Limitations and future directions

Qualitative research is risky (Hadjistavropoulos and Smythe, 2001; Seidman, 2013). The original intention of the study was to recruit clients, in the process we discovered something interesting around the application of various theories in practice on transnational entrepreneurship, social capital, and cultural knowledge. The risk here being that there is a heavy reliance on the judgement of the author in being able to sift out the relevant information from the mass of data collected. Therefore, it is possible that some crucial information may have been missed (Seidman, 2013). The fact that the sample ended up being females raises an issue around the research approach; to what extent would the result be different if a more feminist approach was taken. (Henry, Foss, et al, 2016).

There is a tendency to see social capital from a positive perspective (Pillai, et al 2017). Yet this study shows that it can also be quite negative. This dichotomy has been explored previously (Fukuyama, 2001; Pillai, et al 2017; Silkoset, 2013) but there is still a lack of research around the negative aspect of social capital (Pillai, et al 2017).

The fact that all the participants were female raises issues that are worth exploring. Currently, there is very little research into women migrants who set up transnational businesses. For example, there is the issue that women migrants tend to be more vulnerable than male migrants. They experience isolation and miss their loved ones at a greater level than male migrants (Ogunsiji, et al., 2012). This may be a motivating factor that drives women to make greater use of their social network and is worth researching. Alongside this there are so many other factors such as the cultural, ethnic, and educational backgrounds that influence the participants in this study (Mustafa, and Chen,2010; Sahin, Nijcamp et al, 2014) and this too could be investigated.

Conclusion

This study only scratches the surface of transnationalism social capital and cultural knowledge amongst African migrant entrepreneurs. What each of the participants in this study have done is to become self-employed due to a lack of appropriate employment by meeting the needs of a community with whom they share the same or a similar cultural background (Bagwell, 2015; Le 2000). By providing some of the products and services that their fellow migrants need they become active contributors to maintaining the cohesion of their ethnicity. Furthermore, they could be critical enablers of the transition between the home country and adopted country, and equally inhibited integration. All of this is done through the highly individualised use of social capital and cultural knowledge.

References


