Strengthening Marketing Initiatives of Ethnic Chinese Entrepreneurs in Melbourne: A Financial and Business Growth Model Perspective

Eryadi K Masli

This thesis is submitted in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

Swinburne University of Technology

2010
ABSTRACT

The focus of this thesis is ethnic entrepreneurship in general and ethnic Chinese entrepreneurs in Melbourne in particular. It adopts an interdisciplinary approach to investigate the entrepreneurial practice of ethnic Chinese entrepreneurs in the broader economic structures. The theoretical approach taken stresses the importance of placing these ethnic Chinese entrepreneurs within the history of immigration in Australia and the socio-economic environment that shapes these entrepreneurs’ lives.

This thesis presents the data from interviews with a group of 14 ethnic Chinese entrepreneurs who were born in six countries and who have settled in and own and operate businesses in Melbourne. Selected by a purposeful snowballing sampling method, the ethnic Chinese entrepreneurs, who were born in Australia (1), China (4), Hong Kong (2), Indonesia (3), Malaysia (3) and Vietnam (1), agreed to a detailed, semi-structured interview. A combined qualitative and quantitative approach was used to interpret and analyse these interviews in an attempt to investigate the complexities and dynamics of ethnic Chinese entrepreneurship in Melbourne.

This thesis reviews the literature on entrepreneurship and identifies gaps in the research on ethnic entrepreneurship. The answers to the research questions in this thesis help to sharpen the theory of ethnic entrepreneurship. The questions are: Who are ethnic Chinese entrepreneurs? Why did they venture into business? What resources did they have at business start-up? What contributions do they make to Australian society? What marketing strategy have they used in their businesses?
In this thesis, a multi-disciplinary approach to study the entrepreneurial process of a group of 14 ethnic Chinese entrepreneurs living in Melbourne.

The majority of the ECEs who arrived in Australia were between 20 and 40 years of age. They are well educated as most had completed their school and higher education qualifications and would have had some work experience. Most of the ECEs entered Australia with skills that Australia was looking for and came under the business skills, employer nomination and independent visa categories. The ECEs had established a broad range of businesses, the majority of which were in property and business services, retail trade and communication services.

Opportunities had the greatest impact on the decisions made by the ECEs in starting up business. This confirms the saying that Australia is a land of opportunities. Some ECEs ventured into business because of dissatisfaction over employment and the desire for independence. They also believe that by being Chinese, they have inner motivation to be entrepreneur. The need for personal achievement is also one of the reasons for the ECE went into the business.

They were depended highly on family sources and personal savings as against bank financing and friends. In addition to lend money to the ECEs, the family members also sometimes co-invested in the ECEs’ businesses. Most of the ECEs did not even approach a bank for financing. They believed they would not qualify or they did not want to spend too much time filling in the forms and/or revealing their personal information.
The ECEs were making economic contributions to Australia. Overall, the majority of the ECEs created new businesses at start-up. The ECEs employed more people than the average in Australia. There is sufficient qualitative evidence to suggest that the ECEs contributed to the Australian tax system and were proud of their ability to do so.

The ECEs whose major customers were their co-ethnic group had developed a marketing strategy based on Chinese cultural values. They had been successful entrepreneurs. The implication is that non-Chinese Australian companies should understand Chinese cultural values if they are to develop effective marketing strategies to serve the largest consumer market in the world.

This thesis found that the ethnic Chinese entrepreneurs have made substantial economic contributions to Australia and to their community. The story of these ethnic Chinese entrepreneurs in Australia helps to consolidate our understanding of the ethnic entrepreneurship phenomenon. Lastly, understanding Chinese cultural values can assist Australian firms to sharpen their marketing strategy to serve the world’s largest consumer market.
ACKNOWLEDGEMENTS

In completing this thesis, I have many people to thank. In the first instant, I want to thank my supervisor Professor Christopher Selvarajah who guided and set me in the right direction and with a great deal of patience helped me to finish this thesis. Without his support and encouragement this task would not have been possible. I am deeply grateful to him for his commitment and dedicated supervision during the research. In addition I want to thank the participants from the Chinese business community in Melbourne in supporting and providing their valuable time for this research. Through the interview, they have provided the most valuable information for my research. Without them, this thesis would not have happened.

My wife, Chanpen has been there always for me and without her moral support and understanding completion of this thesis may not have been possible. Natnalie, my daughter has been a constant reminder that nothing is impossible and I thank her for her encouragement. The journey, at times has been lonely, except for the Devine who was there always with me. My salutations to thee.
DECLARATION

I, Eryadi K Masli, declare that the thesis:

1. Contains no material which has been accepted for the award to the candidate of any other degree or diploma, except where due reference is made in the text of the thesis

2. To the best of my knowledge contains no material previously published or written by another person except where due reference is made in the text of the thesis; and

3. Where the work is based on joint research or publications, discloses the relative contributions of the respective authors.

4. Has met all the requirements of the Ethics Approval from the Swinburne University of Technology (refer to Appendix 2).

Signature:

Date:
# CONTENTS

**ABSTRACT** ii

**ACKNOWLEDGEMENTS** v

**DECLARATION** vi

**CONTENTS** vii

**LIST OF TABLES** xiii

**LIST OF FIGURES** xv

**LIST OF APPENDICES** xvi

**PART 1 – INTRODUCTION** 1

**CHAPTER 1**

**INTRODUCTION**

1.1 Introduction 2

1.2 Why study ethnic Chinese entrepreneurs in Australia? 3

1.3 Importance of this study 5

1.4 Research objectives 6

1.5 Research questions 6

1.6 Content of this thesis 8

1.7 Summary 10

**PART II – LITERATURE REVIEW** 12

**CHAPTER 2**

**ETHNIC ENTREPRENEURSHIP**

2.1 Introduction 13

2.2 Definitions of entrepreneurs 13

2.3 Definitions of ethnic entrepreneurs 21

2.4 Ethnic entrepreneurship theories 22

2.5 Summary 32
CHAPTER 3
AN OVERVIEW OF CHINESE ENTREPRENEURSHIP IN AUSTRALIA

3.1 Introduction 34
3.2 Chinese entrepreneurs: The early years 35
3.3 Chinese entrepreneurs: The last 30 years 41
3.4 Effects of Immigration policies and programs on Chinese entrepreneurs 46
3.5 Summary 49

PART III – RESEARCH STRATEGY AND METHODOLOGY 51

CHAPTER 4
RESEARCH METHODOLOGY

4.1 Introduction 52
4.2 Identification of ethnic Chinese entrepreneurs 53
4.3 Selection of countries of birth 53
4.4 Research strategy 54
4.5 Multi-method approach: Interviews and questionnaire 54
4.6 Secondary data sources 56
4.7 Primary data sources 57
4.7.1 Ethics of human study 58
4.7.2 Number of interviews 58
4.7.3 Snowball sampling 59
4.7.4 Language of interviews 59
4.7.5 Tape recording and transcribing of interviews 60
4.7.6 Use of pseudonyms 60
4.7.7 Interview schedule 60
4.7.8 Location of interview subjects 61
4.8 Multidisciplinary approach 61
4.9 Summary 61
# PART IV – ANALYSIS AND RESULTS

## CHAPTER 5

**ETHNIC CHINESE ENTREPRENEURS IN MELBOURNE**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Introduction</td>
<td>63</td>
</tr>
<tr>
<td>5.2 Sources and limitations of secondary data</td>
<td>63</td>
</tr>
<tr>
<td>5.3 Characteristics of SMEs</td>
<td>66</td>
</tr>
<tr>
<td>5.4 Participation rates in entrepreneurship</td>
<td>68</td>
</tr>
<tr>
<td>5.5 Chinese participation rates as employers and own account workers</td>
<td>69</td>
</tr>
<tr>
<td>5.6 Demographic profile of Chinese entrepreneurs in Melbourne</td>
<td>69</td>
</tr>
<tr>
<td>5.6.1 Age groups</td>
<td>69</td>
</tr>
<tr>
<td>5.6.2 Marital status</td>
<td>69</td>
</tr>
<tr>
<td>5.6.3 Children</td>
<td>70</td>
</tr>
<tr>
<td>5.6.4 Education</td>
<td>70</td>
</tr>
<tr>
<td>5.6.5 Immigration entry categories</td>
<td>71</td>
</tr>
<tr>
<td>5.6.6 Number of years since immigration entry</td>
<td>73</td>
</tr>
<tr>
<td>5.7 Businesses operated by Chinese entrepreneurs</td>
<td>75</td>
</tr>
<tr>
<td>5.8 Business ownership</td>
<td>75</td>
</tr>
<tr>
<td>5.9 Location of businesses</td>
<td>76</td>
</tr>
<tr>
<td>5.10 Summary</td>
<td>79</td>
</tr>
</tbody>
</table>

## CHAPTER 6

**VENTURING INTO BUSINESS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Introduction</td>
<td>81</td>
</tr>
<tr>
<td>6.2 Previous studies</td>
<td>82</td>
</tr>
<tr>
<td>6.3 The interviews</td>
<td>86</td>
</tr>
<tr>
<td>6.4 Venturing into business</td>
<td>83</td>
</tr>
<tr>
<td>6.4.1 Opportunity</td>
<td>88</td>
</tr>
<tr>
<td>6.4.2 Being entrepreneurial</td>
<td>92</td>
</tr>
<tr>
<td>6.4.3 Employment barriers</td>
<td>94</td>
</tr>
<tr>
<td>6.4.4 Financial</td>
<td>97</td>
</tr>
<tr>
<td>6.4.5 Challenges</td>
<td>99</td>
</tr>
<tr>
<td>6.4.6 Flexibility</td>
<td>101</td>
</tr>
<tr>
<td>6.4.7 Parents</td>
<td>102</td>
</tr>
</tbody>
</table>
### CHAPTER 7
#### FINANCIAL RESOURCES AT START-UP
- **7.1 Introduction** 106
- **7.2 Previous studies** 107
- **7.3 Definition** 108
- **7.4 The interviews** 109
- **7.5 Financial resources** 109
  - **7.5.1 Sources of start-up capital** 110
  - **7.5.2 Personal savings** 113
  - **7.5.3 Family money** 115
  - **7.5.4 Friends** 116
  - **7.5.5 Banks** 116
  - **7.5.6 Other sources** 118
- **7.6 Amount of cash at start-up** 119
- **7.7 Strategies to overcome cash constraint** 121
- **7.8 Summary** 124

### CHAPTER 8
#### FAMILY AND NETWORKS
- **8.1 Introduction** 126
- **8.2 Previous Studies** 127
- **8.3 The interviews** 130
- **8.4 Family** 131
- **8.5 Networks** 134
  - **8.5.1 Local business networks** 138
  - **8.5.2 Overseas business networks** 142
- **8.6 Summary** 144
# CHAPTER 9
**CONTRIBUTION OF ETHNIC CHINESE ENTREPRENEURS TO AUSTRALIA**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 Introduction</td>
<td>146</td>
</tr>
<tr>
<td>9.2 The interviews</td>
<td>146</td>
</tr>
<tr>
<td>9.3 Contribution ethnic Chinese entrepreneurs make to Australia</td>
<td>147</td>
</tr>
<tr>
<td>9.4 Business creation and innovation</td>
<td>148</td>
</tr>
<tr>
<td>9.5 Employment</td>
<td>151</td>
</tr>
<tr>
<td>9.6 Tax contribution</td>
<td>153</td>
</tr>
<tr>
<td>9.7 Summary</td>
<td>154</td>
</tr>
</tbody>
</table>

# CHAPTER 10
**STRENGTHENING MARKETING INITIATIVES: CO-ETHNIC TARGETED MARKETING STRATEGY OF ETHNIC CHINESE ENTREPRENEURS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Introduction</td>
<td>155</td>
</tr>
<tr>
<td>10.2 Previous studies</td>
<td>156</td>
</tr>
<tr>
<td>10.3 Public policy</td>
<td>157</td>
</tr>
<tr>
<td>10.4 Financing and business growth model</td>
<td>159</td>
</tr>
<tr>
<td>10.5 Characteristics of ECEs’ businesses</td>
<td>164</td>
</tr>
<tr>
<td>10.6 Chinese cultural values</td>
<td>166</td>
</tr>
<tr>
<td>10.7 Chinese cultural values and their implications for marketing strategy</td>
<td>167</td>
</tr>
<tr>
<td>10.7.1 Man-to-nature orientation</td>
<td>168</td>
</tr>
<tr>
<td>10.7.2 Man-to-himself orientation</td>
<td>169</td>
</tr>
<tr>
<td>10.7.3 Relational orientation</td>
<td>170</td>
</tr>
<tr>
<td>10.7.4 Time orientation</td>
<td>171</td>
</tr>
<tr>
<td>10.7.5 Personal activity orientation</td>
<td>172</td>
</tr>
<tr>
<td>10.8 Summary</td>
<td>172</td>
</tr>
</tbody>
</table>
PART V – CONCLUSION AND RECOMMENDATIONS

CHAPTER 11

A REVIEW OF THE THESIS

11.1 Introduction 175
11.2 Aim of the study 176
11.3 Revisiting on theory of entrepreneurship 177
11.4 The study framework 178
11.5 Research questions 179
11.6 Thesis findings 180
  11.6.1 Who are ethnic Chinese entrepreneurs? 180
  11.6.2 Why did they venture into business? 182
  11.6.3 What resources did they have at business start-up? 183
  11.6.4 What contributions do they make to Australian society? 185
  11.6.5 What marketing strategy have they used in their businesses? 186
11.7 Policy implication 187
11.8 Limitations and future research directions 188

REFERENCES

APPENDICES
LIST OF TABLES

Table 3.1  Male entrepreneurs in Australia, by birthplace or main countries of origin of Australia’s Chinese immigrants, 1991 national census (% of those in the labour force)  45

Table 3.2  Female entrepreneurs in Australia, by birthplace or main countries of origin of Australia’s Chinese immigrants, 1991 national census (% of those in the labour force)  45

Table 5.1  Number and age profile of small business operators in Australia 66

Table 5.2 Qualifications of small business operators, 2006  67

Table 5.3 Australian-born and overseas-born small business operators, 2006  68

Table 5.4 Comparative participation rates in entrepreneurship, 1996, 2001, 2006 censuses  68

Table 5.5 Ethnic Chinese employers and own account workers as percentage of total employed, by birthplace  69

Table 5.6 ECEs in Victoria: Age groups by country of birth  70

Table 5.7 Marital status of ECEs  70

Table 5.8 Children of ECEs  71

Table 5.9 ECEs: Highest level of education  71

Table 5.10 ECEs: Levels of education and skills attainment and highest qualifications gained overseas or in Australia  72

Table 5.11 ECEs: Immigration visa entry categories  74

Table 5.12 ECEs: Types of businesses  76

Table 5.13 ECEs: Structure of business ownership  77

Table 5.14 ECEs: Location of businesses  77

Table 5.15 ECEs: Location of businesses based on industry  78

Table 6.1 ECEs: Major reasons for starting up a business  85

Table 6.2 Reasons why ECEs went into business  87
Table 6.3  ECEs: Top five reasons for going into business 88
Table 7.1  Sources of start-up capital accessed by ECEs 111
Table 7.2  ECEs: Sources of start-up capital 112
Table 7.3  ECEs: Cash start-up capital 120
Table 7.4  ECEs: Cash start-up, by grouping 121
Table 7.5  Types of business premises at start-up and at time of interview 122
Table 8.1  Customer networks: Background to relationship of major local customers 139
Table 8.2  Customer networks: Ethnicity of major customers 140
Table 8.3  Supplier network: Background to relationship of major suppliers 141
Table 8.4  Supplier networks: Ethnicity of major supplier 141
Table 8.5  ECEs: Participation in overseas trade, by country of birth 142
Table 8.6  ECEs: Participation in export and import trade 143
Table 8.7  ECEs: Main trading areas 143
Table 9.1  ECEs: Status of business at start-up 149
Table 9.2  Number of businesses currently owned, by country of birth 150
Table 9.3  Number of years in business in Australia and number currently employed 152
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 4.1</td>
<td>Research strategy</td>
<td>55</td>
</tr>
<tr>
<td>Figure 6.1</td>
<td>ECEs venturing into business paradigm</td>
<td>104</td>
</tr>
<tr>
<td>Figure 10.1</td>
<td>Financing and business growth model</td>
<td>163</td>
</tr>
</tbody>
</table>
LIST OF APPENDICES

Appendix 1: The interview schedule

Appendix 2: Ethics approval
PART 1 – INTRODUCTION

In the first part, I will explain why the study on ethnic Chinese entrepreneurs (hereafter referred as to ECEs) was undertaken. The objectives of the research will be formalised. Furthermore, I will discuss the research questions in details. The content of the thesis will be outlined and, finally, the key findings of this study will be provided.
CHAPTER 1

INTRODUCTION

1.1 Introduction

The growth in the rate of ethnic entrepreneurship in Australia and in other Western countries, and the over-representation of many immigrants in business enterprises in most if not all developed countries raise many questions about ethnic entrepreneurship. While the literature on ethnic entrepreneurship is developing, knowledge about ethnic entrepreneurs in Western countries and especially in Australia lags behind. Moreover, literature on ethnic entrepreneurship needs to be recognised by mainstream entrepreneurship literature. Entrepreneurship is a very complex idea and there is still no single definition of entrepreneurship. The theory of entrepreneurship is an evolving phenomenon. Complex as it may be, ethnic entrepreneurship needs to be integrated into the holistic picture of entrepreneurship and not continue to be positioned as an appendage of the theory of entrepreneurship literature. Meanwhile, to increase our knowledge and to contribute to the theory of entrepreneurship, the focus of this thesis is ethnic entrepreneurship in general and ethnic Chinese entrepreneurs in Melbourne, Australia, in particular.

This thesis adopts a multi-disciplinary approach to investigate the entrepreneurial process of a group of ethnic Chinese living in Melbourne. Against the backdrop of a history of Asian immigration to Australia and the emergence of China as the second largest economy in the world, this thesis presents the data from interviews with a group of 14 ethnic Chinese entrepreneurs (ECEs) who live in and own and operate businesses in Melbourne.
Selected by snowballing or networking sampling methods, ethnic Chinese entrepreneurs born in Australia (1), China (4), Hong Kong (2), Indonesia (3), Malaysia (3) and Vietnam (1) agreed to a detailed, semi-structured interview. A combined quantitative and qualitative approach was used to interpret and analyse these interviews in an attempt to examine the complexities and dynamics of this group of ECEs. The theoretical approach taken stresses the importance of placing these ECEs within Australia’s immigration history and the socio-economic environment that has shaped these ECEs in Melbourne in their entrepreneurial life.

1.2 Why study ethnic Chinese entrepreneurs in Australia?

In order to find a better prospect, during the last two centuries the Chinese people left China to the western countries such as the United States, Canada and Australia (Li, 1988). Throughout history, Chinese communities have spread all over the world, with some twelve million Chinese moving out of China from the 1820s onwards and managing to adapt to different social environments (Skeldon, 1995, p. 576). The history of the Chinese immigrant in Australia can be traced back to the gold rush of the 1850s (Collins, 2002). In the beginning, they were mostly farmers. However, over time the immigrants included professionals such doctors, bankers, and entrepreneurs. By mid-1990s, the number of people of Chinese ancestry living in Australia was estimated to be 300,000 (Pe-Pua et al., 1996). Although there are many estimates of the exact number of overseas Chinese, figures are imprecise. Chin (1988) suggests that the percentage of Chinese in Australia compared to the total Chinese diaspora is estimated to be less than 0.5 per cent. The 2006 Census (ABS 2006b) shows the number of Chinese ancestry living in Australia to have doubled to 669,890 from the 2000 Census. By 2008, more than 60 million Chinese lived overseas (Lee, 2009). It means that in less than two
decades, the proportion of Chinese ancestry living in Australia has increased to 1.5 per cent of the overseas Chinese population. While the proportion rate is increasing, it is still relatively small. Despite their relatively small numbers, only 3.1 per cent of the total Australian population in 2006, Chinese immigration is a critical part of Australia’s immigration history and ethnic Chinese entrepreneurs have played a major role in the history of the Chinese in Australia.

During their life in Australia, these entrepreneurs have formed close-knit and formidable business networks, Weidenbaum, and Hughes (1996, p.3) refers to this as the "bamboo network"; reaching across the globe and each reaching back to their own homeland. These great networks of Chinese immigrants reach back through the network, sending billions of dollars back into their homelands (ABS 2006b). In Australia, they create employment and contribute significantly to the economy.

In the past few years, several studies have been conducted on the ethnic Chinese entrepreneurs in Australia. For example, in recent year Lee (2009) investigates the transition change from the first to the second generation ethnic Chinese entrepreneurs in Australia. The focal point of his study is on the understanding of the elements contributing to the success of their businesses. On the other hand, Low (2003) examines the embedded intersections of immigrant female entrepreneurship. Particularly, Low (2003) looks at the Asian-born women entrepreneurs in Sydney, of which about 80 per cent of her respondents were ethnic Chinese immigrants. Nonetheless, despite information on small business formation and the economic contribution of Chinese entrepreneurs in Australia and other developed countries (for example, Backman 1995, Chin 1988, Collins 2002, Collins 2003, and Li 1988), little is known of ethnic Chinese entrepreneur profiles in Australia. Issues, such as; who are the ethnic Chinese
entrepreneurs?, how did they start their businesses?, what knowledge, experiences and resources were available to them to identify and exploit opportunities?, what benefits did their entrepreneurship create for the Australian economy?, and what marketing strategies do they use in developing and growing their businesses?; are not examined thoroughly. This scarcity of research on these issues in Australia is a critical omission.

1.3 Importance of this study

There has been a phenomenal growth in the numbers of ethnic entrepreneurs in the 1990s and 2000s in Australia (Selvarajah and Masli, 2010). Many of these ethnic entrepreneurs started their businesses on a small scale. However, a new trend of ethnic entrepreneurship, especially by people of Chinese background, emerged in the early 2000s. These ECEs possessed higher educational levels and were better resourced. These new-breed ECEs arrived in Australia under different social and economic circumstances to migrant ethnic entrepreneurs previously studied. Earlier researchers studied immigrants who came to Australia mainly under refugee or humanitarian visas. However, these migrant entrepreneurs were less educated and less capitalised; thus, they operated smaller scale businesses. The emergence of better socially and economically endowed ethnic entrepreneurs, in this case, the ECEs, has drawn public attention. Very little is known of the ECEs as to their experience in self-employment, their contribution to the creation of new businesses, the consequent reduction in unemployment, and their ability to create new jobs.

There are two reasons why there is a need to study ECEs in Australia. First, despite the impressive growth of ECEs in Australia, there is a lack of knowledge on those who were better resourced (not necessarily in financial terms). Second, the beneficial social
and community outcomes of ECEs’ entrepreneurship are missing in the existing literature on immigrants in Australia. Thus, the importance of this study is to:

- contribute to research and theory on ethnic entrepreneurship;
- generate findings that have policy implications. It is assumed that promotion of ethnic entrepreneurs is important in reducing economic inequality. An empirical study of ECEs will provide information about the financing and marketing strategies of ethnic businesses. The findings are likely to be very useful to policymakers, particularly as such a large proportion of ECEs’ businesses seem successful; and
- be of use as a source of information on ethnic Chinese immigrants in general in Australia.

1.4 Research objectives

The objective of this research is to contribute knowledge about ethnic entrepreneurs in Australia. A further objective is to improve understanding of the economic impact and the contributions of ECEs to Australia. This will add knowledge about the barriers ethnic entrepreneurs have to overcome, together with knowledge about their dynamism and performance in an operating environment that is often very different to that of their country of birth. Finally, this research provides further support to the emerging ethnic entrepreneurship theory and to become a basis of support to government policy makers whose brief covers immigrants and small business development and employment.

1.5 Research questions

Five issues on research of the ethnic Chinese entrepreneurs in Australia were identified for investigation and exploration, in order to achieve the objectives of the study outlined
earlier. These are their profiles, their motivations for starting up businesses, the resources needed to start-up and develop their businesses, the consequences and benefits of their entrepreneurship to the Australian economy, and their marketing strategies to grow their business ventures.

In this study, therefore, I look at ethnic Chinese entrepreneurs in Melbourne to answer the following:

- Research question 1: Who are ethnic Chinese entrepreneurs?
- Research question 2: Why did they venture into business?
- Research question 3: What resources did they have at business start-up?
- Research question 4: What contributions do they make to Australian society?
- Research question 5: What marketing strategy have they used in their businesses?

These questions are based on the gaps identified earlier in the thesis; further discussion is in literature review in chapters 2 and 3.

The direction that each research question takes may not conform fully to the intentions of the original interview schedule. The emerging themes of discovery are complex and often overlap. The following outline of the thesis attempts to provide a structural framework to untangle the complexity of entrepreneurship.
1.6 Content of this thesis

This thesis explores the five sets of research questions in chapters 2 to 10.

Chapter 2 reviews the literature on entrepreneurship and identifies gaps in the research on ethnic entrepreneurship studies. It questions whether the literature findings adequately explain the experiences of ECEs in Melbourne.

Chapter 3 examines the history of Chinese immigration to Australia. The review of the history of Chinese immigrants as well as the history of immigration is important to the development of Chinese entrepreneurship in Australia. These immigrants came from many parts of the globe carrying their unique perceptions based on the philosophy and culture of their respective homelands. Gradually all these divergent views and forces merged into the mainstream of immigrant activities in Australia and thus started shaping the history of this country. This chapter also explores how immigration policies and programs affect ethnic Chinese entrepreneurs.

Chapter 4 discusses the research methodology and approaches to the study. For the research strategy, I propose a multiple qualitative research methods approach and the application of knowledge from interdisciplinary studies. In addition, some quantitative analysis is done from secondary data sources such as census data and qualitative data collected from field interviews. This chapter also outlines the methodological issues underlying the selection of the 14 ECEs who were interviewed for this thesis.

Chapter 5 constructs the demographic profile of the 14 ECEs interviewed. As a contribution to an empirical basis for ethnic entrepreneurship theory, Chapter 5 also
looks at the statistical identity of Chinese immigrants through the 2001 and 2006
Australian census data.

Chapter 6 questions why ECEs go into business. The field interview questions were
aimed at gathering insights into the reasons for this in the light of existing research
findings in the entrepreneurship literature.

Chapter 7 sets out to examine and evaluate the critical factors in entrepreneurship. It
asks, specifically, what financial resources the ECEs had at start-up. There are different
sets of financial resources that the ECEs brought to their business. What were these?
What start-up capital did they have and what were the sources? How much capital did
d they have when they first started their businesses?

Chapter 8 looks at the non-monetary resources the ECEs had when they started their
businesses. Specifically, the chapter investigates the role of family and networks in
enabling the entrepreneurial process of the ECEs. It also investigates how the ECEs
built local customer relationships and how they developed overseas networks.

Chapter 9 investigates the economic outcomes of the ECEs. It investigates the
contribution made by the ECEs, especially to business creation and innovation and to
employment and job creation, which are important facets of entrepreneurship. In
addition, it looks at their other contributions to Australia, such as taxes.

Chapter 10 examines the co-ethnic targeted marketing strategies employed by the ECEs
in their effort to develop and grow their businesses. It also looks at Chinese cultural
values and their implications for marketing strategy. This chapter also investigates public policy and its impact on the ECEs. Also, a financing and business growth model is introduced to explain how the ECEs built their businesses successfully from start-up. Through the model it also examines how the strengthening of marketing initiatives plays a crucial role in the success of ECEs.

Chapter 11 reviews the thesis by revisiting its aims and summarising the major findings. It also examines the limitations of this research and proposes areas for further studies.

1.7 Summary

This study seeks to explore and investigate the entrepreneurial process of a group of ethnic Chinese living in Melbourne. The research questions are related to the ethnic Chinese entrepreneurship. Five questions on the characteristics and outcome of the entrepreneurship of Chinese entrepreneurs were identified for investigation and exploration, in order to achieve the objectives of the study outlined earlier. These are demographic profile of the ethnic Chinese entrepreneurs, their motivation for venturing into entrepreneurship, their resources in starting up businesses, their contributions to the nation, and their marketing strategy in developing their businesses.

In this introductory chapter, an overview of the content of this thesis has been provided. A brief background on the multi-disciplinary approach of the thesis has been introduced. The reasons why there is a need to study ethnic Chinese entrepreneurship in Australia have been explained. The background information on the principal issues of analysis in this thesis are further discussed and examined in the next two chapters, which are part of the literature review.
In summary, while the literature on ethnic entrepreneurship is developing, there is a lack of research on ethnic entrepreneurship in Australia. To increase knowledge and to contribute to the theory of entrepreneurship, this thesis focuses on ethnic entrepreneurship in general and ethnic Chinese entrepreneurs in Melbourne, in particular.
PART II – LITERATURE REVIEW

This part, consisting of two chapters, will review the studies conducted by earlier researchers. In Chapter 2, I will discuss intensively the theories and definitions of entrepreneurship, particularly ethnic entrepreneurship. Also, the reasons for ethnic Chinese going into entrepreneurship will be explored. In Chapter 3, I will present an historical overview of ethnic Chinese entrepreneurs in Australia, including both the early years of ECEs in Australia and the last 30 years. Also, immigration policies and their effects on ECEs will be discussed.
CHAPTER 2
ETHNIC ENTREPRENEURSHIP

2.1 Introduction
This chapter explores the literature on ethnic entrepreneurship. It first examines the definition of entrepreneurship, as there is still no single agreed definition despite the numerous entrepreneurship studies and research in this area. This chapter then examines the existing body of knowledge about entrepreneurs and entrepreneurship with a view to furthering the understanding of the ethnic entrepreneurship phenomenon. Following the exploration of the definitive issues of entrepreneurship, this chapter will look at the literature on ethnic entrepreneurship as a theoretical background to understanding ethnic Chinese entrepreneurs (ECEs) in Melbourne. The chapter also investigates the researches that have been done on ECEs in Australia with the view of developing a profile for ethnic entrepreneurs.

2.2 Definitions of entrepreneurs
To date, the consensus amongst researchers is that there is no definition of who an entrepreneur is or what entrepreneurship is. The definitions of entrepreneurship in literature are broad and they vary from one author to another. There is still no single agreed definition of entrepreneurship (Bhide, 1990; Bruyat & Julien, 2001; Gartner, 1990) despite the numerous business schools’ forays into entrepreneurship studies and research in this area. Further, despite the non-consensus of definition, Filion (1997) reported that there were more than 1,000 publications annually in the field of entrepreneurship, at more than 50 conferences and in 25 specialised journals.
There exist many definitions of entrepreneur that are the reflection of a myriad of manifestations of entrepreneurial activities and of the entrepreneurial self. For example, it was found that some researchers define entrepreneurs based on their respective study discipline (Gartner, 1990) and that empirical researchers have described the entrepreneurial phenomenon from different standpoints (Bruyat & Julien, 2001). There is some consensus as to the attributes of entrepreneurship as a human endeavour, such as perseverance, risk taking, independence, initiative, creativeness, positive response to change, and hard work (Kao, 1995). For example, Vanderwerf and Brush (1989) in their review of twenty-five definitions for entrepreneurship indicated that entrepreneurship has been defined as a business activity consisting of some ‘intersection’ of the following human behaviours:

- Creation – which is the establishment of a new business unit;
- General management – which is the managerial direction of or resource allocation for a business;
- Innovation – which is the commercial exploitation of some new product, process, market, material, or organization;
- Risk taking – which is the acceptance of uncommonly high risk from the potential losses or failure of a business unit;
- Performance intention – which is the intent to realize high levels of growth and/or profit through a business unit.

Other researchers, also commenting on the diversity in defining entrepreneurship, think that because entrepreneurship is a widespread business phenomenon it embraces a diffuse range of economic activities. Thus, definitions differ and vary as they try to
adapt to the specific characteristics of these differing economic activities (Kallenberg 1986).

The complexity and heterogeneous approach in defining entrepreneurship are confusing, and the field of entrepreneurship study needs clearer definition as many researchers have found. Nevertheless, in the following section, I will explore some of the developmental definitions of entrepreneurship so as to capture the complexities, especially when ethnicity is considered. This is not an attempt to cover all the definitional issues in the literature, but to focus on those that are relevant to this thesis.

The French writings of Cantillion (1755), translated in *The Essay on the Nature of Trade in General*, is one of the earliest known writings that describes entrepreneurship of the time and the characteristics are still applicable today. Higgs (1959) in his translation of Cantillion’s work used the words “undertakers and merchants” to describe entrepreneurs (pp. I.IV.1, I.V.3). In Higgs’ translation, Cantillon described entrepreneurship in the market place as follows:

> There are some villages where markets have been established by the interest of some Proprietor or Gentleman at Court. These markets, held once or twice a week, encourage several little undertakers and merchants to set themselves up there. They buy in the market the products brought from the surrounding villages in order to carry them to the large towns for sale. In the large towns they exchange them for iron, salt, sugar and other merchandise which they sell on market-days to the villagers. Many small artisans also, like locksmiths, cabinet makers and others, settle down for the service of the villagers who have none in their villages, and at length these villages become market towns.........If in this same city workshops and manufactories be set up apart from home consumption for export and sale abroad..... (p.I.IV.1)
Cantillon observed the construction of infrastructure or an operating environment that was conducive to the start of entrepreneurial activities for others by an authority such as the “Proprietor or Gentleman at Court” who were entrepreneurs themselves. It is an interesting observation as ethnic entrepreneurship is dependent on infrastructure facilities and an operating environment that is conducive to enterprise formation (Waldinger, Aldrich, Ward and Associates, 1990).

In describing the movement of various group of ‘little’ entrepreneurs to trade and the resettlement of some entrepreneurial tradesmen to provide services, Cantillon recognised that entrepreneurs were opportunity seekers. Entrepreneurs were willing to migrate to locations where the business opportunities exist. Cantillon’s description of entrepreneurs is still valid today as entrepreneurs move and migrate across cities and national borders.

Cantillon also observed the risk-taking characteristics of entrepreneur when he wrote:

All the other undertakers like those who take charge of mines, theatres, buildings, etc., the merchants by sea and land, etc., cook-shop keepers, pastry cooks, innkeepers, etc., as well as the undertakers of their own labour who need no capital to establish themselves, like journeyman artisans, coppersmiths, needlewomen, chimney sweeps, water carriers, live at uncertainty and proportion themselves to their customers. Master craftsmen like shoemakers, tailors, carpenters, wigmakers, etc., who employ journeymen according to the work they have, live at the same uncertainty since their customers may forsake them from one day to another ... (in Higgs, 1959; p. I.XIII.11).

In the eyes of Cantillon, an entrepreneur is perceptive, intelligent and willing to take risks. The entrepreneur’s role is to bring the two sides of the market together, bearing all the risks involved in this process. Risk-taking propensity remains a key aspect of the entrepreneurial psyche as visualized by American researchers (Carland et al. 1996). To these researchers, risk-taking is a primary element of entrepreneurship. However, some
studies have indicated no significant differences in risk-taking propensities for entrepreneurs as compared to the general population (Brockhaus 1980, Sexton and Bowman 1983), but other have discovered a higher propensity for risk-taking among entrepreneurs (Carland et al. 1995). When the ethnic entrepreneurs, who moved and migrated across national borders, started up business ventures, they were basically taking higher risks.

By 1800, many French economists had given a special meaning to entrepreneur and entrepreneurship, with differences arising largely from the characteristics of the sector of the economy that mainly attracted their interest and attention. Around 1810, in the midst of the industrial revolution, general ‘managerial capabilities’ were required for success as an entrepreneur (Say, 1828). At this time there was no middle management in organizations and the entrepreneur had to fulfil these roles alone (Long 1983). An industrialist himself, Say (1828) argued that an entrepreneur was like a manager. He wrote that the main contribution of the entrepreneur was to combine and coordinate factors of production. His view is different from Catillion’s risk-taking characteristics of the entrepreneurs. Say did not explicitly mentioned about risk taking attribute of entrepreneurship. The idea that the entrepreneur must also be a manager was followed up by Leibenstein (1968).

On the hand, Mill (1848) strongly believed that the singular factor in differentiating a ‘manager’ from an ‘entrepreneur’ was the ‘bearing of risk’. Knight (1965) developed further the notion of risk taking amongst entrepreneurs. Knight distinguished the risks undertaken by the insurers from risks undertaken by entrepreneurs. Insurers’ risks are calculated, whilst entrepreneurs need also to bear uncertainties of the market or uncertain risks and are rewarded by potential profits.
Schumpeter (1954) approached entrepreneurs as innovators who instituted changes in the market through new combinations, such as new products or processes, new markets, new suppliers and new materials, or by developing or creating a new organisation. Many researchers supported Schumpeter (Casson, 1982). Gartner (1985) supported Schumpeter’s view that entrepreneurship is about creation of new organisations. Penrose’s (1959) contention was that, by the initiative of entrepreneurs, entrepreneurial activity involves identifying opportunities and new products that might be sold to consumers. Kirzner (1983) added that entrepreneurs recognise and act on market opportunities. However, Schumpeter’s emphasis on ‘new’ did not fully recognise the entrepreneurship of those who ventured into established businesses. This ignores many entrepreneurs today who might have taken over family businesses or existing businesses and who might be as entrepreneurial as those starting ‘new’ products or venturing into ‘new’ markets, ‘new’ businesses and other ‘new’ ventures.

In addition, there are many more significant contributors to the identification of an entrepreneur and to the evolving understanding of entrepreneurship. Stevenson and Jarillo (1990) defined entrepreneurship as a process by which individuals pursue opportunities without regard to resources they currently control. Timmons (1994) incorporated Stevenson and Jarillo’s definition of entrepreneurship to include value creation. Timmons (1994, p7) wrote:

Entrepreneurship is creating and building something of value from practically nothing. That is, entrepreneurship is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled. Entrepreneurship involves the definition, creation, and distribution of value and benefits to individuals, groups, organizations, and society. Entrepreneurship is very rarely a get-rich quick proposition; rather it is one of building long-term value and durable cash flow streams.
Timmons and his colleagues captured most of the important features of entrepreneurship, including recognising entrepreneurs in the distribution of value and benefits to society, and the ability to sustain and to grow a venture. Nevertheless, Timmon’s definition that ‘entrepreneurship is creating and building something of value from practically nothing’ does not explain the many entrepreneurs who possess start-up resources to buy businesses and who have the ability to innovate, add value and to grow businesses. Also, it is arguable that entrepreneurs do not start ‘from practically nothing’, as even their own labour and labour from family members are resources. This is a feature of many small businesses operated by ethnic immigrant entrepreneurs.

Gartner (1990, pp.15-28) tried to form a consensus by asking researchers and practitioners to define entrepreneurship. In his study, he employed Murray Turoff’s Delphi’s technique (Turoff, 1975), where he constructed a series of three questionnaires to elicit definitions of entrepreneurship from leading academic researchers in entrepreneurship, business leaders and politicians. In his study, he sent out 280 mails to targeted individuals, of which 44 responses were received. No politician replied to his mail. Under Delphi’s technique, each participant was allowed to receive feedback on what the other participants wrote before responding to the next round. In his first question, Gartner asked, “What is your definition of entrepreneurship?” and a content analysis was made of the responses. From these responses, 90 attributes of entrepreneurship were identified. These were sent back to the participants with the second question, “How important is each attribute to your definition of entrepreneurship?”. Gartner asked them to rank each of the attributes. Using factor analysis technique, these 90 attributes were grouped into eight themes, which were the entrepreneur, innovation, organisation creation, creating value, profit or non-profit,
growth, uniqueness and the owner-manager. Based on this result, Gartner sent the third question, asking the participants to evaluate and comment on the eight themes generated. Gartner reported that not one agreed-upon definition of entrepreneurship emerged from this Delphi process. Given this, Gartner further grouped the results, producing two possible major viewpoints on how entrepreneurship might be defined:

*Characteristics of entrepreneurship* This group indicated that a situation is entrepreneurial if they could answer ‘yes’ to these questions: Is there an entrepreneur involved? Is there innovation? Is there growth? Is there uniqueness? For this group, it appears that situations without these characteristics are not entrepreneurial situations (Gartner, 1994, p. 27).

*Outcomes of entrepreneurship* Participants ranked creating value, for profit, and owner manager higher than the other group…Group 2 saw a situation as entrepreneurial only if value was created or if someone gained…It appears that situations where no value is created, or where no one gains, are not entrepreneurial situations (Gartner, 1994, p. 27).

While Gartner did not arrive at a single definition of entrepreneurship, his findings are important for this thesis. On this account, Gartner concluded that entrepreneurship is a very complex idea. Therefore, this thesis needs to take cognisance of the complexities when identifying the ECEs and when asking the research questions about who they are, what they do, what resources they have, and the contribution they make to society.

Based on above review of literature on the conceptualization of entrepreneurship, it can be concluded that entrepreneurship is a dynamic process of the creation of incremental wealth. It is not a get-rich quick scheme. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment and through innovation provide value for some product or service. The product or service may or may not be new or unique but value must somehow be created by the entrepreneur by receiving and allocating the necessary skills and resources.
2.3. Definitions of ethnic entrepreneurs

The term ‘ethnic’ has curious meanings. At one level it refers to a classification of a large group of people based on common traits and customs. That is, the word ‘ethnic” implies classifying large (or small) groups of people according to common ancestral, racial, national, tribal, religious, linguistic and cultural origins. It is a social phenomenon (Zhou 2004). This implies that the concept of ethnicity is multi-faceted (Masurel et al., 2002) and that each ethnic group in the community forms a homogeneous socio-cultural entity which networks intra-group and supporting social and business activities. At a personal level, ethnic refers to one’s cultural heritage and background. If we are a part of an ethnic group, it means that we have a history, and live a lifestyle that identifies us with a particular culture, country, religion, or race. According to this definition each one of us belongs to an ‘ethnic’ group; be it large or small. However, in Australia, the word ‘ethnic’ is used for designating a social group or migrants (or their descendants) whose original language is not English (Menart, 1975). Menart explains that this usage was adopted from the USA ‘as an adjective describing people and customs of non-British origin and of activities relating to such people and customs’ (p. 2). This notion of ethnicity excludes the English-speaking population of British ancestry from the definition of ethnic groups and attempts to designate all ‘others’ as ‘ethnic’ groups. This notion also reinforces a message of ownership and power by a dominant group by denoting everybody else as ‘ethnic’. On the other hand, at a political and national level, it is frequently claimed that Australia is a ‘multicultural’ society. This pluralistic flavour of multi-culturalism stands at odds with the notion and definition of ‘ethnic’ as used in Australia. This ambiguity may itself be a subject of other research. For the purpose of this thesis, I accept the commonly used definition in Australia, and identify all non-English speaking groups as belonging to various ethnic
groups. Ethnic entrepreneurship is thus defined as all ventures started, run, supported, sustained, and grown by an individual, family, or groups of people who belong to one of the so-called ethnic groups (Selvarajah & Masli, 2010).

2.4 Ethnic entrepreneurship theories

For the countries with high level of immigrants, such as Australia, Canada and the United States, immigrants manifest a higher rate of self-employment and entrepreneurship than their non-immigrant counterparts (Light & Rosenstein, 1995). As different ethnic groups manifest different levels of entrepreneurial activities, the explanation obviously goes beyond the traditional neoclassical model of entrepreneurial process, where self-interested and rational actor seizes a lucrative business opportunity as it arises (Kloosterman & Rat, 2001). Combined with the insights of a number of different disciplines and understanding of the movement towards entrepreneurship has generated various conceptions. The ethnic entrepreneurship phenomenon is complex and, over the last 40 years, many concepts and theories on ethnic entrepreneurship have been developed and equally challenged (Zhou, 2004). Notwithstanding, the literature on ethnic entrepreneurship rests on several theories: the middleman minority theory, ethnic enclave theory, the resource-based theory, the disadvantaged theory, the concepts of class resources and ethnic resources, the interactive model, and opportunity structure theory. These explanations of ethnic entrepreneurship are explored in the following sections.

For several decades, the middleman minority theory dominated explanations of immigrant enterprise development. The middleman minority concept deals with a particular cultural group occupying an intermediate position due to some competitive
advantage on a high adaptive capacity. In 1973, Bonacich proposed the middleman minority theory in the understanding of ethnic entrepreneurship (Bonacich, 1973) and through the years developed it further with other researchers. The middlemen minorities can be conceptualized in three ways: they are working as buffers between the elite and the masses; they are playing roles as rent collectors and shopkeepers to the masses and distributing the products and services between these two (Boyd & Xu 2003, Yoon 1991); and they are engaged in trade and services as petit bourgeois (Bonacich & Modell, 1980). Trading with ethnic goods and services in this system creates business opportunities for immigrant entrepreneurs (Kloosterman 2003). However, Min (1996) suggested another view of the middleman minority theory as it applied to the Korean communities in the United States. The ethnic Korean entrepreneurs played the roles of middleman between low-income minority customers and large corporate suppliers. This role raised the issues of ethnic conflicts between Korean entrepreneurs, the African American community and white Americans, and showed how these conflicts brought the Korean community together and strengthened these Korean middlemen’s community ties.

The middleman minority has three characteristics (Bonacich, 1973; O’Brien & Fugita, 1982). First of all, this group has a sojourner orientation to the host country. Secondly, they promote ethnic solidarity as a response to host hostility, which means that they will use ethnic collective actions to resist being disadvantaged or discriminated against by the host society. Finally, they are concentrated in the businesses that can be easily converted to cash (Fernandez & Kim 1998).

The concept of middleman minority entrepreneurs as sojourners is shared by Zhou (2004). Sojourners are those immigrants who move into the new countries not for
permanent settlement but only for financial purposes. Their interest is to amass as much profit as possible in the shortest period and then sell off the business and reinvest their money elsewhere or send it to their home countries.

Other researchers such as Boyd & Xu (2003) and Chah (2002) found that middleman businesses are seen as those small ones which are highly accessible. On the other hand, Cherry (1990) pointed out that middleman minority groups invest in small businesses because they do not have enough capital to set up large businesses. He explained that the reason ethnic Chinese immigrants operating and owning laundry and grocery businesses was due to limited available capital. Consequently, the availability of resources appears to be the key factor influencing immigrants to choose the way in which they form their businesses. As Fernandez and Kim (1998) suggested, aspiration and business opportunity alone cannot explain immigrants’ access to business ownership. Another important element is their ability to mobilise the resources required for setting up and running a business.

The middleman minority theory helped to explain how some ethnic entrepreneurs built their enterprises based on the opportunity structure and operating environment in the host country at the time. However, it does not explain fully the ethnic entrepreneurial phenomenon where immigrants have ventured beyond playing middleman. Middleman entrepreneurs commence business at a very basic level with a view of making a profitable living through providing trade and services to the masses. They procure or produce goods or services at a cheaper price and sell them at a higher price. Historically, they were the immigrants or sojourners who established their businesses in areas to serve the elite or business niches in poor minority neighbourhoods. However, ethnic small businesses are found all over the Australian economy. Generally, Australians
exhibit relatively less class distinction and social segmentation, so the middleman minority theory seems generally inapplicable in the Australian context. Nevertheless, as the success of middleman roles depends on very much on networks that some ethnic entrepreneurs have, the middleman minority theory contributed to the development of the concept of networks as an ethnic resource in ethnic entrepreneurship studies.

In contrast, enclave entrepreneurs provide business services within an established minority or ethnic enclave for the co-ethnic population and the broader population that seeks their business. The concept of an ethnic economy was conceptualised by sociologists such as Bonacich (1973), Bonacich & Modell (1980), Light (1972, 1994) and Model (1985). The ethnic economy concept includes broadly any immigrant or ethnic group’s self-employed, employers, and co-ethnic employees. In a more sophisticated and integrated enclave where it has its own interlinked manufacturing, wholesaling, retailing and business service networks, the small firms within ethnic enclave can control competition, and gain some of the advantages of primary sector firms while retaining secondary sector flexibility (Wilson & Portes (1980). They showed the successful development of such a complex enclave amongst Cubans in Miami (Wilson & Portes, 1980; Wilson & Martin, 1982). The enclave economy refers to the ethnic economy that is bounded by co-ethnicity and location. Unlike the ethnic economy concept, the enclave economy has several unique characteristics. Zhou (2004) argues that there are four distinct features of an enclave economy. First, the group involved has a sizeable entrepreneurial class. Second, economic activities are not exclusively commercial, but include productive activities directed toward the general consumer market. Third, the business clustering entails a high level of diversity, including not just niches avoided by natives but also a wide variety of economic
activities common in the general economy such as professional services and production. Fourth, co-ethnicity epitomises the relationship between owners and employees and, to a lesser extent, between patrons and clients. The main idea of the enclave economy concept is that the enclave is more than just a shelter for the disadvantaged who are forced to take on either self-employment or marginal wage work in small business. Rather, the ethnic enclave possesses the potential to develop a distinct structure of economic opportunities as an effective path to social mobility. The existence of immigrant enclaves requires the presence of immigrants with sufficient capital and initial entrepreneurial skills as well as a regular supply of enclave labour through sustained migration. According to Waldinger (1986), the ethnic enclave is the result of immigrant business growth, not the cause. Furthermore, according to Clark and Drinkwater (2000), ethnic enclave refers to a concentration of people from the same ethnic group within a specific geographical location. They provide incentives and opportunities to find jobs, and to become self-employed within the communities that they are familiar with. Similarly, Sequeira and Rasheed (2006) described an ethnic enclave as an interdependent network of social and business relationships that are graphically concentrated. This enclave is a source of social cohesion and economic support which provides the immigrants with opportunities to socialize and associate with their co-ethnic peers. In this network, people from the same community buy or sell ethnic products and services. They also find employment or start their own businesses. Kupferberg (2003) from an economic perspective defined an ethnic enclave as small enterprises operated and owned by members of an ethnic community. Within such an enclave, networks are integral parts which provide the essential information for the establishment of businesses and the economic input requirements. Selvarajah & Masli
(2010) in their research highlighted the successful development of the Box Hill precinct into an integrated enclave of Chinese immigrants in Melbourne.

Light (1972) noted the different propensities to entrepreneurship between group of African Americans and Japanese and Chinese immigrants. According to Light (1972), the success in business of the latter two groups was due to their cultural practices, such as the formation of ethnically-based rotating credit associations and other business support systems. These observations were the trigger point in the development of a resources-based theory of entrepreneurship. It highlights the unique resources that the ethnic entrepreneur has or could access in order to succeed in business venture development in a new operating environment. This includes the concepts of class and ethnic resources that will be explained in a later section of this chapter.

However, financial capital alone did not determine the success of immigrant business in the United States. Light (1972) tried to explain immigrant entrepreneurship through the theory of disadvantaged. The theory explains that disadvantages such as language barriers, cultural unfamiliarity, un-recognized qualifications, inadequate skills and discrimination force immigrants to settle for lower-skilled or under-employment types of jobs (Henderson 2003, Mesch & Czamanski 1997, Tseng 1995). Immigrants are assumed to be less integrated into the labour market because they are being discriminated against and structurally excluded (Kupferberg, 2003). As pointed out by Fernandez & Kim (1998) and Greene & Chaganti (2004), due to these disadvantages, many immigrants are excluded from mainstream occupations in the primary labour market. This implies that there is a possibility that immigrants tend to be directed to the secondary labour market, where most of the available jobs have low wages and poor working conditions. According to Light (1984), the immigrants may derive a special
incentive from this unfortunate situation to consider self-employment. In addition, this drive may increase as the disadvantage increases. Thus, disadvantages in the labour market can be a factor that pushes immigrants from underemployment to engage in entrepreneurial activity (Clark & Drinkwater 2000, Pio 2005).

Some researchers such as Henderson (2003), Henderson et al. (2001), Ho (2003), Mesch & Czamanski (1997), and Trlin et al. (2004) have reported that the lack of recognition for foreign experiences which leads to unemployment or underemployment can also be a driving force for immigrants to play entrepreneurial roles. In their study, Henderson et al. (2001) found that generally immigrants’ professional skills were being under-utilised or even not used at all in the host country. Hence, the lack of recognition of their experiences results in unemployment or underemployment (Boyer 1996, Friesen & Ip 1997). These phenomena are associated with real or perceived loss of self-esteem, social status and power (Ho 2003); Kupferberg (2003) believed that self-employment is one of the important coping strategies and a desirable alternative. Furthermore, Hammarstedt (2001) suggested that self-employment can be a good way to avoid unemployment and underemployment. These self-employed people who are motivated to engage in entrepreneurial activity are seen as ‘push’ entrepreneurs. Indeed, immigrant entrepreneurship can pave the way to upward social mobility (Kloosterman, 2003). In this sense, disadvantages can provide a pathway for immigrants to become entrepreneurs. While disadvantage may be a factor, such as in Light & Bonacich’s study (1988) which found that Korean immigrants had more financial incentive to be self-employed than wage earners, but disadvantage does not fully account for why equally disadvantaged immigrant groups do not pursue entrepreneurship in equal proportions. Light & Gold (2000) suggested that it was the combination of disadvantage in the labour market and ethnic resources that pave the way to entrepreneurship.
Advancing further the resource-based theory, Light & Gold (2000) suggested a confluence of ‘class resources’ and ‘ethnic resources’ which influence the ability of an immigrant group to facilitate business, maintaining that resources encompass more than financial resources for immigrant groups. Class resources are not only the financial resources that pertain to a particular class status, but also the “occupationally relevant and supportive value, attitudes, knowledge and skills transmitted in the course of socialisation from one generation to another’ (p.84). The class resources, human, social and cultural capital, of a particular immigrant group may give them the ability to pursue entrepreneurial opportunities even when their initial financial capital in the host country is low.

Light & Gold (2000) suggested that class resources are combined with ethnic resources which accrue to all members of the ethnic group across class barriers as ethnic economies do not develop along highly stratified class line. Light & Gold (2000) defined ethnic resources as the “sociocultural and demographic features of the whole group that co-ethnic entrepreneurs actively utilise in business or from which their business passively benefits’ (p.102). For example, many ethnic entrepreneurs establish businesses using or selling their particular cultural products to their co-ethnic community. Ethnic resources also may act as business tools and include such elements as networks, ideologies and system mutual obligation and solidarity (Light & Rosenstein, 1995). The community solidarity creates a trust network which advantages other co-ethnics in business, as well as creating a system of mutual obligations where co-ethnics are hired, treated or trained preferentially (Light, 1995). This was the case with the ethnic Korean business community in the United States (Min, 1996).
The resources theory of entrepreneurship can be integrated into the interactive model of ethnic business development created by Waldinger et al in 1990. Their model suggests that immigrant movement into entrepreneurship arises in response to the interaction between accesses to opportunities, that is, the opportunity structure, and group characteristics. These are in turn embedded in the conditions of the host country where the immigrant arrive. They found that the source of demand in the market is initially based on ethnic consumer products to be sold to co-ethnics through trust relationship formed from ethnic solidarity. Movement from selling particular goods to the co-ethnic community to the mainstream economy frequently involves the occupation of a specialised niche market opening, where the small business operator is not disadvantaged by the lack of economies of scale (Waldinger, Aldrich, Ward & Associates, 1990). In this way, the pathways to entrepreneurship are being embedded in the economic and social conditions of the host country. This theory is quite relevant in explaining the ethnic entrepreneurship in Australia as it does link the economic opportunity to the economic and cultural resources of an ethnic group.

Researchers have documented that many immigrants engage in small businesses which are characterised by low entry cost, high levels of competition, limited profit margins, high rate of failure, and labour intensity (Fernandez & Kim, 1998, Phizacklea & Ram 1995, Waldinger 1989, Waldinger et al. 1990). The reasons for this situation can be best explained using opportunity structure theory.

According to Waldinger et al. (1990), immigrant entrepreneurs face various challenges in adapting to the host culture and establishing their own businesses. The main
provides that ethnic business owners commonly face include: protecting themselves from political attacks; dealing with surviving competition; managing relations with customers and suppliers; obtaining financial and human resources; acquiring needed information and appropriate training and skills. These social and economic handicaps coupled with the disadvantages discussed earlier drive many immigrant entrepreneurs into small businesses.

The opportunity structure theory argues that ethnic entrepreneurs can only move into those niches that are underserved or abandoned by native entrepreneurs. These opportunities are mainly found in the industries where the risks of failure are high. They are characterised by low status, low rewards, heavy labour, high running costs, and limited profit margins (Kupferberg 2003, Waldinger 1989). Due to the evolution of the global economic system, the structure of opportunities is continually changing in modern business society. In addition, political factors might frequently hinder the working of business markets. Immigrant business owners have therefore found themselves facing various market conditions (Aldrich & Waldinger 1990). Waldinger et al. (1990) point out that demand for services provided is essential for a business to prosper. The primary market for immigrant entrepreneurs can be the members of their co-ethnic community in which there are no language barriers. They provide cultural products, such as newspapers, books, magazines, food and clothes. Others offer special services, for instance, law firms and accountants (Waldinger et al. 1990). Ethnic entrepreneurs thus enjoy an advantage over potential competitors outside the community since they can tap into the buying preferences of consumers in these groups (Hammarstedt 2001).
2.5 Summary

In this chapter, the literature on entrepreneurship has been reviewed. It shows that while there is a growing body of literature on entrepreneurship, so far there is still no one widely accepted definition of an entrepreneur and what entrepreneurship is about. Many definitions, theories, and works of literature on entrepreneurship have emerged mostly from Europe and the United States. One of the earliest known writings that describes entrepreneurship was by Cantillion in 1755. His description of the characteristics of entrepreneurship is still applicable today. Due to diversity of definition of entrepreneurship, Gartner (1990) tried to form a consensus by asking researchers and practitioners to define entrepreneurship. His study produced two possible major viewpoints on how entrepreneurship might be defined: characteristics of entrepreneurship and outcomes of entrepreneurship. His findings are important for this thesis as they are the basis for framing research questions of this study.

This chapter also explores the literature on ethnic entrepreneurship. Following the exploration of the definitive issues of entrepreneurship, this chapter looks at the literature on ethnic entrepreneurship as a theoretical background to understanding the ethnic Chinese entrepreneurs in Melbourne. This chapter reviews the concept of ethnic entrepreneurship from various disciplines and viewpoints: from the middleman minority theory to ethnic enclave theory; from the resource-based theory to the disadvantaged theory; and the concepts of class resources and ethnic resources to others theories, such as the interactive model and opportunity structure theory. This study concludes that the interactive model, developed by Waldinger et al. (1990), is quite relevant in explaining the ethnic entrepreneurship in Australia as it does link the economic opportunity to the economic and cultural resources of an ethnic group.
The review of literature in the next chapter examines the two main phases of Chinese immigration in Australia and the impacts of immigration policies and programs to ethnic Chinese entrepreneurs.
CHAPTER 3

AN OVERVIEW OF CHINESE ENTREPRENEURS IN AUSTRALIA

3.1 Introduction

A noticeable presence of Chinese immigrants in Australia can be traced back to the gold rush of the 1850s. While historians predate Chinese contacts with Australia to the pre-European era (Chan 2001), when contact was made with the indigenous people of northern Australia, unfortunately early historical data on migration of Chinese to Australia is limited as there were no permitted free settlers to Australia from China (Selvarajah & Masli, 2010). Many of the early Chinese might have been people who jumped ship at Australian ports, such as the first recorded Chinese in Australia, Mak Sai Ying, who arrived in New South Wales in 1818 (Fitzgerald 1996).

After the end of the White Australian policy in 1966, the number of ethnic Chinese immigrants in Australia increased substantially. By mid 1990s, it was estimated that there were 300,000 people of Chinese ancestry living in Australia (Pe-Pua et al., 1996). Chin (1988) suggests it was less than 0.5 per cent of the overseas Chinese population. In the 2006 Census (ABS 2006b), there were 669,890 Australians with Chinese ancestry, compared to 556,000 in the 2001 Census. This made up 3.1 per cent of the total Australian population. Their population was the largest among those of Asian descent. Of those with Chinese ancestry, 9.1 per cent were Australian-born and born to Australian-born parents (both parents and either parent), making them a population of 60,917. As there were more than 60 million overseas Chinese in 2008 (Lee, 2009), the proportion of ethnic Chinese living in Australia is a very small part as it is less than 1.5 per cent of the overseas Chinese population. Despite their relativity small numbers,
Chinese immigration is a critical part of Australia’s immigration history. And, ethnic Chinese entrepreneurs have played a major role in the history of the Chinese in Australia.

In this chapter, I will explore the experience of Chinese entrepreneurs in Australia from the earliest days to the present. It reviews historical accounts of Chinese entrepreneurs in Australia. In the next section, I will look at the early history of Chinese immigration in the nineteenth century and the role of Chinese entrepreneurs in that period. In the section 3.3, I will present an overview of the recent history of Chinese immigration in Australia, in the past 30 years. During this period, many Chinese entered Australia under the Business Migration Programme (BMP). Before closing this chapter, in the section 3.4, I will explore the effects of Immigration policies and programs on Chinese entrepreneurs.

3.2 Chinese entrepreneurs: The early years

Prior to 1788, Australia was home to an estimated 700,000 indigenous Aboriginal population (Collins, 1991, p.201) and was frequented by traders and fishermen from neighbouring islands along its northern shores. With the arrival of the British First Fleet in 1788, 1030 British landed and Australia was colonised and developed as a white settler society. By 1947, the native inhabitants of Australia fell to 76,000 (ABS, 2001a). While the tragic decline of the Aboriginal population continued over the years before Federation, population growth was through immigration from Britain with few non-Europeans until the Australian gold rush of 1850s attracted large numbers of Chinese male sojourners to the colonies of eastern Australia.
Early Chinese history in Australia had always been linked to the gold rush era. Studies on both local and migrant Chinese were scarce. During the gold rush years of 1850s, Australia experienced the most significant wave of non-Anglo-Celtic immigration. During this period, there were immigrants from countries such as China, Germany, Poland, America, Scandinavian countries and Hungary joined the gold rush in Australia (Collins, 1991). These immigrants were divided according to race, religion and national backgrounds. As the European mining community joined the British colonial governments restricted the Chinese movements and economic activities, they were employed in menial labour (Yong 1977). According to Yong (1977), the Chinese were blocked from working in the gold fields and jobs in the cities. To survive, they had to be entrepreneurial. Yong (1977) divided the Chinese ‘entrepreneurs’ into the labouring class and the merchant class. The Chinese labouring class was engaged in market gardening, cabinet making, hawking, laundry and cooking, whilst the merchant class concentrated on import-export businesses, fruit and banana trades, grocery and green grocery. These Chinese enterprises were concentrated in the states of New South Wales and Victoria. They were prepared to work long hours in business such as retail shops supported by family, and they were amongst the most prolific and successful. The very experience of living in a difficult environment (and of planning, financing and executing a move and then surviving in a new and often hostile environment) required qualities of self-restraint, abstinence, hard work and voluntary postponement of gratification (Choi 1975, Yong 1977). As a consequence, many Chinese resorted to self-employment as market gardeners or shop owners. Setting up the businesses might be alternative to unemployment or rejection by the majority Australians (Valdez 2002). Other Chinese who were denied work had switched from mining to agricultural pursuits as general labourers or station hands.
Early historical data on migration indicated that there were no permitted free settlers to Australia from China or other Southeast countries (Choi 1975). Organized settlement of contract-indentured labourers first came to Tasmania in 1830, then to Western Australia in 1847 and from 1848 to New South Wales (Chan 2001). The resource-rich Australian colonies attracted miners and merchants to NSW, Victoria and Northern Australia to mine tin, diamonds and gold from 1851. Prior to the discovery of gold in the 1850s, it was estimated that there were fewer than 3,000 Chinese in Australia (Price 1966). Within ten years, the number of Chinese in Australia increased to over 38,000 (Choi, 1975). At the end of the gold rush, 1851 to 1880, there were in total 38,533 Chinese in Australia (Chan 2001). Under the discriminatory White Australia Policy, which was the first Act of the new Commonwealth Parliament, the Commonwealth Immigration Restriction Act 1901, conditions for Chinese deteriorated and the Chinese population declined to 9,144 in 1947, from just under 30,000 in 1901 (Choi, 1975). Those Chinese who stayed in Australia faced racial discrimination and thus found it hard to get jobs as wage labourers. By 1901, many Chinese who remained in Australia after the boom period moved into entrepreneurship, particularly market gardens, food and furniture niche markets (Choi 1975). This move was critical not only to the survival of the families of Chinese entrepreneurs themselves, but also to the economic survival of those Chinese who remained. There were 799 Chinese shopkeepers and groceries in New South Wales, and half of these were in the Sydney area, many as greengrocers: one-third of the Chinese in Victoria and NSW worked in market gardens (Choi, 1975). Market gardens became the base for later expansion into independent employment in fruit and vegetable distribution, in grocer shops and cafes, as general dealers, hawkers and importers (Choi, 1975). Other Chinese moved into the laundry business or opened small furniture shops. In 1912, the Chinese owned 168 factories (31 per cent of the total
number) and employed 818 workers (28 per cent of the furniture trade’s workforce (Yuan 1988).

Despite racial discrimination, many Chinese entrepreneurs became successful in suburban business precincts such as Cabramatta in Sydney, and Richmond and Box Hill in Melbourne (Burnley, 1986, 1995; Selvarajah et al., 2006). In 1901, one half of the employed Chinese in Victoria were primary producers, although this was already dropping by 1911 with a movement into commerce and industry. Chinese immigrants in Melbourne also established a niche in the laundry business: by 1913 the Chinese were operating a third of all laundries in Melbourne (Collins, 2002). In the earlier part of the twentieth century, some prominent Chinese entrepreneurs, such as Louis Ah Muoy and Long Kong Meng, became very wealthy. Louis Ah Muoy was a successful gold miner, merchant and entrepreneur. He was also a founding director of the Commercial Bank of Australia and an early spokesperson for the Chinese community. William Ah Ket, a prominent Chinese barrister from Melbourne, was sent by the Melbourne Chinese Chamber of Commerce to represent the Australian Chinese at the opening of the first Chinese Parliament in Beijing in December 1912. John Egge, a businessman, established the trade routes along the Murray, Darling and Murrumbidgee Rivers, engaging in business in NSW, South Australia and Victoria. Thomas Coto, a farmer, was famous for fighting for fair wages for his agricultural workers in the Maffra/Sale areas of Gippsland in Victoria’s east. He ran a cheese factory during the 1880s at a loss just to provide employment for locals. The Tim Young, Louey Pang, Hock Yick and Wing Young families were prominent and successful banana and tomato distributors in Melbourne (Collins, 2002)
The economic contributions made by these early Chinese entrepreneurs to the states were not recognised. Instead their success was met with hostility from European competitors and unfair restrictions imposed on their economic activities. The Chinese entrepreneurs in the states of New South Wales (NSW), Victoria and other colonies/states were hampered by discriminatory legislation. For example, according to Yong (1977), Chinese market gardeners were fine for working on Sundays while their white Australian counterparts who did the same were not. Chinese cabinet-makers were highly competitive as they were making and selling good furniture cheaply. To curtail these Chinese entrepreneurs’ competitive advantage, the NSW and Victorian state governments introduced the *Factories and Shops Act (NSW 1896, Victoria 1896)* which imposed industrial regulations concerning wages, conditions of work and limited opening hours on cabinet-makers. Moreover, all Chinese-made furniture was to be stamped with the words ‘Chinese labour’ (Yuan, 1988, p. 305). Furthermore, the cabinet-makers and laundry keepers were not permitted to sponsor Chinese migrants to help their business, so they had trouble finding sufficient labour. This was the beginning of the end of the Chinese cabinet-making and laundry businesses. Employment of Chinese-born immigrants in the NSW and Victorian cabinet making industries peaked in 1921 but had fallen by half by 1922 (Markus, 1994). By World War II, laundry businesses owned by Chinese entrepreneurs were almost non-existent in Australia (Choi, 1975).

In rural area, such as Cairns in Queensland, the Chinese immigrants also had an impact as landowners, banana farmers and gardeners. Reviewing the relationship between immigration, business and commerce, Glezer (1988) argues that all immigrants were not welcomed equally by the established business community, noting the existence of
…institutional measures designed to dissuade unwanted outsiders from penetrating the positions of the entrenched business group….One consequence of such arrangements was to largely confine non-Anglo-Celtic business people to the periphery of the business system (Glezer, 1988, p. 860).

Glezer’s views support the notion that immigrants faced ‘blocked mobility’ as employees and, when they made the shift, as business-owners. On the movement of Chinese and many other immigrants such as Italians, Greeks and Lebanese into restaurants, Glezer (1988, p.861) argues,

…was not usually a preferred choice, but a consequence of limited options…The tendency of some ethnic groups to have a proportionately larger presence in small business than British migrants and the majority population has often been as much the product of constraints and limitations as of their preferences, skills and cultural assets.

As shown above, the history of ethnic Chinese entrepreneurs in Australia has been shaped by racist immigration policies and practices at all levels of Australian society in the later part of the nineteen century and early part of the twenty century. The racist immigration policy of exclusion and the discriminatory laws and practices shaped the character of Chinese immigration in the first three-quarters of the twentieth century. However, in the last quarter of the twentieth century, the government policy had turned to a non-discriminatory immigration policy and to a settlement policy of multiculturalism (Collins 2000). Both the Labour and Liberal governments had embraced economic rationalism and globalization. Several factors, such as deregulation of the financial system and the exchange rate led to fundamental changes to the Australian economy, particularly the decline of manufacturing and the growth of finance, telecommunications and media.
3.3 Chinese entrepreneurs: The past 30 years

The next wave of Chinese arrivals came about with the landing of the Indo-Chinese refugees in the late 1970s after the Vietnam War. Later in 1980s, there were the boat people from Vietnam after the fall of Saigon in 1975. The fleeing Vietnamese were mostly of Chinese ancestry, but culturally there are vast differences between them and Chinese immigrants to Australia who were born in China. The Vietnamese boat arrivals in Australia coincided with the introduction of a racially non-discriminatory immigration policy in Australia. By June 1984, Australia had resettled nearly 90,000 Indo-Chinese refugees, of whom 80 per cent were Vietnamese and the remainder from Laos and Cambodia (Collins 1991). By the 1996 census, the number of people born in Vietnam residing in Australia totalled 151,053 (ABS, 2001c). This includes the constant stream of new Vietnamese immigrant being sponsored by their relatives to settle in Australia. At the same time, there were some other different migrants who arrived from the mid-1980s. Previous generations of migrants tended to have arrived under the family reunion program, and were less educated and skilled, or were former students who had studied in Australian universities. By the late 1980s, the majority of migrants from Hong Kong, Malaysia and Taiwan were independent migrants admitted on the basis of their credentials, skills or wealth (Pookong & Skelton 1994).

Thus in the late 1980s, Australia received its first substantial wave of migration from mainland China since the nineteenth-century gold rush. Before 1988, there were less than 38,000 mainland-born Chinese in Australia (Fung & Jie 1996). However, with more openness in mainland China under Chairman Deng Xiaoping, the Australian higher educational institutions recruited thousands of Chinese students to Australia, mainly to study English. After the Tiananmen Square incident in 1989, the Hawke
Labour Government granted special permanent visas to over 20,000 students from the PRC (People of Republic of China) in Australia, and about 22,000 more arrived in the 12 months after the incident, most of whom were also eventually granted permanent residency (Burnley, 2001; Fung & Jie 1996). These former students and their families, sometimes known as the ‘Tiananmen Square generation’ (Ommundsen 2001), now make up an important segment of the PRC-born population in Australia. This created a surge in Chinese settlement in Australia. The number grew to 206,591 compared to 36,595 in the population census of 1986 (ABS 2006b), a five-fold increase in twenty years.

The next group of Chinese who arrived in Australia came from the overseas Chinese category; mainly from South-east Asia, Taiwan and Hong Kong (before the British administration returned Hong Kong to China in 1997). They came to Australia over the period between 1980-1995. There is great diversity in this group – many brought with them adopted cultures as well. The Malaysian Chinese were different to the Indonesian Chinese. In the latter case many had forgotten their mother tongue.

Starting in the 1970s, many overseas Chinese students from the Commonwealth countries of Singapore, Malaysia and Hong Kong came to continue their education in Australia under government-sponsored and private study programs. After graduation, some stayed in Australia while others returned to their homeland. However, some from this latter group returned to Australia after completing the conditions of their scholarships and for other reasons decided to settle in Australia. In addition, other skilled people and professionals who were attracted by the security and lifestyle in Australia also decided on emigrating. Different from previous groups as explained
above, they became Australian residents based on stringent immigration selection processes focused on the applicant’s skills and qualifications, including technical and business skills, and the transfer of financial capital. They were younger and were able to speak good English. In other words, unlike the Chinese of the gold rush days, the Indo-Chinese refugees and the ‘Tiananmen Square generation’ Chinese students, this group of Chinese immigrants from the Commonwealth countries had professional qualifications and work experience, and many have business skills and financial wealth as their immigration visa approvals were based on their skills and qualifications.

In the 20 years since the 1986 census, the immigration of ethnic Chinese to Australia has increased dramatically. In 1901 there were 29,907 people who were born in China (ABS, 2001a), but only 18,612 were Chinese (Yong, 1977). Almost a century later, in 1996, the Chinese population based on those born in China, Hong Kong, Indonesia, Laos, Malaysia, Taiwan and Vietnam would total 286,028. This 1996 figure is derived from Ho & Coughlan’s analysis (1997) using the 1986 census data based on ancestry and birthplace to estimate numbers of Chinese migrants from some Asian countries. This in itself is an increase of almost 15 times in the Chinese population in Australia since 1901. On the other hand, in a century, the population of Australia increased from 3.8 million in 1901 to 19.2 million in 2000, a fivefold increase (ABS, 2002). Based on the 1996 census data, the number of Chinese in Australia would be represent around 1.5 per cent of Australia’s total population in 1996 compared to the ratio of 0.8 per cent in 1901.

After the World War II, Chinese immigrants continued their presence in the vegetable and fruit retailing business. However, new immigrants, particularly Italians, also moved
into this area of enterprise (Collins et al., 1995). The Chinese entrepreneurs responded to this challenge with flexibility: many turned their business activities to running cafes and restaurants all over the metropolitan and rural areas of the country. By the mid-1980s, Chinese cafes were a feature of the Australian suburban and country-town landscape. Chin (1988) estimated that in the late 1980s, there were 7,000 cafes operated by Chinese in NSW, 6,000 Chinese cafes in Canberra, the nation’s capital, 2000 in Melbourne and 3000 in Sydney. Chin (1988) also estimated that in Adelaide one-eighth of the Chinese population there were employed in Chinese cafes (Chin, 1988).

From the census data, an assessment of different rates of entrepreneurship among different birthplace groups in Australia can be conducted. Table 3.1 lists the entrepreneurship rates for males in the 1991 census for the main countries of origin of Australia’s Chinese immigrants. Table 3.2 lists the data for females. These data show that immigrants born in Taiwan have by far the highest rate of entrepreneurship in Australia, while those born in Hong Kong also have a higher rate of entrepreneurship compared to those born in Australia. But other source countries of Australia’s Chinese immigrants, such as Vietnam, mainland China, Indonesia, Malaysia and Singapore, have similar or lower rates of entrepreneurship compared to those born in Australia.
Table 3.1. Male entrepreneurs\textsuperscript{a} in Australia, by birthplace or main countries of origin of Australia’s Chinese immigrants, 1991 national census (% of those in the labour force)

<table>
<thead>
<tr>
<th>Category</th>
<th>Hong Kong</th>
<th>Malaysia and Brunei</th>
<th>People’s Republic of China</th>
<th>Singapore</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>9.2</td>
<td>7.4</td>
<td>8.8</td>
<td>9.4</td>
<td>22.4</td>
</tr>
<tr>
<td>Employer</td>
<td>11.0</td>
<td>9.1</td>
<td>9.0</td>
<td>8.6</td>
<td>17.6</td>
</tr>
<tr>
<td>Percentage of entrepreneurs\textsuperscript{a}</td>
<td>20.2</td>
<td>16.5</td>
<td>17.8</td>
<td>18.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

Note: \textsuperscript{a} Entrepreneurs determined by adding proportion in labour force that are self-employed to those that are employers
Source: Ho & Coughlan (1997, p. 151, Table 6.16).

The important point to note is that rates of entrepreneurship of ethnic Chinese immigrants vary considerably thus casting doubt on culturalist explanations that the Chinese are good at business (Low, 2003).

Table 3.2. Female entrepreneurs in Australia, by birthplace or main countries of origin of Australia’s Chinese immigrants, 1991 national census (% of those in the labour force)

<table>
<thead>
<tr>
<th>Category</th>
<th>Hong Kong</th>
<th>Malaysia and Brunei</th>
<th>People’s Republic of China</th>
<th>Singapore</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>7.2</td>
<td>5.0</td>
<td>8.6</td>
<td>6.7</td>
<td>19.0</td>
</tr>
<tr>
<td>Employer</td>
<td>7.6</td>
<td>4.0</td>
<td>6.4</td>
<td>4.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Percentage of entrepreneurs</td>
<td>14.8</td>
<td>9.0</td>
<td>15.0</td>
<td>11.0</td>
<td>28.3</td>
</tr>
</tbody>
</table>

Source: Ho & Coughlan (1997, p. 151, Table 6.16).

Moreover, Table 3.2 reminds us of the importance of female ethnic entrepreneurship among ethnic Chinese and other immigrant groups. Females comprise about one in four of Australia’s entrepreneurs, and are growing at a faster rate than male entrepreneurs (Roofey et al., 1996).
3.4 Effects of Immigration policies and programs on Chinese entrepreneurs

The abolition of White Australia policy encouraged more Chinese immigrants to settle in Australia. These new immigrants had the formal education, skill and often economic resources to facilitate their economic and social integration within Australian society without resorting to ‘sub-ethnic’ resources and politics (Yuan 1988).

Asian countries had been very prominent among the ‘top ten’ Australian immigration countries (Collins 1995). During the last 15 years, there had also been new movements of entrepreneurial migrants (Harris & Ryan 1994). Business Migration Programme (BMP) was introduced in 1976 (Lowenstein 1992), and launched officially in November 1981 (DILGEA, 1990) by the conservative Fraser government (1975–1983). It aimed to ‘provide for the admission of people with expertise and capital to establish worthwhile enterprise in Australia’ (DIEA, 1980). In order to qualify under this scheme, business migrant applicants had to demonstrate a successful business record, have substantial assets that could be transferred to Australia, and intend to settle permanently in Australia. The amount of capital required for business purposes varied from $350,000 for an applicant under 40 years of age to $850,000 for someone aged 58 and over. They had to satisfy immigration officials that they would be able to establish a business in Australia (Borowski, 1992).

Since then, Australia had actively sought to encourage foreign investments and its migration policies have also come to emphasise the role incoming groups may play as sources of, and links to, foreign investment. Immigration flows had increasingly comprised of highly educated and qualified people with good English language skills, many of whom came from Asian countries (Ip et al. 1998, Chan 2001). The programme
attracted business people from all over Southeast Asia, especially from Hong Kong and Taiwan, to settle in Australia. These immigrants were obviously different from the Indo-Chinese refugees and the Chinese students from Mainland China. These business immigrants were generally older and wealthier. They possessed better business skills and experiences than the previous groups of Chinese immigrants in the previous 100 years of Australian immigrants’ history (Boyd 1996, Chan 2001).

By 1996–97, the business skills intake increased to 5,600 or 8.4 per cent of the total for all the immigration categories (Castles et al. 1991). Between July 1982 and June 1990, a total of 36,555 BMP settlers took up residence in Australia. Both Hong Kong and Taiwan (32.29% and 15.33%, respectively) were the top source countries (Joint Committee of Public Accounts 1991), and these two groups respectively brought into Australia an average of between $681,256 and $804,161 per year in total (DILGEA, 1990). In 1990–1991, Hong Kong, Mainland China and Taiwan accounted for more than two-thirds of the total business migrant intake (Kee, 1993). In August 1991, a report found that 45 per cent of business migrants had established businesses by one year after arrival and that 61 per cent had done so after two years, with less than one-third of these businesses claiming that they were export oriented. The average employment generated was six persons per business, while half of the businesses were established in the services industry (DILGEA, 1991a, b). The influx of these groups also brought in different working modules and principles in a western society. Australia, being a big and resource-rich country with a small population, had always been the dreamland for most immigrants to seek new opportunities and development (Collins 1991, 1995).
Business migration programme had always been a key component of Australian policies. Ideally, the programme combined both the amount of monetary investment as well as the skills of the intended migrants (Lowenstein 1992). The intention was to restore Australia’s reputation as a business migrant destination.

Immigrants could always inject new skills into the marketplace, created jobs through consumption and entrepreneurial activities. They encouraged investment and created economies of scale in domestic markets (Collins et al. 1995). These were skills that the Australian government did not have to finance as they were financed by the education systems of the countries of origin. Business migrants to Australia arrived as experienced entrepreneurs with large amounts of capital ready to make their mark on the national and international markets. Their pathway to ethnic enterprise was often found to be very different from that of the traditional path of ethnic Chinese. The pathway had been changed from wage labourer to entrepreneurs.

In the last thirty years, these ethnic Chinese business migrants have been tagged ‘astronauts’ for Hong Kong arrivals (Dang & Borowski, 1991; Pei-pua et al., 1996) or ‘flying trapeze’ (kongzhong feiren) for the Taiwanese community (Ip et al., 1998). Astronaut families are a type of family arrangement found in Chinese migrant families in which one or both parents reside and work in their home country while the remainder of the family live in the host country (Ip et al. 1998, Pe-Pua et al. 1996). The astronaut arrangement is not a preferred option but an involuntary and temporary arrangement that is considered a better alternative to unemployment and underemployment. The ease of flying between countries and the better socio-economic background of these families make it easier for the parent or parents to travel back and forth between the home and
the host countries. This was unheard of twenty years ago. While some have questioned the authenticity of these business migrants, accusing them of abusing the system and never intending to settle permanently in Australia in the first place (Ellingsen, 1990), these first generation Chinese entrepreneurs actually have facilitated the exchange of ideas, goods and services. They form the bridges between different countries, their country of origin and the host country (Pookong& Skeldon 1994).

3.5 Summary

This chapter highlights the different phases in the Chinese immigration pattern to Australia and the impacts of immigration policies and programs on Chinese entrepreneurs. The experience of the Chinese entrepreneurs in Australia is a changing racialised experience. Their history was shaped by racist immigration policies and racist policies and practices at all levels of Australian society. Their story is not much different from that of Chinese entrepreneurs in the United States (Li, 1976; Zhou, 1992) and Canada (Li, 1988, 1992). It is clear that factors that lay behind Chinese entrepreneurship in many ways had been influenced and shaped the government. The number, size and character of Chinese immigration to Australia are obviously influenced by the changes to Australian immigration, citizenship and settlement policies over the past century. In the first three-quarters of the twentieth century, the racist immigration policy of exclusion and the discriminatory laws and practices affected the character of Chinese immigration to Australia. Later, objections to this racist policy began to emerge, mainly because such a policy constrained the globalization of the Australian economy in general and its engagement with the Asian region in particular. As a result, in the last quarter of the twentieth century, Australia turned to a non-discriminatory immigration policy in the last quarter of the twentieth century. This in
turn has affected on the size and character of new Chinese immigration to Australian and on the opportunity structures they face in the labour market and in the Australian community. Business Migration Programme (BMP) was introduced in 1976 to attract entrepreneurial migrants.

Compare to the Chinese entrepreneurs of a century ago, or even thirty years ago, today’s Chinese immigrants in Australia are very different. Like other Chinese immigrants in other countries such as the United States (Saxenian, 1999), the ones in Australia are moving into professional and managerial jobs, including those in the information technology, telecommunication, banking and finance, business services, and internet industries. The new Chinese immigrants in Australia are very different from the male sojourners of 150 years ago. They have class resources that enable them to access well-paid jobs in the primary labour market. They do not face the overt discrimination of their predecessor. If they do set up businesses, their ventures are likely to be in professional areas such as information technology and business services, and unlikely to be in restaurants. Their ethnic resources may help them to find a job but are relatively less crucial factor. At the same time, an increasing minority of Chinese immigrants have come to Australia as business migrants selected because of their entrepreneurial ability. Obviously, the capital inflow, jobs and export potential that are associated with Chinese business migrants are of sufficient economic benefit.
PART III – RESEARCH STRATEGY AND METHODOLOGY

In this part, I will discuss the research strategy and research methodology for this study.

This part consists of one chapter.
CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

To address the lack of knowledge on ethnic Chinese entrepreneurs (ECEs) in Australia, five research questions were framed: Who are they? Why did they go into business? What resources did they have at business start-up? What contributions do they make to Australian society? What marketing strategy have they used in their businesses? This chapter sets out by defining ECEs. Then, the basis of the selection of the countries of birth of the ECEs who were interviewed is explained. Next, the chapter details the research strategy which is situated in the positivist and constructivist paradigms and combines the use of primary and secondary data. In addition to this multiple-research methods approach, a multidisciplinary study approach is employed in triangulating and analysing the primary and secondary data collected. In adopting a positivist-constructivist approach when exploring the world of the ECEs, in-depth interviews are relied upon. The textual data collected were grounded in the experiences of the ECEs. The phenomenon of entrepreneurship amongst the ECEs under study was theorised as the data were collected and triangulated with quantitative data collected from primary and secondary sources. Justifications for the multi-research methods and multidisciplinary studies employed are explained further in this chapter. In the following sections, I will first define the category of the ECEs who are the subject of this thesis and then explain the basis of selecting the country of birth of the ECEs who were interviewed in the study.
4.2 Identification of ethnic Chinese entrepreneurs (ECEs)

In this thesis, an ECE is identified as an entrepreneur of Chinese ancestry who was born either in Australia, China, Hong Kong, Indonesia, Malaysia or Vietnam. In addition, there are other criteria that determine their entrepreneurial status.

An ECE owns a business, either by himself or herself or in partnership with family member(s), non-family business partners or several other business partners. The business must be legally registered in Australia. The business engaged in must take up a substantial amount of the person’s energy and time.

The number of people the business employs was not a criterion for an ECE to be considered as an entrepreneur in this study. He or she may be a sole operator without any employees, but the fact that he or she was not a full-time contract worker and had established his or her business in the hope of growing it qualified that person as an entrepreneur in this study. In this connection, the age of the business was not a criterion, as the aim was to obtain a cross-sectional sample comprising nascent entrepreneurs and those who had been in business for a longer time.

Lastly, the location from which the business affairs were conducted, such as from home or rented premises, was not a qualifier or determinant of the ECE as an entrepreneur.

4.3 Selection of countries of birth

The countries of birth of the ECEs selected are Australia, the People’s Republic of China (referred as to China), Hong Kong, Indonesia, Malaysia and Vietnam. I decided to include Australia as I wanted to study the second generation ECE. I decided not to
include other Asian countries, such as Singapore, the Philippines or South Asia, due to the difficulty of finding a sample. The ECEs were chosen for this study because of their Chinese ancestry.

4.4 Research strategy

The research strategy used was multiple qualitative research methods and the application of knowledge from interdisciplinary studies. In addition, some quantitative analysis was done from secondary data sources such as census data and quantitative data collected from field interviews. Multiple qualitative research allows for triangulation, a process using various data-gathering techniques and approaches to the interpretation of events, actions and interactions towards theory building (Strauss & Corbin, 1998). The interpretations in this thesis are further drawn from interdisciplinary principles such as economics, management and marketing, and from knowledge of immigration studies, ethnicity and ethnic entrepreneurship studies.

In summary, a multidisciplinary approach is needed to explain the phenomenon of entrepreneurship amongst the ECEs in this study. Conceptually, the research strategy is summarised in Figure 4.1. The following sections outline the multi-method approach to collecting the data and the multidisciplinary approach to interpreting the phenomenon of entrepreneurship amongst ECEs.

4.5 Multi-method approach: Interviews and questionnaire

Two methods of data collection were used in this study. One derives from a conventional positivist approach where secondary data sources are used extensively to provide the objective perspective for this study. This is the detached, value-free data.
The second is the primary data collection through field interviews where both objective and subjective data are collected. The objective data, such as demographic profile, business turnover, the number of employees and the number of years in business, all add to the value-free data that can be compared and analysed with similar data collected from secondary data sources. The technique used in the primary data collection is phenomenological methodology employing case study analysis. Phenomenological methodology as a qualitative research technique examines life experiences (i.e., the
lived experience) in an effort to understand and give them meaning. This is usually done by systematically collecting and analysing narrative materials using methods that ensure credibility of both the data and the results. Phenomenological researchers hope to gain understanding of the essential ‘truths’ (i.e., essences) of the lived experience (Langdridge, 2008). This method is seen to be appropriate here as the study is investigative and explores the historical development, maintenance and growth of ethnic entrepreneurship clusters. Postal questionnaires are not the most appropriate form as response rates from immigrant ethnic entrepreneurs by this method can be very low due to the lack of English language skills. Furthermore, overseas-born Chinese entrepreneurs are known to be especially secretive. Therefore, a snowball approach was used to identify the interviewees, relying on personal introductions to lead the researcher from one contact to the next.

4.6 Secondary data sources

This research relies on secondary data from official statistics and published government reports.

**Official statistics:** The census data on the demographic profile of ethnic entrepreneurs were analysed based on the 1996, 2001 and 2006 Australian censuses and other official statistics as these became available during the timeframe of this research. At the time of finishing this thesis, some census data from the 2006 census became available and were incorporated into this thesis where relevant.

There are limitations to the census data as it is not possible to obtain disaggregated statistics in a number of areas that would be useful. For example, it is not possible to
obtain statistical data on the types of businesses owned or whether these businesses are operated from home or from commercial or industrial premises. This highlights the inadequacy of relying on published secondary data alone in such an investigation.

**Published government reports:** Various Australian state and federal government reports on employment, immigration and small business, and reports on policies that impact on small businesses were used in this study. The latter mainly include reviews of various published government documents and reports on policies towards small business, immigration and minority interest groups. Over the past five years, many published reports and policy statements have been posted on various government and departmental industry websites.

4.7. **Primary data sources**

The field interview was the primary data collecting activity for this study. Going into the field means that researchers have the opportunity of direct and personal contact with the subjects under study in their own environment (Patton, 1990). In interviewing, I was aware of the critical need to be professional and at the same time of the importance of building an immediate rapport with the interviewees and gaining their trust and cooperation. The following sections elaborate on the approach to the collection of primary data through field interviews, namely the ethics of human study, the determinants of the number of interviews, the use of snowball and purposeful sampling, the interview schedule and the interview process.
4.7.1 Ethics of human study

All interviews were conducted within the Swinburne University of Technology guidelines and ethical rules. Before the commencement of field interviews, an application was made to the SUHREC (Swinburne University Human Research Ethics Committee) for approval. A copy of the Ethics Approval is presented in Appendix 2.

4.7.2 Number of interviews

How many interviews are enough in a qualitative research of this nature? Often researchers ask this question, and the recommendation given by some is a saturation strategy approach (Denzin & Lincoln, 1998; Morse, 1994). The concept of saturation is a useful tool in controlling the extent to which a research process should continue and is in line with the grounded theory approach in qualitative research. The guide to saturation is to carry on interviewing, refining each interview on the basis of the findings of the previous interviews until nothing new comes through (Sarantakos, 1998). Morse (1994) refers to criteria of adequacy and appropriateness of data in determining saturation where the data collected must be adequate to explain the phenomenon and variations are accounted for and understood.

To achieve the required adequacy and appropriateness of data, saturation is reached when it is possible to predict the range of answers given by each of the ECEs being interviewed. To determine the number of interviews that are adequate, the reality and practicality of the time needed must also be considered. After spending more than six months in the field, I selected 14 as the interview pool for analysis. These 14 interviews reached the saturation point. I was not able to achieve a balanced number of
interviewees based on gender, but given the richness of the interviews I was satisfied as to the saturation and richness of the data.

### 4.7.3 Snowball sampling

This study used snowball sampling to arrive at a group of ECEs. This thesis focuses on a group of ECEs and is not a study of the population, where a case for random sampling could be argued. The following section explains the sampling approach used in this study.

If it is not possible to gain access to interview subjects, researchers have resorted to network or snowball sampling (Miles & Huberman, 1994); I also adopted this method. This means that I used social and business networks to find the ECEs to be interviewed for the study. Also, it is important to note that there is no database from which to conduct a random sample. Being a Chinese myself, I understand that it is quite difficult to ask any ECE at random to be interviewed. Therefore, snowball sampling was the most feasible approach for this study.

### 4.7.4 Language of interviews

The face-to-face interviews took between two and three hours each at the premises of the interviewees. The interview was based on a detailed, structured questionnaire that included questions on personal motives, family characteristics, business entry and formation, business maintenance and growth. The questionnaire included some open-ended questions. The interviews were taped and the tapes were transcribed the same day. Interviews were conducted in English, except for one in Mandarin.
4.7.5 Tape recording and transcribing of interviews

All interviews were tape-recorded. With this interview, I wrote down his or her responses as close to verbatim as possible. Each interview that was tape-recorded took two to three hours. In addition to tape recording the interviews, I took notes of what the interviewee said. After each interview, I recorded the observations I had made during the interview. All these notes were kept as part of my interview files.

Some statements made by the ECEs were corrected with regard to their English and the context in which they were made to provide some grammatical clarity. Editing was minimised as much as possible.

4.7.6 Use of pseudonyms

This thesis uses quotes from the interviews. For the sake of the privacy of the interviewees, all their names are pseudonyms. At the start of the interview, I informed the interviewees that pseudonyms would be used instead of their real names.

4.7.7 The interview schedule

In the beginning, four pilot interviews were planned, but it was found that three were adequate to test and refine the interview schedule. The interview schedule was developed based on the works of Low (2003). The pilot interviews were conducted with the ECEs known to me. There was useful feedback on the length and clarity of questions, and these three pilot interviews were included in the 14 used in the analysis. The interview schedule is presented in Appendix 1.
4.7.8 Location of interview subjects

To interview the ECEs, I travelled to Melbourne’s Central Business District, Chinatown in Bourke Street, and the Box Hill precinct. The interview was conducted at the ECEs’ offices or shops.

4.8 Multidisciplinary approach

In this study, a multidisciplinary approach is used. The use of multiple disciplines, such as economics, management, marketing, and knowledge from multiple study models such as immigration studies and ethnicity and ethnic entrepreneur studies, was chosen to rationalise and theorise the complexities of ECEs and their experiences.

4.9 Summary

This is a qualitative research on a group of ECEs who were born in Australia or in some Asian countries and who have started their own businesses. It is largely based on field interviews from a purposeful sample. This chapter presented a detailed account of the research methodology used in this thesis. It explained and rationalised the research strategy in the use of multi-research methods and the application of multi-disciplines in understanding the ECEs.
PART IV – ANALYSIS AND RESULTS

This part is the essence of this study. It contains the analysis and presents the results based on the research and interviews. This part is very intensive; it consists of six chapters. Chapter 5 provides the profile of ethnic Chinese entrepreneurs (ECEs). The demographic profile of ECEs in Melbourne, such as age group, marital status, education, and immigration entry category, is discussed. The types of businesses operated by the ECEs and the structure of ownership are also analysed. The locations of the businesses are included. In Chapter 6, the reasons for the ECEs going into business are discussed. Chapter 7 analyses the financing resources at business start-up. The types of financing resources, such as personal savings, family money and others, are discussed in detail, as are the amount cash required for start-up and how ECEs develop strategies to overcome cash constraints. Chapter 8 looks at the family and the networks developed by the ECEs in Melbourne. Chapter 9 presents the contribution of the ECEs to Australia, and Chapter 10 analyses the marketing strategy of the ECEs. Also, in Chapter 10, the strengthening of marketing initiatives of the ECEs is explored, and the financing and business growth model is provided.
CHAPTER 5
ETHNIC CHINESE ENTREPRENEURS IN MELBOURNE

5.1 Introduction
This chapter identifies the group of 14 ethnic Chinese entrepreneurs (ECEs) in the study by examining their demographic profiles. The socio-demographic data show that this sample of ECEs is diverse, yet there are complexities, as each entrepreneur is found to be unique as well as bearing resemblances to others in many ways.

The chapter will first draw on secondary data to obtain statistical profiles of small business and of business owners in Australia. The latter profile was obtained from the census data on the labour force and employment status of the population. To learn more about ethnic Chinese participation in the labour force, this chapter will analyse the 1996, 2001 and (the latest) 2006 population censuses. Following this, the chapter will profile the ECEs.

5.2 Sources and limitations of secondary data
There are few official sources of statistics from which to draw a profile of entrepreneurship and the entrepreneur in Australia. The Australian Bureau of Statistics (ABS) publishes an annual report on the characteristics of small businesses in Australia, but the data are often not segregated by ethnicity and are often disjointed or selective. That makes it difficult to draw a complete profile of ECEs. In addition, the ABS also publishes a survey of small business on a regular basis, together with some ad hoc featured articles on aspects of small business, such as the special article Employment Generation by Small Business (ABS, 1997).
There are two sources of statistics that present an overview of the extent of entrepreneurship in Australia: the ABS monthly labour force survey and the census data on labour force participation. There are ‘tolerable’ discrepancies in the data collected owning to the different methods of data collection. The monthly labour force survey consists of estimations of employment and unemployment for Australia, by state and geographical region, whereas the census looks at whether individuals are employed or unemployed (ABS, 2002c; Carew et al., 1999). It is possible to calculate monthly and yearly movements in the Australian labour force through the labour force survey. Both the labour force survey and the census provide the status of employment, showing the employed and the unemployed, and a further breakdown of employment status by category: employee, employer, own account worker and contributing family worker.

The census data are able to provide a general picture of the extent and distribution of entrepreneurship by country of birth, which is not available from the labour force survey. The ‘employer’ and ‘own account worker’ categories in the census data are collectively identified as ‘business operator’ in the ABS small business classification and are classified as ‘entrepreneurs’ in this thesis. The published data of the monthly labour force survey do not provide demographic breakdowns of the participants in entrepreneurship listed under the ‘employer’ and ‘own account worker’ categories. On the other hand, it is possible to obtain cross-tabulated data on country of birth of the labour force from the census. Thus, this thesis will examine both sources to obtain a clearer view of the status of entrepreneurship in Australia.

There are limitations to the interpretation of the rate of entrepreneurship when using the census data. One limitation in the census labour force data is the comparability of the
various census years. The labour force participation data in the 1996 census are not comparable with the 2001 and 2006 censuses because the 1996 census on employment was distorted due to the fact that in that census people working in their own limited liability company were classified as wage or salary earners, although they could be business owners-employers (ABS, 2002a; Carew et al., 1999). As a result, the 1996 census overstated the number of employees and understated the number of employers and self-employed (Carew et al., 1999). The 2006 census used the same question format as the 2001 census and is deemed to be comparable.

Another limitation is the possibility of understatement of the extent of ECEs’ participation in the labour force. It is unfortunate that, from 1991, ethnicity was not included in the Australian census. Therefore, from 1991, only information recorded on language spoken at home has provided an insight to ethnicity.

In the past, there were different definitions of small business adopted in reports prepared by different Australian government departments, and survey methods on small business were confusing and non-comparable. Since 1999, the ABS has introduced the definition of small businesses as non-agricultural businesses in the private sector, employing fewer than 20 people, including non-employing businesses comprising sole proprietorships and partnerships without any employees. In non-employing businesses that are incorporated, the operators are considered employees and their businesses are classified as employing businesses (ABS, 2001). However, because of various survey sources, ABS-published statistics and reports on small business and small business owners are still confusing, show differences and have incomplete details as to definitions and the data. For example, the 2001 Small Business in Australia report
estimated that there were 1,122,000 small businesses employing 3.3 million people, accounting for 47 per cent of all private sector employment in 2000–2001 (ABS, 2002b). In the ABS survey of characteristics of small business, figures cited for June 2001 (for the same period) indicated that there were 1,162,000 small businesses in Australia and 1,597,200 business operators (ABS, 2002a). In 2006 there were 1,646,344 operators (ABS, 2006). Nevertheless, based on these reports, one may conclude that up to 96 per cent of all businesses in Australia are small businesses.

The following presents the profiles of small businesses in Australia, small business operators and ECEs based on available official statistics.

5.3 Characteristics of SMEs

The ABS small business report showed that from 2000–2001 and 2005–2006 the number of small businesses increased by 49,144 (8.1%), averaging 8,929 (0.9%) per year (ABS, 2006). The ABS survey of characteristics of small business showed that 29 per cent of all small business operators were born overseas (ABS, 2006). Based on the 2001 and 2006 ABS surveys of characteristics of small business (ABS, 2006), Table 5.1 presents the number and age profile of small business operators.

<table>
<thead>
<tr>
<th>Age of small business operators</th>
<th>June 2001</th>
<th>June 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Age less than 30</td>
<td>169.9</td>
<td>148.2</td>
</tr>
<tr>
<td>- Age 30 – 50</td>
<td>939.3</td>
<td>954.8</td>
</tr>
<tr>
<td>- Age greater than 50</td>
<td>488.0</td>
<td>543.3</td>
</tr>
<tr>
<td>Total</td>
<td>1,597.2</td>
<td>1,646.3</td>
</tr>
</tbody>
</table>

According to the findings from the ABS survey of the characteristics of small businesses as shown in Table 5.1, the young entrepreneurs experienced a declining rate, from 10.6 per cent in 2000 to 9.0 per cent in 2006. A small percentage decline is also noted in the middle-age category (30-50 years old) businesspeople; a drop of 0.8 percentage point, from 58.8 per cent to 58.0 per cent during the same period. On the hand, the records show that the older age category (above 50 years old) have ventured into the business activities.

Table 5.2 presents the educational qualifications profile of small business operators. Less than half (46.4%) of small business operators have obtained certificate qualification. The second largest group have a bachelor degree (22.5%), while only 5.5 per cent have earned postgraduate qualification. This is quite different to the qualifications of the ECEs, which is discussed in Section 5.6. In this study, 42.9 per cent of the ECEs have bachelor degree, and more than a third (35.7%) have earned postgraduate degree.

**Table 5.2 Qualifications of small business operators, 2006**

<table>
<thead>
<tr>
<th>Type of qualification</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Other education</td>
<td>8.7</td>
</tr>
<tr>
<td>- Certificate</td>
<td>46.4</td>
</tr>
<tr>
<td>- Advanced Diploma and above</td>
<td>14.7</td>
</tr>
<tr>
<td>- Bachelor Degree</td>
<td>22.5</td>
</tr>
<tr>
<td>- Graduate Dip./Cert.</td>
<td>2.2</td>
</tr>
<tr>
<td>- Postgraduate</td>
<td>5.5</td>
</tr>
</tbody>
</table>


The ABS survey of small business does not provide details of the ethnicity of the business operators, but it does provide a breakdown by those who were born in
Australia and those who were born overseas. Table 5.3 shows the proportion of small business operators who were born in Australia against those who were born overseas.

Table 5.3 Australian-born and overseas-born small business operators, 2006

<table>
<thead>
<tr>
<th>Small Business Operators</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Born in Australia</td>
<td>71</td>
</tr>
<tr>
<td>- Born overseas</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Characteristics of Small Business, ABS (2006a)

5.4 Participation rates in entrepreneurship

Section 5.2 drew attention to the understanding of employers and self-employed (own account workers) in the 1996 census. A group of statisticians from the ABS, Carew et al. (1999), adjusted the 1996 census. Based on these adjustments, the comparative participation rates in entrepreneurial activities for the 1996, 2001 and 2006 censuses are shown in Table 5.4. Disregarding the contributing family worker category, this thesis considers the rate of participation as business-owners/entrepreneurs to include employers and own account workers, in line with the ABS definitions stated earlier. Thus the rate of participation of entrepreneurs in Australia for the 1996 and 2001 census years were 15.8 per cent and 15.6 per cent, respectively, and for 2006 16.1 per cent of the labour force. (Further research is needed to explain the movement of the change – increase or decrease; however, this is outside the scope of this thesis).

Table 5.4 Comparative participation rates in entrepreneurship, 1996, 2001, 2006 censuses

<table>
<thead>
<tr>
<th>Census year</th>
<th>Employers (a)</th>
<th>Own account worker (b)</th>
<th>Contributing family worker</th>
<th>Rate of participation as business owners/entrepreneurs (a)+(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>6.6%</td>
<td>9.2%</td>
<td>1.0%</td>
<td>15.8</td>
</tr>
<tr>
<td>2001</td>
<td>6.5%</td>
<td>9.1%</td>
<td>1.2%</td>
<td>15.6</td>
</tr>
<tr>
<td>2006</td>
<td>6.7%</td>
<td>9.4%</td>
<td>1.1%</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Source: ABS 2001, 2006a
5.5 Chinese participation rates as employers and own account workers

As stated earlier, the ABS survey of small business does not provide details of the ethnicity of business operators. Thus, it is only possible to provide only the data of the Chinese participation rates as employers and own workers based on their countries of birth. In this case, only the number of Chinese from the People’s Republic of China (China), Hong Kong, and Taiwan are used. Table 5.5 shows that the Chinese from Taiwan were more entrepreneurial, compared to their compatriots from mainland China and Hong Kong.

Table 5.5  Ethnic Chinese employers and own account workers as percentage of total employed, by birthplace

<table>
<thead>
<tr>
<th>Birthplace</th>
<th>Employer</th>
<th>Own account worker</th>
<th>Total participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>12.1%</td>
<td>8.8%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>13.5%</td>
<td>20.7%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>9.3%</td>
<td>8.2%</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

Source: ABS (2006a)

5.6 Demographic profile of ethnic Chinese entrepreneurs in Melbourne

For this thesis, intensive interviews were completed with 14 ECEs in Melbourne. While the ABS does not provide the ethnicity data, it was possible to identify the country of birth of these ECEs in Melbourne. The following presents the demographic profile of the group of ECEs in Melbourne studied in this thesis.

5.6.1 Age groups

Table 5.6 presents the age groups of the ECEs by country of birth.

Half of the ECEs fall into the highly economically active groups, that is, between 31 and 50 years old (50%), and more than one-third are in the 51–60 age group. On the
other hand, young ECEs make up 14 per cent of the ECEs interviewed. ECEs from Malaysia are the oldest group, as three of them (21%) are above 51 years old.

Table 5.6 ECEs in Victoria: Age groups by country of birth

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>21-30</th>
<th>31-40</th>
<th>41-50</th>
<th>51-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (n=1)</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>All ECEs (Percentage)</td>
<td>14%</td>
<td>29%</td>
<td>21%</td>
<td>36%</td>
</tr>
</tbody>
</table>

5.6.2 Marital status

Table 5.7 presents the marital status of the ECEs. The majority of the ECEs are married (86%). Fourteen per cent are single.

Table 5.7 Marital status of ECEs

<table>
<thead>
<tr>
<th>Marital status of ECEs</th>
<th>% of ECEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Married</td>
<td>86</td>
</tr>
<tr>
<td>- Single</td>
<td>14</td>
</tr>
</tbody>
</table>

5.6.3 Children

Eleven (11) of the ECEs interviewed in Victoria indicated that they had children, which accounted for 79 per cent of the total. Of these ECEs with children, 27.3 per cent had one child, 54.5 per cent had two children and the remaining 18.2 per cent had three children. This is shown in Table 5.8.
Table 5.8  Children of ECEs

<table>
<thead>
<tr>
<th>Number of children</th>
<th>No of ECEs</th>
<th>%</th>
<th>No of ECEs with children</th>
<th>% with children</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3</td>
<td>21.4</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>21.4</td>
<td></td>
<td>27.3</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>42.9</td>
<td>11</td>
<td>54.5</td>
</tr>
<tr>
<td>3 or more</td>
<td>2</td>
<td>14.3</td>
<td></td>
<td>18.2</td>
</tr>
</tbody>
</table>

5.6.4  Education

According to a report on Australian educational attainment, in 2006 the proportion of Australians aged 25–64 who were university-educated was 64.6 per cent and 58.4 per cent for the OECD countries (ABS, 2001). Comparatively, this study found that 78.6 per cent of the ECEs interviewed had completed undergraduate and postgraduate university education. In addition, 21.4 per cent had completed technical college qualifications.

Table 5.9 gives a breakdown of the highest level of education completed by the ECEs.

Table 5.9  ECEs: Highest level of education

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Completed high school</th>
<th>Technical college qualification</th>
<th>Undergraduate</th>
<th>Postgraduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>0</td>
<td>1 (25%)</td>
<td>2 (50%)</td>
<td>1 (25%)</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>0</td>
<td>1 (50%)</td>
<td>0</td>
<td>1 (50%)</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>0</td>
<td>0</td>
<td>1 (33%)</td>
<td>2 (67%)</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>0</td>
<td>1 (33%)</td>
<td>1 (33%)</td>
<td>1 (33%)</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>0</td>
<td>3 (21.4%)</td>
<td>6 (42.9%)</td>
<td>5 (35.7%)</td>
</tr>
</tbody>
</table>
Table 5.9 shows that all of the ECEs interviewed had more than 12 years of schooling. These ECEs carried on their education to complete their undergraduate university and postgraduate degrees or technical college qualifications. Except the one that was born in Australia, all of them (13) migrated to Australia under a skilled category, which requires a higher level of education. Another feature of the ECEs’ educational background is that a high proportion (50%) would have acquired their education and higher qualifications overseas. This is shown in Table 5.10.

<table>
<thead>
<tr>
<th>Country of Birth</th>
<th>Highest level of education gained overseas or in Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overseas only</td>
</tr>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>50%</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>50%</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>33%</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>100%</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>50%</td>
</tr>
</tbody>
</table>

The ECEs from China (50%), Hong Kong (50%) and Malaysia (100%) all had a higher proportion who had completed their highest qualifications overseas; they were also likely to have completed their education in their country of birth. They are not refugees, and the high rate of tertiary education of these ECEs reflects the way in which the Australian immigration points test and business skills migration programs have helped shape immigration selection in favour of immigrants with high education and skill levels.
5.6.5 Immigration entry categories

As discussed in Chapter 3, Australia’s immigration policies have changed over the years. Since the demise of the White Australia Policy, immigration policies now centre on accepting migrants based on their family ties with residents already settled in Australia, skills which are lacking or in demand in Australia, and business people who can make an immediate economic contribution to Australia. An employer may also nominate migrants for special skills that are needed in the business and that are in short supply or not available. Australia’s humanitarian program considers refugees, asylum seekers and other humanitarian cases.

In many cases, when interviewed, most ECEs could only vaguely recall the exact title of the visa category they came under because of the time lapse or because the specific immigrant forms were completed by their migration agents. However, the ECEs were able to describe the circumstances under which they entered Australia, which fell into one of the categories mentioned above. This is summarised in Table 5.11.

Except for one ECE who was born in Australia, Table 5.11 shows the four main categories that reflect the circumstances under which the ECEs entered Australia. There are four visa entry categories: family, independent, employer nomination, and business programs. The family category refers to those whose visa entries were sponsored by family members already residing in Australia. The independent category refers to those who were assessed on their profession and skills and who did not have family members in Australia who could have sponsored them. In the employer nomination category, the applicant had to be sponsored by an employer who could demonstrate that the applicant’s skills were unique and short in supply and that the employer could not
employ anyone of equivalent qualification or work experience in Australia. The
business category refers to applicants under the business migration of the 1980s and up
to the mid-1990s. This program has since change its name to a business skills migration
category and has a tighter set of assessment criteria required of the applicant.

Most of the ECEs entered Australia under the family (28.6%), business (21.4%) and
independent (14.3%) categories. Only one (7.1%) of the ECEs came under the
employer nomination category.

Table 5.11  ECEs: immigration visa entry categories

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Family</th>
<th>Independent</th>
<th>Employer nomination</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia* (n=1)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>50% (2)</td>
<td>25% (1)</td>
<td>0</td>
<td>25% (1)</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>0</td>
<td>50% (1)</td>
<td>50% (1)</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>33% (1)</td>
<td>67% (2)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>33% (1)</td>
<td>0</td>
<td>0</td>
<td>67% (2)</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
<td>100% (1)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>28.6% (4)</td>
<td>14.3% (5)</td>
<td>7.1% (1)</td>
<td>21.4% (3)</td>
</tr>
</tbody>
</table>

*This ECE, born in Australia, automatically did not need an entry visa.

Three-quarters of the ECEs from China came under the family and independent
categories, while those from Hong Kong came mainly under the independent and
business skills categories. Two ECEs from Malaysia entered Australia as business
migrants (67%), accounting for the highest number of ECEs who entered as business
migrants from any one of the selected interviewees. This is followed by one from China.
Those from Indonesia mainly migrated to Australia with some form of skills (67%),
and one had their eligibility to permanent residency increased by sponsorship from a
relative already living in Australia.
5.6.6 Number of years since immigration entry

Most of the ECEs interviewed for this study arrived in Australia between 1990 and 2000. Of the 14 ECEs, five (35.7%) had been in Australia for up to 20 years and seven (50%) were comparatively recent immigrants, having spent less than ten years in the country. The remaining two (14.3%) had been in Australia for more than 21 years; one was born in Australia and one had completed high school in Australia.

5.7 Businesses operated by Chinese entrepreneurs

The ECEs have established businesses in eight of the 17 broad ANZSIC industry classifications. This means that the range of businesses operated by the ECEs is relatively diverse, from construction and residential and retail property development to communication services and other consumer services. The range of businesses operated by the ECEs is shown in Table 5.12.

Classifying the businesses operated by ECEs according to industry as determined by the ABS reveals that the majority of the ECEs are in property and business services (29%), retail trades (21%) and communication services (14%). The rest are spread across construction (7%), wholesale trade (7%), accommodation, cafes and restaurants (7%), finance and insurance (7%) and health and community services (7%).
### Table 5.12  ECEs: Types of businesses

<table>
<thead>
<tr>
<th>Types of businesses</th>
<th>Number of ECEs</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Agriculture, forestry &amp; fishing</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>B. Mining</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>C. Manufacturing</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>D. Electricity, gas &amp; water supply</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>E. Construction</td>
<td>1 (7%)</td>
<td></td>
</tr>
<tr>
<td>- Residential</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>F. Wholesale trade</td>
<td>1 (7%)</td>
<td></td>
</tr>
<tr>
<td>- Kitchenware</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>G. Retail trade</td>
<td>3 (21%)</td>
<td></td>
</tr>
<tr>
<td>- Gifts</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>- Pharmacy</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>H. Accommodation, cafes &amp; restaurants</td>
<td>1 (7%)</td>
<td></td>
</tr>
<tr>
<td>- Asian restaurants</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>I. Transport &amp; storage</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>J. Communication services</td>
<td>2</td>
<td>2 (14%)</td>
</tr>
<tr>
<td>K. Finance &amp; insurance</td>
<td>1 (7%)</td>
<td></td>
</tr>
<tr>
<td>- Finance &amp; mortgage brokers</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>L. Property &amp; business services</td>
<td>4 (29%)</td>
<td></td>
</tr>
<tr>
<td>- Legal services</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- Project management</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- Marketing services</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- IT consulting</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>M. Government administration &amp; defence</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>N. Education</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>O. Health &amp; community services</td>
<td>1 (7%)</td>
<td></td>
</tr>
<tr>
<td>- Eye care services</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>P. Cultural &amp; recreational services</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Q. Personal &amp; other services</td>
<td>0</td>
<td>0 (0%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14 (100%)</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 A-Q classifications follow the Australian and New Zealand Standard Industrial Classification (ANZSIC) as used by the Australian Bureau of Statistics.

### 5.8 Business ownership

Table 5.13 presents the ownership structure of the ECEs’ businesses divided into seven possible combinations of business ownership. It shows that almost a third of the ECEs (28.6%) are in business with partners who are non-family members. Spouses are co-owners with 21.4 per cent of the ECEs. Altogether, spouses have joint ownership with 50 per cent of the ECEs when other joint owners are also taken into account. Fourteen per cent of the ECEs are in business with relatives.
Table 5.13  ECEs: Structure of business ownership

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Myself</th>
<th>MS</th>
<th>MSR</th>
<th>MR</th>
<th>MO</th>
<th>MSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>0</td>
<td>1 (50%)</td>
<td>0</td>
<td>0</td>
<td>1 (50%)</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>0</td>
<td>1 (33%)</td>
<td>0</td>
<td>0</td>
<td>2 (67%)</td>
<td>1 (33%)</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2 (67%)</td>
<td>1 (33%)</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>All ECEs (in per cent)</td>
<td>7.1%</td>
<td>21.4%</td>
<td>7.1%</td>
<td>14.3%</td>
<td>28.6%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

MS  myself + spouse
MSR  myself + spouse + relative(s)
MR  myself + relative(s)
MO  myself + outsider(s)
MSO myself + spouse + outsider(s)

5.9 Location of businesses

The location and ethnic geographical concentration of migrants are often the subject of immigration debates as discussed in Chapter 3. The geographical dimension of the business locations of the ECEs is summarised in Table 5.14. At the time of interview, 14 per cent of the businesses were located at home and the remaining 86 per cent in commercial premises. This figure is almost identical to the business locations of Asian-born female entrepreneurs in Sydney (Low, 2003). Of these, 29 per cent are located in high co-ethnic commercial precincts while the other 57 per cent are located in mainstream commercial precincts. This shows the extent of the break-out into the mainstream by the ECEs.

Table 5.14  ECEs: Location of businesses

<table>
<thead>
<tr>
<th>Location of businesses</th>
<th>Number of ECEs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home-based</td>
<td>2</td>
<td>14.3</td>
</tr>
<tr>
<td>Commercial high co-Ethnic</td>
<td>4</td>
<td>28.6</td>
</tr>
<tr>
<td>Commercial mainstream</td>
<td>8</td>
<td>57.1</td>
</tr>
</tbody>
</table>
Table 5.15 presents a detailed breakdown of the location of the businesses operated by the ECEs by industry classification. All retail trade businesses carried out by the ECEs are operated from areas of high co-ethnic concentration. Also, eye care services are operated in the high co-ethnic concentration. This is due to the ability of the ECEs to communicate in Chinese with the clienteles. The ECEs who were engaged in communication, property and business services are mainly located in mainstream commercial premises. This indicates that some ECEs are trying the ‘break out’ strategy. Their products and services were universal, not catering to their ethnic group alone.

Table 5.15   ECEs: Location of businesses based on industry

<table>
<thead>
<tr>
<th>Location of businesses</th>
<th>Commercial Premises</th>
<th>Home -Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Businesses¹</td>
<td>High Co-Ethnic</td>
<td>Mainstream³</td>
</tr>
<tr>
<td>A. Agriculture, forestry &amp; fishing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Mining</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Electricity, gas &amp; water supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Residential</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>F. Wholesale trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Kitchenware</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>G. Retail trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Gifts</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>- Pharmacy</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>H. Accommodation, cafes &amp; restaurants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Asian restaurants</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>I. Transport &amp; storage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J. Communication services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K. Finance &amp; insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Finance &amp; mortgage brokers</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>L. Property &amp; business services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Legal services</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- Project management</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- Marketing services</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>- IT consulting</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>M. Government administration &amp; defence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Education</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Indicates the type of business.
² Indicates the concentration level.
³ Indicates the type of location.
### Table 5.1

<table>
<thead>
<tr>
<th>O. Health &amp; community services</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Eye care services</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

| P. Cultural & recreational services |   |   |   |
| Q. Personal & other services     |   |   |   |
| **TOTAL**                       | 4 | 8 | 2 |

---

1. A-Q classifications follow the Australian and New Zealand Standard Industrial Classification (ANZSIC) as used by the Australian Bureau of Statistics.
2. High co-ethnic locations include the following suburbs of Melbourne: Chinatown and Box Hill.
3. Mainstream locations refers to the Melbourne Central Business District and suburbs other than those quoted above.

---

### 5.10 Summary

This chapter highlighted that the participation by ECEs in small business in Australia accounts for a quarter of the small business sector. Their participation is on the rise.

This chapter identified both similarities and diversity in the demographic profiles of the ECEs. The majority of the ECEs arrived in Australia between the ages of 20 and 40, which means that they arrived at an age where all had completed their school and higher education qualifications and would have had some work experience. On arrival, they would have been seeking work in the Australian labour market. At the time of the study interviews with the ECEs, the majority were between 30 and 50 years old. The majority of the ECEs were married and had children. More than three-quarters (78%) of the ECEs hold a university degree, mainly gained from overseas. Most of the ECEs entered Australia with skills that Australia was looking for, and came under the business skills, employer nomination and independent visa categories. Less than a third (28%) of the ECEs were sponsored by family members to settle in Australia.

The ECEs have established a broad range of businesses, the majority of which are in property and business services, retail trade and communication services. Their businesses are located mainly in mainstream commercial precincts. Less than a third of
the ECEs have located their operations in areas of high ethnic concentration and less a fifth (14%) of the ECEs are located at home. Close to 30 per cent of the ECEs have outsiders (non-family members) as joint owners, and ownership that includes the spouse together with other joint owners accounts for 50 per cent of the ECEs.
CHAPTER 6
VENTURING INTO BUSINESS

6.1 Introduction
This chapter explores why a group of ethnic Chinese from different countries living in Melbourne chose the path to entrepreneurship. The group is by no means homogeneous, although from an ethnic point of view they are Chinese. Their immigration entry visas, languages, cultures, traditions, education and their varied economic status separate them. They are found in ethnic economic enclaves as well as spread widely and sparsely across suburbs in Melbourne. What are their stories? What motivates this group of ethnic Chinese in Melbourne in starting their own businesses and creating employment for others in a new environment where the social, economic and political structures are different from those they came from? Why do these ethnic Chinese choose entrepreneurship against other career options? Did this group have any options in the first place? What are the barriers and blockages that drive them into seeking self-employment and the factors that support the entrepreneurial process?

Research on ethnic entrepreneurship is often conceptualized in motivational theories embedded in society and economic opportunity structures. However, there is a human agency perspective to ethnic entrepreneurship and of late researchers have been interested in recognising entrepreneurship as an individual strategy. This chapter will explore the human agency in the biographical process of their immigration experience to help explain why a group of ECEs chose the path to entrepreneurship. Usually, entrepreneurship studies explain ethnic enterprise formation mainly in two thematic dimensions, namely dissatisfaction with employment and desire for independence. The
causes of dissatisfaction are employment barriers and the limitations to independence, mainly financial. Embedded in these obstacles are personal needs that act as motivators, such as the need for greater control over the direction of one’s life and the need to escape from unsatisfying jobs and the need to reject stereotyping. While the ethnic entrepreneurs faced similar barriers and needs as those cited in the literature, this research found a third dimension to the reasons why a group of ECEs went into business. This dimension is embedded in the structural force that is the Australian business environment which encourages ECEs to enter into business. Thus this chapter offers a new paradigm in understanding why ECEs choose entrepreneurship.

Chapter 3 discussed the key debates on Australian immigration which provides a framework for understanding the immigration experience of the group of ECEs in this thesis; the debates will not be elaborated further in this chapter. While Chapter 2 presented an overview of literature on ethnic entrepreneurship studies, it did not cover in depth the motivational findings advanced so far; therefore, there is a need to explore further the Australian and international literature on the reasons for entrepreneurial start-ups in order to investigate the phenomenon of ECEs in Australia. Following this, the empirical research findings on the experiences of the group of ECEs in Melbourne that led to their choice of a career in entrepreneurship are presented.

6.2 Previous studies
Past Australian as well as international research on ethnic Chinese entrepreneurs has concentrated on reasons why Chinese immigrants go into business. As the review of literature found, it is almost a standard feature in the literature on ethnic Chinese in business that researchers investigate the motivation for founding a business, often as
part of a project to determine the characteristics of entrepreneurs (Wong, 1980; Collins, 2002; Ip, Wu & Inglis, 1998). Thus there is an existing body of knowledge in this area. For example, one of the reasons ECEs enter into business is the accent ceiling, as proposed by Collins (1998). As I observed from my study, half of the respondents did not have the benefit of a full Australian education or the skills to enter the labour market. While they could understand and communicate in English, their ‘strong’ accent blocked them in the labour market in the first place.

Earlier American and United Kingdom research literature argued that some immigrants faced similar ‘glass ceiling’ blockage factors and negative job experiences and aspired to greater control over their lives (Roffey et al., 1996). A consequence of negative job experiences is a desire to escape from an insecure labour market or to escape supervisory control (Stevenson, 1986) through self-employment.

These factors of negative job experiences and escapism are also recognised by researchers in ethnic entrepreneurship studies in Australia (Collins, 1998; Lever-Tracey et al., 1991) and are often explained as ‘blocked mobility’ factors. Other overseas researchers on immigrant entrepreneurship also present this line of argument. Immigrants are observed to escape from the insecure and low-paying labour market, unpleasant work environment and supervisory controls (Gold, 1988; Waldinger et al., 1990). They add that minority groups are further disadvantaged by racial discrimination in the workplace (Aldrich et al., 1984, Ladbury, 1984; Min, 1988).

Stereotyping of immigrants in the labour market is a form of racial discrimination that immigrants often face. For example, because most refugees from Indo-China cannot
speak English fluently (Holton, 1994) and consequently most had to accept low-paid factory work, this image became a stereotype applied to other Asian immigrants, including ethnic Chinese. There is evidence in my study to suggest that such stereotyping discriminated against Chinese immigrants as they were perceived to lack higher education and to speak poor or heavily accented English; further, that it was acceptable to let them work for lower wages. Such stereotyping limited the career options of some of the ECEs.

Earlier, Gold (1988) found that unemployment amongst immigrants may be a reason itself for self-employment, but that immigrants lack resources to succeed, as he found in his study of Vietnamese and Soviet Jewish immigrants in the San Francisco Bay area. Rather, the low quality jobs they hold represent underemployment and it is this underemployment that provides them with the ‘slender resources’ for self-employment (Gold, 1988, p.413). However, my research found that the ECEs in Australia have financial resources as well as social capital which they have accumulated in their countries of birth as well as in Australia. One of the most popular methods for the ECEs to raise the financial capital is through a CRA (credit rotating association), and for this ECEs need to be part of their community clubs. This will be discussed in detail in Chapter 7 on the financing of start-ups.

Soutar and Still (2000) studied the reasons for enterprise start-ups of 378 small business proprietors in Western Australia, based on a correspondence analysis. No account was given of ECEs. Nevertheless, the results were interesting and identified six groups defined by reasons for start-up. In the first group, the respondents saw a gap in the market from which they could make a living. The second group also mentioned the
perception of a market gap but the respondents here wanted more than a living. They
were motivated by the potential of greater earnings or higher profits. The third group
started in business based on the desire to be independent, while the fourth group was
tired of working for someone else and decided to go into self-employment. The fifth
group, though economically motivated, wanted to start a business so that they could be
home with their family. The sixth group was motivated by the chance to be creative. My
research shows some evidence to support Soutar and Still’s study; the ECEs in my study
can be put into groups 1, 2, 3, 4 or 5. More than a third (36%) saw a better opportunity
in Australia to earn higher income, and about 29 per cent believed there were gaps in
the market that offered business opportunities. Table 6.1 gives the breakdown of the
major reasons for starting up a business. However, the reasons why the ethnic Chinese
migrants ventured into business are complex and often multi-faceted. This will be
discussed further in the following section.

Table 6.1  ECEs: Major reasons for starting up a business

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
<th>Group 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
<td>0</td>
<td>1 (25%)</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>1 (50%)</td>
<td>1 (50%)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>1 (33%)</td>
<td>1 (33%)</td>
<td>0</td>
<td>0</td>
<td>1 (33%)</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>1 (33%)</td>
<td>1 (33%)</td>
<td>0</td>
<td>1 (33%)</td>
<td>0</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
<td>1 (100%)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>All ECEs (percentage)</td>
<td>28.6%</td>
<td>35.7%</td>
<td>14.3%</td>
<td>7.1%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Notation
Group 1: saw a gap in the market
Group 2: saw a gap in the market but could earn higher profits
Group 3: wanted to be independent
Group 4: tired of working for others
Group 5: could be home with family

The following section of this chapter explores in more detail the reasons why a group of
ECEs in Melbourne went into business by studying the biographical process of the
ECEs. This approach allows a different set of questions to be asked that provide new insights into how their immigration experience explains the growing participation of ethnic Chinese in entrepreneurial activities. Moreover, their reasons for going into business are diverse and complex.

6.3 The interviews

To understand why ethnic Chinese migrants go into business, open-ended questions about their reasons for going into business were asked of each of the 14 ECEs interviewed. The leading question asked was ‘What made you decide to go into business?’ or ‘Why did you decided to set up your own business? This was followed by other questions. Often, their answers were not straightforward, their reasons clouded in revelations of other events in their lives. None of the ECEs gave a single answer to the research question. The ECEs all talked about circumstances or particular events that had triggered their decision to embark on a journey of personal and financial risks. The trigger point was only the immediate cause for many; the seeds of entrepreneurship were sown many times in events in their lives, pre- and post-migration.

6.4 Venturing into business

The reasons why the ethnic Chinese migrants ventured into business are complex and often multi-faceted. Each reason is interrelated with the next, but common themes emerged when analysing the interviews. By developing a content analysis table of key words, counting the number of times a particular descriptive word or phrase was used to provide a reason and then establishing a frequency scale; seven common themes of reasons emerged and were ranked. The results are shown in Table 6.2. And Table 6.3 presents the top-five reasons for the ECEs venturing into the business.
From a consideration of different immigration, skills and work experience, and family and financial circumstances at the time of business start-up and other personal factors, a more in-depth and comprehensive explanation emerges as to why ECEs go into business. The complexity of the human nature can be illustrated through this qualitative approach. In addition, the challenge in this research is to hear the voices and listen to the ECEs, and to understand the complexity of the biographical process that shaped their entry into business in Melbourne.

Table 6.2 Reasons why ECEs went into business

<table>
<thead>
<tr>
<th>Reasons for going into business</th>
<th>Manifestation of reason</th>
<th>Number of ECEs</th>
<th>Percentage of ECEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity (n=14)</td>
<td>I saw opportunity</td>
<td>11</td>
<td>79%</td>
</tr>
<tr>
<td></td>
<td>I am looking for opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am young</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It was an opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I find the gap in the market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being entrepreneurial (n=14)</td>
<td>I am Chinese</td>
<td>8</td>
<td>57%</td>
</tr>
<tr>
<td></td>
<td>I like business</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I have entrepreneurial spirit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment barriers (n=14)</td>
<td>Difficult to get a job commensurate with my overseas qualification</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Difficult to get a job because of my English</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial (n=14)</td>
<td>My salary was not enough</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>I was laid-off, need income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Challenge (n=14)</td>
<td>I want to prove myself</td>
<td>5</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>I like the challenge</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I want to achieve something</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexibility (n=14)</td>
<td>I want to have time for my children</td>
<td>4</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>I can have time to help my children’s education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parents (n=14)</td>
<td>To take over from my parents</td>
<td>2</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>To help my mother in business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 6.3  ECEs: Top five reasons for going into business

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Top five reasons for going into business*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>Entrepreneur</td>
</tr>
<tr>
<td>China</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Financial</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Empl. barrier</td>
</tr>
<tr>
<td>All ECEs</td>
<td>Opportunity</td>
</tr>
</tbody>
</table>

* Descending ranking scale, 1 being most quoted reason
Entrepreneur = Being entrepreneurial
Empl. Barrier = Employment barriers

3  Equal third in ranking
4  Equal fourth in ranking

The following examines the seven reasons that triggered the ECEs’ decision to go into entrepreneurship and the complexity of their immigration experience that impacted on their decisions.

6.4.1 Opportunity

Out of 14 ECEs, 11 (79%) cited opportunity as the top reason for going into business. This factor has a number of aspects, ranging from being young to looking for opportunity to seeing a gap in the market. The ECEs from China, Hong Kong and Malaysia cited opportunity as the first reason to go into business. It was placed third by ECEs from Australia, Indonesia and Vietnam (look at Table 6.3).

When the ECEs talked of opportunity, it is well thought out. To them, opportunity is something that happens in the market place. There is a gap in the market, and they see the opportunity to grab it. They used words such as ‘look’ and ‘saw’. The ECEs would
describe the opportunity as ‘I saw the opportunity’ and ‘I am looking for the opportunity’, as illustrated below:

*I was in Box Hill area, and I saw there was no optical shop that catering to the Chinese people. It should be an opportunity.*  
(Benny, Hong Kong)

*Most big telephone companies concentrated on big corporations. The telecommunication services for SMEs were neglected. I saw the opportunity to start-up the telco business catering specially to small and home-based businesses.*  
(Marcus, Hong Kong)

*There was an opportunity in the building material. The government provides the financial incentive, and I took it.*  
(Albert, Malaysia)

Opportunity is not a reason by itself as to why the ECEs went into business. Generally, they looked for opportunities because of any one or more of the six reasons they cited. For example, Benny was an immigrant from Hong Kong who graduated from Melbourne University. He is an optometrist. During his university years in the 1990s, he had imported clothes from Hong Kong and sold them in the Sunday market. He liked to visit the Box Hill area for lunch. He saw that there was no optical and eye-care shop that served the Chinese customers. During the late 1990s, the ethnic Chinese population in Box Hill was growing substantially. He saw there was an opportunity to open such a shop once he graduated. He employed Chinese-speaking staff to assist the older customers who preferred to speak in Chinese. Benny showed his acumen in business even when he was studying at university. Currently, with his partners, he co-owns two residential buildings and leases them to university students.
Another example is that of Tony, born in Ho Chi Minh City, Vietnam. He came to study IT at Monash University in the early 2000s. After he obtained his Bachelor’s degree, he could not find a job relevant to his qualifications. He said, ‘It was after the internet bubble. There was not many job opportunity in IT available. So I decided to continue my study to Master level.’ During his postgraduate study, also at Monash University, he had a chance to work part time at a computer shop in Preston. After he finished his study, he applied to several companies in Melbourne, but his applications were all rejected. He felt his English proficiency was one of the factors that made him unsuccessful in his job hunting. So he worked full time at his existing store, but the wage was low. While working at the shop, however, he got to know several people that supplied the computer equipment. He saw there was a market for second-hand computers, especially notebooks, in developing countries, such as Vietnam. Through his contacts, he was able to talk to a computer leasing company in Melbourne. He quitted his job and established his own company. He bought second-hand computers (less than three years old) from the leasing company and exported them to Vietnam. He said, ‘Computers in Vietnam are quite expensive. I saw the opportunity to export them.’ Right now, his turnover is about AUD$3 million per year. Tony looked for business opportunities while was working in a low-paid job.

Arguably, for some, where it appeared that the opportunity came out of nowhere, entrepreneurship is in a fact a matter of individual strategy, one that must include opportunity seeking and is not pursued without prior thinking. The individual strategy is embedded in the ECEs’ biographical processes that are related to the events in their lives. For example, when Albert, who was from Malaysia, said, ‘There was an opportunity in the building material. The government provides the financial incentive,
and I took it’, he had in fact several years of preparation for this opportunity when he worked for a construction company in Melbourne. He had graduated with a polytechnic degree from Singapore Polytechnic. He had worked for more than 15 years in the construction industry in Singapore as well as in Malaysia. After migrating to Australia, he did not face employment barriers. He got a job easily with a medium-sized construction company, and this was because he had higher-class resources. His technical qualification was in high demand by businesses in Australia. At the time, Australia was experiencing a construction boom. He worked as a cost estimator. The wage was very good. The following parts of the interview/conversation illustrate the biographical process leading to the business opportunity and the venture into business:

**Question (Q): What did you do after you arrived in Australia?**

**Answer (A):** Before we came to Australia, I worked in Kuala Lumpur for an Australian based project management company for about 2 years. After arrived in Melbourne in 1995, I applied to several companies in the construction business. I have good recommendation from my previous Australian employer. I got several job offerings, and finally I worked for a medium-sized one as cost estimator. This company was good. In addition to basic salary, I was also entitled to bonus if my company won the bid. My pay packet was about $90,000 a year, which was quite high during that time.

**Q:** What made you start your own business?

**A:** After 6 years working in the construction industry, I saw the opportunity to set-up my own business. I have the knowledge in the building construction material from my working experience in Singapore and Malaysia.

**Q:** What opportunity? How did you know this is the one?

**A:** I have more than 15 years working experience in the building and construction business before we came to Australia. After a couple of years in Melbourne, I saw that the cost of building materials in Australia was quite high. I knew that if we could speed up the building process using new material, we could save some money. There was an opportunity in the building material. The government provides the financial incentive, and I took it. The government was encouraging Australian to be more innovative. So, I contacted CSIRO* to see whether they could provide technical assistance for me to develop new building material. CSIRO mentioned that they would be happy
to help me but I needed to establish a credible company. So, I quit my job and approached my former Australian employer who employed me when I was in KL. So, we set-up a 50:50 company, with the initial capital of AUD250,000. With CSIRO, we applied for the government grant, and received another $250,000. With this money, CSIRO did the research and develop high strength and light weight brick. Our technology has been patented, and currently we are building prototype house using our building material.

Albert (Malaysia)

*CSIRO is Australia’s premiere research institution.

One could argue that at any time there are opportunities for business start-ups for anyone. On the other hand, business start-ups or formation can only materialise if one is opportunity ready. In Albert’s case, he had the right mix of human and class resources, social capital, Australian work experience and savings when the opportunity presented itself. He was opportunity ready. Opportunity readiness is itself a biographical process and for most of the ECEs this process is complex.

6.4.2 Being entrepreneurial

When asked, ‘Why did you go into business?’, the ECEs described themselves as ‘being entrepreneurial’. Overall, this was the second most frequently quoted reason for going into business, representing 57 per cent of the ECEs. Interestingly, only the ECE from Australia ranked entrepreneurial spirit highest. This ECE was Australian-born and female. ‘Being entrepreneurial’ was ranked second by the ECEs from China and Hong Kong, third (equal with ‘opportunity’) by the ECEs from Indonesia, and fourth (equal with ‘challenge’) by ECEs from Malaysia.

The concept of being entrepreneurial is notional and emotive. When the ECEs labelled themselves as entrepreneurial, what did they mean? Is being entrepreneurial a
personality trait? Is it innate? Do some ethnic groups have a greater disposition to entrepreneurship than others? Can it be inherited because their parents or relatives were entrepreneurs themselves? Is it learnt? Is it a prerequisite in some professions, where to realise one’s professional skills is to sell them by establishing a professional service business, so that setting up a business practice is inevitable? These are some of the age-old questions about the origin of entrepreneurship. Although relevant when looking at the ECEs, they are not the subject of this chapter, however. Instead, this thesis explores the ECEs’ entrepreneurial spiritual paradigms as articulated.

First, this study found that several ECEs claimed their right to entrepreneurship because they were Chinese or had Chinese blood. They believed that Chinese are entrepreneurial people. Thus, they believed that they were genetically entrepreneurial, as is shown in the following comments:

* My grandfather and my father were businessmen in Shanghai during 1930s to 1940s. They had textile factories. After the communist took over China, they fled to Hong Kong without any money. They were still upset with Mao*. In Hong Kong, they have to build the business from scratch. When I was growing up, I helped my father in running his watch factory. I do not how my father did it, but I believe he had entrepreneurial spirit. I think my entrepreneurship skills are inherited from my father. Hey, I am Chinese, and you see most Chinese are quite entrepreneurial.

* Marcus (Hong Kong)

Other ECEs thought that they were naturally entrepreneurial. They knew that running a business was what they wanted to do, rather than being tied down to an office chair or working from 9 to 5, as Alice described:
I like business. I like to run my own business...I am more comfortable to talk to people, communicate...I cannot stand to work from 9 in the morning and go home at 5 afternoon.

Alice (Australia)

Alice, the only female in my study and Australian-born, had been prepared for entrepreneurship since she was young. Her parents owned a pharmacy in Box Hill. Her entrepreneurial background was the result of years of helping her parents in the shop. She liked the idea that one day she would have her own pharmacy. When she went to university, she studied pharmacology at Monash University. After graduating, she tried to work for a pharmaceutical company, but she did not enjoy it. She liked to talk to people, sell products, and not stay in the office all the time. When her parents decided to retire, she took over their shop. Her Chinese language was not so good, so she hired two additional Chinese-speaking staff. The shop did very well as more Chinese clients became her customers. To complement her pharmacy business, she set up a medical centre beside the shop. Now, the shop and medical centre not only serve Chinese clients but also other ethnic groups in the area. Her Australian education and ability to speak English added to her confidence and entrepreneurial vision to expand the business.

Overall, the entrepreneurial spiritual paradigm of the ECEs in this study was in some cases due to their belief in an entrepreneurial prowess that is innate in Chinese and in others due to their childhood entrepreneurial experience.

6.4.3 Employment barriers

Many studies have found employment barriers to be a significant incentive to ethnic entrepreneurship. Employment barriers may include failure to get a job or inability to get a job commensurate with qualifications. They also include barriers to career
advancement, lack of job training opportunities and blocked promotion. These are blocked mobility factors which are covered in the literature and debates, including on the glass ceiling, glass wall and accent ceiling.

Many of the ECEs had higher education and qualifications earned overseas (see also Chapter 5). More than three-quarters (79%) had completed at least one university degree, while more than one-third (36%) held postgraduate degrees. These ECEs did not set up businesses straight after college or university. They had all worked. For each ECE, where they worked, what jobs they held, what kind of employers they worked for, and why they left make up a biographical account that tells a story about their paths to entrepreneurship.

This study found that the labour market experience of the ECEs was consistent with other research findings about immigrants in Australia. Their labour market experience, summarised by Hugo (1994), showed that immigrants from non-English-speaking countries experienced higher unemployment rates because of their poor English language skills. In addition, the overseas educational qualifications of these immigrants were not valued in the same way as similar-level qualifications gained in Australia (Hugo, 1994).

The following sections will explore the experiences of the ECEs and convey their voices as they relate accounts of their entry into the Australian labour market. This includes their stories of how they gained their first job in Australia, the nature of the blocked mobility that some faced and the factors that propelled them into entrepreneurship.
For ECEs who arrived in the late 1980s and 1990s, it was much harder to get a job in Australia, except for those with professional qualifications and skills that were in demand, such as computer skills and some professional qualifications, such as accounting. However, to practice, certain professions require Australian professional accreditation and registration and recognition of overseas qualifications (Wooden, 1994). Few of the ECEs had such recognisable qualifications when they first arrived in Australia. However, Albert from Malaysia had technical skills in the construction industry that were in high demand, and also he had worked for an Australia-based company in Kuala Lumpur; he got a job within the first three months of arrival. He said:

*I have good recommendation from my former employer in Kuala Lumpur. After sending several applications, I got job interviews. And within three months, I accept the job...I was the cost estimator for one construction company in Melbourne.*

Albert (Malaysia)

Generally, for most ECEs, it took longer to gain employment and, when they did, it was either part-time work, work at a lower level or work not related to their skills or overseas experience. One ECE from China had more than 20 years’ work experience as a middle level manager at a big steel factory in China. When he migrated to Australia, with a family sponsor, in 1998, he could not find a job related to his experience. After one year looking for a job, finally he got a part-time job at a bakery shop. He said:

*When I arrived in Melbourne, I thought it would be easy for me to get a good job. I was an experienced manager. But after about one year, I only managed to get a part-time job, working a baker. It is very difficult to find a job to suit my experience. After working for one and half year, I resigned. I did not see any future.*

Matthew (China)
After he quit his job, he worked for his brother’s gift shop in Box Hill. He learnt how to do the business, such as knowing the distributors, making decisions on pricing and greeting customers. After working for two years, he paid his brother AUD$100,000 for a 50 per cent equity in the shop. He felt happier as the business was doing fine. Also, he had more time to assist his children with their school homework.

In the early 2000s, due to the downturn in the IT and computer industries, it was very difficult for new graduates in the IT and computer fields to find work, even though they had obtained their qualifications from Australian universities. As quoted earlier, Tony from Vietnam shared his experience:

*I have a bachelor degree in IT from Monash (University). By the time I graduated, the job market was bleak. I sent my applications to many companies, but not successful. I did not get many chances to the interview stage. However, if I got interviewed, the results were not good. I believe my English was not so good. Finally I gave up, and I applied for postgraduate study. I tried to improve my English language, especially the spoken one. I went out more with local students. During the weekend, we would go to the bar. I think my English is improving.*

Tony (Vietnam)

So far, the labour market experience of the ECEs demonstrates the difficulties in seeking employment. During the interview, none of the ECEs mentioned discrimination. They saw that communication skills were very important.

6.4.4 Financial

Out of 14 ECEs, seven (50%) cited finance as the reason for going into business. This factor has a number of aspects, ranging from not earning enough income to being retrenched from a job. The non-refugee immigrants who arrived in Australia in the late 1980s and 1990s found it harder to get work when Australia’s economy took a
downturn and economic restructuring reduced the availability of employment. This especially affected the ECEs from China, Indonesia and Vietnam. In addition to this shrinking job market, some of the educational and professional qualifications they had obtained in China and Indonesia were not recognised in Australia. Moreover, those who came from China and Indonesia were less proficient in English, written as well as spoken, compared with those who had emigrated from Malaysia and Hong Kong. These two countries were once under British rule or British administration and benefited from the legacy of an English education system. Thus immigrants from Malaysia and Hong Kong are more likely to speak better English and to possess academic and technical qualifications that are more valued in Australia’s labour market.

For the ECEs who found it harder to find jobs, entry into entrepreneurship was an alternative form of employment. Unemployment results in financial hardship and poverty and the loss of social status associated with lower financial well-being. These ECEs understood well the consequences and turned to entrepreneurship as an alternative to earn some income in the short term, and in the hope that they would be able to grow their businesses profitably to satisfy their other needs. The need for income is illustrated by the experience of one of the ECEs below:

*I came to Australia in late 1999. I had IT skills and I got the job easily. In year 2001, I was laid-off by my company. My wife did not have a job either. I tried to apply for some jobs, but to no avail. I needed income as my saving was depleted. So, after some discussion with my wife, we decided to open Indonesian restaurant. My wife could assist me as a cook, and I could work at the front to serve the customer.*

Amir (Indonesia)
In the case where the income from the paid job was not sufficient, for the highly skilled ECEs going into business was a motivator. In line with their aspiration to facilitate their children’s upward social mobility, a higher income could pay for private schooling. Also, a higher income would provide the means to have a better home and greater household comfort. For example, one ECE from Malaysia who went into business to earn more money said:

*I worked for a housing finance brokerage firm after I arrived in Melbourne in 2003. I believe my English as well as my Chinese language skills are good. I have good clients. I made reasonable salary, with some bonus if the business was good. However, I felt my paid was not high enough, considering the income that I brought to my employers. My kids were getting bigger; I thought to send them to private schools. So one day in mid-2005, I saw the ads looking for a partner to buy a housing finance brokerage firm. The other two partners are local Australians. I convinced them that I would be good partner. In addition to my working experience in Melbourne, I also had built extensive social network, especially among ethnic groups such as Chinese, Vietnamese, and Indian. Finally, they agreed with me to form the partnership and we bought the franchise in the area near to Box Hill suburb.*

Tate (Malaysia)

The financial reasons that motivated the group of ECEs to venture into business were based on the need to survive and to earn a higher income. The restructuring of the Australian economy in the 1980s and 1990s and the technology bubble in the early 2000s resulted in job redundancies and layoffs, and this affected some of the ECEs interviewed.

6.4.5 Challenges

In addition to recognising opportunities and the ability to act on them, many ECEs referred to ‘challenge’ as a reason for going into business. There is a sense of adventure, of ambitions, of pushing the boundaries of one’s comfort zone, of achievement, of proving one’s ability to succeed and giving one the chance to succeed. Robert and
Albert are examples of the ECEs who wanted the challenges that the entrepreneurship
could bring:

_I had a good job after I receive my computer science degree from RMIT. I worked for an American company, and received training and working for a while in Colorado. After two years in the States, the company sent me back to work in Melbourne. My salary was very good. After three years working as engineer, I got bored. I needed challenge. I talked to my friend in Indonesia whether he would like to invest with me to set-up a calling card company in Melbourne. He agreed as we also set-up another company in Jakarta to distribute the calling cards. Running your own business is quite challenging. Now you are your own boss. You are responsible to make profit. You need to hire staff, working with other parties, and other stuff. But this is a challenge that I need. This challenge gave satisfaction as I can see my company is growing rapidly. We are now branching out to Singapore, Malaysia, Thailand, and Bangladesh. I felt I have achieved something successfully._

Robert (Indonesia)

_I had failed before when I was in Singapore running my own construction business...Then I went work for other company in Kuala Lumpur...Then I worked in Melbourne. I saw the opportunity...I established my company in Australia to prove to myself that I could be success again._

Albert (Malaysia)

It is interesting to find that ECEs from Indonesia and Hong Kong ranked ‘challenge’ as a more important factor than did ECEs from China. However, it would be misleading to suggest that ECEs from Indonesia or Hong Kong, for example, wanted more challenges than any other ECEs, say from China. In other words, it is erroneous to explain patterns that reflect the challenge motivation in each of the ECEs according to the country they came from. Instead, their biographical process may explain the difference. I examined one biographical element, namely educational status of the ECEs, to test whether there is a relationship between this and their need to seek the challenges of entrepreneurship. My hypothesis is that those looking for greater challenges have higher expectations of
what they can achieve because of their educational attainments. My research findings confirmed this. They show that the ECEs who referred to challenge as one of their reasons for going into business were more likely to have completed a university degree. In this group, six (86%) of the ECEs had at least one university degree (57% had a postgraduate degree). On the other hand, of those who did not cite challenge as a reason, five (71%) had a university degree (29% had a postgraduate degree).

Although further research is required to test this hypothesis vigorously, the interviews showed that going into business for the challenge and to prove that one could be successful was very much a biographical process. It is an individual strategy of those with higher educational attainments, which gives rise to higher aspirations for themselves. As pointed out by McClelland (1961) and McClelland & Winter (1971), strong need for achievement is another characteristic identified to describe entrepreneurs. In a study of behaviour in young men, McClelland (1961) concluded that a high need for achievement would influence the self selection of an entrepreneurial position, defined as a salesman, management consultant or a business owner. Several subsequent studies have shown a positive relationship between achievement motivation and entrepreneurship (Begley & Boyd 1986, Davidson 1989, Lachman 1980). However, other studies have shown that need for achievement is not the most important variable for predicting the likelihood of starting a business (Hull et al. 1980). Nevertheless, most of these studies conclude that entrepreneurs have a high need for achievement.

6.4.6 Flexibility

ECEs from Hong Kong, Indonesia and Vietnam reported ‘flexibility’ amongst the top five reasons for going into business. ECEs from Australia and Malaysia did not consider
flexibility to be as important a consideration for them to go into business. Overall, the flexibility factor was only a desirable attribute, an added benefit for the ECEs who could have the flexibility in timing to nurture their children. Consequently, the ECEs did not immediately mention ‘flexibility’ as a reason. Rather, the topic of time and flexibility only emerged in the interviews when they talked about how being in business allowed them some flexibility for taking care of their children. Saul and Matthew achieved this:

*I have two children, 5 and 7 years old. My wife is working and I am quite busy, running my business from home. However, I have time to bring my little girls to school every day. I have more time with my children.*

Saul (Indonesia)

*My wife helps me in the shop. I have one son, 10 years old. In China, it is easy as my parents can help take my child. But here? Impossible. Right now, I have time to help my son’s education, such as mathematics homework.*

Matthew (China)

Based on the interviews, flexibility was not the main reason for the ECEs to go into business. It was an additional positive factor in entrepreneurship as compared to the relatively inflexible work arrangements in paid employment.

6.4.7 Parents

For two of the ECEs, ‘parents’ played an important role in encouraging and supporting them in their entrepreneurial endeavours. They acted as mentors, financiers, and business partners.
The following is what two of the ECEs said about their parents who made it possible for them to go into business.

*When I was in high school, I used to assist my parents’ drug store. I learnt how to assist customers. After graduated from university, I worked for a while at the pharmaceutical company...I did not like...I like to run my own business....When my parents decided to retire, I took over their shop.*

Alice (Australia)

*After graduated from university in Nanjing, I migrated to Australia. My mother has settled in Melbourne earlier. She has a book and gift shop in Chinatown. Right now, I am assisting her. I am learning to know the book publishers in China...I have developed website to sell the Chinese books through internet. Interestingly, some of my customers are coming from Germany and America...After my mother retires, maybe next few years, I will run this shop.*

Anton (China)

As a result of working closely with their parents in the business, these ECEs developed early entrepreneurial experience, cultivated human capital and accumulated social capital, which supported their paths to entrepreneurship.

### 6.5 Discussion

The ECEs ventured into business for reasons of opportunity, being entrepreneurial, finance, challenge, flexibility and parents. However, their motivations for going into business are complex. Figure 6.1 summarises the paradigm of the ECEs venturing into business. In this model, there are two factors driving the ECEs on the path of entrepreneurship. The first one is an external factor which comprises two components: barriers in labour markets, and the market. The barriers in the market are due to lack of skills in English language, non-recognition and undervaluation of overseas
qualifications and work experience. The second component is the market itself. The ECEs saw opportunities to fill a gap between supply and demand.

The external factor interfaces with the internal factors, a result being that the path to entrepreneurship is opened for the ECEs. The four components of the internal factor (i.e., dissatisfaction over employment, desire for independence, needs and desires, and other needs and desires) are sometimes independent of one another and sometimes interact with one another. The higher intensity of the interaction amongst these components, the faster the ECEs are venturing into business.

Figure 6.1 ECEs Venturing Into Business Paradigm
6.6 Summary

Through examining the biographical process of immigration and social structures, this chapter offers a new paradigm in understanding why a group of ECEs choose the path to entrepreneurship. My research findings on the ECEs confirm the literature as summarised in the previous studies section above. In this, I found that the ECEs venturing into business for opportunity, entrepreneurial, employment barriers, financial, challenges, flexibility and parents reasons.

The research found that opportunities have the greatest impact on the decisions made by the ECEs in business start-ups. This confirms the saying that Australia is a land of opportunities. Like other entrepreneurs, the ECEs venture into business because of dissatisfaction over employment and the desire for independence, which agree with the results of the studies by many earlier researchers (Wirth, 2001). Previous researches show that the motivation for people to go into entrepreneurship vary, they include personal satisfaction, independence and flexibility. Even given the anxiety and stress that go hand-in-hand with operating a business, most entrepreneurs appear to derive more satisfaction by being the decision maker rather than the recipient of decisions made by others (Walker & Brown 2004). As these ECEs are highly educated, there is a need for personal achievement. Being an entrepreneur is a challenge and being a successful entrepreneur may satisfy this need. Also, as earlier research shows, the ECE believes that by being a Chinese he or she has the inner motivation to be an entrepreneur.

The next chapter examines the financial resources the ECEs need when they start their businesses.
CHAPTER 7
FINANCIAL RESOURCES AT START-UP

7.1 Introduction
The path to entrepreneurship is often paved with hopes and optimism that are driven by strong motivators to success. However, to start up a business, the entrepreneur needs resources. What are the important factors that enabled many ECEs to start their own businesses and to open more than one business? There are several studies on the critical resources that enable the establishment of business enterprises by ethnic entrepreneurs, but most of them were conducted in the USA or the United Kingdom. There is a lack of knowledge on this important resource used by ECEs to start their own businesses in Australia.

This chapter will address the first part of the research question, What do they have? It looks at the financing resources that the ECEs in Melbourne had when they first started their businesses. The chapter explores the cash resources and physical assets with financial leverage value that the ECEs possessed or had access to. The second part of this research question, related to non-monetary resources, specifically in the form of family and networks, is presented in Chapter 8. Chapter 7 will look at several questions, such as, Do ECEs have a different mix of start-up capital resources from the one possessed and used by other entrepreneurs? Do the ECEs access bank financing for start-up capital? How much each did these ECEs put in at start-up? Overall, this chapter will examine in greater details the financial resources that enabled entrepreneurship by the ECEs.
7.2 Previous studies

One of the critical resources in entrepreneurship development is access to capital, but obviously the first hurdle is access to start-up capital when an entrepreneur decides to start his or her own business. To start up a business, entrepreneurs need financing resources or capital to start, develop, grow, maintain and sustain their enterprises and defend them from competition. The previous studies on financial capital looked at relationships between entrepreneurs – male and female – with banks, personal savings and other innovative access to cash financing (Coleman, 1998, 2000; Coleman & Carsky, 1997; Coleman & Cohn, 1999; Haines et al., 1999). In a comparative study of access to capital covering over 4,000 small firms in the USA, Coleman (1998, 2000) argued that resources needed are not different for entrepreneurs and ethnic entrepreneurs. Furthermore, in a study conducted by Lever-Tracy et al. (1991), it was found that the ethnic entrepreneurs (Chinese and Indian entrepreneurs in Brisbane and Sydney) had access to multiple sources for start-up, mainly savings (49%), bank financing (38%) and family and friends (27%). Additionally, that study also showed very few of this group considered access to bank finance as a problem.

In the United States, Bhide (2000) in his study based on the Inc. 500, a listing of the nation’s fastest-growing private companies in 1996, found that 55 per cent of these companies relied on the personal savings of the founders as the primary source of start-up funding. The rest of the primary resources of start-up financing were made up of borrowing from family and friends (13%), bank loans and mortgages (7%), funding from venture capitalists and angel investors (7%), personal charge cards (6%) and other sources (12%). While their studies are not comparable, it is interesting to see that the ethnic Chinese and Indian entrepreneurs in Brisbane and Sydney (Lever-Tracy et al.,
1991) and the fastest growing private companies in the USA (Bhide, 2000) were more likely to resort to personal savings as a source of financing for their start-up businesses. However, based on Lever-Tracy et al.’s study (1991), it is important to note that more than a third (38%) of ethnic Chinese and Indian entrepreneurs in Brisbane and Sydney had access to bank financing for business start-up, and less a third (27%) depended on family and friends. This chapter will look at whether the ECEs in Melbourne used the same mix of financing to start up their businesses.

In the following sections, I will first define the financial resources the ECEs had access to and used. Secondly, I will highlight details of the interview process to give a clearer picture of the interview environment and dynamics at the time. Finally, I will present the research findings and the conclusion.

7.3 Definition

Resources used in SMEs (small and medium enterprises) and especially those utilised by ethnic entrepreneurs have wider meaning and need defining here. There are two types of resources relevant to this study: financial resources and non-monetary resources. In this section, financial resources will be defined, while in Chapter 8, non-monetary resources will be explained.

**Financial resources** refers mainly to cash and formal and informal loans. Formal financial debt covers such matters as bank borrowings, financial guarantees and collateral to secure bank loans. Informal loans are mostly borrowings from family and friends that are not legally structured and therefore not legally binding. Financial resources also include physical assets that have value as financial leverage and are
utilised in the business. Physical assets that have financial leverage value are mainly land and property.

7.4 The interviews

The ECEs were asked about their start-up capital. When discussing money, not all ECEs were comfortable or willing to answer this question directly. This was due to the fact that the interviews were held on their business premises and some of their customers were within hearing distance of the interview. Ideally, it was better to conduct one-to-one interviews in private.

Other ECEs simply did not want to answer the questions directly, saying it was secret. Usually, at the end of the interview, I would repeat the question, and they would give me the ball park figures. However, some of the other ECEs could not remember the exact amount of the start-up capital they put in because it had been many years ago. However, they were willing to give a ball park figure. Overall, I was able to obtain an adequate idea of their sources of financial capital and how they were accessed. In addition, the ECEs gave a good picture of the size of their start-up financial requirement, and this will be presented in this chapter.

7.5 Financial resources

The visa entry categories of immigrants to Australia were discussed in Chapter 5. These categories divide immigrants into different social classes. Generally, those who enter under humanitarian provisions are classified as a disadvantaged group. This group usually has less education, English language proficiency skills, and wealth. On the other hand, it is assumed that those who come to Australia on business migration visa are
wealthy. The business visa requires the immigrants to transfer a large sum of money into Australia for starting and investing in business on arrival. Those who enter under the independent skills category or who are sponsored by families or employers are considered a privileged class compared to refugees. In this study, no ECE came to Australia as a refugee. Furthermore, there was one ECE who was Australian-born and thus not an immigrant. This interviewee was a second-generation ECE, and it is assumed that second generation ECEs have high levels of education as well as professional qualifications. They are also better resourced, financially as well as non-financially. Therefore, I divided the interview data into three groups: the second-generation ECE, the ECEs who entered Australia on business migration visas, and those who arrived on other visas (family, independent, and employer nomination). The differences in the financial resources they had that enabled entrepreneurship were then analysed.

The following sections will look at the sources of start-up financial capital and the amount of cash start-up capital the ECEs had and to explore further to gain insights into what else they had and were able to use in order to start up. These insights will contribute to a better understanding of how the ECEs overcame their cash constraints.

7.5.1 Sources of start-up capital

The literature indicates that for most small businesses and start-up businesses, the sources of start-up capital are mainly limited to personal savings, borrowings from family and friends, and bank borrowings (Bhide, 2000). The businesses of the ECEs are no exception. The following subsections will look at each source in detail. However, there are a few other interesting sources of finance that the ECEs utilised and these will
be presented under ‘other sources’. In addition, it is important to note that not all ECEs had equal access to the different sources of start-up capital, and this will be discussed as well.

Table 7.1 presents a breakdown of the sources of start-up capital that each group of ECEs accessed.

<table>
<thead>
<tr>
<th>Number of sources of start-up capital</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nos %</td>
<td>Nos %</td>
<td>No %</td>
<td>Nos %</td>
<td></td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>3 21</td>
<td>3 21</td>
<td>5 36</td>
<td>3 21</td>
</tr>
<tr>
<td>By group:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Second generation (n=1)</td>
<td>0 0</td>
<td>0 0</td>
<td>1 100</td>
<td>0 0</td>
</tr>
<tr>
<td>-Business (n=3)</td>
<td>0 0</td>
<td>0 0</td>
<td>2 67</td>
<td>1 33</td>
</tr>
<tr>
<td>-Other (n=10)</td>
<td>3 30</td>
<td>3 30</td>
<td>2 20</td>
<td>2 20</td>
</tr>
</tbody>
</table>

Of the 14 ECEs interviewed, three (21%) relied solely on one source. This contrasts sharply with the results from Low’s study (2003) on Asian-born female entrepreneurs in Australia. In Low’s study (2003), a significant number of Asian-born female entrepreneurs (51%) depended solely on one source. This discrepancy can be explained by the nature of the businesses that the ECEs operated, which required less financial capital for start-up. These businesses included gift shops and restaurants. All of these ECEs came to Australia under the family-sponsored visa category. However, this result of the current study is almost similar to Low’s research in which 54 per cent of the Asian-born female entrepreneurs in Australia were under the humanitarian visa category and were assumed to have less capital and choice of sources of capital.
From my study, three interviewees (21%) had access to only one source of capital. On the other hand, more than three quarters (79%) ECEs had access to at least two different sources. Three (21%) ECEs had access to two types of financial resources, while the remaining five (36%) ECEs and three (21%) ECEs were able to access to three and four different financial sources, respectively. The data show that the ECE from the second generation (born in Australia) had access to start-up from three sources. On further investigation of the data, it was found that the second generation ECE made use of bank financing when first starting her business. As a second-generation Australian, this ECE had an advantage compared to the new immigrants in the form of better local knowledge, more confidence in approaching financial institutions, and being better endowed. The other two groups of ECEs, the business migrant group and the ‘other’ group (especially the independent and business-sponsored sub-group) were able to access four different sources of start-up financial capital.

Table 7.2 provides the sources of start-up capital for the ECEs. The following sections will examine each source more closely to learn more about their access to finance.

**Table 7.2  ECEs: Sources of start-up capital**

<table>
<thead>
<tr>
<th>Sources of start-up capital</th>
<th>Percentage of ECEs(^1) (n =14)</th>
<th>By group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2(^{nd}) Generation</td>
<td>Business</td>
</tr>
<tr>
<td>Personal savings</td>
<td>71%</td>
<td>100%</td>
</tr>
<tr>
<td>Family sources</td>
<td>86%</td>
<td>100%</td>
</tr>
<tr>
<td>Friends</td>
<td>29%</td>
<td>0%</td>
</tr>
<tr>
<td>Banks</td>
<td>29%</td>
<td>100%</td>
</tr>
<tr>
<td>Other sources</td>
<td>43%</td>
<td>0%</td>
</tr>
</tbody>
</table>

\(^1\) Per cent of ECEs in each category. Each ECE may have accessed one or more sources.
7.5.2 Personal savings

Personal savings were the second most important source of capital for the ECEs, with 10 (71%) of them having access to this source of cash. The second generation ECE, as well as the business visa category ECEs, had access to personal savings. The second generation ECE, with a high level of education and a professional qualification, had accumulated some savings from working after graduation. The ECEs in the business visa category were able to use their personal savings as they already had cash in Australian banks. Three (21%) from the family-sponsored sub-group and one (7%) from the independent skills sub-group used personal savings. To have personal savings to finance start-up businesses made the ECEs proud, as expressed by some:

*I have worked hard to save money. I know that I need my own money if I want to have my own shop.*

Alice (Australia)

*To start-up my own business, I have to have a lot of money. My family is not rich. I cannot depend on them to help me. That is why I chose to work in the States [USA – author] to get more money. It is my own money when I started my business...Okay...okay...some from friends. But they are my co-investors.*

Robert (Indonesia)

The Chinese believe that saving is a good habit. From childhood, their parents instil this value in them. During Chinese New Year, parents as well as grandparents give the red envelope containing some cash to the children. They will be told to save so that in the future they will be rich. In Chinese society, one’s propensity to save is valued as a virtue. If a person later uses his or her own savings to start up a business, he or she will be treated with respect by family and friends.
Another characteristic of the ECEs is frugality. They tend to forgo excessive consumption. They pay their own salary at a level that is enough for the business to survive at least, and expect the business to make a profit in the long term. If there is a profit, it is not distributed; it is retained and reinvested in the businesses. The ECEs in this study were quite conservative, as most of them grew their business through funds generated internally from the business:

*I think it is better for me to grow steadily. Slow but sure.*

Thomas (Malaysia)

*In the last three years, my business is doing very well. A lot of my competitors had died. Newcomers are always trying to take my market. But we have good marketing and product strategies...Some banks came to see me, asking whether I need more money. I asked them why I need money? To take over your little competitors and make your company grows faster. But I told them that I am happy with the growth of my business. If I borrow from the bank, I am quite worry if interest rate going up.*

Robert (Indonesia)

*No, no, I did not borrow money from bank for expansion. I just ask for some credit facility as working capital. I don’t want to have much headache to deal with banker. My last business venture, I asked my friend and family to join as investors. We share the risk.*

Benny (Hong Kong)

While there is a pre-conception that Chinese like to gamble or take uncalculated risks, the ECEs in Melbourne showed that they were risk-averse. They tended to grow their businesses organically.
7.5.3 Family money

As described in the previous section, families were the most important source of capital for the ECEs in Melbourne. Over three quarters (86%) of the ECEs accessed family money for start-up capital. The family members include parents, parents-in-law, brothers, sisters, uncles and aunts. Access to family money is mostly in the form of loans, co-investments or gifts. The loans from family members to any one of the ECEs were informal; the interest rate was low or sometimes did not exist. The loan repayment was flexible and very much based on trust and kinship. The following five ECEs who were given financial assistance by their families said:

My parents were going to retire. They asked me to take over the shop. I had saving, but not enough...My father told me not to worry. Just paid him when there was cash surplus.

Alice (Australia)

My wife’s family was quite wealthy. They are Singaporeans. When I set-up this business, I asked them whether they were interested to invest in my business. They agreed, and provided me with AUD$50,000 for 40% share in the company.

Albert (Malaysia)

I wanted to borrow money from my father in-law. I did not have savings at all. I knew I had good business idea. My father-in-law finally gave me the money as the gift. But I have returned his money last year. Business was good last year. I felt proud.

Joseph (China)

I had worked for a while in Hong Kong. I had some savings. When I started my business, my money was not enough. My parent lent me some.

Marcus (Hong Kong)
I came here because my brother sponsored me. When I started this restaurant, he was very helpful. He put the money into the business as the shareholder.

Amir (Indonesia)

7.5.4 Friends

When no other sources of finance were available, the ECEs turned to the friends who are closest to them. It seems that friends are the ‘lender of the last resort’, as only four of the ECEs (29%) mentioned that they had accessed financing from their friends. According to one of the ECEs, he approached several of his closest friends about whether they were interested in being co-investors in his new building project. All declined, but one friend agreed to lend him a substantial amount of cash. To make his friend feel comfortable, he offered his house as a mortgage. His friend accepted the offer. Another ECE was able to convince his friend to be the co-investor in his business venture:

I know my friend for more than 5 years. We worked in the same industry. When I came out with the idea to start the business, I asked him whether he wanted to join me as equal partner. He quit his job, and agreed to run the business together with me.

Marcus (Hong Kong)

Borrowing money from friends requires a lot of trust. On the other hand, to be able to convince a friend to be shareholder requires the ability to show the viability of the business proposal.

7.5.5 Banks

The interview data found that less than a third of the ECEs in Melbourne accessed or had access to bank financing. In the first place, many of the ECEs believed that they
were not qualified to borrow from the banks to start up a business as banks required a mortgage. Furthermore, they felt that it took a lot work, especially paper documentation, to borrow money from the banks:

No way I can get money from bank to finance my shop. I don’t have house to be mortgaged.

Anton (China)

No...no…it is too complicated. I have to reveal a lot of things. It is better for me to borrow from somewhere else.

Benny (Hong Kong)

Altogether, only four out of the 14 ECEs (29%) had bank support when they started their businesses. Of the four, one was a second-generation ECE, one came to Australia under the business visa category, one under the independent sub-category, and one under the family-sponsored sub-category. The second generation ECE was able to get bank financing because of her parents’ strong credit history. A parent was the guarantor of her loan. The other three ECEs were able to access bank financing to support their businesses because they had assets as collateral. Some of the ECEs who used their homes as loan collateral said:

I am in the property development business. I just mortgage the houses as collateral.

Thomas (Malaysia)

I have one house and it is mortgaged to the bank. But equity in my house has increased its value. I was able to draw some money from the same bank.

Albert (Malaysia)
This study found that where ECEs were granted start-up finance, it was on account of their ability to offer assets as collateral for the loans and not on account of the cash flow projection or credit worthiness of their business proposal. These lending practices are common among Australian banks. From this study, there is no evidence to suggest that the ECE applicants were discriminated against or were disadvantaged by banks. However, it appears that many ECEs indirectly disqualified themselves from approaching the banks.

7.5.6 Other sources

Six of the ECEs resorted to sources of financing not already mentioned. One received a government grant for his technology start-up. The other ECE received some deposit payments from his clients. The remaining four ECEs utilised RCAs (rotating credit associations).

In the ethnic entrepreneurship literature, rotating credit associations are seen as a mechanism of capital formation and account for the economic success of some ethnic groups, such as the Chinese and Koreans in California (Light, 1972). The literature begins with the assumption that ethnic economies operate as ‘bound communities’. A rotating credit association is an informal banking system in which an agreed-upon asset is used and administered by shareholders who contribute a fixed amount of money per week or month to the common fund and, in turn, consecutively receive a lump sum equivalent to the capital invested (or to be invested) by each individual in this one-cycle institution (Laguerre, 1998). In Chinese society, rotating credit associations play a big role in assisting ECEs to start-up their businesses:
My savings were not large enough to jump-up my business. I have some assistance from my parents. But I need big amount cash to buy equipment, and other purchases. So, I joined biao huey\(^1\) form by a group of friends and relatives from Hong Kong who live in Melbourne. Amount of funding was very significant. Marcus (Hong Kong)

\(^1\)Biao huey or huey is the Chinese term for a rotating credit association. These Chinese informal credit networks are organised around bidding, a tight-knit community and a chairperson.

I just arrived from China. I wanted to open wholesale kitchen ware business as I saw there was big opportunity in Australia. I brought some cash from China. It was my personal saving, and some from my father-in-laws. But I needed more money to import the products from China. My friends here introduced me to several business people from my hometown in Kwantung. They wanted to form ‘huey’ with 20 people as members. I joined them and use the cash to buy the kitchen wares from China.

Jeffrey (China)

The point to be made here is that a lot of trust is involved when someone joins a rotating credit association as there is no collateral for the cash received by members. If a member has difficulty finding money to pay for the portion of the money that was received and used, that member will try his or her best to come up with cash for payment. If the member defaults on the payment, he or she will lose face and his or her credibility will suffer heavily. In Chinese society, the concept of ‘face’ is very important. Chinese people will try their best to maintain their ‘face’. In the case of business people, losing face means being excluded from joining the rotating credit association formed by people from the community.

7.6 Amount of cash at start-up

All 14 ECEs interviewed indicated the amount of cash they had put into their business at start-up. The lowest amount of cash was $10,000 and the highest was $1,000,000.
Table 7.3 presents the range of cash inputs made by the ECEs at start-up.

Table 7.3  ECEs: Cash start-up capital

<table>
<thead>
<tr>
<th>Range of cash start-up capital</th>
<th>Number of ECEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $25,000</td>
<td>2</td>
</tr>
<tr>
<td>$25,001–$50,000</td>
<td>1</td>
</tr>
<tr>
<td>$50,001–$100,000</td>
<td>4</td>
</tr>
<tr>
<td>$100,001–$250,000</td>
<td>4</td>
</tr>
<tr>
<td>$250,001–$500,000</td>
<td>2</td>
</tr>
<tr>
<td>Above $500,000</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 7.3 shows two (14%) of the ECEs had less than $50,001 as their start-up capital. Only one ECE (7%) put in cash of $25,001 to $50,000 into his start-up venture. Quite a lot of ECEs had access to larger cash resources or required larger amounts of cash to invest in their business start-up. Eleven (79%) of the ECEs invested more than $50,000 at start-up. Of these, four spent $50,001 to $100,000, another four put in $100,001 to $250,000, and of remaining three, two invested $250,000 to $500,000 and one invested $750,000.

The ECEs’ distribution of cash input is more meaningful if placed in the context of class by dividing the interview data into three groups, namely the second-generation ECE, those ECEs who came as business migrants, and those who came on other visas, such as family sponsorship or independently as skilled migrants. The distribution of cash input capital by groups of ECEs is illustrated in Table 7.4.
Table 7.4  ECEs: Cash start-up, by group

<table>
<thead>
<tr>
<th>Range of cash start-up capital</th>
<th>Number of ECEs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Second-generation</td>
</tr>
<tr>
<td>Less than or equal $5,000</td>
<td>0</td>
</tr>
<tr>
<td>$25,001–$50,000</td>
<td>0</td>
</tr>
<tr>
<td>$50,001–$100,000</td>
<td>0</td>
</tr>
<tr>
<td>$100,001–$250,000</td>
<td>1 (25%)</td>
</tr>
<tr>
<td>$250,001–$500,000</td>
<td>0</td>
</tr>
<tr>
<td>Above $500,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 7.4 shows that the ECEs who came as business migrants were more likely to engage in businesses with larger cash start-ups than the ECEs from the other two groups. Of three ECEs who started up their businesses with the cash input of more than $250,000, two (67%) were business migrants. The third one was an ECE who came under the independent visa sub-category. Interestingly, the second-generation ECE had invested $100,000 to $250,000 into her start-up business. It indicates that the second-generation ECE was better resourced. Overall, the interview finding is consistent with the earlier argument that business migrants have access to larger financial resources and they are in a better position to set up larger businesses.

7.7 Strategies to overcome cash constraint

The previous section shows the amount of cash resources the ECEs had invested into their start-up businesses. Also, business migrants had larger financial resources in the form of cash that they had put into their ventures at start-up. However, the interviews revealed that some ECEs, who were mostly in the family-sponsored sub-group, managed to develop strategies to overcome cash constraints. The following illustrates the pragmatic approach one ECE took to reduce and contain operating costs and working capital requirements.
The ECEs who could not afford office or commercial rental space often resorted to starting their businesses by operating from home. This is in any case a common practice in many small business start-ups illustrated in the literature. However, it is important to distinguish between the concept of starting a home-based business and the idea of using the home as an interim measure until the business is more firmly established and can support rental payments outside. This study found that one ECE started home-based businesses, while another four ECEs who started their business from home intended to move to commercial premises as soon as it was financially possible or their business had grown and needed more space. This distinction shows that most were not home-based businesses. They started their businesses from home as a temporary solution as they lack of financial resources at the start-up phase.

This study found that none of the ECEs owned any commercial properties at start-up. Thus, nine (64%) of the ECEs had to pay rent on their shops or offices in commercial locations, as shown in Table 7.5. The table shows that most ECEs operated their businesses from rented premises.

<table>
<thead>
<tr>
<th>Type of premises of business at start-up and at time of interview</th>
<th>Start-up</th>
<th>%</th>
<th>Interview</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>5</td>
<td>36</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Rented business premises</td>
<td>9</td>
<td>64</td>
<td>11</td>
<td>79</td>
</tr>
<tr>
<td>Own business premises</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Total ECEs</td>
<td>14</td>
<td>100</td>
<td>14</td>
<td>100</td>
</tr>
</tbody>
</table>
During the interview, Tony, who came from Vietnam, told of how he made the transition from operating his start-up business in his rented home to renting commercial premises and then to owning a commercial property. He worked part time at a computer shop while finishing his postgraduate study, and then set up his own business on graduation. He started with $80,000 as initial capital, which was derived from his personal savings and borrowed from his parents in Ho Chi Minh City. He used it as working capital. To reduce his expenses, he operated the business from a rented home in the Preston area. Also, to expand his business, he paid himself a minimum salary, just enough to cover his living expenses. Sometimes, he withdrew money from his credit card. After two years, the business picked up. He moved his business to rented premises near his home to save travelling time. He hired two additional staff. Two years later, Tony started to export his products to developing countries such as Vietnam and Malaysia. As his business grew, he looked for a bigger space. Finally, he found a two-storey shop and dwelling, also in the Preston area. With the bank financing, he bought the property. He lived on the first floor and operated his business on the ground floor.

In researching how the ECEs overcame the limitation of their cash start-up resources, I found that one ECE had asked his wife to help his restaurant business. Amir explained his situation at start-up:

*I did not have enough cash. My personal saving was nil. Luckily my brother lent me $50,000. I used the money to rent the place and bought the appliance. Before we opened the restaurant, I asked my wife to help me to decorate the shop. Also, to reduce my expenses, my wife helped me. She cooked. I only hire one helper.*

Amir (Indonesia)
The experience of the ECEs demonstrates that although some were disadvantaged by their lack of capital, they nevertheless started entrepreneurial activities by making practical use of whatever resources they had at the time.

7.8 Summary

This chapter examined the types and the extent of the financial resources the ECEs had and how they used them to allow them to start a business successfully.

The findings confirm the literature in regard to the high use of family sources and personal savings as against bank financing and friends. In studying Asian-born female entrepreneurs in Sydney, Low (2003) found that they depended highly on borrowing from family. On the other hand, in my study I found that it was not just family borrowing that was an important source of financing start-up; the family also sometimes co-invested in the ECEs’ businesses. This is an important difference. As a co-investor, the family shares a higher risk compared to a lender. The trust as well as the ‘quality’ of these ECEs propelled the family to take equity interest in the ECEs’ businesses in Melbourne.

A feature of these findings is that most of the ECEs did not even approach a bank for financing. They believed they would not qualify or they did not want to spend too much time to fill in the forms and/or reveal their personal information. The ones who did obtain bank financing had to mortgage their houses or had a guarantor for the loan.

The difference in cash start-up capital was not very wide, ranging from less than $25,000 to above $500,000. This reflected the similar class status of the ECEs. The
ECEs with migrant status arrived in Australia on business visas as well as in the independent, employer- and family-sponsored visa categories. They were better resourced. The ECEs with lower cash savings had several strategies to minimise their initial operating expenses, including saving on rental by operating from home and self-sacrifice by working without pay. They also employed family members as unpaid labour. These were critical resources that contributed to the business start-ups.

In regard to the critical resources of the ECEs that enabled them to set-up their businesses, rotating credit associations were a significant source of capital. There is clear evidence to suggest that ECEs had access to ethnic resources or that ethnic resources played a significant role in supporting business start-ups, as has been shown in the literature (Laguerre, 1998; Min, 1988).
CHAPTER 8

FAMILY AND NETWORKS

8.1 Introduction

Chapter 7 looked at the first part of the research question: What do they have? by examining the sources of financing for start-up businesses. However, financial capital is not the only critical factor that explains the presence and robustness of entrepreneurial activities amongst those found to be lacking in financial capital.

How does one explain the difference in propensities for entrepreneurship among different groups and immigrants and non-immigrants? This chapter will explore the non-monetary resources that enabled entrepreneurship amongst the ECEs. The non-monetary resources are defined in this thesis as the class and ethnic resources identified by Light and Gould (2000). Ethnic immigrants possess many kinds of non-monetary resources, such as educational attainment, vocational skills, language skills and work skills gained through past work experience. These have been discussed earlier in Chapter 5. However, this chapter will look at non-monetary resources, specifically in the form of family and networks.

In the following sections, I will look at some previous studies on ethnic resource theories. Secondly, I will highlight details of the interview process to give a clearer picture of the interview environment. Lastly, I will present my research findings and the conclusion.
8.2 Previous studies

To explain the participation in entrepreneurship amongst those lacking in start-up financial capital, another group of researchers extended their definition of capital to include a broad range of resources that entrepreneurs needed or had access to and used to start and establish their business ventures. This group of researchers included as capital the use of ethnic resources applied by ethnic entrepreneurs in developed countries (Collins et al., 1995; Light & Gold, 2000; Rath, 2000; Schrover, 2001; Waldinger, et al., 1990). The concept of ethnic resources that has emerged from ethnic entrepreneurship studies refers to some identifiable group resources, such as ethnic networks and ethnic solidarity, that allow resources to be gathered, shared and utilised. Their work alluded to the kinds and quality of ethnic resources that immigrants possess or can access that explain their different propensity for entrepreneurship. Some focussed on examining how ethnic resources interacted with opportunity, economic structures and government policies at the time to enable entrepreneurial development.

One significant example of ethnic resources emerged from the network resource studies. Bonacich (1973) first observed that ethnic entrepreneurs tend to be concentrated as middlemen in trade and commerce because of certain advantages they have. For example, the middleman theory explains that dispersed family or kin networks allow immigrants to establish a strong middleman role in the trading of goods and services locally and internationally. These networks presented and facilitated further business opportunities for the connected group in the study.

Further, in the ethnic entrepreneurship studies, researchers recognised the importance of guanxi (networks of relationships) in everyday social relationships in Chinese society
(Light & Gold, 2000). The social embeddedness of guanxi amongst the Chinese people is an ethnic resource often used by the Chinese in developing and building their businesses. It is important to note that guanxi is not the same as corruption. Light & Gold (2000, p.95) states that “corruption occurs when an entrepreneur pays for improper or illegal help.” But guanxi involves the cultivation of a longer term relationship that implies mutual respect in the relationship and giving and receiving (favours or gifts), an exchange made out of friendship.

The practices of guanxi can be traced back to Confucianism, which advocates social harmony and emphasizes the importance of interpersonal relationships (King 1991). Conforming to Confucian ideology, the social norms of mianzi (face) and renqing (human feelings) also regulate the way Chinese individuals utilize guanxi. These social norms bring intricacies into guanxi practices in three ways: by making personal connection special in its guanxi base, by making it transferable in social networks, and involving long-term obligations and behaviours (Hwang 1987, Yang 2002). Chinese people traditionally use the words xin (trust) and qing (affection) to evaluate the quality of guanxi. The subjective judgment of the quality of a focal relationship shapes the dynamics of individual guanxi network development and utilisation. Guanxi is constantly changing, and the activities associated with it also therefore need to change. A close guanxi may provide more confidence for guanxi partners to utilise it for both expressive (affection and trust) and instrumental (business) purposes (Chen & Chen 2004).

Networking has been highlighted in Chinese entrepreneurship literature as a very important tool for any venture creation and management. In further support of this view, Coughlin (2002) suggested strongly that networking is a very effective method for
entrepreneurs to get assistance in developing their business plans and engaging in fruitful entrepreneurial ventures. Chinese rely a lot on their immediate family members, relatives and close family friends to help them to set up the businesses.

In general, the Chinese place high importance on person-to-person relationships. It is said that having a good relationship network in China is the single most important factor for business success as they prefer ‘relationships first, business later’ (Burns 1998). In this way, the Chinese have a highly structured style of negotiation that goes well beyond the usual western practices (De Mente 1994). These guanxi-based affiliations cut the cost and time involved in transactions.

The connections with relatives or friends in the country of origin are often used to provide a reliable source of supply, access to a marker, advice about market prospects and to secure credit (Hsing 1996). In their study on Chinese and Indian entrepreneurs in Brisbane and Sydney, Lever-Tracey et al. (1991) found network ties in the majority of businesses in the Brisbane and Sydney surveys. Lever-Tracey et al. (1991) concluded that Chinese entrepreneurs are on the whole ‘successful, innovative and export orientated’ entrepreneurs who have considerable overseas resources, including financial resources and business networks. These networks provide an advantage when establishing import and export activities because they provide ‘personalized, trust-based’ networks which extend into the community and beyond, into mainstream society and overseas (King 1991).

Traditionally, Chinese entrepreneurs rely a lot on their personal contacts through ‘guanxi’ (personal contact and network) with the immediate families, friends and business associates. They are more adapted to this networking system. The multiple
network system or relation that the entrepreneurs depend on include several factors, such as age and length of residence in Australia, education levels, work experience, family association and personal contacts (Park & Luo 2001, Yang 2002).

Paradoxically, dependence on family members may, at the same time, restrict the network from which the entrepreneurs seek a wider range of resources when planning and establishing or acquiring a business. Entrepreneurs may be more likely than average population to have parents who also run small businesses. Therefore, their own ideas during planning and contacts through the families may be restricted by the own experiences of the parents (Carney 1998, Yeung 2000). On the other hand, a network of loosely coupled acquaintances offering skills, knowledge and insights will reduce the importance of family members. However, the range and types of businesses set up may be larger and wider than the ones through the sole dependence on the family ties. There are always pros and cons to this familial networking system.

8.3 The interviews

Having earlier looked at “Why did they go into business?” and “What do they have financially?” my research interest was to take this further by asking them what non-monetary resources they had when they started their businesses. The questions I asked the ECEs in my interviews were specific to family and networks. I asked them what role their family played in their business development.

Next, in order to rationalise the entrepreneurial process of the ECEs in Melbourne, I investigated with whom they did business. What networks did they have and how did they access them? I explored how the ECEs developed their customer base and from
whom they sourced products as they started and developed their businesses. To gain these insights, I asked each of them to think of at least two major customers. There was a problem with this question about major customers in the beginning. The ECEs were not certain whether I was asking them to rank their customers and, if so, what the ranking criteria were; whether, for customers, it was the value or volume of sales or the frequency of visits to the shops. I therefore decided they could answer this question based on any criteria they liked. I also asked them who had referred the customers and what the ethnicity of their major customers was. Also, I asked them how they developed their businesses further, such as how they expanded their businesses overseas.

8.4 Family

One of the non-monetary resources that the ECEs possessed was family. Family was an important factor in enabling the ECEs to pursue a career in business. Family members may play direct or indirect roles in the ECEs’ entrepreneurial process, as was shown in Chapter 6. Family factors include physical, monetary and emotional support given to the ECEs by close family members, spouses, parents, children, brothers and sisters, aunts and uncles. Physical support includes family labour and family involvement in the business, whether paid or unpaid:

*Actually, my money is limited...when I opened this restaurant, I needed to make my expenses were not high. My wife supported me. She worked as cook. I did not get paid. She also did not get paid.*

Amir (Indonesia)

Other family members provide monetary support, which can be in the form of gifts of cash and loans. Amir again:
I did not have enough cash. My personal saving was nil. Luckily my brother lent me $50,000.

Amir (Indonesia)

When Marcus, who came to Australia under an employer-sponsored visa, decided to start up a telecommunication services company catering to small and home-based businesses, he received significant help from his parents: his father was a former big businessman in Hong Kong. According to Marcus:

My savings were not large enough to jump-up my business. I have some assistance from my parents.

Marcus (Hong Kong)

The family also provided emotional and moral support in the form of encouragement, and business advice or referrals.

The ethnic entrepreneurship literature often refers to the culture of entrepreneurship and describes entrepreneurship as ‘the occupational culture of the ‘bourgeoises’’ (Light & Gold, 2000, p. 176). However, I argue that the influence of the family, such as the ECEs’ families who may not qualify as ‘bourgeoises’, nevertheless includes cultural and class resources that are important contributing factors to entrepreneurship.

Sometimes, the culture of entrepreneurship may be obvious to the ECEs themselves, as the case of Alice shows. Alice’s parents wished her to pursue medical study, as her brother had done. To have a child with a medical degree is considered a family honour, but Alice had other ideas. She had spent her high school years helping her parents in
their pharmacy in Box Hill, a thriving ethnic enclave in Melbourne. After finishing high school, she studied pharmacology, against her parents’ wishes that she get an ‘honourable’ or ‘prestigious’ job like other immigrant children. In the following, Alice tells the story of how she finally took over her parents’ business and expanded it to other related business.

Since I was a teenager, I always know that one day I would have my own business. I like business. I like to run my own business...I am more comfortable to talk to people, communicate...I cannot stand to work from 9 in the morning and go home at 5 afternoon.

My parents had a pharmacy shop. During my spare time, I went to the shop and assisted them, servicing the customers. I enjoyed the work. Before finishing high school, my father mentioned that he preferred that I studied to be a medical doctor, just like my brother. But I told him that I would prefer to study pharmacology, and after I graduated I could have my own pharmacy shop. He was not quite happy initially. At the end, my parents supported my decision. But during my university years, my Mum mentioned that it was better for me to work for a multinational company. It was more secure. I agreed with her, just to please her.

After graduating, I worked for a while with a drug company. I did not like it. And I was not happy. I told my Mum. So, something happened two years later. My parents were going to retire. They asked me to take over the shop. I had saving, but not enough...My father told me not to worry. Just paid him when there was cash surplus. They became my supporter.

The business was doing well. There was a shop besides my own shop. It was empty as the previous renter did not renew his lease. I thought it would be a good idea if I set-up a medical centre on the place. So, after seeing the doctor, the patient can get his medicine from the pharmacy shop. Convenient for the patient. No time wasted. I talked to my brother, who is now a doctor. He liked the idea, and the medical centre was born.

Alice (Australia)

Though Alice’s parents initially wanted her to study for a medical degree and discouraged her from pursuing her dream, she knew what she wanted to do. She was
responding with the culture of entrepreneurship and class resources she had acquired through her teenage years. The parents’ pharmacy was an enabling factor for her to go into entrepreneurship. She had worked in the shop, assisted her parents and she had first-hand knowledge of the business, the operations and the customers. She possessed entrepreneurial experience.

The market was also an enabling factor. Alice’s shop is located in Box Hill, one of the highest concentrations of ethnic Chinese and other ethnic groups in Melbourne. Box Hill is considered the second Chinatown in Victoria (Selvarajah & Masli, 2010). About 70% of Alice’s customers were ethnic Chinese. She had hired additional staff who could speak Chinese in order to serve her customers better. Her expansion into the medical centre business shows her entrepreneurial flair.

As shown in Chapter 6, for many ECEs, family support is important; this will be shown in the following section on networks.

8.5 Networks

Networks are critical for ethnic entrepreneurship (Bonacich, 1973; Light & Gold, 2000; Min, 1988; Waldinger et al., 1990; Waldinger, 1986; Wong, 1998). Social capital in the form of networks is an important enabler for ECEs as many of the ECEs realise; in the words of Tate:

*In my business, network is the most important.*

Tate (Malaysia)
This study found the networks that the ECEs draw on are kinship networks, friendship networks, past networks and professional networks. While it is not within the scope of this thesis to go on to establish which of these categories of social capital contributes more to the ECE entrepreneurial process, it does confirm the importance of networks and provides useful insights into how these ECEs build and access the non-monetary capital in the process. A kinship network that is supported by family is a resource that enables the entrepreneurial process for ECEs. Kinship networks extend further the ECEs’ own network as each family member pools their networks held together through threads of trust. Kinship networks also facilitate business expansion stages, as the case of Alice shows:

*I thought it would be a good idea if I set-up a medical centre on the place...I talked to my brother, who is now a doctor. He liked the idea, and the medical centre was born...My brother and I equally invested same amount of money for this medical centre.*

Alice (Australia)

Alice was the second generation ECE to own the pharmacy. She saw the opportunity to open the medical centre as her neighbour’s shop was vacant. While her pharmacy shop was doing well, she needed more capital if she wanted to expand to other related business. Alice admitted that without her brother’s support, she would not have opened the medical centre two years after she took over her parents’ business:

*No...no...I don’t think so. Yes, my shop is doing well. I just hired assistant who can speak Chinese...Without my brother’s involvement, I won’t have enough money to enter into medical centre business. Also, my brother is a doctor. So, it became easier for me.*

Alice (Australia)
Friends are important sources of non-monetary capital for the ECEs and especially for those without family members close by to help, give advice or even talk through a problem. Silas, born in Malaysia, did not hesitate to ask anyone whom he thought he could trust for advice. He was selective about whom he sought out for advice. Interestingly, one of his friends was interested in his business and finally joined him as his partner. Silas said:

*I came here as business immigrant. Of course, I brought some capital. I was a builder in my previous life in KL (Kuala Lumpur). Before I moved here permanently, I came to Perth, Sydney, Brisbane and Melbourne regularly to see what opportunities in Australia. I have some friends here. I know them quite for a while. Since they were in Malaysia, I asked them for advice. One friend introduced me to a guy who had a small accounting firm in Box Hill. This accounting guy originally from Malaysia, but not KL. He explained to me the way to do business in Australia...Once I decided to set-up a property development business, some old friends interested to join in. It is okay with me. They became my silent partner.*

Silas (Malaysia)

One key factor in business dealing is honesty. It is a form of non-monetary capital on which the ECEs put high value. Benny, who had an eye care business, emphasised that the trust he created in business dealings built greater value for him and accounted for his business success.

*For me, honesty is very important. When you are honest with people, they will trust you. They will come back to your shop. I treat my clients well. People talk. If you are cheater, people will know. Our community is small. About 70% of my customers are Chinese. They are repeated customers. Some are new. They are introduced by others. Also, my friends know me, and I believe they trust me. When my wife and I thought to set-up accommodation for students, I discussed with my friends. Now, they are my co-investors. We have two residential buildings for international students.*

Benny (Hong Kong)
Australia’s policy in attracting and accepting immigrants with qualifications, work and business experience and skills is based on the assumption that these immigrants bring with them invaluable international networks that will further the economic interests of Australia. This is confirmed by the ECEs’ description of their international networks.

Here are two examples:

_How I involved in exporting business?_ Oh. I have been selling second-hand computer equipments in Melbourne for a while. One day, I took my vacation, and I went back to see my parents in Vietnam. When I was in Ho Chi Minh City, I found out that the computers were quite expensive. Also, from newspaper ads, I concluded that they were not very crazy with very high performing notebooks. One day, my Dad and I visited one of my relatives who had clothing manufacturing business. I asked him whether he was interested to be the distributor of second-hand PCs and notebooks. I said we could try first with one shipping container. The value was about $75,000. He thought it was a good idea. He had network in Vietnam, and he liked to try. So, that was my first export. Now, we sell up to $1 million a year to Vietnam.

Tony (Vietnam)

_We have developed the prototype. We also had built two small houses using our prototype building material. We knew Australia has small market. So, we have to export. I flied to Malaysia and Thailand several times in the past 18 months. In Bangkok, a good friend of mine kindly contacted several businessmen. I met them and showed them our hi-tech building material technology. At the end, one group was very interested and we sold our technology licence to them. The license only covers Thailand and Laos markets. Other good news was that they also invested in our company._

Albert (Malaysia)

Networks are built on relationships. In Chinese society, the term _guanxi_ is often used to describe social relationships. It is social connection (Light & Gold, 2000). It is applied in business relationships. In Chinese society, _guanxi_ involves the cultivation of a longer term relationship that implies mutual respect in the relationship and the giving and receiving of gifts or favours, an exchange made out friendship. The ECEs used _guanxi_ to assist them to start their businesses in Melbourne, for example:
When we arrived here in 2003, we did not feel alone. We have friends who had been in Melbourne for a long time. They are my old friends. We have a good relationship. When I set up my broker business, they were very helpful. They introduced me to new customers. It is very important, especially I was just a new guy on the block.

Tate (Malaysia)

8.5.1 Local business networks

As explained earlier in Section 8.2, I encountered a problem when I asked the ECEs to think about their two major customers. To eliminate the confusion of my earlier question, I changed the question into what the ethnicity of the major customers was. I also asked them who had referred the customers. Overall, 12 ECEs responded to the questions and gave me two examples each of their major customers, which resulted in 24 cases of major customers for investigation.

Tables 8.1 and 8.2 show the local customer networks of the ECEs. Table 8.1 shows that most of the major customers (46%) were individuals or people in companies whom the ECEs did not know or who were not referred by friends and relatives or others known to the ECEs. These were ‘walk in’ customers who accounted for 29 per cent of the major customers cited by the ECEs. In addition, 17 per cent of the major customers were unknown to the ECEs. The customers were acquired through cold calling, that is through direct solicitation, by calling on people who did not know them or who had not been referred. Those who were directly known to the ECEs accounted for 21 per cent of the major customers. The remaining major customers were referred by relatives (13%), friends (13%) or satisfied customers (8%).
Table 8.1 Customer networks: Background to relationship of major local customers

<table>
<thead>
<tr>
<th>Customer was:</th>
<th>Major customer 1</th>
<th>Major customer 2</th>
<th>Total major customers</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Known to me</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>Unknown to me</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Referred by relatives</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Referred by friends</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Referred by others</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Walked in</td>
<td>4</td>
<td>3</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total responses</strong></td>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
<td><strong>24</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>Non-responses</strong></td>
<td><strong>2</strong></td>
<td><strong>2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total ECEs</strong></td>
<td><strong>14</strong></td>
<td><strong>14</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition to the background relationships of the customers to the ECEs, the ethnicity of the customers was also investigated. Table 8.2 shows that more than half (58%) of their major customers were those with Asian background. On the other hand, about 42 per cent of the ECEs’ customers were those of non-Asian background. The non-Asian background customers with whom the ECEs interacted when selling to individuals and companies were predominantly white Australians. These data are interesting as less than a third (29%) of the ECEs operated their businesses in a high commercial co-ethnic area, such as Chinatown and Box Hill. It indicates that the ECEs who operated their businesses in Chinatowns enjoyed strong patronage from white Australians. It could be because mainstream Australian customers realise the bargains and service available by shopping in these areas, as the example of Anton, who sell books and gift papers in Melbourne’s Little Bourke Street Chinatown, shows:

*My customers are mostly Australian [Anglo-Saxon Australian – author]. Not many Chinese people came here. When I sell Chinese books through internet, they were from the US, Germany and UK.*

Anton (China)
Table 8.2  Customer networks: Ethnicity of major customers

<table>
<thead>
<tr>
<th>Ethnicity of major customers</th>
<th>Major customer 1</th>
<th>Major customer 2</th>
<th>Total major customers</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian background</td>
<td>8</td>
<td>6</td>
<td>14</td>
<td>58</td>
</tr>
<tr>
<td>Non-Asian background</td>
<td>4</td>
<td>6</td>
<td>10</td>
<td>42</td>
</tr>
<tr>
<td>Total responses</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td>Non-responses</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total ECEs</td>
<td>14</td>
<td>14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although no account is taken of the age of the businesses, which may affect their size, there is evidence in the interview data to suggest that the ECEs are capable of building long-term and valuable customer relationships with customers outside their Chinese group in Melbourne, and that they have done so.

Like building a loyal customer base, building a reliable supplier network is also important. Building a supplier network had to be a proactive exercise for the ECEs. Most of the Australian suppliers are likely to be established businesses run by Anglo-Saxons or post-war European immigrants like the Italians and Greeks who had moved into the wholesale trade, such as fruits and vegetables. To understand how the ECEs locate mainstream suppliers, I asked each of the ECEs to think of two of his or her major suppliers and tell me whether he or she knew the supplier; whether the supplier was referred by a relative or friend; and the ethnicity of the supplier. Table 8.3 and Table 8.4 reflect the answers to these questions.
Table 8.3 Supplier networks: Background to relationship of major suppliers

<table>
<thead>
<tr>
<th>Customer was:</th>
<th>Major supplier 1</th>
<th>Major supplier 2</th>
<th>Total major suppliers</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Known to me</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Unknown to me</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>29</td>
</tr>
<tr>
<td>Referred by relatives</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Referred by friends, previous owners, industry contact, employees</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>Supplier approached me</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>13</td>
</tr>
</tbody>
</table>

Total responses 12 12 24 100
Non-responses 2 2
Total ECEs 14 14

Six (25%) of the major suppliers were known to the ECEs before they became their suppliers. Three (13%) of the major suppliers had directly approached the ECEs to solicit their business. Of the 24 examples of major suppliers, less a third (29%) of the relationships developed were the result of the proactive work of the ECEs. They identified suppliers through directories, professional magazines, company brochures, going to local trade exhibitions, telephone directories, and internet. As most of the goods and services required by the ECEs to make the products that the ECEs sell are sourced in businesses owned by the Anglo-Saxon Australians, about two-third (62%) of the major suppliers are non-Asian.

Table 8.4 Supplier networks: Ethnicity of major suppliers

<table>
<thead>
<tr>
<th>Ethnicity of major suppliers</th>
<th>Major supplier 1</th>
<th>Major supplier 2</th>
<th>Total major suppliers</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian background</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>38</td>
</tr>
<tr>
<td>Non-Asian background</td>
<td>8</td>
<td>7</td>
<td>15</td>
<td>62</td>
</tr>
<tr>
<td>Total responses</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td>Non-responses</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total ECEs</td>
<td>14</td>
<td>14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In summary, the picture of the ECEs’ supply network is one where the ECEs take a relatively higher proactive role in identifying suppliers than the specific proactive development of their customer base.

**8.5.2 Overseas business networks**

Another dimension of entrepreneurial networks relates to international business contacts and dealings. This section will examine the ECEs’ participation in international business and investigate how they network. These activities are defined here to refer to the import or export of goods or services, direct management, marketing or technical support given to the overseas companies.

This research shows that 75 per cent of the ECEs in Melbourne were engaged in one or more forms of international business activities. The remaining 25 per cent of the ECEs were in businesses which were limited to the domestic market.

Table 8.3 shows the ECEs categorised by their country of birth and their rates of participation in international business.

**Table 8.5  ECEs: Participation in overseas trade, by country of birth**

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Number of ECEs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (n=4)</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>2</td>
<td>67</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>1</td>
<td>100</td>
</tr>
</tbody>
</table>
As shown in Table 8.3, China-born ECEs have the highest participation rate. All four were involved in international business. One ECE was born in Vietnam, and he also participated in the export business. Two of the three Indonesian-born ECEs participated in international business, and half of the Hong Kong-born ECEs were engaged in international business activities.

Table 8.6  ECE: Participation in export and import trade

<table>
<thead>
<tr>
<th>Export and import Trade</th>
<th>Number of ECEs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export trade</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Import trade</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Export and import trade</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 8.4 shows that the ECEs were as likely to be involved in importing as in exporting. Of the nine ECEs who were engaged in international business activities, four (44%) were only in exporting. This figure was similar to the ECEs who were involved in importing. Only one ECE was engaged in both export and import activities.

This study found that almost all of the ECEs involved in international trade were doing so with their country of birth (89%). Table 8.5 presents the ECEs’ main trading areas.

Table 8.7  ECEs: Main trading areas

<table>
<thead>
<tr>
<th>Main trading area</th>
<th>Number of ECEs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country of birth</td>
<td>8</td>
<td>89</td>
</tr>
<tr>
<td>Other Asian countries</td>
<td>5</td>
<td>56</td>
</tr>
<tr>
<td>Non-Asian countries</td>
<td>2</td>
<td>22</td>
</tr>
</tbody>
</table>
In addition to trading with their country of birth, these ECEs were likely to trade with other Asian countries. Fifty-six per cent did business with other Asian countries, such as Thailand, Bangladesh and Singapore, while about 22 per cent did business with non-Asian countries, mainly exporting and importing from Europe.

Based on the experience of the ECEs engaged in international business activities, it was found that a critical success factor was the network of business relationships they already had or continued to build. These networks may be formal or informal and could be applied in different ways and in different combinations to produce successful outcomes for the ECEs. Business relationships are not built overnight. They may form part of the ECE’s social capital or are acquired through their ethnic or class resources, but they all take time to build and need careful nurturing. Imprinted on the fabric of social capital is trust, and this has been identified in the literature (Portes & Sensenbrenner, 1993; Waldinger et al., 1990). In this research, I found trust was a crucial factor for the ECEs to build strong overseas business networks. The Chinese people traditionally use the word *xin* (trust) to evaluate the quality of *guanxi*. Trust underlay any strong business relationship between the ECEs and their overseas buyers and/or overseas suppliers. This thesis found that trust supported the ECEs when they first started out on their international business activities and has continued to sustain them as they grow their businesses.

### 8.6 Summary

This chapter examined the non-monetary resources of the ECEs and how they used them to allow them to successfully start a business. The findings reaffirm the
importance of family and networks in supporting business start-ups for many of the ECEs by providing them with capital, either in the form of equity or loans.

The findings also showed how the ECEs built their customers networks in Melbourne and overseas. The customer bases developed by the ECEs were not concentrated on Asian customers, indicating a successful ‘break out’. It is found that about four out of ten of their customers are of non-Asian background. This is because the nature of the businesses operated by the ECEs was of universal appeal. The ECEs were not just selling their ethnic products. It is found that less than two-third of the suppliers to the ECEs are of non-Asian background. This is due to the fact that few suppliers’ sources are controlled by Asian entrepreneurs. The ECEs built their suppliers’ network through proactive contacts with Australian suppliers. The ECEs also rely less on family networks to provide them with information on Australian suppliers, but family networks are important for sourcing overseas suppliers. In this research, I found trust was a crucial factor for the ECEs to build strong overseas business networks.
CHAPTER 9
CONTRIBUTION OF ETHNIC CHINESE ENTREPRENEURS
TO AUSTRALIA

9.1 Introduction
The contribution of ethnic entrepreneurs in general and ECEs in particular is not acknowledged adequately in the debate about the economic and social impact of Australian immigration. With the lack of research into this area about the contribution made by the ECEs, the objective of this chapter is to bring into focus the economic and social contributions of the ECEs studied in this thesis.

In this chapter, the economic contribution of the ethnic entrepreneurship will be explored and the economic impact of the ECEs’ business creation examined. Furthermore, this chapter will examine the social contribution made to communities and Australian society at large.

9.2 The interviews
The interview schedule included several questions that covered in depth various aspects and outcomes of the ECEs’ business activities, and provided information about their economic and social contributions to Australia. In addition, the ECEs were asked directly what they considered their contributions to Australia to be. The findings are presented in the following section.
9.3 Contribution ethnic Chinese entrepreneurs make to Australia

One of the ECEs, Benny, who came to Melbourne as a university student and has since opened an eye care business and has also expanded to other businesses, mentioned his contribution to Australia as follows:

*I was young when I came here. I studied at Melbourne University. I was lucky. I got some scholarship. During my study, I did some little business. I used my scholarship money to bought clothes from Hong Kong, and sold them in weekend market. Thank you, Melbourne. I gained experience. People was nice here. I enjoy to live here...After my business run well, I thought I needed to do something for the society. Sometimes, I donated money to the charity that takes care of old people in Whitehorse area. My shop sometimes supported primary schools’ activities in raising funds. Yeah, we live in the community. My business also depends on local people. We cannot just take and take from community.*

Benny (Hong Kong)

Benny is the personification of the many ethnic entrepreneurs, in this case the ECEs, who are making a difference to Australia. First, Benny paid tribute to what Australia has given him in the form of the opportunity to gain experience in business. Benny was quite entrepreneurial. The money he got from his scholarship was used as a monetary tool to gain experience in business. Now, as a successful businessman, he sees himself as having a greater capacity to contribute to Australia. Benny did not forget his social responsibility to the elderly people in his area. He also supported local schools’ fund raising activities. In addition, his shop provided work experience for Year 10 high school students. He is one of the good models of ethnic entrepreneurs in Australia. His business has resulted in economic benefit to other Australians. He creates jobs and pays tax.
In order to explore further the economic contribution of the ECEs, I examine the extent to which the ECEs started new businesses by themselves or if they had bought existing businesses, and asked what this meant to the ECEs and to the Australian economy. I shall then explore the ECEs’ economic contributions to employment and job creation. Finally, the taxes they pay will be looked at.

9.4 Business creation and innovation

As shown in the earlier chapters, the ECEs were operating a wide range of businesses. Altogether, they were involved in 13 different business areas, producing and selling different goods and services. The operations ranged from a pharmacy to property development, gift shops, exporting second-hand computers, restaurants, and a housing brokerage service. A list showing the range of businesses is shown in Chapter 5.

In the question on ethnic entrepreneurs’ contribution it is important to ask whether the ECEs created their own businesses. Creation of new businesses is expansionary; it impacts on the Australian economic base as it creates new jobs as well as new business opportunities and enlarges the taxation pool. Taking over an existing business and expanding it also adds to the economic base and possibly also creates new jobs.

Table 9.1 shows the overall the majority of the ECEs (71.4%) created new businesses at start-up. Of the remaining four ECEs (28.6%) who did not start their businesses as new ventures, two bought their businesses from third parties (14.3%) and two had taken over the businesses that their parents had started.

While the ECEs from Hong Kong, Indonesia and Vietnam had all created new businesses as their first ventures in Melbourne, it is interesting to note that the ECEs
from China had chosen a different path when venturing into their start-ups. Two of them started their own businesses, one bought from a third party, and one took over from parents.

Some ECEs had broadened their client base, introduced computer applications, and created new related and complementary businesses to increase the value of the businesses that they had taken over. For example, Alice took over the family business and introduced substantial innovations. She restructured the composition of the products the shop was selling. In addition to prescription and non-prescription medicines, she stocked more health foods, such as vitamins and other supplementary dietary products. Her product range was quite extensive, so she had to use a more sophisticated computer system. Alice said:

*I knew that supplementary dietary would be big in Australia. People are more health conscious. They spend more money to maintain their health. In the past, my parents only concentrated prescribed drugs. The traditional role of pharmacist. Now, my sales from health-related and dietary products have tripled. It is more than turnover from prescribed drugs...Of course, I have to upgrade my inventory system. Our product ranges are more diverse.*

Alice
(Australia)

Table 9.1   ECEs: Status of business at start-up

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>New business created</th>
<th>Bought existing business</th>
<th>Business started by parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
<td>0</td>
<td>1 (100%)</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>2 (50%)</td>
<td>1 (25%)</td>
<td>1 (25%)</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>2 (100%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>3 (100%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>2 (67%)</td>
<td>1 (33%)</td>
<td>0</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>1 (100%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>10</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>All ECEs (in per cent)</td>
<td>71.4%</td>
<td>14.3%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>
The ECEs were also able to create new businesses. Table 9.2 shows the current status of the number of businesses they own.

Table 9.2 Number of businesses currently owned, by country of birth

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Number of businesses currently owned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Australia (n=1)</td>
<td>0</td>
</tr>
<tr>
<td>China (n=4)</td>
<td>4 (100%)</td>
</tr>
<tr>
<td>Hong Kong (n=2)</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia (n=3)</td>
<td>2 (67%)</td>
</tr>
<tr>
<td>Malaysia (n=3)</td>
<td>2 (67%)</td>
</tr>
<tr>
<td>Vietnam (n=1)</td>
<td>0</td>
</tr>
<tr>
<td>All ECEs (n=14)</td>
<td>8</td>
</tr>
<tr>
<td>All ECEs (in per cent)</td>
<td>57.1%</td>
</tr>
</tbody>
</table>

Overall, 57.1 per cent of the ECEs operated one business each at the time of interview. Three ECEs owned two businesses, and three operated three businesses. It indicates that, beyond their start-ups, less than half (43%) have been able to create more businesses. They not only have two businesses, but two ECEs from Hong Kong currently operate three businesses. When I asked them why they had more than one business, all six ECEs mentioned that opportunity was the critical factor, as Benny from Hong Kong said:

*In the beginning, I opened my shop here. I saw quite a lot of TAFE students as well as Deakin students came to my shop. They were international students, mostly Asian. I found most of them were home staysed. I think there should be a market for these students.*

Benny (Hong Kong)

As mentioned in the previous chapter, Alice expanded into a medical centre business when the neighbouring shop was vacant, and she saw the opportunity to set up a new business to complement her existing one:
Yes, it was the right time. The neighbour shop was vacant. I thought it was good business opportunity to open medical centre...the patients do not need to spent too much time to buy medicine.

Alice (Australia)

Table 9.2 showed that the ECEs were capable of creating new businesses and growing them, which represents a significant contribution to the enlargement of Australia’s economic base and the creation of new jobs, as the next section will illustrate.

9.5 Employment

When attempting to determine the number of people employed in the ECEs’ businesses, I recorded the numbers at the time of interview to provide a snap-shot of their contribution to employment. This underestimates the employment contribution of the ECEs, as over the lifetime of their businesses they would have created more jobs. While I recognise that the levels of employment, namely the number of jobs and the quality of jobs created, differ according to the life-cycle stage of a business, it is beyond the scope of this thesis to carry out a longitudinal study. Consequently, the levels of employment taken at the time of interviews do not take into consideration the life-cycle stage of the ECEs’ businesses. In this case, I have divided the ECEs into three groups according to the number of years each has been in business in Melbourne.

Theoretically, it would be expected that an increment in labour force is likely as the ECEs grow their businesses over time. If this is the case, it can be expected that the longer the ECE has been in the business, the greater the likelihood that the business will employ more people. Table 9.3 shows if this is the case.
Table 9.3 Years in business in Australia and number currently employed

<table>
<thead>
<tr>
<th>Type of Employment</th>
<th>&lt; 2 years</th>
<th>3-5 years</th>
<th>6+ years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>9</td>
<td>5</td>
<td>18</td>
<td>32</td>
</tr>
<tr>
<td>Part-time</td>
<td>7</td>
<td>12</td>
<td>43</td>
<td>62</td>
</tr>
<tr>
<td>Casual</td>
<td>6</td>
<td>10</td>
<td>56</td>
<td>72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
<td><strong>27</strong></td>
<td><strong>117</strong></td>
<td><strong>166</strong></td>
</tr>
<tr>
<td>Number of ECEs</td>
<td>5 (35%)</td>
<td>3 (21%)</td>
<td>6 (43%)</td>
<td>14 (100%)</td>
</tr>
<tr>
<td>Average number of jobs</td>
<td>4.4</td>
<td>9.0</td>
<td>19.5</td>
<td>11.8</td>
</tr>
</tbody>
</table>

1Full-time employees include the ECE.

Table 9.3 presents a breakdown of the number of people employed by the ECEs in their businesses at the time of interview. It also shows the number of years the ECEs have been in the business. For each of the ECEs, the number of employees quoted refers to the total number of people on the ECE’s payroll for all the businesses the ECE was operating at the time of the interview. This includes all full-time, part-time and casual staff, with the ECE treated as a full-time employee and counted only once (although he or she may have had more than one business).

On average, 35 per cent of the ECEs had been in business in Melbourne for less than two years; 21 per cent for three to five years, and 43 per cent for more than six years. As a group, the ECEs had directly contributed a total of 166 jobs, comprising 32 full-time, 62 part-time and 72 casual jobs. This indicates that, on average, each of the ECEs had directly created 11.8 jobs. To put this in perspective, the average number of persons employed by all Australian businesses, small and large, was six (ABS, 2001). On the other hand, total businesses owned by the ECEs were 23, thus the average number of persons employed was 7.2, which is 20 per cent higher than the Australian average.
The finding that the ECEs employed more people than the average in Australia is significant. It shows that the ECEs make significant contributions to employment and job creation. These findings also support the argument that the ECEs are capable of growing their businesses.

9.6 Tax contribution

In addition to the issue of hiring illegal immigrants as labour, there is a strong suspicion amongst non-immigrants and government that there is a link between ethnic small business and tax avoidance and tax evasion. The ECEs were aware of this and gave some interesting responses about their contributions to and payment of Australian taxes. There appeared to be positive feelings towards paying tax. It appeared that they accepted that they had to pay tax and were happy to do so. They appreciated that the tax revenue went back to the people in terms of better government services and welfare support. For example, one of the ECEs expressed a positive attitude towards contributing to taxes as his two sons went to a very good public high school in the Balwyn area:

*In Melbourne, we have good government schools. My sons are studying at Balwyn High School. This is one of top schools in Victoria. Can compete with top private schools. I only pay less than $2000 a year.*

Tate (Malaysia)

Another ECE mentioned the good infrastructure and good governance in Australia compared to the country where he had lived previously:

*Look. Here the roads are good. Water is clean. No interrupted electricity. We paid taxes, and government here does not corrupt. They build infrastructure.*

Amir (Indonesia)
Their positive attitude towards paying tax might be surprising, given that most of these ECEs came from countries which did not have responsible management of tax revenues and therefore people were reluctant to pay taxes and resorted to tax avoidance and tax evasion. Thus one can begin to understand why these ECEs were supportive of contributing to Australian taxes as they trusted that their taxes would flow back to them in the form of quality and valuable public services that they had not seen in the countries they came from.

9.7 Summary

This chapter made several important findings. The findings show strongly that these ECEs are making substantial economic contributions to Australia. They have taken risks to invest in a new business environment that has not always been unfavourable to them. Overall, the majority of the ECEs created new businesses at start-up. Those who did not start new businesses expanded the businesses they took over. Further to the characterisation of an entrepreneur in the literature, the ECEs had contributed in enlarging the business base of Australia.

The ECEs employed more people than the average in Australia. This study found that the job creation capabilities of the ECEs surpassed those of all small and large businesses in Australia by 20 per cent.

There is sufficient qualitative evidence based on the interview data that the ECEs were contributors to Australian taxes, and were proud of their ability to meet their fiscal obligations.
CHAPTER 10

STRENGTHENING MARKETING INITIATIVES:
CO-ETHNIC TARGETTED MARKETING STRATEGY OF ETHNIC
CHINESE ENTREPRENEURS

10.1 Introduction

As was shown in Chapter 9, the ethnic Chinese entrepreneurs (ECEs) are making substantial economic contributions to Australia. They have taken risks to invest in a new business environment that has not always been unfavourable to them. While there are some studies on ethnic entrepreneurship in Australia, there is no major research into how, and to what extent, the ECEs in Australia have managed to survive, grow and succeed, or, more specifically, how they make marketing decisions, promote their goods and services and maintain competitiveness. Based on studies in the USA and the UK, the conclusion has been that, traditionally, ethnic Chinese small businesses have promoted their services to their co-ethnic group or have located themselves in environments that were less severely competitive (Watson, 1975). Also, because of the family nature of the businesses, they have tended to compete on price (Parker, 1995) and convenience, often being open 14 hours a day 365 days a year (Watson). The above researches are somewhat dated and tend to be biased towards the food catering sector. As was shown in Chapter 5, the ECEs in Melbourne have established a broad range of businesses, the majority of which are in property and business services, retail trade and communication services. Their businesses are mainly located in mainstream commercial precincts. Thus, the marketing decisions that the ECEs have made in order to grow and sustain their businesses can be expected to be different. The following section will look at the previous studies on marketing practices and compare them with the ECEs in Melbourne. It will continue with a discussion on public policies that strengthen
marketing initiatives. A financing and business growth model will be explained. And the final section will discuss on Chinese cultural values and the marketing strategies adopted by the ECEs to serve their co-ethnic customers.

10.2 Previous studies

Siu and Kirby (1999) conducted a comparative study of Eastern and Western marketing practices. They looked at Chinese small manufacturing companies in Hong Kong, and compared their marketing practices with those of American small manufacturing firms. They found that the Chinese small firms in Hong Kong appeared to be more production-oriented, whereas American small firms were more customer-oriented. Further comparative study of the marketing practices of small companies in Hong Kong and the UK by Siu et al. (2003) showed that Chinese small firms in Hong Kong were less likely than Chinese small companies in the UK to define their marketing activities as customer-driven. However, due to the nature of businesses owned by the ECEs in Melbourne, which are mostly in the service sector (not manufacturing), the ECEs in Melbourne are more customer-oriented:

*I treat my clients well.*

Benny (Hong Kong)

*For me customer is number one. They are the one who pays me.*

Amir (Indonesia)

*We always strive to satisfy our customers.*

Marcus (Hong Kong)
Siu & Kirby (1999) found that Chinese owner-managers in Hong Kong had limited marketing experience. About 70 per cent of them were primary or secondary educated. In contrast, the ECEs in Melbourne have at least one post-secondary qualification. A significant number of them (43%) have postgraduate education. According to Kohli & Jaworski (1990), the marketing orientation of an organisation is a function of the formal education of its senior managers, and a market orientation enhances the performance of the organisation. The findings in the present study appear to support this, as most of the ECEs’ businesses have been very successful. They hired more employees to support their business expansion activities, and some of them have ventured into other businesses.

However, like their contemporaries in Hong Kong, most of the ECEs (86%) did not have formal business education. Less than a third (29%) had a science background and 43 per cent had a technical degree. One ECE recognised this:

“No...no...not much spend on advertising. For us, word-of-mouth is more important. Sometimes we put ads on Chinese newspaper. During New Year, we printed calendar and give to our customers.”

Benny (Hong Kong)

Similar to the Chinese owner-managers in Hong Kong, the ECEs appear to be well known in their respective market. About 71 per cent reported that they had identified market niches and stayed in that particular sector for more than five years.

10.3 Public policy

Immigration has always been high on the political agenda of the Australian Government. To date, there has been little policy specifically addressing immigrant entrepreneurs in
Australia, even though there has been a Business Migration Programme since the 1980s (Strahan and Luscombe 1991). Australia is one of many countries (such as Canada, the United States) that have attracted immigrants since its first settlement. Coincidentally, immigrants have had a higher rate of self-employment and entrepreneurship than their non-immigrant counterparts.

Collins (1996) argued that innovative strategies designed to increase both the rate of ethnic small business formation and the success of existing ethnic small business will strengthen the Australian economy. More importantly, it is also an indirect method to increase employment in the minor ethnic groups. Although there were cases that some groups of non-English speaking background (NESB) continued to have rates of unemployment four to five times the national average. By creating more ethnic small business, it will alleviate the pressure on the job creation for these particular groups of immigrants.

One of the initiatives the government can assist the ECEs is in the area of marketing and financing. Due to lack of formal marketing education, it appears that the ECEs spent minimal amounts of money or time on marketing activities. Most of their marketing activities relied heavily on the ECEs’ decisions. From the interviews, the ECEs did little marketing planning. As reported earlier, ethnic Chinese entrepreneurs (ECEs) are making substantial economic contributions to Australia. As this is beneficial to the country’s economic welfare, the government should devise policy to enhance the marketing initiatives of ECEs. While the ECEs have been successful in their endeavours with little intervention from marketing initiatives, public policy to strengthen such initiatives on the part of ECEs will help them to be more successful, and in return they
will contribute more to the wealth of Australian society. Below are some suggested policies for strengthening the ECEs’ marketing initiatives:

- **Free workshops on marketing activities**: While the ECEs tend to be highly educated, the majority do not have formal business and marketing education. State government agencies, such as departments of small business, could offer entrepreneurs free workshops on marketing. Having acquired the marketing knowledge, the ECEs will be more effective in designing their marketing strategy. An effective marketing strategy will enhance the performance of the ECEs’ businesses and could lead the ECEs to different markets, including overseas.

- **Financial assistance**: Austrade, a federal government agency responsible for promoting Australian companies overseas, has a program called NEP (New Exporter Program). The companies under this program receive financial assistance in the form of reimbursement of export-related marketing expenses. Unfortunately, none of the ECEs knew of this good program. Austrade should promote its services more actively to ethnic entrepreneurs. The effective use of financial and non-financial assistance (e.g., conducting market research in foreign countries) from Austrade will widen the pool of Australian exporters.

### 10.4 Financing and business growth model

While other researchers on ethnic entrepreneurship have done intensive studies to profile who ethnic entrepreneurs are and what motivates them to entrepreneurship, my research has allowed me to develop a financing and business growth model, as is shown in Figure 10.1. The model is developed based on earlier work by Selvarajah & Masli (2010) on business cluster development of Chinatowns in Melbourne. It appears that
such concentrations began with the establishment of social facilities, such as migrant hostels, schools, youth hostels, or senior citizen clubs. These social facilities then created demand for other necessities of life in the surrounding areas. Obviously, some ethnic users of the facilities as well as ethnic entrepreneurs from other isolated areas found it commercially and socially more attractive to establish and run business in these areas. Such commercial ventures, at first, started with restaurants then extended to grocery shops, pharmacies, optical shops, dentists, household furniture shops, real estate agencies, electronic shops, souvenir shops and so on. As more ethnic group members are coming to the town for the services, the ethnic entrepreneurs develop new commercial activities, including professional services to satisfy the needs and wants of the co-ethnic customers. Eventually, the local non-ethnic population also found the diversity of products, food and services attractive and these ethnic businesses started establishing a mainstream clientele that way. Also, the established companies, such as banking and finance industries pay more attentions to establish their presence in the area.

The Chinese entrepreneurs in Melbourne, and the Chinese community at large, gradually realised that, in a democratic and pluralistic society like Australia, they needed to be socially participative and politically active. This was necessary not only to gain up-to-date information about government policies but also to sustain and protect their business interests. Ethnic community volunteers and leaders, who were previously satisfied with their voluntary community and/or entrepreneurial activities, eventually decided to become more actively involved in national and local politics. Membership of various political parties has been an essential first step towards this transition. Once a visible political leadership is achieved, this position then helps to feed information and advice to the entrepreneurs for better planning and coordination of their activities. The high political profile of one or two key community leaders was also found to be helpful
in protecting these new entrepreneurs from undue pressures. This sequence of the emergence and development of business clusters where social facilities give rise to economic necessities, and in turn convert these necessities into business opportunities, is unique. Through active participation in the local politics, the ethnic community members in turn have improved and provided more services and facilities to the community. As a result, the cluster become bigger and serve better the social needs of the community members, ethnic as well as non-ethnic group members. This relationship where social facilities lead to economic ventures, and economic success calls for political involvement, as depicted in Figure 10.1, is the first part of the model of ethnic business cluster formation, maintenance and growth.

The second part of the model, which is the extension of the model developed by Selvarajah & Masli (2010) explains how the marketing strategy and financial resources assist the ECEs to grow their ventures. It starts with the economic activities in the cluster as well as mainstream economy, which produce more business opportunities. The ECEs – the driving force in developing business venture -- are always looking for opportunities to grow, because, without growth, the businesses they have created will fail. For the ECEs -- who either operate their ventures from the cluster or mainstream economy location -- to exploit the business opportunities successfully, they need two important ingredients. The first one is an effective marketing strategy. ECEs have been very successful in devising a marketing strategy for serving their co-ethnic group. Being Chinese, they understand Chinese cultural values. However, when the ECEs try to adopt a ‘break out’ strategy, selling their goods or services outside their co-ethnic group, they face problems. Government agencies can assist them. In section 10.3, I have discussed what the government can do to assist the ECE to sharpen their marketing skills. The
second ingredient is financing. As was explained in Chapter 7, the ECEs are reluctant to use debt financing from banks. On the one hand, to grow a business successfully, a mix of debt and equity is required, and bank financing is the cheapest because the interest is tax-deductible. Other financing sources are government grants. Several types of grants are available from government agencies such as Austrade and AusIndustry. A grant is basically free money. It can help Australian businesspeople to be more export oriented as well as more innovative. The venture capital is good source of funding for the fast-growing companies. At the moment, it is not easy to receive funding from the venture capitalist in
Figure 10.1 Financing and business growth model
Australia, as most venture capitalists are concentrating on medical science or high technology companies.

Utilising these two ingredients, the ECEs can seize and exploit the opportunities quickly and effectively. As a result, the ventures will grow faster. There are two markets for the business to enter: export and local. The overseas market is potentially huge, and consequently very competitive. Again, to be successful in the overseas market the ECEs need to have the two ingredients. The local market consists of co-ethnic market in the cluster and the mainstream market. As businesses grow, more jobs will be created, taxes will be paid. The end result is a wealthier Australian society.

10.5 Characteristics of ECEs’ businesses

While the marketing fundamentals are applicable and valuable to both large and small businesses, only recently have researchers been interested in the study of the marketing and entrepreneurship interface (Davis et al, 1985). While studies on marketing in small business have gained some popularity (Carson and Cromie, 1989), due to the absence of a systematic approach to the subject, the empirical evidence has been ad hoc. The lack of knowledge about marketing in small business remains. The literature on the subject is largely descriptive. Furthermore, to date the consensus amongst researchers is that there is no single agreed definition of small business (Brooksbank, 1991). Most of the discussions are at the interface between marketing and entrepreneurship (Slater & Naver, 1995) and entrepreneurship and small business (Wortman, 1986). The issue of the interface between marketing and small business has not been examined with any great depth. The topic becomes more problematic with the lack of studies on ethnic entrepreneurship, not to mention the literature on the marketing of ethnic entrepreneurs.
Given also the importance of the role and behaviour of entrepreneurs in the development of marketing (Cannon, 1991), it is particularly surprising that there has been no research specifically into how ECEs make marketing decisions, market their goods and services and maintain competitiveness, especially since research by Siu and Kirby (1995) suggests that the broad marketing principles of small business, specially derived from developed countries, may not be fully applicable to Chinese small firms that serve their co-ethnic customers.

As was shown in Chapter 5, the ECEs’ businesses are diverse and disparate in nature. Their businesses range from construction and retail and residential property development to communication services and other consumer services. Table 5.12 presents the details. Traditionally, the businesses owned by the ethnic entrepreneurs are managed by single or married proprietors, or are family-owned ventures, set up to exploit a niche in their local markets and serve their local communities (Light, 1972; Waldinger et al., 1990). However, as was shown in Chapter 8, some ECEs in Melbourne had been able to ‘break out’ from their niche markets. These ECEs sell non-ethnic products such as financial services, telecommunication services and building materials to mainstream markets (Barret et al., 1996). The ability of the ECEs to break out depends on the successful integration of a holistic strategy involving marketing, finance, human resources and key contacts with the mainstream market. While some ECEs pursue the ethnic market as the target market, and others concentrate on the mainstream market, my research shows that most ECEs in Melbourne used their social ties to bind their relationships with their customers, as was expressed by Benny:

Yeah, we know them well. Sometimes we went for yum-cha. Some brought new customers for our shop...I always remind my staff that relationship is very important. I told my staff to make sure they treat our customers with respect. Make sure to maintain good relationship.

Benny (Hong Kong)
10.6 Chinese cultural values

Several past studies have shown that Chinese cultural values have formed a clear and consistent system for generations (Kindle, 1983; Hsu, 1970). Nonetheless, it does not mean that the values and the system have not changed. As a matter of fact, Chinese cultural values have recently undergone rapid change (Yau, 2003). In the period 1966–1976, during the Cultural Revolution in mainland China, the Confucianism doctrine, which is the basic pillar of Chinese value system, was criticised and forbidden. Other Chinese-dominated societies, such as Hong Kong, Singapore and Taiwan, have also shown some changes in the value system during the process of rapid industrialisation (Shively & Shively, 1972). Some researches on Chinese cultural values have indicated that the values have changed. Yang (1977) replicated Morris’s (1956) study and found that there was a change in the hierarchy of the value systems of college students in China, but his findings also implied that some of the traditional Chinese values were still held by young Chinese.

Lin (1966), adopting the methodology from Kluckhohn & Strodbeck (1961) in his effort to uncover the value orientation of Hong Kong school students and their parents, found that the younger generation had changed considerably, as compared to their parents. The changes were in respect to time, man–nature and relational orientations. However, one should not conclude that these findings indicate that the traditional Chinese value orientations in Hong Kong have disappeared in the transition to modernisation. One Chinese cultural value that remains intact is the strong influence of family and kinship relations on Chinese heritage. As for Chinese individuals, the family diffuses cultural influences throughout their lives. Some researchers argued that education would introduce new values which would gradually replace the old ones to shape a modernised
society in which family and kinship relationships could not survive (Shively & Shively, 1972). However, this may not be so. One of the ECEs, the second-generation Chinese-Australian, said:

> Of course I am a still Chinese. That’s right, I can’t speak Chinese well. But I hold my Chinese values. I respect my parents. During Chinese New Year, I celebrated with my parents and brothers. I received small money in red envelope from my parents.

Alice (Australia)

Benny, a Hong Kong-born ECE with undergraduate and postgraduate degrees from the University of Melbourne, confirmed that he still embraces strongly his Chinese values:

> My education in Australia does not affect me very much. Maybe I was in Hong Kong. I came here when I was 17 years old. I am very close to my family. Every week, I will visit my father. With my wife and kids, we will go to yum-cha in Box Hill restaurant. For me, education is very important. I want my two kids to study well.

Benny (Hong Kong)

### 10.7 Chinese cultural values and their implications for marketing strategy

The Chinese cultural values are largely formed and created from interpersonal relationships and social orientation. This is shown in the work of Confucius, whose doctrine is still a pillar for Chinese, whether they were born in Indonesia, Malaysia, Singapore, or Vietnam. To understand and explain the Chinese culture, I will draw upon Kluckhohn and Strodbeck’s (1961) value-orientation model. According to Kluckhohn and Strodbeck’s classification, there are five groups of Chinese cultural values:
- Man-to-nature orientation;
- Man-to-himself orientation;
- Relational orientation;
- Time orientation; and
- Personal activity orientation.

10.7.1 Man-to-nature orientation

The Chinese regard humans as a part of nature and believe that they should not try to overcome or master nature but learn how to adapt to it so as to reach harmony. This is because the Chinese believe that nature has the Way (Tao) by which all things become what they are (Chan, 1963). It is not wise to hold too tight on to what one has got or lost. There is no such thing as fate or misfortune in life, as they are entangled with each other, as well as causes of each other (Wei, 1980). Apart from the doctrine of Way, Karma is another important belief that is rooted in Chinese people. The concept of Karma leads to self reliance. People cease to complain about their circumstances. Based on these two doctrines, it is possible to expect that a Chinese consumer who believes in them will generally have expectations towards the goods or services he or she is going to buy or consume; or that when the performance of the product does not meet the expectations, the consumer will feel less dissatisfied because he or she has to conform to Karma.

The Chinese are reluctant to complain about products that do not meet their expectations. Thorelli (1982) includes this evidence in his study on Chinese consumers. For the ECEs whose major customers are Chinese people, they make sure that the quality of their products surpasses the customers’ expectations or that their prices are competitive. This strategy is extended to non-ethnic customers as well. Amir said:
For me customer is number one. They are the one who pays me. I always serve my food fresh. In the morning, I go to Victoria market to buy the freshest ingredients. Look at my price. For seafood fried rice, other may charge you $8 or $10. But I only charge $7. Small profit is OK. Most important customer happy and come back again.

Amir (Indonesia)

10.7.2 Man-to-himself orientation

Chinese are used to believing in modesty and self-effacement, two important virtues that a child uses to cultivate his or her mind. This is due to child-rearing practices in Chinese families. A child in a Chinese family is brought up to understand his or her legitimate role in front of others. Chinese try to avoid to saying ‘No’ when asked to express opinions. They believe that saying ‘No’ will embarrass or offend others. The way to express disagreement is to give an indirect reply. The value of abasement has impacted the marketing strategy adopted by the ECEs. For example, in Chinese society, aggressive salesmen might frighten customers, who may be humiliated. Benny said:

I told my staff not to be aggressive. Specially when the customers are Chinese.

Benny (Hong Kong)

Another example is that Chinese customers like to do their shopping in a free environment without interference. If a salesman in a retail store is too eager to help and approaches a customer who has not decided what to buy, the customer will feel uneasy and go away. The proper thing to do is to keep a distance from the customer, while, letting the customer knows that staff are always ready to help. Alice said:
When a Chinese customer comes to the shop to check non-prescribed drugs, our staff will greet him, and said how are you. Usually, we ask what they are looking for. We don’t try to ask too much question. Otherwise, looks too pushy. But if non-Chinese customers show up, we usually greet them and ask more question. Try to help them.

Alice (Australia)

10.7.3 Relational orientation

The relational orientation in Chinese society is rooted in Confucius’ five cardinal relationships: between sovereign and minister, father and son, husband and wife, old people and young, and between friends (Hchu & Yang, 1977). These relations have served effectively to control social behaviour in Chinese society. Chinese people have to observe and act according to the norms prescribed for each instance of interpersonal relations. In this relational orientation, the Chinese have a strong respect for authority. This value has particular implications for marketing strategy, especially in advertising. The advertisements will tend to be more effective when opinion leaders recommend goods or services to their target customers. Kindle (1985) shows that the Chinese are much more likely to be influenced in their purchasing by opinion leaders than are consumers in the USA. Opinion leaders for Chinese customers include older people, political leaders, family elders and authoritarian types. In targeting Chinese students to buy his company’s calling cards, Robert had an advertisement printed that reflected respect for family elders:

About thirty-five per cent of my customers are Chinese. From voice traffic data, it directed to mainland China. Now more Chinese students are coming to Melbourne. To promote to them, one of my ads showed how a father was so happy talks to his son in Melbourne. And the son uses my calling card.

Robert (Indonesia)
10.7.4 Time orientation

Kluckhohn & Strodbeck (1961, p. 76) noted that the Chinese have a strong preference for a past-time orientation:

Historical China was a society which gave first-order preference to the past-time orientation. Ancestor worship and a strong family tradition were both expressions of this preference. So also was the Chinese attitude that nothing new ever happened in the present or would happen in the future; it had all happened before in the far distant past.

Also, Van Oort (1970, p. 5) believed that that the Chinese people were very history minded: ‘A second culture value is the principle of respect for the past, or almost veneration of history. If there is one people in the world that is history-minded, it is certainly the Chinese people.’

No doubt the Chinese people have a strong admiration of their culture, which has a history of thousands of years. Furthermore, the Chinese believe that interrelations with things and others are continuous. Once a relation is established, it is difficult to break it. The values of past-time orientation and continuity also imply that Chinese customers tend to have great loyalty (Yau, 2003). Unless the product or brand being used proves very unsatisfactory, they are not likely to switch to other brands or products. Again, Robert shared an insight into his strategy in marketing his services:

*Calling card business is very competitive. A lot of my competitors have low price strategy. I have different strategy. First, I make sure the quality of the voice is reliable. No interruption to phone when our customer uses our card. In term of pricing, ours is not the lowest. But we are competitive. If my customer satisfied, they will continue to buy from us.*

Robert (Indonesia)
10.7.5 Personal activity orientation

The Chinese people have found themselves conforming to behaviour according to *li* (propriety), which denotes a system of semi-formal norms of behaviour. Jarvie & Agassi (1969, p. 38) gave a description of the predominance of this value orientation:

The highest value in China is to live properly, which particularly concerns being polite and obeying the rules; and this makes even the social aspect of personal transaction of supreme importance. In other words, in traditional China, being considerate to others is equated with...strict observance of the accepted code. To observe the code is to be human; to forget is to become barbarian.

The ECEs understand that their co-ethnic customers do not like to complain publicly. If the ECEs want to obtain data on the satisfaction or dissatisfaction of their co-ethnic customers, they will play a more active role. They do not wait for their customers to provide feedback:

*We provide telco services to small and home-based businesses. We have some Chinese and other Asian small businesses our customers. They are quite picky customer. If they are not happy, they will bring their businesses to others...We always thrive to satisfy our customers. Our customer relationship staff regularly called them to ask whether they have any problem. Their responses are useful. Sometimes we launch new services based on their feedbacks.*

Marcus (Hong Kong)

10.8 Summary

This chapter discussed how government agencies can play a role in strengthening marketing the initiative of ECEs. Currently, ECEs are working by themselves in developing and growing their businesses. With the assistance of government agencies, they will be in a better position to exploit opportunities.
This thesis proposes a financing and business growth model for ECEs. The model shows that to be able to grow successfully in overseas and domestic markets, the ECEs need two crucial ingredients. Government agencies and financial institutions can assist the ECEs to grow their businesses profitably. The ECEs are Australian assets. They are creating jobs, paying taxes and contributing to the community. If they are successful, Australian society will benefit.

This chapter attempted to examine the underlying dimensions of Chinese cultural values, using the value-orientation model developed by Kluckhohn & Strodbeck, and their implications for the marketing strategy adopted by the ECEs. As some of the ECEs’ customers are from their co-ethnic group, the ECEs have developed a marketing strategy based on Chinese cultural values. This marketing strategy has served the ECEs well. The understanding of Chinese cultural values can assist non-Chinese companies to develop effective marketing strategies to serve the largest consumer market in the world.
PART V – CONCLUSION AND RECOMMENDATIONS

This chapter contains a review of the thesis. The limitation of this study will be discussed. The contribution of this study to the theory of entrepreneurship will be presented. Some suggestions for further research will close this chapter.
CHAPTER 11

A REVIEW OF THE THESIS

11.1 Introduction

What is the reason to study ethnic Chinese entrepreneurs? and what is the connection between ethnic Chinese entrepreneurs and theory of entrepreneurship? The answer in a nut-shell is that there is lack of knowledge about ethnic entrepreneurship in Australia generally and ethnic Chinese entrepreneurship particularly; including detailing of their economic endeavours. However, the problem addressed in this thesis is much more. In this research, I seek to fill some of the gaps and add knowledge to the theory of ethnic entrepreneurship. At the end of this research, there is much that I have learnt about the ECEs. Some of the findings from this study confirm views expounded in the entrepreneurship literature, and others agree with findings in the ethnic entrepreneurship literature. However, many more questions remain unanswered as this thesis has generated more questions, and since they are not within the scope of this thesis, I leave them for future research.

The findings of this study present a dynamic picture of ethnic Chinese entrepreneurship in Melbourne. In this concluding chapter, the findings will be presented in a structured manner according to the sequence of the five research questions: Who are ethnic Chinese entrepreneurs? Why did they venture into business? What resources did they have at business start-up? What contributions do they make to Australian society? What marketing strategy have they used in their businesses? Additionally, policy implications and areas that need further research will be highlighted. However, the research objectives need to be revisited; they are summarized below.
11.2 Aim of the study

This main aim of this study was to define and provide an understanding of ethnic Chinese entrepreneurs (ECEs) in Melbourne. This thesis investigates the experiences of the ECEs in Melbourne and what value addition they provide to the theory of entrepreneurship. In this thesis, the entrepreneurial behaviours of ECEs in Melbourne were studied, with the notion that a study of this kind will further the understanding and possibly provide a profile of the ethnic Chinese entrepreneurs.

In the main, this research was confined to a small group of ethnic Chinese entrepreneurs. However, the findings of this study are important in contributing to the understanding of ethnic entrepreneurship. To advance the theory of ethnic entrepreneurship, more research is needed in Australia and elsewhere.

The growth of the Chinese population and their high visibility in commercial activities in Australia and yet the little knowledge that we have about this entrepreneurial community was the main reason for wanting to research in this dynamic and newly emerging field of study in entrepreneurship. My second objective for commencing this research was to address the, at times negative debate regarding ethnic entrepreneur’s contribution to nation building. In this regard the Chinese entrepreneurs have often been seen as inward looking and only interested in developing themselves and their immediate community. There has been very little research in Australia into the economic contribution the Chinese entrepreneurs make and in this research I attempt to fill the void. My third objective was to investigate the marketing strategies adopted by the Chinese entrepreneurs in developing their businesses. Based on Kluckhohn and Strodbeck’s (1961) value-orientation model, I look at the Chinese cultural values and their implications for marketing strategy. Most studies on Chinese entrepreneurs’
marketing strategies were conducted on companies located in Hong Kong, China, Taiwan, the United Kingdom and the United States (Siu & Kirby, 1999; Siu et al., 2003).

In view of this, fourteen ethnic Chinese entrepreneurs in Melbourne were selected. A multidisciplinary approach was adopted in investigating the five research questions, which resulted in rich data and multiple perspectives of ethnic Chinese entrepreneurship and entrepreneurial activities. The study’s major findings, which lead to knowledge and understanding of ethnic Chinese entrepreneurs, are summarized in the following sections. In the first instant I revisited the theory of entrepreneurship and then proceeded to outline this research’s contribution to it.

11.3 Revisiting on the theory of entrepreneurship
There is a growing body of literature on entrepreneurship, but there is still no one widely accepted definition of an entrepreneur and what entrepreneurship is about. It seems that researchers define entrepreneurs based on their respective study discipline (Gartner, 1990) and empirical research has described the entrepreneurial phenomenon from different standpoints (Bruyat & Julien, 2001). Entrepreneurship is seen and portrayed as a very complex phenomenon (Gartner, 1990). As a result, there exists many definitions of what an entrepreneur is. These are mainly observed from the reflections of the many manifestations of entrepreneurial activities and of the entrepreneurial self.

The review of literature for this study indicates that there is a growing body of research on Chinese entrepreneurship. However, there is little in existing entrepreneurship literature about characteristics and outcomes of ethnic Chinese entrepreneurship in
Australia, and this thesis has tried to fill this literature gap. Taking cognizance of the complexities when identifying the ECEs and when asking the research questions, the study explores ethnic Chinese entrepreneurship from the perspectives as explained by Gartner (1990). Gartner’s study produced two possible major viewpoints on how entrepreneurship might be defined. These are characteristics of entrepreneurship and outcomes of entrepreneurship. His findings are important for this thesis as they form the basis for framing research questions in this study. The questions, such as who ethnic Chinese entrepreneurs are, why they venture into business and what resources they have, reflect Gartner’s characteristics of entrepreneurship. On the other hand, the questions about the ECEs’ contributions to the nation and society, and secondly the question regarding marketing strategies for developing their businesses, reflects Gartner’s outcomes of entrepreneurship.

One important aspect of the definition of an entrepreneur is that an entrepreneur creates and builds something of value from practically nothing or seizes an opportunity and pursues it regardless of the resources currently controlled (Stevenson & Jarillo, 1990; Timmons, 1994). In this study, I have showed that most of the ECEs created new businesses and those who took over existing businesses actually redeveloped and expanded them. So clearly this is evidence of entrepreneurial activity. As an entrepreneur, the ECEs have taken something and changed it, or they have created something out of nothing, and they have taken high financial risks. They have also taken high financial and personal risks, and consequently achieved success.

11.4 The study framework

This research was based on an empirical study of a group of 14 ECEs in Melbourne. The study drew on existing literature and research to set the framework for the primary
data collection through fieldwork involving in-depth semi-structured interviews with ECEs. The interview candidates were identified using a snowballing approach. This was necessary because the likelihood of gathering sufficient responses from ethnic Chinese entrepreneurs through a ‘random’ approach would be very low. In the Chinese community, trust is an important factor in gaining access and seeking reliable responses (Selvarajah, 2004). In order that the interviews with the ECEs would be rich and reliable, it was necessary to establish trust with those interviewed and this was obtained by selecting those to be interviewed through referrals. This snowballing approach did not compromise the quality of the sample and the research objectives. To be selected for an interview for this study, the ECE had to meet the following criteria: he or she had to be a business owner, either solely or in partnership, and the business had to take up a substantial amount of the entrepreneur’s energy and time. There was no limit set on the size or the type of the business in which the ECE is engaged. This allowed me to explore the boundaries of their entrepreneurship.

Based on the above selection criteria, the countries of birth of the ECEs selected for the research and the number of interviewees that were finally incorporated into the study were Australia (1), China (4), Hong Kong (2), Indonesia (3), Malaysia (3) and Vietnam (1). Of these 14 ECEs, 13 were male and one female.

11.5 Research questions

In this thesis, five key research questions about the ECEs were asked: Who are ethnic Chinese entrepreneurs? Why did they go into business? What resources did they have at business start-up? What contributions do they make to Australian society? What marketing strategy have they used in their businesses? The interview schedule, adopted
from the work of Low (2003), was semi-structured. The research strategy engaged a multiple qualitative research methodology.

The technique used in the primary data collection was phenomenological methodology employing case study analysis. Phenomenological methodology as a qualitative research technique examines life experiences (i.e., the lived experience) in an effort to understand and give them meaning. This is usually done by systematically collecting and analysing narrative materials using methods that ensure credibility of both the data and the results. In addition, some quantitative analyses were made from secondary data sources, such as census data and statistical data on small business in Australia.

11.6 Thesis findings

It is important to note that there was no single factor that, by itself, determined the entry of the ECEs into business and entrepreneurship. Rather, a complex range of factors was present at different times. These factors interacted in complex ways in shaping the ECEs’ entrepreneurial process.

11.6.1 Who are ethnic Chinese entrepreneurs?

The findings from the study allow me to develop a personal profile (demographics, personality traits, educational background and work experience) of ethnic Chinese entrepreneurs in Melbourne. In this thesis, I identified similarities and diversity in the demographic profiles of the ECEs. It was found that the demographic profiles of the Chinese entrepreneurs are diverse, because of their countries of origin (six countries). However, they are similar in many ways because of traditional ‘Chinese’ values and the entrepreneurial cultures that they are brought up in.
The majority of the ECEs arrived in Australia when they were between 20 and 40 years of age, which means that they arrived at an age where most had completed their school and higher education qualifications and would have had some work experience. About 78.6 per cent of the ECEs interviewed had completed undergraduate and postgraduate university education. Thus, the traditional view of ethnic entrepreneurs as uneducated, unskilled and poor no longer reflects reality (Gartner 1984). The higher level of educational qualifications of these ECEs confirmed with the view that higher education qualifications enhance the chances of becoming an entrepreneur (Boyd, 1990; Bates & Dunham, 1993; Pessar, 1995). More than three-quarters (78%) had a university degree, mainly gained from overseas. Education is seen as a contributor to greater entrepreneurial success (Bates 1994; Basu 1998; Birley and Ghaie 1992). On arrival, they would have sought work in the Australian labour market. At the time of the interviews with the ECEs, most were between 30 and 50 years of age.

The majority of the ECEs were married and had children. Most of the ECEs entered Australia with skills that Australia was looking for and came under the business skills, employer nomination and independent visa categories. Less a third (28%) of the ECEs were sponsored by family members to settle in Australia.

The ECEs had established a broad range of businesses, the majority of which were in property and business services, retail trade and communication services. Their businesses were located mainly in mainstream commercial precincts. Less than a third of the ECEs were located in areas of high ethnic concentration and less a fifth (14%) were located at home. Close to 30 per cent of the ECEs had outsiders (non-family members) as joint owners, and ownership that included the spouse together with other
joint owners accounted for 50 per cent of the ECEs. Beyond their start-ups, about 43 per cent of the ECEs have been able to create more businesses. It shows that the ECEs have the capacity to grow their ventures. This is consistent with the view of Gartner (1990) on the characteristics of entrepreneurship. Glezer (1998) and Massey (2005) argued that entrepreneurship is a pattern of behaviours, a style of management which is concerned with obtaining and managing resources to exploit opportunity. These ECEs saw the opportunity and had the resources to build more ventures.

11.6.2 Why did they venture into business?

In this study, I offer a new paradigm in understanding why a group of ECEs choose the path to entrepreneurship. This is done through examining their biographical process of immigration and their social structures.

In this research, I found that opportunities had the greatest impact on the decisions made by the ECEs in business start-ups. This confirms the saying that Australia is a land of opportunities. Like other entrepreneurs, the ECEs ventured into business because of dissatisfaction over employment and the desire for independence. Dissatisfaction in previous employment has been suggested by many earlier researchers as one of the reasons to becoming an entrepreneur (Wirth, 2001). Another possible factor in influencing people to leave their previous employment and pursue a business venture is slow career progression (Moore & Buttner, 1997). Therefore, independence gained by self-employment and power to make own decisions based on their individual choices are the other main attractions that entrepreneurs seek to obtain. The motivation for people to go into small business ownership vary, they include personal satisfaction, independence and flexibility. Even given the anxiety and stress that go hand-in-hand
with operating a business, most entrepreneurs appear to derive more satisfaction by being the decision maker rather than the recipient of decisions made by others (Walker & Brown 2004).

As earlier research has shown, the ECEs support the view that the value base of the Chinese allows them the inner motivation to accept the challenges of entrepreneurship. As these ECEs are highly educated, there is a need for personal achievement. Being an entrepreneur is a challenge and being a successful entrepreneur will satisfy this need. The ECE’s strong need for success is consistent with achievement; a characteristics identified to describe entrepreneurs (McClelland, 1961; McClelland & Winter, 1971)

11.6.3 What resources did they have at business start-up?

The importance of the family and ethnic community as a source of finance and a customer base and support for ethnic entrepreneurs (Waldinger et al. 1990) cannot be ignored. The research findings of this thesis reaffirm the importance of family, kinship and ethnic community in supporting business start-ups for many of the ECEs by providing them with capital, either in the form of equity or loans (Hsing 1996). Finance is typically perceived as the greatest single problem by ethnic minority entrepreneurs at the start-up stage. This cooperative network of family and community is the essence of the ECEs’ success in business. The second category of critical resources that influence success is financial resources, consisting of cash and the money assets of the business (Bygrave, 1993). Obtaining the necessary financing to start and grow a business is generally considered one of the entrepreneur’s major problems. Cash capital comes from many sources, including personal savings, banks, government programmes,
venture capital funds and business angels. In Chinese culture, money contribution from family and relatives is common (Hsing 1996, Li 1988).

The research findings of this thesis confirm the literature in regard to the high use of family sources and personal savings as against bank financing and friends. In their study on Chinese and Indian entrepreneurs in Brisbane and Sydney, Lever-Tracey et al. (1991) found that family links were important especially in connection with financing of the business. In studying Asian-born female entrepreneurs in Sydney, Low (2003) found that they depended highly on borrowing from family. On the other hand, in this study, I found that it is not just family borrowing that is an important source of financing start-up; the family also sometimes co-invests in the ECEs’ businesses. In this thesis, I highlighted this difference. As a co-investor, the family shares higher risk than do lenders. The trust as well as the ‘quality’ of these ECEs propelled the family to take equity interest in the ECEs’ businesses in Melbourne.

A feature of these findings is that most of the ECEs did not even approach a bank for financing. They believed they would not qualify or they did not want to spend too much time filling in the forms and/or revealing their personal information. The ones who did obtain bank financing had to mortgage their houses or had a guarantor for the loan.

The difference in cash start-up capital was not very wide; ranging from less than $25,000 to above $500,000. This reflected the similar class status of the ECEs. The ECEs with migrant status arrived in Australia under business visas as well as independent, employer- and family-sponsored visas. They were better resourced. ECEs with lower cash savings had several strategies to minimise the initial operating expenses,
including saving on rental by operating from home and self-sacrifice by working without pay. They also employed family members as unpaid labour.

In examining the critical resources of the ECEs that enabled them to set up their businesses, I found that rotating credit associations were a significant source of capital. There is clear evidence to suggest that ECEs had access to ethnic resources or that ethnic resources played a significant role in supporting their business start-ups, as has been shown in the literature (Laguerre, 1998; Min, 1988).

In this thesis, I also found that the customer bases developed by the ECEs were not concentrated on Asian customers, indicating a successful ‘break out’. This is because the businesses operated by the ECEs had broad community appeal. The ECEs were not just selling their ethnic products.

11.6.4 What contributions do they make to Australian society?

From my study, I found that the ECEs were making substantial economic contributions to Australia. They had taken risks to invest in a new business environment that was not always unfavourable to them.

Overall, the majority of the ECEs created new businesses at start-up. Those who did not start new businesses expanded the businesses they took over. Further to the characterisation of an entrepreneur in the literature, the ECEs had contributed to enlarging the business base of Australia.
The ECEs employed more people than the average in Australia. In this research, I found that the job creation capabilities of the ECEs surpassed those of all small and large businesses in Australia by 20 per cent.

In this study, I found that there is sufficient qualitative evidence to suggest that the ECEs contributed to the Australian tax system and they were proud of their ability to do so.

11.6.5 What marketing strategy have they used in their businesses?

From this research, I found that the ECEs whose major customers were their co-ethnic group had developed a marketing strategy based on Chinese cultural values. It suggests that non-Chinese Australian companies should understand Chinese cultural values if they are to develop effective marketing strategies to serve the largest consumer market in the world.

From this research, a model illustrating the role financing in supporting the growth of ECE’s business was developed. The model, shown in Figure 10.1, was focussed on the ECE as the key factor. The entrepreneur is the driving force in developing business ventures. The main factor seen as supporting growth is access to finance. The ability of the ECEs to obtain financial resources outside their traditional sources, such bank loans, government grants and venture capital, will make their ventures grow faster. There is yet no substantive government policy on entrepreneurship development, let alone support systems for ethnic entrepreneurship. It is high time that the contributions of the ethnic communities in commerce be recognised in a multicultural society. This study shows that the ethnic Chinese entrepreneurs create jobs, pay taxes and have had a
positive impact on enriching the cultural fabric of Australia. The end result is a wealthier Australian society.

11.7 Policy implication

In this study, I have demonstrated that most ethnic Chinese entrepreneurs rely on *guanxi* connections to develop personal and business networks rather than use external business support to help them in their operation. The presence and use of such business support in the areas of legal and accounting services, feasibility studies, development of business plans, and production, marketing and management services will be very beneficial to Chinese entrepreneurs at the start-up phases of their businesses, and also boost their performance in terms of turnover and growth. However, due to language limitation and other factors, the ECEs seldom use the services offered by the government agencies, such as AusIndustry and Austrade. In all these areas, public policy initiatives, educational programmes and adequate financing may well be needed to assure access for ethnic Chinese entrepreneurs.

The appropriate goal of government policy should be to encourage and support the development of community-based networks of ethnic immigrant businesses where they already exist. However, effective policy intervention in this area is difficult to achieve and in some cases may not be necessary. Nonetheless, it is worth promoting the function of government as the network broker to ethnic businesses. As the network broker the government agencies can facilitate and strengthen existing networks, which are the key element in capacity building within ethnic communities. Selective use of microfinance funds, integrated with advisory support, can be linked into this type of network initiative.
11.8 Limitations and future research directions

This study had several limitations. First, the sample size (14) was too small. To further advance the theory of ethnic entrepreneurship, for future research, it would be useful to have a larger sample size that would reflect more closely the actual composition of the ECEs.

The second limitation was the gender imbalance of the sample. Of the 14 entrepreneurs, only one was female. There are many female ECEs in Australia. Future studies should include more female ECEs. The right balance of gender might produce different results from those of this study.

This research shows that ethnic Chinese entrepreneurs play an important role in job creation and employment. This assertion should be tested in other parts of Australia. Future research will assist in increasing awareness of the role of ethnic Chinese entrepreneurs in the overall Australian economy. This awareness will boost the image and business of ethnic Chinese entrepreneurs. They will not just be perceived as good for producing cheap products or working in restaurants; their great potential and valuable contribution to the development of their communities and nation will be brought into the limelight and properly valued.

Given that this research concentrated on ethnic Chinese entrepreneurs in SMEs in Melbourne, future research should include Chinese entrepreneurs in large-scale enterprises and in other parts of the country as well. This would sharpen our knowledge of Chinese entrepreneurship in Australia and be useful for policy makers and those in position to help develop the full potential of Chinese entrepreneurs. Furthermore, more
research can be conducted based on cross comparison of ECEs across different countries.
REFERENCES


Collins, J 2003, ‘Ethnic entrepreneurship in Australia’, Willy Brandt series of working papers in international migration and ethnic relations.


DILGGEA (Department of Immigration, Local Government and Ethnic Affairs) 1990, Joint Committee of Public Accounts Inquiry into Business Migration Program and the Control of Visitor Entry. Submission by the department of Immigration, Local Government and Ethnic Affairs, Mimeographed.

Ellingsen, P 1990, ‘Hong Kong rich buy way to foreign passports’, The Age.


Laguerre, MS 1998, ‘Rotating Credit Associations and the Diasporic Economy’, *Journal of Developmental Entrepreneurship*, vol. 3 (Summer), pp. 23-34.


Mill, JS 1848, *Principles of political economy with some of their applications to social philosophy*, John W Parker, London.


Parker, D 1995, Through Different Eyes: The Cultural Identities of Young Chinese People in Britain, Avebury.


Sarantakos, S 1998, Social Research, Macmillan Education Australia, South Yarra.

Saxenian, AL 1999, Silicon Valley’s New Immigrant Entrepreneurs, Public Policy Institute of California, San Francisco, California.


Shively, AN & Shively, S 1972, ‘Value Changes during a Period of Modernisation: The Case of Hong Kong’, working paper, Institute of Social Research, Chinese University of Hong Kong.


Soutar, GN & Still, LV 2000, ‘Reasons for Small to Medium Enterprise Start-Ups: A Correspondence Analysis’, paper at the ICSB, Brisbane, Australia.


Strahan, K & Luscombe, K 1991, *Immigrant access to small business support services*, The Centre for Multicultural Studies, University of Wollongong, Wollongong NSW.


Timmons, JA 1994, _New Venture Creation: Entrepreneurship for the 21st Century_, Irwin,


LIST OF APPENDICES

Appendix 1: The interview schedule

Appendix 2: Ethics approval
Appendix 1: The interview schedule
INTERVIEW SCHEDULE

Interview Number:

Name of Interviewee:
Company:
Position:
Address:

Interviewer:
Location of interview:
Date:
Time:

Referred by:

A. ABOUT YOU

1. Which age group do you belong to?
   Or: How old are you?
   Below 20 [ ]
   21 - 30 [ ]
   31 - 40 [ ]
   41 - 50 [ ]
   51 - 60 [ ]
   above 60 [ ]

2. Where were you born? City:__________________ Country:__________________

3. What countries have you lived in?
   (name only the countries where you have lived continuously for more than 3 months)

4. What languages do you speak and how well?

<table>
<thead>
<tr>
<th>Language/Dialect</th>
<th>Fair</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinese Mandarin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teocheow</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hokkien</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cantonese</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hakka</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnamese</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahasa Malay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bahasa Indonesia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thai</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khmer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify):</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. What is your marital status?
   - Single [ ]
   - Married/Defacto [ ]
   - Separated/Divorce [ ]
   - Widowed [ ]

6. Children
   Total number of children
   Number of children
   - 6.1 pre-school age [ ]
   - 6.2 primary school age [ ]
   - 6.3 secondary school age [ ]
   - 6.4 university [ ]
   - 6.5 unemployed [ ]
   - 6.6 working [ ]
   - if working, please specify where they work: __________________________

7. Dependents:
   Who are they? [children] [spouse] [parents] [siblings] [others]
   How many? [ ] [ ] [ ] [ ] [ ]

8. Education qualification: highest level gained
   1. primary [ ]
   2. high school [ ]
   3. college [ ]
   4. trade (skilled vocational) [ ]
   5. university (science, art/humanity, commerce, engineering, other) [ ]
   6. postgraduate degree [ ]
   7. other (please specify) __________________________

9. Where were the qualification(s) gained?
   1. Australia [ ]
   2. Overseas (country/city) __________________________
   3. If overseas, was your qualification recognized here? [ Yes ] [ No ]
   4. If [ Yes ], what was qualification authority?
      For example, AIM, NCAA, etc.
10. In what year did you arrive in Australia? Year: ______________

11. Under which immigration visa category did you enter Australia?

Non-Humanitarian Program
[ ] Family Stream
[ ] Skill Stream
[ ] Skilled-Australian Linked (Please check again)
[ ] Regional Linked
[ ] Employer Nomination
[ ] Business Skills
[ ] Distinguished talent
[ ] Independent

[ ] Special Eligibility
[ ] Former citizen of Australia
[ ] Former resident of Australia
[ ] Family of New Zealand citizen for dependents of NZ citizens who have settled or intend to settle permanently in Australia

Humanitarian Program (please check again)
[ ] The Refugee Program
[ ] Special Humanitarian Programs
[ ] Special Assistant Category

12. Can you tell me more about your immigration experience? Who came with you? Under what circumstances did you decide to leave for Australia?

13. Can you tell me more about your settlement experience when you arrived? Who met you at the airport? How did you find a place to live? Which suburb did you settle in first and why did you choose this suburb? What happened after that?

B. WORK / BUSINESS BACKGROUND

1. Have you worked before in any of these places:
   1.1. worked in similar small business
   1.2. worked in a private company
   1.3. worked in a government organization
   1.4. other: please specify ________________________
2. What were you doing immediately before setting up this business? 
   Student, unemployed, just arrived in Australia, 
   working, running another business, etc.

3. From the time you left school till setting up this business, what work 
   did you do? Trace career history

4. Are there any skills or knowledge that you would consider you have 
   gained from your previous family and work that you are now able 
   to apply to your business?

C. YOUR BUSINESS (ES)

1. What is your business?

2. What kind of business is this? 
   What does it make or do?

3. Is this your first business? [Yes] [No]

4. If [No] What was your first business?

5. When was it established? Year: __________

6. Who started the business?

7. Do you still own this first business? [Yes] [No]

8. How many businesses have you owned or started? 
   (include wholly or partially-owned)

9. How many businesses you now own?

10. Please tell me more about the business(es) you own? 
    For each business, ask:

    Type of Business:
    Location (Suburb) of business:
    Ownership:
    [ ] wholly myself
    [ ] partly myself with family members
    [ ] partly myself with outsiders

    Type of Business:
    Location (Suburb) of business:
    Ownership:
    [ ] wholly myself
    [ ] partly myself with family members
    [ ] partly myself with outsiders
11. What make you decide to go into business?
   Why did you into business?

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Could not find job here</td>
<td></td>
</tr>
<tr>
<td>10.2 Got the job but could not stay too long</td>
<td></td>
</tr>
<tr>
<td>10.3 Expected to earn more</td>
<td></td>
</tr>
<tr>
<td>10.4 Independent / freedom</td>
<td></td>
</tr>
<tr>
<td>10.5 Tax</td>
<td></td>
</tr>
<tr>
<td>10.6 Family situation</td>
<td></td>
</tr>
<tr>
<td>10.7 Other, please specify</td>
<td></td>
</tr>
</tbody>
</table>

12. About the business that you are most involved in day to day,
   Name the business:

   Why did you choose to enter/establish this business and not another one?

13. Why did you choose to locate your business in this area?

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1 In the same ethnic area</td>
<td></td>
</tr>
<tr>
<td>12.2 Other ethnic business in the same area</td>
<td></td>
</tr>
<tr>
<td>12.3 Support from friends</td>
<td></td>
</tr>
<tr>
<td>12.4 Easy transportation</td>
<td></td>
</tr>
<tr>
<td>12.5 Closer to supplier and other service providers</td>
<td></td>
</tr>
<tr>
<td>12.6 Sense of security</td>
<td></td>
</tr>
<tr>
<td>12.7 Other, please specify</td>
<td></td>
</tr>
</tbody>
</table>

14. What was the type of business on this place before you own this business?
   And who was the previous owner?

15. Do you know who the first businessman was in this area? And what was
    his/her business?

16. If [ Yes ], ___________________________________________________________

17. Does your business have a website? [ Yes ] [ No ]

18. If [ Yes ], do you do business through your website? [ Yes ] [ No ]
D. FAMILY INVOLVEMENT IN BUSINESS

1. How many people do you employ in your business? Number: __________

2. How many of your employees are:
   - Full Time Number: ______
   - Part Time Number: ______
   - Casual Number: ______
   - Non Paid family members Number: ______

3. Are there any member of your family employed, that is officially on your payroll in this business? [ Yes ] [ No ]

4. If [ Yes ], How many? Number: ______

5. How are they related to you? 
   - father, mother, husband, wife, son, daughter, brother, sister 
   - other relatives (Specify) 
   - other relationships (Specify)

6. What work do they do and what are their qualifications?

<table>
<thead>
<tr>
<th>Relatives Employed</th>
<th>Work Responsibilities</th>
<th>Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Who negotiates or deals directly with the outsider on the following matters in your business? (include those who work or do not work under your employment)

<table>
<thead>
<tr>
<th>Who negotiates or deals with outsiders on the following matters?</th>
<th>Myself</th>
<th>A family member</th>
<th>Staff</th>
<th>Other (Specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Banking/loan/credit matters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.2 Government matters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.3 Purchase of major business assets (e.g., computers, buildings, motor vehicles, plant and machinery)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Do you expect/want your children to takeover your business in the future?

   If [ Yes ], why? ____________________________________________

   If [ No ], why? ____________________________________________
E. ABOUT TIME SPENT

1. Do you now work shorter or longer hours than before you started your business?
   [ ] less hours
   [ ] the same hours
   [ ] more hours

2. On average how many hours do you work in a day?
   [ ] less than 5 hours
   [ ] 5 – 8 hours
   [ ] 8 – 10 hours
   [ ] more than 10 hours

3. Please describe your typical workday?

F. WHEN YOU WENT INTO BUSINESS:

1. Were there any problems you experienced at start up?

2. Did you experience any problems/barriers in the following area?
   Are any of these special/source of problems for you?
   Are any of these ongoing/recurring problems?

<table>
<thead>
<tr>
<th>Problems</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td>Finance/Bankers</td>
<td></td>
</tr>
<tr>
<td>Business Regulations (changes, too many)</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td></td>
</tr>
<tr>
<td>Racial</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td></td>
</tr>
</tbody>
</table>

3. What are the problems you face as an ethnic entrepreneur in businesses?

4. Are there special skills necessary for you to operate this business?
   What are they?
   Do you have these skills?
   Who has them?
G. HOW DID YOU ESTABLISH YOUR BUSINESS?

1. What did you have to do to start up this business / how did you set up this business?

2. Did you get any help from your relatives?
   Specify: - who helped you?
   - what help did he/she/they give you?
   [ Yes ] [ No ]

3. Did you get any help from your friends?
   Specify: - who helped you?
   - what help did he/she/they give you?
   [ Yes ] [ No ]

4. Did you get any help from professionals?
   Specify: - who helped you?
   - what help did he/she/they give you?
   [ Yes ] [ No ]

5. Did you get any help from the government?
   Specify: - who helped you?
   - what help did he/she/they give you?
   [ Yes ] [ No ]

6. Other help not classified above?
   Specify: - who helped you?
   - what help did he/she/they give you?
   [ Yes ] [ No ]

H. GOVERNMENT SUPPORT TO SMALL BUSINESS

1. Have you ever participated in any of the government’s programmes to assist small business?
   [ Yes ] [ No ]

2. If [ No ], why have you not? ________________________________

3. If [ Yes ], which one? ________________________________

4. Did you find it useful?
   [ Yes ] [ No ]

5. If [ Yes ] How was it useful? ________________________________
    If [ No ] Why was it not useful? ________________________________

6. The following are some federal and Victoria state government organizations which provide information services and assistance to small businesses. Do you know any of them or have dealings with them in connection with your business?
I. BUSINESS SUCCESS AND FAILURE

1. One of the problems migrants sometimes have is building up a reasonable turnover. Would it be possible to give an estimate of how much businesses you do in a week/month/year?

   If silence: *trying asking again*: What is your weekly turnover?

2. If no answer, prompt,

   Under $1,000 a week? [ ]
   $1,000 - $3,000 a week? [ ]
   $3,000 - $5,000 a week? [ ]
   Above $5,000 a week? [ ]

3. Did your business make a profit last year?

4. Do you think you are better off financially working in your business than you were in the work force? (*or when receiving unemployment benefits*)

5. Have you ever experienced setting up a business that failed or did not work out the way you wanted?

   Did any of your businesses fail?

6. Can you tell me more about this *(failed)* business?
   What went wrong?
   Why did it fail?
7. What did you do about it (on your failed business)?
   Did you close the business?
   Did you sell it?
   What did you do?

8. What were the consequences from this failure? What did you lose? (or gain?)

9. Based on this (failed business) experience, what advice would you give to other ethnic businesspeople wanting to go into business?

10. With your success in business, what advice would you give to other ethnic businesspeople wanting to go into business?

J. OVERSEAS / INTERNATIONAL BUSINESS

(example of overseas/international business: import/export, overseas manufacturing, investing overseas, branch/overseas office)

1. Are you engaged in any form of international business? [Yes] [No]

2. If [No], Within the next two years, do you plan to
   a. Export [Yes] [No]
   b. Import [Yes] [No]
   c. Other (specify) [Yes] [No]

3. If [Yes], What form(s) of international business are you engaged in?
   a. Trading -- import/export
   b. Export -- with appointed distributors
   c. Overseas operations -- manufacturing
   d. Overseas investment
   e. Joint venture
   f. Others (specify)

4. Why did you start doing business overseas?

5. If Exporting, what are your reasons for exporting?
   If Importing, what are your reasons for importing?

6. Where do you export to? Country/City:
   Where do you import from? Country/City:

7. What has been your experience in operating overseas?
   Some say it is very difficult to do business to do business overseas, other say you must have contacts and yet others say it depends on the products/services you have and how you market it
8. Being foreign business operator in that country (name that country), what advantages do you think you have over other foreign businessmen in the same position as you?

9. Being foreign business operator in that country (name that country), what disadvantages do you think you have over other foreign businessmen in the same position as you?

10. Did you make use of any Australian government assistance to do business overseas?  
    If [Yes], which one? Please specify:  
    Examples: Austrade, New Export Development Grant, Official Trade Fairs, Participate in Trade delegations, Assistance from Australian Embassies or Trade Consulate offices overseas.

11. Did you get help from any other organization in doing business overseas?  
    If [Yes], which one? Please specify:  
    Examples: Chamber of Commerce and Trade, local chamber of commerce, professional firms, etc.

K. CAPITAL RESOURCES

1. Tell me at the start of your business, what capital did you have to start the business?

2. Did you have to do any of these to obtain your cash start up capital?

<table>
<thead>
<tr>
<th>Source of Start Up Capital</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Borrow from relatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Borrow from friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3 Borrow from banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.4 Use credit cards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5 Sell personal valuables, e.g., jewellery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.6 Sell or mortgage my house</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7 Sell or mortgage other assets/properties (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8 Use personal/family savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9 Other (specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. What was your cash start up capital?
i.e. First amount of cash you put into the business

<table>
<thead>
<tr>
<th>Range</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 – 1,000</td>
<td></td>
<td>[ ]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,001 – 5,000</td>
<td></td>
<td></td>
<td>[ ]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 5,001 – 10,000</td>
<td></td>
<td></td>
<td>[ ]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$10,001 – 50,000</td>
<td></td>
<td></td>
<td></td>
<td>[ ]</td>
<td></td>
</tr>
<tr>
<td>$ 50,001 – 100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[ ]</td>
</tr>
<tr>
<td>Above $ 100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4. How much of this was borrowed?

5. What other physical assets did you put into the business at start up stage?
   (elaborate on ownership and nature of the assets)

6. Did you have to put in additional cash capital to survive (or to grow the business)?

7. What else did you have to do to survive (or to grow the business)?

I. NETWORK RESOURCES

1. LOCAL CUSTOMERS

   Please think of your major customers in Australia.
   1.1. Could you explain how majority of your customers have come to know your business?

   1.2. Where do your customers mostly come from? In the same locality (suburb)? Or outside locality?

   1.3. What percentage of your customers is from your nearest locality?

   1.4. What percentage of your customers is from same ethnic group?

2. LOCAL SUPPLIERS

   Please think of your major suppliers in Australia.
   2.1. Could you please tell me about how you came to know of your major suppliers?

   2.2. Where do your suppliers mostly come from? In the same locality (suburb)? Or outside locality?

   2.3. What percentage of your suppliers is from your nearest locality?

   2.4. What percentage of your suppliers is from same ethnic group?
3. OVERSEAS CUSTOMERS (if exporting)

Please think of your major overseas customers. Could you please tell me about how you came to know of your major customers?

3.1. Did you know your customers (as a relative or as a friend) before they became your major customers?

3.2. If the answer 3.2 is [No], were these customers referred by a relative or friend?

3.3. If [No] to 3.1 and 3.2, how did you get these customers? Please specify.

3.4. What percentage of your overseas customers is from same ethnic group?

4. What do you consider to be your most important/critical factors that helped you to secure the overseas customers?

5. OVERSEAS SUPPLIERS (if importing)

Please think of your major overseas suppliers. Could you please tell me about how you came to know of your major suppliers?

5.1. Did you know your major suppliers (as a relative or as a friend) before they became your major suppliers?

5.2. If the answer 5.2 is [No], were these suppliers referred by a relative or friend?

5.3. If [No] to 5.1 and 5.2, how did you get these suppliers? Please specify.

5.4. What percentage of your overseas suppliers is from same ethnic group?

6. What do you consider to be your most important/critical factors that helped you to develop reliable overseas suppliers?

Examples: language ability, understanding culture, prompt payments, who you know overseas, willing to pay facilitation fees

7. Are you member of your local trade association? [Yes] [No]

If [Yes], why? What benefits?

If [No], why?
M. CONTRIBUTION TO AUSTRALIA

1. What contributions do you think you as a migrant have made to Australia? What contributions have you made to Australia?

2. What good things have you done for Australia?

3. What have you done or achieved that benefited Australia or the Australian people?

END INTERVIEW WITH:

Do you have any questions you would like to ask?

Is there anything else you would like to tell me?
Appendix 2: Ethics approval
30 January 2006

Dr Sheikh Rahman
Swinburne University of Technology

Dear Sheikh,

The Faculty of Business and Enterprise Ethics Sub-Committee has now approved your Ethics Application 2005/080 entitled: ‘Strengthening Marketing Initiatives of Ethnic Chinese Entrepreneurs in Melbourne: A Financial and Business Growth Model Perspective,’

We wish you well with your research project.

Yours sincerely,

[Signature]

Associate Professor Linda Brennan
Chair
On behalf of the Faculty of Business and Enterprise
Ethics Sub-Committee

The completed Application for Ethics Approval of a Research Protocol was considered by the Faculty of Business and Enterprise Ethics Sub-Committee at the 5 December 2005 meeting.

The approval for:
Degree: PhD
RHD Candidate: Eryad K. Masli (also known as Simon Wong)
Co-ordinating Supervisor: Sheikh F. Rahman

Sighted by:
Dr Toby Harfield, MLIS
Faculty of Business and Enterprise
Ethics Advisor and Research Facilitator
1 July 2003
TRIM: CIN/016282 #o: original application and meeting minutes